

# **Van Buren Public Schools**

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**Financial Report  
with Supplemental Information  
June 30, 2008**

# Van Buren Public Schools

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## Independent Auditor's Report

To the Board of Education  
Van Buren Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren Public Schools (the "School District") as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Van Buren Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 Van Buren Public Schools as of June 30, 2008 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Education  
Van Buren Public Schools

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

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated September 15, 2008 on our consideration of the School 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 opinions 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.

*Plante & Moran, PLLC*

September 15, 2008

# Van Buren Public Schools

## Management's Discussion and Analysis

This section of Van Buren Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2008. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Van Buren Public Schools financially as a whole. The district-wide financial statements present both an aggregate view of the School District's finances and a longer-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 School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds, the General Fund and Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

In summary, the report includes:

Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)

#### Basic Financial Statements

District-wide Financial Statements      Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)  
Budgetary Information for Major Funds

Other Supplemental Information

### ***Reporting the School District as a Whole - District-wide Financial Statements***

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

# Van Buren Public Schools

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## Management's Discussion and Analysis (Continued)

The statement of net assets and the statement of activities report the governmental activities for the School District. These statements encompass all of the School District's services, including instruction, support services, athletics, transportation, and food services. Property taxes, unrestricted state aid, state categoricals, and federal grants finance most of these activities.

These two statements report the School District's financial health or financial position. The statement of net assets measures the difference between assets and liabilities. Over time, changes in the School District's net assets are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. The School District's goals are to provide services to our students and to be fiscally responsible to our constituents. To assess the overall health of the School District, one must consider nonfinancial factors, such as the quality of the education provided, the safety of the schools, and the level of services.

### ***Reporting the School District's Most Significant Funds - 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. State law and bond covenants require the establishment of some funds. The School District may establish other funds to help it control and manage money for particular purposes (examples are the Food Services and Athletics Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (two examples are the Sinking Fund and the Debt Fund). The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds. Governmental fund reporting uses the modified accrual method of accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between district-wide activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

### ***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 assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# Van Buren Public Schools

## Management's Discussion and Analysis (Continued)

### The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2008 and 2007:

TABLE I

	Governmental Activities	
	2008	2007
<b>Assets</b>		
Current and other assets	\$ 14,372,363	\$ 13,698,411
Capital assets	<u>21,151,703</u>	<u>20,260,497</u>
Total assets	35,524,066	33,958,908
<b>Liabilities</b>		
Current liabilities	9,137,648	8,132,907
Long-term liabilities	<u>11,794,344</u>	<u>11,824,536</u>
Total liabilities	<u>20,931,992</u>	<u>19,957,443</u>
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	7,594,675	7,264,805
Restricted	4,597,114	3,306,921
Unrestricted	<u>2,400,285</u>	<u>3,429,739</u>
Total net assets	<u><b>\$ 14,592,074</b></u>	<u><b>\$ 14,001,465</b></u>

The Table I analysis focuses on the net assets of the School District. The School District's net assets were \$14,592,074 at June 30, 2008. Capital assets, net of related debt of \$7,594,675, compares the original cost, less depreciation, less the long-term debt used to finance the acquisition of those assets. The debt will be repaid from property tax collections as a result of the 1998 voter-approved Sinking Fund debt millage. Restricted net assets of \$4,597,114 are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets totaling \$2,400,285 was unrestricted.

The \$2.4 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements 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.

# Van Buren Public Schools

## Management's Discussion and Analysis (Continued)

The fiscal year 2008 and 2007 operating results for the whole School District are reported in the statement of activities (see Table 2).

TABLE 2

	Governmental Activities	
	2008	2007
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 944,483	\$ 970,790
Federal grants and entitlements	2,940,206	3,301,346
State categoricals	1,488,026	1,544,600
Operating grants	1,335,621	656,171
General revenue:		
Property taxes	16,987,405	15,823,796
State foundation allowance	35,644,908	36,341,881
Other	872,893	1,539,946
Total revenue	60,213,542	60,178,530
<b>Functions/Program Expenses</b>		
Instruction	32,998,783	31,556,275
Support services	22,153,308	21,092,241
Community services	19,364	59,504
Food services	1,763,702	1,752,564
Athletics	649,118	659,638
Interest on long-term debt	538,325	666,363
Depreciation (unallocated)	1,500,333	1,357,811
Total functions/program expenses	59,622,933	57,144,396
<b>Increase in Net Assets</b>	<b>\$ 590,609</b>	<b>\$ 3,034,134</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$59,622,933. Certain activities were partially funded from those who benefited from the programs (\$944,483) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,763,853). We paid for the remaining "public benefit" portion of our governmental activities with \$16,987,405 in taxes and \$36,517,801 in state foundation allowance and other revenues. The School District experienced an increase in the net assets of \$590,609. The key reason for the increase in net assets was an increase in state aid.

# Van Buren Public Schools

## Management's Discussion and Analysis (Continued)

As reported above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with available state-prescribed unrestricted resources.

### The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$7,302,096, which is an increase of \$59,757 from last year.

In the General Fund, our principal operating fund, the fund balance decreased \$1,182,766 to \$2,670,505. The major reason for the decrease was due to decreased enrollment and increased operating costs, especially fuel for transportation and electricity. The General Fund fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds showed a fund balance decrease of \$47,670. The primary reason for the decrease was due to increased expenditures in the Food Services Fund.

The Debt Service Fund does not carry a fund balance. Annually, funds are transferred from the Capital Projects Sinking Fund to the Debt Service Fund to pay the annual bond debt obligation. The Durant debt obligation is funded by an annual state appropriation, and no fund balance exists at year end. If a fund balance existed in the Debt Service Fund, it would be reserved since funds can only be used to pay debt service obligations.

The combined Capital Projects Fund fund balance increased \$1,290,193. The School District collected \$2,611,235 in voter-approved Sinking Fund millage. This millage is available to pay the principal and interest on the 1998 bond issue and the 2005 bond refunding issue and to fund specific capital projects allowed by state law and as approved by the voters in 1998.

### General Fund Budgetary Highlights

Over the course of the year, the School 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. The final amendment to the budget was actually adopted in June 2008. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

# Van Buren Public Schools

## Management's Discussion and Analysis (Continued)

There were revisions made to the 2007-2008 General Fund original budget. Final amended budget revenues were increased \$2,949,590 as compared to the original fiscal 2008 budget. The final budget amendment increased expenditures by \$3,026,521 as compared to the original fiscal 2008 budget.

There were no significant variances between the final budget and actual amounts. The actual ending fund balance in the General Fund was approximately \$160,000 higher than the budgeted fund balance, representing a variance of 0.3 percent as a percentage of total actual expenditures.

### Capital Assets and Debt Administration

#### *Capital Assets*

As of June 30, 2008, the School District had \$41,381,506 invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and adjustments) of approximately \$1,031,000.

	2008	2007
Land	\$ 15,000	\$ 15,000
Land improvements	2,355,925	2,216,210
Buildings and building improvements	31,323,394	31,242,205
Buses and other vehicles	5,772,524	4,998,126
Furniture and equipment	1,914,663	1,879,403
Total capital assets	<u>\$ 41,381,506</u>	<u>\$ 40,350,944</u>

This year's additions of \$2,391,539 included buses and vehicles, equipment, technology, building renovations, and site improvements. New debt was issued to support the additions.

One of the major capital projects completed for the 2007-2008 fiscal year includes an installment purchase agreement for 30 school buses. We present more detailed information about our capital assets in the notes to the financial statements.

The table below represents the age of the School District's buildings and building improvements:

Age	Percent
Less than 20 years old	11%
Between 20 and 50 years old	78%
Over 50 years old	11%

# Van Buren Public Schools

## Management's Discussion and Analysis (Continued)

### Debt

At the end of this year, the School District had \$10,332,939 in bonds outstanding versus \$11,332,939 in the previous year - a change of 8.8 percent. Those bonds consisted of the following:

	2008	2007
General Obligation Bonds	\$ 2,080,000	\$ 3,080,000
Durant Non-Plaintiff Bond	977,939	977,939
2005 Refunding Bonds	7,275,000	7,275,000
Total	<u>\$ 10,332,939</u>	<u>\$ 11,332,939</u>

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt, i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

Other obligations include accrued vacation pay and sick leave pay. 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 School District's 2009 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 2009 fiscal year is 25 percent and 75 percent of the February 2008 and September 2008 student counts, respectively. The 2009 budget was adopted in June 2008, based on a projected decrease from our September 2007 student count of 100 students based on our expectation of lower student counts because the present state of the Michigan economy has led many families and students to leave the state. Approximately 87 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School 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 School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School 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 school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The impact this will have on school districts is not known at this time.

# Van Buren Public Schools

## Statement of Net Assets June 30, 2008

	Governmental Activities
<b>Assets</b>	
Cash (Note 3)	\$ 2,101,844
Receivables - Net (Note 4)	7,287,759
Inventories	42,845
Prepaid costs and other assets	370,762
Restricted assets (Note 11)	4,569,153
Capital assets - Net (Note 5)	<u>21,151,703</u>
Total assets	35,524,066
<b>Liabilities</b>	
Accounts payable	223,554
Accrued payroll and other liabilities	5,974,401
Due to other governments	235,602
State aid anticipation note (Note 10)	500,000
Deferred revenue (Note 4)	49,105
Long-term liabilities (Note 7):	
Due within one year	2,154,986
Due in more than one year	<u>11,794,344</u>
Total liabilities	<u>20,931,992</u>
<b>Net Assets</b>	
Investment in capital assets - Net of related debt	7,594,675
Restricted - Capital projects	4,597,114
Unrestricted	<u>2,400,285</u>
Total net assets	<u><u>\$ 14,592,074</u></u>

# Van Buren Public Schools

## Statement of Activities Year Ended June 30, 2008

	Program Revenues			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 32,998,783	\$ -	\$ 2,903,427	\$ (30,095,356)
Support services	22,153,308	-	2,014,783	(20,138,525)
Food services	1,763,702	783,948	845,643	(134,111)
Athletics	649,118	96,806	-	(552,312)
Community services	19,364	63,729	-	44,365
Interest on long-term debt	538,325	-	-	(538,325)
Depreciation (unallocated)	1,500,333	-	-	(1,500,333)
Total governmental activities	<u>\$ 59,622,933</u>	<u>\$ 944,483</u>	<u>\$ 5,763,853</u>	(52,914,597)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				14,376,170
Property taxes, levied for Sinking Fund				2,611,235
State aid not restricted to specific purposes				35,644,908
Interest and investment earnings				412,199
Other				<u>460,694</u>
Total general revenues				<u>53,505,206</u>
<b>Change in Net Assets</b>				590,609
<b>Net Assets - Beginning of year</b>				<u>14,001,465</u>
<b>Net Assets - End of year</b>				<u>\$ 14,592,074</u>

# Van Buren Public Schools

## Governmental Funds Balance Sheet June 30, 2008

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash (Note 3)	\$ 2,095,291	\$ 4,569,153	\$ 6,553	\$ 6,670,997
Receivables - Net (Note 4)	7,188,872	28,243	70,644	7,287,759
Due from other funds (Note 6)	11,726	-	-	11,726
Inventories	38,655	-	4,190	42,845
Prepaid costs	50,070	-	-	50,070
	<b>\$ 9,384,614</b>	<b>\$ 4,597,396</b>	<b>\$ 81,387</b>	<b>\$ 14,063,397</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 225,797	\$ -	\$ -	\$ 225,797
Accrued payroll and other liabilities	5,687,353	-	-	5,687,353
Due to other governments	235,602	-	-	235,602
Due to other funds (Note 6)	-	282	9,201	9,483
State aid anticipation note (Note 10)	500,000	-	-	500,000
Deferred revenue (Note 4)	65,357	-	37,709	103,066
	6,714,109	282	46,910	6,761,301
<b>Fund Balances</b>				
Reserved:				
Inventories	38,655	-	4,190	42,845
Prepaid costs	50,070	-	-	50,070
Capital Projects Funds	-	4,597,114	-	4,597,114
Unreserved - Undesignated, reported in:				
General Fund	2,581,780	-	-	2,581,780
Special Revenue Funds	-	-	30,287	30,287
	2,670,505	4,597,114	34,477	7,302,096
Total fund balances	2,670,505	4,597,114	34,477	7,302,096
Total liabilities and fund balances	<b>\$ 9,384,614</b>	<b>\$ 4,597,396</b>	<b>\$ 81,387</b>	<b>\$ 14,063,397</b>

# Van Buren Public Schools

## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2008

**Fund Balance - Total Governmental Funds** \$ 7,302,096

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

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

Cost of capital assets	\$ 41,381,506	
Accumulated depreciation	<u>(20,229,803)</u>	21,151,703

Other long-term assets are not available to pay current period expenditures, therefore deferred in the governmental funds (in accordance with GASB No. 33)

53,961

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

Bonds net of premium and notes payable	(13,590,672)
Compensated absences	(358,658)

Deferred bond costs are expensed when incurred in the governmental funds and amortized in the governmental activities

320,692

Accrued interest payable is not included as a liability in governmental funds

(287,048)

**Net Assets - Governmental Activities**

**\$ 14,592,074**

# Van Buren Public Schools

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 15,016,017	\$ 2,819,301	\$ 969,463	\$ 18,804,781
State sources	37,069,829	-	63,105	37,132,934
Federal sources	2,169,102	-	782,538	2,951,640
Interdistrict sources	1,335,621	-	-	1,335,621
Total revenue	55,590,569	2,819,301	1,815,106	60,224,976
<b>Expenditures</b>				
Current:				
Instruction	32,749,043	-	-	32,749,043
Support services	22,344,407	-	-	22,344,407
Community services	19,364	-	-	19,364
Food service	-	-	1,763,702	1,763,702
Athletics	-	-	649,118	649,118
Debt service:				
Principal	568,038	-	1,000,000	1,568,038
Interest	44,914	-	501,334	546,248
Other	-	-	539	539
Capital outlay	2,584,466	27,235	10,269	2,621,970
Total expenditures	58,310,232	27,235	3,924,962	62,262,429
<b>Excess of Revenue Over (Under) Expenditures</b>	(2,719,663)	2,792,066	(2,109,856)	(2,037,453)
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	2,097,210	-	-	2,097,210
Transfers in	-	-	2,062,186	2,062,186
Transfers out	(560,313)	(1,501,873)	-	(2,062,186)
Total other financing sources (uses)	1,536,897	(1,501,873)	2,062,186	2,097,210
<b>Net Change in Fund Balances</b>	(1,182,766)	1,290,193	(47,670)	59,757
<b>Fund Balances - Beginning of year</b>	3,853,271	3,306,921	82,147	7,242,339
<b>Fund Balances - End of year</b>	<b>\$ 2,670,505</b>	<b>\$ 4,597,114</b>	<b>\$ 34,477</b>	<b>\$ 7,302,096</b>

# Van Buren Public Schools

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2008

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 59,757</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	\$ (1,500,333)
Capitalized capital outlay	<u>2,391,539</u> 891,206
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection	(11,434)
Issuance of long-term debt is not reported as financing sources on the statement of activities	(2,097,210)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in the governmental funds until paid	(53,287)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,568,038
Underwriter's premium reported as revenue in the governmental funds that is to be amortized over the life of the bonds in the statement of activities	61,210
Compensated absences are recorded when earned in the statement of activities. In the current year, more was paid out than was earned	212,416
Deferred bond costs reported as expenditures in the governmental funds and amortized in the statement of activities	<u>(40,087)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 590,609</u></b>

# Van Buren Public Schools

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## Fiduciary Fund Statement of Assets and Liabilities June 30, 2008

	Student Activities <u>Agency Fund</u>
<b>Asset - Cash</b>	<b><u>\$ 434,117</u></b>
<b>Liabilities</b>	
Due to other governmental funds	\$ 2,243
Due to student groups	<u>431,874</u>
 Total liabilities	 <b><u>\$ 434,117</u></b>

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Van Buren Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

#### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

#### **District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of 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, which rely to a significant extent on fees and charges for support. All of the School District's 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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not included among program revenues are reported instead as general revenue.

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.

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement 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.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and 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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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 School District.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The School District reports the following major governmental funds:

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

**Capital Projects Fund** - The principal purpose of the Capital Projects Fund is to record the activity associated with the Sinking Fund millage. This fund has also been used in previous years to record bond proceeds and other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is retained until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Food Services and Athletics Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Debt Service Funds** - Debt Service Funds are used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt.

**Agency Funds** - The School District presently maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

### Note 1 - Summary of Significant Accounting Policies (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. Taxes are considered delinquent on March 1 the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both district-wide and fund financial statements.

**Restricted Assets** - The unspent tax levy of the Sinking Fund requires amounts to be set aside for activities as defined in the Sinking Fund millage. These amounts have been classified as restricted assets.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-10 years

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation, Sick Leave) and Early Termination Benefits** - The liability for compensated absences reported in the district-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

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

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

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**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. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications** - Comparative data is not included in the School District's financial statements.

# Van Buren Public Schools

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## Notes to Financial Statements June 30, 2008

### Note 2 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General, Special Revenue, and Debt Service Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The original budget was amended by approximately \$2 million to account for proceeds from bus notes and the related purchases of buses.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have significant budget variances. The actual ending fund balance in the General Fund was approximately \$160,000 higher than the budgeted fund balance, representing a variance of 0.3 percent as a percentage of total actual expenditures.

**Capital Projects Fund Compliance** - The Capital Projects Fund records capital project activities funded with the Sinking Fund millage. For these funds, the School District continues to comply with the applicable provisions of §1212(1) of the State of Michigan School Code.

### Note 3 - Deposits and Investments

State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed 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 School District's deposits are in accordance with statutory authority.

The School District has utilized four banks for the deposit of its funds.

### **Note 3 - Deposits and Investments (Continued)**

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, investment pools, and bank accounts and CDs, but not the remainder of state statutory authority as listed above.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$5,529,407 had \$5,029,407 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### **Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District's investment policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy.

### Note 3 - Deposits and Investments (Continued)

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of 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 School District's cash requirements.

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At June 30, 2008, the maturities of investments and the credit quality ratings (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities/ Weighted Average Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
Michigan Cooperative Liquid Asset Securities System	\$1,730,456	N/A	AAA	Fitch

# Van Buren Public Schools

## Notes to Financial Statements June 30, 2008

### Note 3 - Deposits and Investments (Continued)

#### Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

#### Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

### Note 4 - Receivables

Receivables as of year end for the School District's major funds and the nonmajor funds in the aggregate are as follows:

	General Fund	Capital Projects Fund	Nonmajor and Other Funds	Total
Receivables:				
Accounts	\$ -	\$ -	\$ 70,590	\$ 70,590
Intergovernmental	7,188,872	-	-	7,188,872
Interest and other	-	28,243	54	28,297
Less allowance for uncollectibles	-	-	-	-
Net receivables	<u>\$ 7,188,872</u>	<u>\$ 28,243</u>	<u>\$ 70,644</u>	<u>\$ 7,287,759</u>

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

	Unavailable	Unearned
Grants receivable	\$ 53,961	\$ -
Grant and categorical aid payments received prior to meeting all eligibility requirements	-	49,105
Total	<u>\$ 53,961</u>	<u>\$ 49,105</u>

# Van Buren Public Schools

## Notes to Financial Statements June 30, 2008

### Note 5 - Capital Assets

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

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets not being depreciated - Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Land improvements	2,216,210	139,715	-	2,355,925
Building and building improvements	31,242,205	81,189	-	31,323,394
Buses and other vehicles	4,998,126	2,097,210	1,322,812	5,772,524
Furniture and equipment	1,879,403	73,425	38,165	1,914,663
Subtotal	40,335,944	2,391,539	1,360,977	41,366,506
Accumulated depreciation:				
Land improvements	1,577,196	146,061	-	1,723,257
Building and building improvements	14,042,993	703,817	-	14,746,810
Buses and other vehicles	2,834,451	527,674	1,322,812	2,039,313
Furniture and equipment	1,635,807	122,781	38,165	1,720,423
Subtotal	20,090,447	1,500,333	1,360,977	20,229,803
Net capital assets being depreciated	20,245,497	891,206	-	21,136,703
Net governmental capital assets	\$ 20,260,497	\$ 891,206	\$ -	\$ 21,151,703

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical. The School District does not have any impaired assets.

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	Capital Projects Fund	Nonmajor Governmental Funds	Agency Fund	
General Fund	\$ 282	\$ 9,201	\$ 2,243	\$ 11,726

# Van Buren Public Schools

## Notes to Financial Statements June 30, 2008

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

At June 30, 2008, interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund bank accounts.

#### Interfund Transfers

	Transfers Out		
	General	Capital	Total
	Fund	Projects Fund	
Transfers in - Other governmental funds	\$ 560,313	\$ 1,501,873	\$ 2,062,186

Transfers provided funding for debt service and subsidized operations in the Athletics Fund.

### Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences and termination benefits.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 11,332,939	\$ -	\$ 1,000,000	\$ 10,332,939	\$ 1,578,243
Deferred bond premium	550,894	-	61,210	489,684	61,210
Bus installment obligations	1,238,877	2,097,210	568,038	2,768,049	515,533
Other obligations	571,074	94,659	307,075	358,658	-
Total governmental activities	\$ 13,693,784	\$ 2,191,869	\$ 1,936,323	\$ 13,949,330	\$ 2,154,986

# Van Buren Public Schools

## Notes to Financial Statements June 30, 2008

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2009	\$ 2,093,776	\$ 819,998	\$ 2,913,774
2010	1,734,550	513,337	2,247,887
2011	1,782,797	439,295	2,222,092
2012	1,867,232	355,604	2,222,836
2013	1,767,633	267,918	2,035,551
2014-2016	3,855,000	388,250	4,243,250
Total	<u>\$ 13,100,988</u>	<u>\$ 2,784,402</u>	<u>\$ 15,885,390</u>

### Governmental Activities

General obligation bonds consist of the following:

\$16,000,000 Limited Tax General Obligation Bonds, due in annual installments of \$1,015,000 to \$1,065,000 through May 1, 2010, interest at 4.3% to 5.0%	\$ 2,080,000
\$7,275,000 Refunding Bonds, due in annual installments of \$1,085,000 to \$1,310,000 through May 2016, interest at 4.25% to 5.0%	7,275,000
Durant Non-Plaintiff Bond comprised of a \$1,656,223 School Improvement Bond Series 1998, due in annual installments of \$96,558 to \$563,243 through May 15, 2013, interest at 4.76%	<u>977,939</u>
Total bonded debt	<u>\$ 10,332,939</u>

**Durant Non-Plaintiff Bond** - Included in governmental activities general obligation bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources.

**Advance Refunding** - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2008, \$7,505,000 of bonds outstanding are considered defeased.

# Van Buren Public Schools

## Notes to Financial Statements June 30, 2008

### Note 7 - Long-term Debt (Continued)

The bus installment obligations consist of the following:

Date	Original Amount	Due Date	Interest Rate	Remaining to Maturity	
				Interest	Principal
8/22/06	\$ 967,929	12/31/11	4.05%	\$ 70,296	\$ 670,839
6/6/07	<u>2,097,210</u>	12/31/12	4.06%	<u>306,368</u>	<u>2,097,210</u>
Total	<u>\$ 3,065,139</u>			<u>\$ 376,664</u>	<u>\$ 2,768,049</u>

Other governmental activities long-term obligations include employee-compensated absences of \$358,658.

### Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property/casualty, and health claims and participates in the MASB/SET-SEG (shared risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

**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 system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

### **Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)**

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing MI 48909.

**Pension Benefits** - Employer contributions to the pension system 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. The employer contribution rate was 11.19 percent of covered payroll for the period from July 1, 2007 through September 30, 2007 and 10.17 percent for the period from October 1, 2007 through June 30, 2008. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages.

The School District's required and actual contributions to the plan for the years ended June 30, 2008, 2007, and 2006 were \$3,334,813, \$3,911,955, and \$3,328,753, 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 through MPSERS. Retirees electing this coverage 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 coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.55 percent of covered payroll for the period from July 1, 2007 through September 30, 2007 and 6.55 percent for the period from October 1, 2007 through June 30, 2008. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2008, 2007, and 2006 were \$2,146,601, \$2,346,112, and \$2,345,229, respectively.

### **Note 10 - State Aid Anticipation Note**

On May 29, 2008, Van Buren Public Schools borrowed \$500,000 in a state aid anticipation note. The note bears interest at 3.00 percent and is due August 26, 2008.

# Van Buren Public Schools

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## Notes to Financial Statements June 30, 2008

### Note 11 - Restricted Assets

The balance of the restricted assets account is as follows:

	Governmental Activities
Unspent Sinking Fund monies and related interest	<u>\$ 4,569,153</u>

## **Required Supplemental Information**

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# Van Buren Public Schools

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 15,556,719	\$ 15,006,242	\$ 15,016,017	\$ 9,775
State sources	36,290,904	37,069,852	37,069,829	(23)
Federal sources	2,555,568	2,498,532	2,169,102	(329,430)
Interdistrict sources	635,765	1,316,710	1,335,621	18,911
Total revenue	55,038,956	55,891,336	55,590,569	(300,767)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	28,513,124	28,107,577	28,138,046	30,469
Added needs	4,700,346	4,668,363	4,610,997	(57,366)
Support services:				
Pupil	471,548	518,170	520,389	2,219
Instructional staff	3,415,300	3,319,083	3,274,496	(44,587)
General administration	551,233	589,296	569,325	(19,971)
School administration	2,671,678	2,650,847	2,635,666	(15,181)
Business services	1,173,147	1,644,838	1,653,861	9,023
Transportation and maintenance	7,077,056	7,650,832	7,437,609	(213,223)
Central staff	885,121	977,294	951,377	(25,917)
Employee benefits	5,375,883	5,375,275	5,301,684	(73,591)
Community services	6,384	26,564	19,364	(7,200)
Debt service:				
Principal	568,038	568,038	568,038	-
Interest and other	44,914	44,914	44,914	-
Capital outlay	351,869	2,617,871	2,584,466	(33,405)
Total expenditures	55,805,641	58,758,962	58,310,232	(448,730)
<b>Excess of Expenditures Over Revenue</b>	(766,685)	(2,867,626)	(2,719,663)	147,963
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of debt	-	2,097,210	2,097,210	-
Transfers out	(500,000)	(573,200)	(560,313)	12,887
Total other financing sources (uses)	(500,000)	1,524,010	1,536,897	12,887
<b>Net Change in Fund Balance</b>	(1,266,685)	(1,343,616)	(1,182,766)	160,850
<b>Fund Balance - July 1, 2007</b>	3,853,271	3,853,271	3,853,271	-
<b>Fund Balance - June 30, 2008</b>	<b>\$ 2,586,586</b>	<b>\$ 2,509,655</b>	<b>\$ 2,670,505</b>	<b>\$ 160,850</b>

## **Other Supplemental Information**

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# Van Buren Public Schools

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008

	Special Revenue Funds		Debt Service Funds			Total
	Food	Athletics	1998 Debt	2005		
	Services			Durant	Refunding	
<b>Assets</b>						
Cash	\$ 6,553	\$ -	\$ -	\$ -	\$ -	\$ 6,553
Receivables - Accounts and other - Net	70,644	-	-	-	-	70,644
Inventories	4,190	-	-	-	-	4,190
Total assets	<u>\$ 81,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,387</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Due to other funds	\$ 9,033	\$ 168	\$ -	\$ -	\$ -	\$ 9,201
Deferred revenue	37,709	-	-	-	-	37,709
Total liabilities	46,742	168	-	-	-	46,910
<b>Fund Balances</b>						
Reserved - Inventories	4,190	-	-	-	-	4,190
Unreserved - Undesignated, reported in Special Revenue Funds	30,455	(168)	-	-	-	30,287
Total fund balances	34,645	(168)	-	-	-	34,477
Total liabilities and fund balances	<u>\$ 81,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,387</u>

Note: The Debt Service Funds have no assets or liabilities at June 30, 2008 because they are designed to break even after receiving funds from the State of Michigan and the Sinking Fund sufficient to pay the current year debt requirement. Likewise, the Athletics Fund generally has no assets or liabilities because the fund is designed to break even after receiving an operating subsidy from the General Fund. At June 30, 2008, this fund had \$168 in liabilities and as a fund deficit. This relates to money due to the General Fund from the Athletics Fund.

# Van Buren Public Schools

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue Funds		Debt Service Funds			Total
	Food Services	Athletics	1998 Debt	Durant	2005 Refunding	
<b>Revenue</b>						
Local	\$ 872,657	\$ 96,806	\$ -	\$ -	\$ -	\$ 969,463
State	63,105	-	-	-	-	63,105
Federal	782,538	-	-	-	-	782,538
Total revenue	1,718,300	96,806	-	-	-	1,815,106
<b>Expenditures</b>						
Current:						
Food services	1,763,702	-	-	-	-	1,763,702
Athletics	-	649,118	-	-	-	649,118
Debt service:						
Principal	-	-	1,000,000	-	-	1,000,000
Interest	-	-	146,545	-	354,789	501,334
Other	-	-	300	-	239	539
Capital outlay	2,100	8,169	-	-	-	10,269
Total expenditures	1,765,802	657,287	1,146,845	-	355,028	3,924,962
<b>Excess of Expenditures Over Revenue</b>	(47,502)	(560,481)	(1,146,845)	-	(355,028)	(2,109,856)
<b>Other Financing Sources</b> - Transfers in	-	560,313	1,146,845	-	355,028	2,062,186
<b>Net Change in Fund Balances</b>	(47,502)	(168)	-	-	-	(47,670)
<b>Fund Balances</b> - Beginning of year	82,147	-	-	-	-	82,147
<b>Fund Balances</b> - End of year	\$ 34,645	\$ (168)	\$ -	\$ -	\$ -	\$ 34,477

# Van Buren Public Schools

## Other Supplemental Information Schedule of Bonded Indebtedness June 30, 2008

June 30	Durant Principal	1998 Debt Principal	2005 Refunding Principal
2009	\$ 563,243	\$ 1,015,000	\$ -
2010	96,558	1,065,000	-
2011	101,158	-	1,085,000
2012	105,968	-	1,140,000
2013	111,012	-	1,195,000
2014	-	-	1,245,000
2015	-	-	1,310,000
2016	-	-	1,300,000
<b>Total</b>	<b><u>\$ 977,939</u></b>	<b><u>\$ 2,080,000</u></b>	<b><u>\$ 7,275,000</u></b>
Principal payments due	May 15	May 1	May 1
Interest payments due	May 15	May 1 and November 1	May 1 and November 1
Interest rate	4.76%	4.3% to 5.0%	4.25% to 5.0%
Original issue	<b><u>\$ 1,656,223</u></b>	<b><u>\$ 16,000,000</u></b>	<b><u>\$ 7,275,000</u></b>