

The Grosse Pointe Public School System

**Basic Financial Statements and
Required Supplemental Information**

Year Ended June 30, 2007

The Grosse Pointe Public School System

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Independent Auditors' Report

To the Board of Education of
The Grosse Pointe Public School System
Grosse Pointe, Michigan

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 the Grosse Pointe Public School System, 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 October 15, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management's Discussion and Analysis (on Pages 6 through 13) 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information identified in the table of contents as other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information identified in the table of contents 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.

BDO Seidman, LLP

Certified Public Accountants

October 15, 2007

The Grosse Pointe Public School System

Management's Discussion and Analysis

This section of the 2007 annual financial report presents our discussion and analysis of the District's financial performance during the year ended 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using This Report

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the District-wide financial statements by providing information about the District's most significant funds, the General Fund and the Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the District acts solely as an agent for the benefit of students and parents.

District-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole. 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.

These two statements report the District's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets, as reported in the Statement of Activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. Many other nonfinancial factors, such as the quality of the education provided and the safety of the schools must be considered to assess the overall health of the District.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The Statement of Net Assets and the Statement of Activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, and community services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes, such as the School Services Fund. Funds are also established to show that the District is meeting legal responsibilities for using certain taxes, grants, and other money, including the 2002 Bond Issue, which is funding construction for voter-approved capital projects. The governmental funds of the District use the following accounting approach:

Governmental funds - All of the 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 the modified accrual method of 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 District and the services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs.

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

The District acts as the trustee for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The following provides a summary of the District's net assets as of June 30, 2007 and 2006:

The Grosse Pointe Public School System – Net Assets

<i>June 30,</i>	<i>Governmental</i>	
	<i>2007</i>	<i>2006</i>
	<i>(in millions)</i>	
Assets:		
Current assets	\$ 56.7	\$ 54.1
Capital assets	64.1	60.2
Other noncurrent assets	0.3	-
Total Assets	121.1	114.3
Liabilities:		
Current liabilities	13.5	12.1
Noncurrent liabilities	60.8	61.2
Total Liabilities	74.3	73.3
Net Assets:		
Invested in capital assets - net of related debt	36.3	27.7
Unrestricted	10.5	13.3
Total Net Assets	\$ 46.8	\$ 41.0

The above analysis focuses on the net assets. The change in net assets of the District's governmental activities is discussed below. The District's net assets were \$46.8 million as of June 30, 2007. Capital assets, net of related debt, totaled \$36.3 million. This compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. The 2007 refunding debt and the 2002 Building and Site debt will be repaid from voter-approved property taxes collected as the debt service comes due. The remaining net assets of \$10.5 million are unrestricted.

The \$10.5 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The results of this year's operations for the District as a whole are reported in the Statement of Activities, which shows the changes in net assets for fiscal year 2007 compared to the changes in net assets for fiscal year 2006.

The Grosse Pointe Public School System – Statement of Activities

<i>Year ended June 30,</i>	<i>Governmental</i>	
	<i>2007</i>	<i>2006</i>
	<i>(in millions)</i>	
Revenues:		
Program revenue:		
Charges for services	\$ 3.5	\$ 2.5
Federal grants and entitlements	16.3	13.2
General revenue:		
Property taxes	30.0	30.1
State foundation allowance	65.4	64.1
Other	1.3	1.2
Total Revenues	116.5	111.1
Functions/Program Expenses:		
Instruction	68.2	73.0
Support services	35.3	36.5
Community services	1.2	1.2
Interest on long-term debt	1.9	2.9
Unallocated depreciation	4.1	2.2
Total Expenses	110.7	115.8
Increase (Decrease) in Net Assets	\$ 5.8	\$ (4.7)

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$110.7 million. Certain activities were partially funded from those who benefited from the programs (\$3.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$16.3 million). The remaining "public benefit" portion of our governmental activities was funded with \$30 million in taxes, \$65.4 million in state sources, and with other revenues, such as interest and general entitlements.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

The Grosse Pointe Public School System experienced an increase in net assets of \$5.8 million. The net assets increased primarily because of a planned decrease in spending and an increase in grants. In total, long-term debt decreased by \$1 million due to paying down the early buyout incentive and paying down bonded debt and net capital assets increased by \$3.9 million due mainly to technology and science improvements. Revenues increased \$5.4 million primarily as a result of federal grants. Expenses decreased by \$5.1 million primarily due to the District reducing the cost of doing business.

As discussed above, the net cost shows the financial burden that was placed on the state and the District's taxpayers by each of these functions. Since property taxes for operations and state sources constitute the vast majority of district operating revenue sources, the board of education and administration must annually evaluate the needs of the District and balance those needs with state-prescribed available revenues.

The District's Funds

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

As the District completed this year, the governmental funds reported a combined fund balance of \$46.6 million, which is an increase of \$1.5 million from the prior year. The changes by major and nonmajor funds are as follows:

	<i>General Fund</i>	<i>Capital Project Fund</i>	<i>Other Nonmajor Funds</i>	<i>Total</i>
Fund Balance, beginning of year	\$ 14,188,492	\$ 29,464,912	\$ 1,504,634	\$ 45,158,038
Increase (decrease)	4,053,370	(2,986,890)	415,025	1,481,505
Fund Balance, end of year	\$ 18,241,862	\$ 26,478,022	\$ 1,919,659	\$ 46,639,543

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

In the General Fund, our principal operating fund, the fund balance increased by \$4 million from last year. Revenue increased by \$5.7 million from the prior year and expenditures and operating transfers out decreased by approximately \$47,000. Revenues increased primarily from state foundation increases, grants, and taxes. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes. The General Fund unreserved equity balance represents 16.5% of total revenue.

The District continued their construction projects through the use of the 2002 Building and Site Bond proceeds. The Capital Projects Fund balance decreased by \$2.9 million from the prior year due primarily to expenditures for capital projects.

The other nonmajor funds increased by approximately \$415,000 during the year ended June 30, 2007.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the District's original and final budget amounts compared with actual amounts is provided in these financial statements.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2007, the District had a net investment of \$64.1 million in a broad range of capital assets, including land, construction in progress, and buildings and equipment. This amount represents a net increase of approximately \$3.8 million from the previous year.

<i>June 30,</i>	<i>2007</i>	<i>2006</i>
Land	\$ 3,613,267	\$ 3,613,267
Buildings and construction in progress	22,079,389	17,530,035
Furniture and equipment	74,158,823	70,797,430
	99,851,479	91,940,732
Less accumulated depreciation	35,746,509	31,693,698
Net Capital Assets	\$ 64,104,970	\$ 60,247,034

This year's additions of \$5.6 million (net of current year depreciation) included the new science labs and remodeling of the two middle school libraries. Significant construction activity will continue during fiscal 2008 as the Building and Site Bond proceeds continue to be expended. We present more detailed information about our capital assets in the notes to the financial statements.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the District had \$62.4 million in bonds outstanding which is consistent with the previous year. Those bonds consisted of the following:

<i>June 30,</i>	<i>2007</i>	<i>2006</i>
2007 Refunding Bonds	\$ 48,385,000	\$ -
2002 Building and Site Bonds	\$ 9,490,000	\$ 57,035,000
2001 Energy Bonds	\$ 4,595,000	\$ 5,040,000

The administration refinanced the outstanding voted bond issue. The result was an annual savings estimated at \$100,000 per year for the next 20 years.

The District's Building and Site Bond rating is "AA+" from Standard and Poor's Ratings Services and "Aa2" from Moody's Investor Services. The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the District's boundaries. The District's outstanding unqualified general obligation debt of \$62.4 million is below the statutorily imposed limit.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the District's 2008 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008 fiscal year is 25% of the February 2007 and 75% of the September 2007 student counts. The 2007-2008 budget was adopted in June 2007, based on an estimate of students that will be enrolled in September 2007. Over 60% of total General Fund revenue is from the foundation allowance. Under state law, the District cannot access additional property tax revenue for general operations. As a result, District funding is heavily dependent on the state's ability to fund local school operations. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School Board and administration are committed to having a balanced budget, and are committed to providing excellent education opportunities to our students. This fiduciary responsibility is taken very seriously in all areas of the budget.

The Grosse Pointe Public School System

Management's Discussion and Analysis (Concluded)

The board of education and administration are committed to keeping a strong fund equity position given the uncertainty of the state of Michigan budget allocations, adoptions, and possible mid-year reductions.

Since the District's revenue is heavily dependent on state funding and the health of the state's School Aid Fund, the actual revenue received depends on the state's ability to collect revenues to fund its appropriation to Districts. The state periodically holds a revenue-estimating conference to estimate revenues. If actual state revenues are less than their estimates, reduction to the per pupil funding allowances may be necessary.

Per pupil general state aid funding continue to be a concern for 2007-2008 as it was in 2006-2007. The possibilities of future midyear state categorical cuts continue to challenge the budget process.

Similar to other businesses, the significant increase in health care cost and the state mandated retirement contribution are specially challenging in balancing the budget.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

The Grosse Pointe Public School System
Business Office
389 St. Clair Avenue
Grosse Pointe, Michigan 48230

The Grosse Pointe Public School System

District-Wide Financial Statements Statement of Net Assets

<i>June 30, 2007</i>	<i>Governmental Activities</i>
Assets	
Current Assets:	
Cash (Note 3)	\$ 12,112,259
Investments (Note 3)	30,509,319
Receivables:	
Property taxes (net of allowance of \$305,418)	1,867,390
State and county programs	12,156,253
Other	535
Inventories	102,653
Total Current Assets	56,748,409
Non-Current Assets:	
Bond issuance costs	287,300
Capital assets - net of accumulated depreciation (Note 4)	64,104,970
Total Non-Current Assets	64,392,270
Total Assets	\$ 121,140,679
Liabilities	
Current Liabilities:	
Accounts payable	\$ 3,521,318
Accrued payroll	6,257,130
Unearned revenue	58,738
Other liabilities	203,912
Interest payable	432,469
Current portion of long-term obligations (Note 6)	3,035,237
Total Current Liabilities	13,508,804
Non-Current Liabilities -	
Non-current portion of long-term obligations (Note 6)	60,815,928
Total Liabilities	74,324,732
Net Assets:	
Invested in capital assets, net of related debt	36,269,240
Unrestricted	10,546,707
Total Net Assets	46,815,947
Total Liabilities and Net Assets	\$ 121,140,679

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

District-Wide Financial Statements Statement of Activities

<i>Year ended June 30, 2007</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Total</i>
Functions/Programs				
Primary Government - Governmental Activities:				
Instruction	\$ 68,221,699	\$ -	\$ 16,026,994	\$ (52,194,705)
Support services	35,298,338	1,207,286	245,500	(33,845,552)
Community services	1,165,588	2,254,515	-	1,088,927
Interest on long-term debt	1,930,109	-	-	(1,930,109)
Unallocated depreciation	4,052,811	-	-	(4,052,811)
Total Primary Government - Governmental Activities	\$ 110,668,545	\$ 3,461,801	\$ 16,272,494	(90,934,250)
General Revenues:				
Taxes:				
Property taxes levied for general purposes				23,005,170
Property taxes levied for debt service				4,098,236
Property taxes levied for capital improvement purposes - Sinking Fund				2,894,955
State sources				65,442,544
Interest and investment earnings				1,278,616
Total General Revenues				96,719,521
Change in Net Assets				5,785,271
Net Assets, beginning of year				41,030,676
Net Assets, end of year				\$ 46,815,947

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Governmental Funds Balance Sheet

<i>June 30, 2007</i>	<i>General Fund</i>	<i>Capital Projects Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets:				
Cash (Note 3)	\$12,097,621	\$ -	\$ 14,638	\$ 12,112,259
Investments (Note 3)	5,065,584	23,243,317	2,200,418	30,509,319
Receivables:				
Property taxes (net of allowance of \$305,418)	1,434,115	-	365,507	1,799,622
State and county programs	12,068,681	-	87,572	12,156,253
Due from other funds (Note 5)	-	3,287,343	512,722	3,800,065
Other	535	-	-	535
Inventories	82,880	-	19,773	102,653
Total Assets	\$30,749,416	\$ 26,530,660	\$ 3,200,630	\$ 60,480,706
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,645,189	\$ 52,638	\$ 181,944	\$ 2,879,771
Accrued payroll	6,253,592	-	3,538	6,257,130
Due to other funds (Note 5)	3,346,123	-	1,095,489	4,441,612
Deferred revenue	58,738	-	-	58,738
Other liabilities	203,912	-	-	203,912
Total Liabilities	12,507,554	52,638	1,280,971	13,841,163
 Fund Balances:				
Reserved:				
Inventories	82,880	-	19,773	102,653
Debt service	-	-	1,510,074	1,510,074
Capital projects	-	26,478,022	363,975	26,841,997
Unreserved:				
Designated	593,738	-	-	593,738
Undesignated	17,565,244	-	25,837	17,591,081
Total Fund Balances	18,241,862	26,478,022	1,919,659	46,639,543
 Total Liabilities and Fund Balances	 \$30,749,416	 \$ 26,530,660	 \$ 3,200,630	 \$ 60,480,706

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Governmental Funds

Reconciliation of Fund Balances of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

June 30, 2007

Total Fund Balances - Total Governmental Funds (from Page 16) **\$ 46,639,543**

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 in the funds.

These assets consist of:

Capital assets, at cost	99,851,479	
Accumulated depreciation	<u>(35,746,509)</u>	
Net capital assets		64,104,970

Other long-term assets are not available to pay for current
period expenditures and therefore are deferred in the funds.

Balances are as follows:

Property taxes	67,768	
Bond issue costs, net	287,300	
Bond discount, net	<u>362,747</u>	717,815

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not
reported in the funds.

Balances are as follows:

Bonds	(62,470,000)	
Early retirement	(1,043,367)	
Compensated absences	(700,545)	
Accrued interest on bonds and notes	<u>(432,469)</u>	

Total long-term liabilities **(64,646,381)**

Net Assets of Governmental Activities **\$ 46,815,947**

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

<i>Year ended June 30, 2007</i>	<i>General</i>	<i>Capital Projects Fund</i>	<i>Other Nonmajor Governmental Funds</i>	<i>Total</i>
Revenues:				
Local sources	\$ 25,534,709	\$ 1,043,950	\$ 8,236,170	\$ 34,814,829
State sources	71,887,351	-	44,149	71,931,500
Federal sources	2,361,374	-	201,351	2,562,725
Other	7,377,647	-	149,154	7,526,801
Total Revenues	107,161,081	1,043,950	8,630,824	116,835,855
Expenditures:				
Current:				
Instruction	67,143,750	-	-	67,143,750
Support services	33,160,373	-	2,423,892	35,584,265
Community services	1,165,588	-	-	1,165,588
Debt service:				
Principal	-	-	1,980,000	1,980,000
Bond issuance costs	-	-	298,445	298,445
Interest and other	-	-	1,974,000	1,974,000
Capital outlay	-	4,030,840	2,756,580	6,787,420
Total Expenditures	101,469,711	4,030,840	9,432,917	114,933,468
Excess (Deficiency) of Revenues Over Expenditures	5,691,370	(2,986,890)	(802,093)	1,902,387
Other Financing Sources (Uses):				
Transfers in	-	-	1,638,000	1,638,000
Transfers out	(1,638,000)	-	-	(1,638,000)
Other sources - Issuance of bonds	-	-	48,385,000	48,385,000
Other uses:				
Discount on bonds issued	-	-	(376,819)	(376,819)
Payments to escrow agent	-	-	(48,429,063)	(48,429,063)
Total Other Financing Sources (Uses)	(1,638,000)	-	1,217,118	(420,882)
Change in Fund Balances	4,053,370	(2,986,890)	415,025	1,481,505
Fund Balances, beginning of year	14,188,492	29,464,912	1,504,634	45,158,038
Fund Balances, end of year:	\$ 18,241,862	\$ 26,478,022	\$ 1,919,659	\$ 46,639,543
Fund Balances Consist of:				
Reserved	\$ 82,880	\$ 26,478,022	\$ 1,893,822	\$ 28,454,724
Unreserved - Designated	593,738	-	-	593,738
Unreserved - Undesignated	17,565,244	-	25,837	17,591,081
Fund Balances, end of year	\$ 18,241,862	\$ 26,478,022	\$ 1,919,659	\$ 46,639,543

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2007

**Net Change in Fund Balances -
Total Governmental Funds (from Page 18)** **\$ 1,481,505**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays and certain long-term assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Bond discount	376,819	
Bond issuance costs	298,445	
Depreciation expense	(4,052,811)	
Capital outlay	<u>7,910,747</u>	4,533,200

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds -

Property taxes		(382,039)
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Some expenses are recorded in the Statement of Activities when incurred; they are not reported in governmental funds until paid:

Accrued interest	43,891	
Compensated absences	<u>(186,069)</u>	(142,178)

Early retirement incentive is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid

715,000

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities:

Principal payments	1,980,000	
Change in long-term debt due to refunding	(2,375,000)	
Bond issue cost amortization	(11,145)	
Bond discount amortization	<u>(14,072)</u>	

Net effect of debt retirement		(420,217)
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Change in Net Assets of Governmental Activities **\$ 5,785,271**

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Budgetary Comparison Statement - General Fund

<i>Year ended June 30, 2007</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Local sources	\$25,003,400	\$ 25,307,831	\$25,534,709	\$ 226,878
State sources	70,161,600	71,931,502	71,887,351	(44,151)
Federal sources	2,240,400	2,236,704	2,361,374	124,670
Other	8,083,000	6,307,993	7,377,647	1,069,654
Total Revenues	105,488,400	105,784,030	107,161,081	1,377,051
Expenditures:				
Instruction:				
Basic programs	56,637,730	57,407,131	55,898,264	1,508,867
Added needs	10,765,320	10,772,324	11,245,486	(473,162)
Total instruction	67,403,050	68,179,455	67,143,750	1,035,705
Support services:				
Pupil	7,425,345	7,445,652	6,972,434	473,218
Instructional staff services	2,619,124	2,621,601	2,601,206	20,395
General administration	873,323	866,180	865,811	369
School administration	6,092,212	6,124,996	6,125,491	(495)
Business services	1,224,328	1,214,328	1,036,135	178,193
Operations and maintenance	12,738,323	12,588,323	12,341,163	247,160
Transportation	628,049	667,637	666,350	1,287
Central services	2,338,865	2,554,156	2,551,783	2,373
Total support services	33,939,569	34,082,873	33,160,373	922,500
Community services	1,167,507	1,148,960	1,165,588	(16,628)
Total Expenditures	102,510,126	103,411,288	101,469,711	1,941,577
Excess of Revenues Over Expenditures	2,978,274	2,372,742	5,691,370	3,318,628
Other Financing Uses -				
Transfers out	1,638,000	1,638,000	1,638,000	-
Change in Fund Balances	1,340,274	734,742	4,053,370	3,318,628
Fund Balances, beginning of year	12,644,786	14,188,492	14,188,492	-
Fund Balances, end of year	\$13,985,060	\$ 14,923,234	\$18,241,862	\$ 3,318,628
Fund Balance Consists of:				
Reserved			\$ 82,880	
Unreserved - Designated			593,738	
Unreserved - Undesignated			17,565,244	
Fund Balance, end of year			\$18,241,862	

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Statement of Fiduciary Net Assets Fiduciary Fund

<i>June 30, 2007</i>	<i>Agency Fund</i>
Assets:	
Cash (Note 3)	\$ 1,058,853
Investments (Note 3)	427,261
Due from other funds (Note 5)	641,547
<hr/>	
Total Assets	\$ 2,127,661
<hr/>	
Liabilities:	
Accounts payable	\$ 1,650
Due to student and other groups	2,126,011
<hr/>	
Total Liabilities	\$ 2,127,661

See accompanying independent auditors' report and notes to financial statements.

The Grosse Pointe Public School System

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of The Grosse Pointe Public School System (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the District.

Reporting Entity

The District is governed by an elected seven-member Board of Education (the Board). The Board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relations that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District does not contain any component units.

District-Wide and Fund Financial Statements

District-wide financial statements: The Statement of Net Assets and the Statement of Changes in Net Assets report information on all of the nonfiduciary activities of the District. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. All the district-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state sources, and certain other items are reported as general revenues.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Presentation

District-Wide Financial Statements

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are custodial in nature (assets equal liabilities) and do not report the measurement of results of operations.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of money specifically designated for the acquisition or construction of facilities, buildings, equipment, and for major remodeling and repairs. The funds are retained until the purpose for which they were created has been accomplished.

Additionally, the District reports the following nonmajor governmental fund types:

The District maintains a Debt Service Fund, which is used to account for property tax and other revenue legally restricted for payment of long-term debt.

The District maintains a nonmajor governmental Special Revenue Fund, which accounts for the District's school service activities.

The District maintains a nonmajor governmental Capital Projects - Sinking Fund which accounts for the proceeds and expenditures of the Sinking Fund levy for building and grounds repairs and maintenance.

The District's only Fiduciary Fund is the Agency Fund - Student Activities Fund, which accounts for assets held by the District in a trustee capacity or as an agent.

Assets, Liabilities, and Net Assets or Equity

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds."

Property Taxes

Properties are assessed as of December 1 and the related property taxes are levied, become a lien, and are due on February 1. Penalties and interest begin accruing on March 1. An allowance has been established based on past collection history to provide for taxes which may be ultimately uncollectible.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

Inventories and Prepaid Expenses

Inventories are stated at lower of cost (first-in, first-out) or market. Inventories recorded in the general fund consist of centrally warehoused operating supplies for the District. Inventories in the special revenue funds are composed of cafeteria food, supplies, and USDA donated commodities which are recorded at fair market value. Items are recorded as expenditures to the general fund at the time of delivery to the various departments from the central warehouse and at the time of use for other funds (consumption method).

Capital Assets

Capital assets, which include land, construction in progress, and buildings and equipment, are reported in the applicable governmental column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset's life are not capitalized. The District does not have infrastructure-type assets.

Buildings and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

Long-Term Obligations

In the District-wide financial statements, long-term debt is reported as a liability in the Statement of Net Assets. In the fund financial statements, governmental fund types recognize bond proceeds, premiums, discounts, issuance costs, and bond payments during the current period.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

2. Stewardship, Compliance, and Accountability

Budgetary Information

The District formally adopted General Fund, Special Revenue Funds, and a Debt Service Fund budget by function for the fiscal year ended June 30, 2007. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Unexpended appropriations lapse at year-end and encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with generally accepted accounting principles.

During the year ended June 30, 2007, the District incurred expenditures in the General Fund, which were in excess of the amounts budgeted as follows:

General Fund:	
Instruction -	
Added needs	\$ 473,162
Support services:	
School administration	\$ 495
Community services	\$ 16,628
	<hr/>

3. Cash, Deposits, and Investments

Deposits

At June 30, 2007, the District's (including the Fiduciary Fund) cash was comprised of the following:

Checking/savings	\$ 11,967,821
Certificates of deposit	1,200,000
Petty cash	3,291
	<hr/>
	\$ 13,171,112
	<hr/>

State statutes and the District's investment policy authorize the District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan that are also members of a federal or national insurance corporation.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a formal policy for custodial credit risk. At June 30, 2007, \$14,376,141 of the District's bank balances of \$14,691,699 were exposed to custodial credit risk. At June 30, 2007, the District's bank balances were exposed to custodial risk as follows:

Uninsured and uncollateralized	\$ 14,376,141
--------------------------------	----------------------

Investments

At June 30, 2007, the District had the following investments:

<i>June 30, 2007</i>	<i>Maturity</i>	<i>Standard & Poor's Rating</i>	<i>Fair Value</i>
Money Market Funds	Various	AAA	\$ 8,156,161
Money Market Funds	Various	Not Rated	7,812,430
MILAF External Investment Pool	N/A	AAAm	480,661
Investment Pool	Various	Not Rated	4,890,144
Investment Pool	Less than one year	A1P1F1	9,597,184
Total			\$ 30,936,580

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2007.

A reconciliation of investments as shown on the fund and the District-wide financial statements at June 30, 2007, is as follows:

Carrying amount of investments	\$ 30,936,580
Less investments of fiduciary funds	427,261
Total	\$ 30,509,319

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

Custodial Credit Risk Related to Investments

Custodial credit risk 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 that are in possession of an outside party. At June 30, 2007, the District had no investments that were subject to custodial credit risk.

Interest Rate Risk

The District minimizes 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 investments.

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations.

State statutes authorize the District to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The District believes its investments are in accordance with statutory authority.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the District's investment in a single issuer. Although the District places no limit on the amount that may be invested in any one issuer, the District minimizes concentration of credit risk by diversifying its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimal. At June 30, 2007, the District had no investments that were subject to concentration risk.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

4. Capital Assets

Capital asset activity of the District's governmental activities is as follows:

	<i>Balance, June 30, 2006</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, June 30, 2007</i>
Assets Not Being Depreciated:				
Land	\$ 3,613,267	\$ -	\$ -	\$ 3,613,267
Construction in progress	17,530,035	6,330,108	1,780,754	22,079,389
Total Assets Not Being Depreciated	21,143,302	6,330,108	1,780,754	25,692,656
Governmental Activities -				
Capital assets being depreciated -				
Buildings and equipment	70,797,430	3,361,393	-	74,158,823
Total Capital Assets	91,940,732	9,691,501	1,780,754	99,851,479
Less Accumulated Depreciation -				
Buildings and equipment	(31,693,698)	(4,052,811)	-	(35,746,509)
Net Capital Assets	\$ 60,247,034	\$ 5,638,690	\$ 1,780,754	\$ 64,104,970

Depreciation for the year ended June 30, 2007, was \$4,052,811. The District determined it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Construction Commitments

At June 30, 2007, the District has committed to expend approximately \$17,735,000 for capital improvement projects.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

5. Interfund Transactions

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

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
General Fund	\$ -	\$ 3,346,123
Capital Projects Funds	3,287,343	-
Nonmajor Governmental Funds	512,722	1,095,489
Fiduciary Fund	641,547	-
	\$ 4,441,612	\$ 4,441,612

Interfund transfers consist of the following:

	<i>Transfers Out General Fund</i>
Transfers In -	
Nonmajor Governmental Funds	\$ 1,638,000

6. Long-Term Obligations

The following is a summary of changes in long-term obligations for the District for the year ended June 30, 2007:

	<i>Balance, July 1, 2006</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, June 30, 2007</i>	<i>Due Within One Year</i>
2007 Refunding Bonds payable	\$ -	\$ 48,385,000	\$ -	\$ 48,385,000	\$ 105,000
Less bond discount	-	(376,819)	(14,072)	(362,747)	(18,763)
2002 Building and Site Bonds payable	57,035,000	-	47,545,000	9,490,000	1,735,000
2001 Energy Bonds payable	5,040,000	-	445,000	4,595,000	470,000
Retirement	1,758,367	-	715,000	1,043,367	532,000
Compensated absences	514,476	222,886	36,817	700,545	212,000
	\$ 64,347,843	\$ 48,231,067	\$48,727,745	\$ 63,851,165	\$ 3,035,237

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

Bonds payable at June 30, 2007, consisted of the following:

2007 refunding bonds due in annual principal installments of \$105,000 to \$4,145,000 through May, 2027; interest at 3.00% to 5.00%	\$ 48,385,000
2002 building and site bonds due in annual principal installments of 1,735,000 to \$2,080,000 through May, 2011; interest at 3.125% to 4.00%	9,490,000
2001 energy bonds due in annual principal installments of \$445,000 to \$690,000 through May, 2015; interest at 4.00% to 4.50%	4,595,000
	\$ 62,470,000

The annual requirements to pay principal and interest are as follows:

<i>Bonds:</i>	<i>Total</i>	<i>Total</i>
<i>Year ending June 30,</i>	<i>Principal</i>	<i>Interest</i>
2008	\$ 2,310,000	\$ 2,594,748
2009	2,415,000	2,515,425
2010	2,525,000	2,418,825
2011	2,655,000	2,317,300
2012	2,790,000	2,172,213
2013-2017	14,530,000	9,169,194
2018-2022	15,850,000	5,604,880
2023-2027	19,395,000	1,954,476
	\$ 62,470,000	\$ 28,747,061

During the 2005-2006 fiscal year, the District offered an early retirement incentive (ERI) to various employees to be paid over the next three years. In determining the ERI, the ERI benefit was measured at the discounted present value of expected future benefit payments using a discounted rate of 4%.

The Grosse Pointe Public School System

Notes to Financial Statements (Continued)

7. **Defeased Debt**

On March 21, 2007, the District issued \$48,385,000 in General Obligations bonds with an average interest rate of 4.18% to advance refund \$46,010,000 of \$57,035,000 of outstanding 2002 Building and Site Bonds with an average interest rate of 4.62%. The net proceeds of \$47,709,736 (after payment of \$675,264 in underwriting fees, insurance, and other issuance costs) plus an additional \$719,327 of 2002 Debt Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2002 building and Site Bonds. As a result, \$46,010,000 of the 2002 Building and Site Bonds are considered to be defeased and have been removed from the government-wide statement of net assets.

The District completed the advance refunding to reduce its total debt service payments over the next 20 years by \$2,007,987 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,431,412.

The bond discount is being amortized over the life of the bond which represents 20 years.

8. **Risk Management**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions and medical benefits to employees for which the District carries commercial insurance. For medical benefits, the District pays up to \$75,000 per claim, with amounts greater than \$75,000 covered by insurance. The District is completely self-insured for both employee dental and vision claims. For workers' compensation and employer's liability, the District is self-insured for losses up to \$300,000 per claim. Losses above that amount for workers' compensation and employer's liability are covered by insurance.

9. **Defined Benefit Pension Plan**

Plan Description

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

The Grosse Pointe Public School System

Notes to Financial Statements (Concluded)

Funding Policy

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

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

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2007, were 16.34% from July 1, 2006, through September 30, 2006, and 17.74% from October 1, 2006, through June 30, 2007, of payroll after October 1, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District's contributions to MPSERS for the years ended June 30, 2007, 2006, and 2005 were \$10,698,696, \$9,856,428, and \$9,051,736, respectively, equal to the required contribution for each year.

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

Other Post-Employment Benefits

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

10. Contingencies

At June 30, 2007, the District is involved in certain claims and disputes. It is the opinion of management that the resolution of these claims and disputes will not have a significant impact on the accompanying basic financial statements.

Other Supplemental Information



The Grosse Pointe Public School System

Other Supplemental Information – Combining Balance Sheet Nonmajor Governmental Funds

<i>June 30, 2007</i>	<i>School Services</i>	<i>Sinking Fund</i>	<i>Debt Service</i>	<i>Total</i>
Assets:				
Cash	\$ 14,638	\$ -	\$ -	\$ 14,638
Investments	-	-	2,200,418	2,200,418
Accounts receivable:				
Property taxes (net of allowance of \$144,247)	-	106,442	259,065	365,507
Due from other funds	169,143	343,579	-	512,722
Other	87,572	-	-	87,572
Inventories	19,773	-	-	19,773
Total Assets	\$ 291,126	\$ 450,021	\$2,459,483	\$ 3,200,630
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 173,088	\$ 8,856	\$ -	\$ 181,944
Accrued payroll	3,538	-	-	3,538
Due to other funds	68,890	77,190	949,409	1,095,489
Total Liabilities	245,516	86,046	949,409	1,280,971
Fund Balances:				
Reserved:				
Inventories	19,773	-	-	19,773
Debt service	-	-	1,510,074	1,510,074
Capital projects	-	363,975	-	363,975
Unreserved -				
Undesignated	25,837	-	-	25,837
Total Fund Balances	45,610	363,975	1,510,074	1,919,659
Total Liabilities and Fund Balances	\$ 291,126	\$ 450,021	\$2,459,483	\$ 3,200,630

The Grosse Pointe Public School System

Other Supplemental Information – Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

<i>Year ended June 30, 2007</i>	<i>School Services</i>	<i>Sinking Fund</i>	<i>Debt Service</i>	<i>Total</i>
Revenues:				
Local sources	\$ 1,134,954	\$ 2,957,580	\$ 4,143,636	\$ 8,236,170
State sources	44,149	-	-	44,149
Federal sources	201,351	-	-	201,351
Other	75,655	4,985	68,514	149,154
Total Revenues	1,456,109	2,962,565	4,212,150	8,630,824
Expenditures:				
Current -				
Support services	2,423,892	-	-	2,423,892
Debt service:				
Principal	-	-	1,980,000	1,980,000
Bond issuance costs	-	-	298,445	298,445
Interest and other	-	-	1,974,000	1,974,000
Capital outlay	-	2,756,580	-	2,756,580
Total Expenditures	2,423,892	2,756,580	4,252,445	9,432,917
Excess (Deficiency) of Revenues Over Expenditures	(967,783)	205,985	(40,295)	(802,093)
Other Financing Sources (Uses):				
Transfers in	986,000	-	652,000	1,638,000
Issuance of bonds	-	-	48,385,000	48,385,000
Discount on bonds issued	-	-	(376,819)	(376,819)
Payment to escrow agent	-	-	(48,429,063)	(48,429,063)
Changes in Fund Balances	18,217	205,985	190,823	415,025
Fund Balances, beginning of year	27,393	157,990	1,319,251	1,504,634
Fund Balances, end of year	\$ 45,610	\$ 363,975	\$ 1,510,074	\$ 1,919,659

The Grosse Pointe Public School System

Other Supplemental Information – Statement of Changes in Assets and Liabilities – Agency Fund

<i>June 30, 2007</i>	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deductions</i>	<i>Ending Balance</i>
Assets:				
Cash and investments	\$ 1,146,000	\$ 3,502,421	\$ 3,162,307	\$ 1,486,114
Due from other funds	882,027	77,190	317,670	641,547
Total Assets	\$ 2,028,027	\$ 3,579,611	\$ 3,479,977	\$ 2,127,661
Liabilities:				
Due to student and other groups	\$ 2,028,027	\$ 3,078,123	\$ 2,980,139	\$ 2,126,011
Accounts payable	-	1,650	-	1,650
Total Liabilities	\$ 2,028,027	\$ 3,079,773	\$ 2,980,139	\$ 2,127,661