

**LANSING SCHOOL DISTRICT**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED JUNE 30, 2007**

## CONTENTS

	<u>Page</u>
<b>Independent auditors' report</b> .....	iv - v
<b>Management's Discussion and Analysis</b> .....	vi - xvii
<b>Basic financial statements</b>	
Government-wide financial statements	
Statement of net assets .....	1
Statement of activities .....	2
Fund financial statements	
Balance sheet - governmental funds .....	3
Statement of revenue, expenditures and changes in fund balances - governmental funds.....	4
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.....	5
Fiduciary funds	
Statement of fiduciary net assets.....	6
Statement of changes in fiduciary net assets.....	7
Notes to financial statements.....	8 - 25
<b>Required supplementary information</b> .....	26
Budgetary comparison schedule - general fund .....	27
<b>Additional information</b> .....	28
Nonmajor governmental fund types	
Combining balance sheet .....	29
Combining statement of revenues, expenditures, and changes in fund balances .....	30

## CONTENTS

	<u>Page</u>
Special revenue funds	
Combining balance sheet .....	31
Combining statement of revenues, expenditures and changes in fund balances .....	32
Debt service funds	
Combining balance sheet .....	33
Combining statement of revenues, expenditures and changes in fund balances .....	34
Capital projects funds	
Combining balance sheet .....	35
Combining statement of revenues, expenditures and changes in fund balances.....	36
Fiduciary funds	
Combining balance sheet .....	37
Statement of revenues, expenditures and fund balances - private purpose trust fund .....	38
Statement of cash receipts, disbursements and liabilities by school - agency fund .....	39
General long-term debt group of accounts	
Bonded debt .....	40 – 45
Lease purchase – principal and interest requirements.....	46
Schedule of investments and certificates of deposit .....	47



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Lansing School District  
Lansing, Michigan

October 11, 2007

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lansing School District, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lansing School District's management. Our responsibility is to express an opinion 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 Lansing School District as of June 30, 2007 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Education  
Lansing School District

October 11, 2007

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2007, on our consideration of Lansing School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vi through xvii and 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lansing School District's basic financial statements. The additional information on pages 29 to 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mayer, Costenizer & Ellis, P.C.*

Certified Public Accountants

# **Lansing School District**

## **Management Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2007**

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This section of the Lansing School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section.

#### **District-Wide Financial Statements**

The first two statements are district-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

#### **Fund Financial Statements**

For the most part, the fund financial statements are comparable to financial statements for fiscal years prior to 2003-04. The primary difference is that the Account Groups (General Fixed Asset and General Long-term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

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

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

**Lansing School District**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**

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**Summary of Net Assets**

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

<b>Assets</b>	<b><u>June 30, 2007</u></b>	<b><u>June 30, 2006</u></b>
Current assets	\$ 51,388,486	\$ 77,124,763
Capital assets	172,035,647	148,229,029
Less: Accumulated depreciation	<u>(73,591,780)</u>	<u>(72,519,327)</u>
Capital assets, net book value	98,443,867	75,709,702
Other noncurrent assets	<u>457,794</u>	<u>320,581</u>
Total assets	\$ <u>150,290,147</u>	\$ <u>153,155,046</u>
 <b>Liabilities</b>		
Current liabilities	\$ 33,414,962	\$ 37,433,318
Long-term liabilities	<u>78,503,185</u>	<u>82,401,483</u>
Total liabilities	<u>111,918,147</u>	<u>119,834,801</u>
 <b>Net Assets</b>		
Invested in capital assets, net of related debt	26,004,267	24,029,898
Restricted for debt service	751,140	962,160
Unrestricted	<u>11,616,593</u>	<u>8,328,187</u>
Total net assets	<u>38,372,000</u>	<u>33,320,245</u>
Total liabilities and net assets	\$ <u>150,290,147</u>	\$ <u>153,155,046</u>

# **Lansing School District**

## **Management Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2007**

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#### **Analysis of Financial Position**

During the fiscal year ended June 30, 2007, the District's net assets increased by \$5,051,755. A few of the more significant factors affecting net assets during the year are discussed below:

##### **1. Depreciation Expense**

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

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the assets less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$3,320,428 was recorded for depreciation expense.

##### **2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2007, \$26,474,799 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets (\$64,935,101), assets disposed and reclassified of during the fiscal year (\$65,478,353), and the current year's depreciation (\$3,320,428) is a net increase to capital assets in the amount of \$22,734,165 for the fiscal year ended June 30, 2007. Approximately \$34.4 million of the new capital assets was due to the construction in progress for the new Pattengill Middle School and renovations to all other secondary schools.

**Lansing School District**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**

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**Results of Operations**

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

	<u>Fiscal year ended</u> <u>Amount</u>	<u>6/30/07</u> <u>% of Total</u>	<u>Fiscal year ended</u> <u>Amount</u>	<u>6/30/06</u> <u>% of Total</u>
<b>General Revenues</b>				
Property taxes	\$ 30,353,629	16.3	\$ 30,249,491	16.0
Investment earnings	1,625,208	0.9	2,711,202	1.4
State sources	99,703,018	53.4	99,657,503	52.6
County special education allocation	10,305,831	5.5	10,625,092	5.5
Other	<u>2,048,999</u>	<u>1.1</u>	<u>2,153,193</u>	<u>1.4</u>
Total general revenues	144,036,685	77.2	145,396,481	76.9
<b>Program Revenues</b>				
Charges for services	3,374,844	1.8	3,523,447	1.9
Operating grants	<u>39,196,739</u>	<u>21.0</u>	<u>40,602,085</u>	<u>21.2</u>
Total revenues	<u>186,608,268</u>	<u>100.0</u>	<u>189,522,013</u>	<u>100.0</u>
<b>Expenses</b>				
Instruction	\$ 94,028,199	51.8	\$ 95,009,149	50.9
Support services	73,643,962	40.6	75,556,431	42.1
Community services	434,461	0.2	389,310	0.2
Food services	5,974,268	3.3	5,656,194	3.0
Athletics	2,126,969	1.2	1,738,550	0.9
Interest on long-term debt	3,539,398	1.9	3,512,347	1.9
Unallocated depreciation expense	<u>1,809,256</u>	<u>1.0</u>	<u>1,938,035</u>	<u>1.0</u>
Total expenses	<u>\$ 181,556,513</u>	<u>100.0</u>	<u>\$ 183,810,016</u>	<u>100.0</u>
Increase (decrease) in net assets	<u>\$ 5,051,755</u>		<u>\$ 5,711,997</u>	

# Lansing School District

## Management Discussion and Analysis

### For the Fiscal Year Ended June 30, 2007

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#### Analysis of Significant Revenue and Expenses

Significant revenues and expenditures are discussed in the segments below:

##### 1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead property, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time the property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$23,899,051 in non-homestead property taxes. This amount represented an increase of 1.4% from the prior year. The amount of the unpaid property taxes at June 30, 2007, less an estimate for uncollectible taxes, was \$241,827

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

<u>Fiscal Year</u>	<u>Non-homestead Tax Levy</u>	<u>% Increase (Decrease) From Prior Year</u>
2006-2007	\$ 23,899,051	1.4%
2005-2006	23,577,830	4.5%
2004-2005	22,557,846	3.0%
2003-2004	21,891,205	6.4%
2002-2003	20,573,740	9.5%

##### 2. State Sources

The majority of the state sources of revenue is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior fiscal year's spring count. For the 2006-2007 fiscal year, the District received \$7,490 per student (FTE) exclusive of the \$163 per pupil received for class size reduction, which represented an increase of \$210 per pupil from the amount received for the 2005-2006 fiscal year.

# Lansing School District

## Management Discussion and Analysis

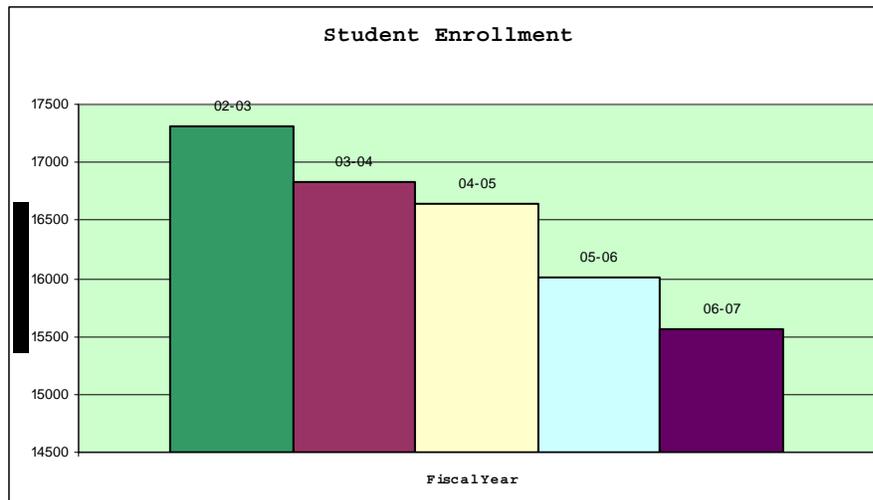
For the Fiscal Year Ended June 30, 2007

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### 3. Student Enrollment

Student enrollment has declined by 10.1% during the last 5 years.

<u>Fiscal Year</u>	<u>Actual Blended Student FTE</u>
2006-2007	15,561
2005-2006	16,007
2004-2005	16,644
2003-2004	16,832
2002-2003	17,309



### 4. Operating Grants

The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2007, federal, state, and other grants accounted for \$39,196,739. This amount represents a 2.2% decrease from the total grant sources of \$40,104,747 received for the 2005-2006 fiscal year.

# Lansing School District

## Management Discussion and Analysis For the Fiscal Year Ended June 30, 2007

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### 5. County Special Education Allocation

For the fiscal year ended June 30, 2007, the District received a net allocation from the Ingham Intermediate School District in the amount of \$11,499,252 to assist with the education of students with special needs. This amount represents an increase of \$874,160 from the prior year which is due primarily to a one-time adjustment to the funding level that is not expected to reoccur in future years.

### 6. Interest Earnings

The District received interest on its investment of short-term available cash in the amount of \$1,625,208 for the fiscal year ended June 30, 2007. Interest revenues are less than the prior fiscal year by \$1,085,994 due primarily to the expenditures related to various capital projects including the completion of the construction of the new Pattengill Middle School which resulted in a decline in available funds from the proceeds of the 2003 bond issue.

### 7. Comparative Expenditures

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

	2006-2007	2005-2006	Increase
<u>Expenditures</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>(Decrease)</u>
Instruction	\$ 96,241,130	\$ 97,705,003	\$ (1,463,873)
Supporting services	75,338,276	74,948,117	390,159
Food service activities	5,925,577	5,607,321	318,257
Athletic activities	1,815,631	1,608,826	206,805
Community service activities	433,364	388,969	44,395
Capital outlay	24,568,642	35,540,238	(10,971,596)
Debt service	<u>6,798,399</u>	<u>6,944,019</u>	<u>(145,620)</u>
Total expenditures	<u>\$ 211,121,019</u>	<u>\$ 222,742,492</u>	<u>\$ (11,621,473)</u>

**Lansing School District**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**

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**8. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the annual budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2006-2007 fiscal year, the District amended the general fund budget twice, with the Board adopting the final changes in June, 2007.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>% Variance</u>
Total Revenues	<u>\$ 174,120,000</u>	<u>\$ 176,180,000</u>	<u>\$ 171,740,730</u>	<u>\$ (4,439,270)</u>	<u>(2.5)</u>
Expenditures					
Instruction	\$ 95,721,000	\$ 98,313,113	\$ 96,241,130	\$ 2,071,983	2.1
Supporting Services	76,805,000	73,665,887	75,338,276	(1,672,389)	(2.3)
Community Services	<u>367,000</u>	<u>534,000</u>	<u>433,364</u>	<u>100,636</u>	<u>18.8</u>
Total Expenditures	<u>\$ 172,893,000</u>	<u>\$ 172,513,000</u>	<u>\$ 172,012,770</u>	<u>\$ 500,230</u>	<u>0.3</u>
Other Financing					
Sources (Uses) transfers out	– <u>\$ (2,427,000)</u>	<u>\$ (3,520,000)</u>	<u>\$ (3,319,677)</u>	<u>\$ 200,323</u>	<u>5.7</u>

The original revenue budget of \$174.1 million was increased to \$176.2 million to recognize the effect of additional State categorical grant funding.

**Lansing School District**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**

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**Capital Asset and Debt Administration**

**Capital Assets**

By the end of the 2006-2007 fiscal year, the District had invested approximately \$172 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$26.7 million over the prior fiscal year. Depreciation expense for the year amounted to approximately \$3.3 million, bringing the accumulated depreciation to approximately \$73.6 million as of June 30, 2007.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2007 Net Book Value</u>	<u>2006 Net Book Value</u>
Land	\$ 4,520,117	\$	\$ 4,520,117	\$ 4,634,663
Construction in progress	5,945,123		5,945,123	44,290,879
Land improvements	17,993,744	8,057,119	9,936,625	3,104,517
Buildings and additions	127,177,639	53,857,438	73,320,201	20,288,299
Buses	4,646,066	3,534,347	1,111,719	1,507,408
Transportation equipment	1,376,674	1,181,497	195,177	309,061
Machinery and equipment	<u>10,376,284</u>	<u>6,961,379</u>	<u>3,414,905</u>	<u>1,574,875</u>
	<u>\$172,035,647</u>	<u>\$ 73,591,780</u>	<u>\$ 98,443,867</u>	<u>\$ 72,709,702</u>

**Long-term Debt**

At June 30, 2007, the District had approximately \$76.5 million in bonded debt outstanding. Total outstanding debt decreased as the District continued to pay down its debt, retiring \$3.6 million of outstanding bonds. In November, 2006, the District issued \$7,760,000 of refunding bonds that will be used to refund a portion of the District's 2004 School Building Bonds. This refunding will result in a savings of approximately \$271,000 over the remaining life of the bonds.

# Lansing School District

## Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

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### Factors Bearing on the District's Future

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

- The District received a student foundation allowance from the State of Michigan of \$7,490 per pupil for the 2006-2007 school year. Although the threat of pro-ration or reduction of this initial allocation and other categorical grants was under consideration throughout the fiscal year, the State was able to maintain the level of payment that was originally authorized at the beginning of the school year. However, the economic difficulties faced by Michigan are expected to continue through at least the next five years and funding for education is uncertain at this point. Accordingly, the District has adopted a budget for 2007-08 that is based on continuation of the student foundation allowance at the same level as 2006-07.
- Future funding levels for education are expected to reflect the long-range outlook for the state economy. A number of factors have been identified that will affect the overall financial health of the state as well as that of the residents of Michigan. Continuing population loss, decreasing birth rates, erosion of the automobile and other manufacturing bases and the resulting decline in tax revenue will have a direct effect on the District's ability to provide a quality education for the students of the Lansing School District. The Citizens Research Council is predicting a 14.3% decline in the population within the 5 to 17 year age range that makes up the student base across the state. This alarming downward trend and the resulting expected decrease in funding levels will make it difficult to continue existing educational programs and to plan and implement innovative programs to meet the needs of the students of the District.
- A number of initiatives have been announced by the District's new Superintendent, Dr. T. C. Wallace Jr., that are designed to provide direction and focus for achievement in the District. Based on the theme of Accountability-Attitude-Achievement, eleven goals have been set that will establish the school system's educational priorities for 2007-08 and future years. In addition to goals that directly relate to the education of students, other goals call for the development of a comprehensive strategic plan to cover the period 2008-2012 and the establishment and maintenance of sound fiscal management and accountability systems that maximize financial resources through performance-based systems. The development of a comprehensive five-year financial plan will enable administrators to ensure that financial resources are used in the most efficient and effective manner.

# Lansing School District

## Management Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

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- The construction projects funded by the 2004 Building and Site Bonds which included a new Pattengill Middle School and computer and science lab renovation in other secondary schools were completed during the 2006-07 school year. A long-range capital planning effort is underway that is intended to evaluate the capacity of all school buildings in the District in an effort to “right-size” the infrastructure of the District in the face of a continuing decline in student enrollment and decreasing funding levels. Administration has recognized the need to control the increasing financial burden of repairing and maintaining schools that are more than fifty years old.



- The District’s food service operations will continue to realize the benefits that have resulted from improvements in the way school cafeterias are operated within the District. The management contract has been extended for another year with Aramark Food Services, equipment has been upgraded and new food selections are being offered in an attempt to ensure that all students have access to nutritious meals. High school campuses are closed effective with the beginning of the 2007-08 school year in an effort to provide a safe learning environment for students and staff, decrease the incidence of absenteeism and improve community relations

### Contacting the District’s Financial Management

This financial report is designed to provide our 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, please contact the Chief Financial Officer’s office, Lansing School District, 519 W. Kalamazoo Street, Lansing, Michigan, 48933.

**LANSING SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<u>Governmental activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 14,314,645
Receivables:	
Accounts receivable	513,604
Taxes receivable	241,827
Interest receivable	7,457
Due from other governmental units	25,482,275
Inventories	742,305
Prepaid expenditures	481,859
Restricted cash - capital projects	8,588,552
Restricted investments - capital projects	1,015,962
<b>TOTAL CURRENT ASSETS</b>	<u>51,388,486</u>
<b>NONCURRENT ASSETS:</b>	
Capital assets	172,035,647
Less accumulated depreciation	(73,591,780)
Capital assets net of accumulated depreciation	<u>98,443,867</u>
Deferred charges, net of amortization	457,794
<b>TOTAL NONCURRENT ASSETS</b>	<u>98,901,661</u>
<b>TOTAL ASSETS</b>	<u>\$ 150,290,147</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 3,364,133
Accrued salaries and related items	13,806,644
Accrued interest	566,068
Accrued expenses	200,000
Deferred revenue	7,299,746
Current portion of accrued severance	3,102,161
Current portion of long-term obligations	3,710,111
Current portion of compensated absences	1,366,099
<b>TOTAL CURRENT LIABILITIES</b>	<u>33,414,962</u>
<b>NONCURRENT LIABILITIES:</b>	
Noncurrent portion of long-term obligations	74,925,717
Compensated absences	3,006,104
Long-term interest	571,364
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>78,503,185</u>
<b>TOTAL LIABILITIES</b>	<u>111,918,147</u>
<b>NET ASSETS:</b>	
Invested in capital assets net of related debt	26,004,267
Restricted for debt service	751,140
Unrestricted	11,616,593
<b>TOTAL NET ASSETS</b>	<u>38,372,000</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 150,290,147</u>

**LANSING SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

<b>Functions/programs</b>	<b>Expenses</b>	<b>Program revenues</b>		<b>Governmental activities</b>
		<b>Charges for services</b>	<b>Operating grants</b>	<b>Net (expense) revenue and changes in net assets</b>
Governmental activities:				
Instruction	\$ 94,028,199	\$ 1,261,522	\$24,545,800	\$ (68,220,877)
Support services	73,643,962	797,481	9,497,350	(63,349,131)
Community services	434,461		389,762	(44,699)
Food services	5,974,268	1,143,386	4,763,827	(67,055)
Athletics	2,126,969	172,455		(1,954,514)
Interest on long-term debt	3,539,398			(3,539,398)
Unallocated depreciation	1,809,256			(1,809,256)
Total governmental activities	<u>\$ 181,556,513</u>	<u>\$ 3,374,844</u>	<u>\$39,196,739</u>	(138,984,930)
General revenues:				
Property taxes, levied for general purposes				23,965,147
Property taxes, levied for debt service				6,388,482
Investment earnings				1,625,208
Gain on sale of assets				867,123
State sources				99,703,018
Ingham ISD special education allocation				10,305,831
Other				1,181,876
Total general revenues				<u>144,036,685</u>
<b>CHANGE IN NET ASSETS</b>				5,051,755
<b>NET ASSETS, beginning of year</b>				<u>33,320,245</u>
<b>NET ASSETS, end of year</b>				<u>\$ 38,372,000</u>

**LANSING SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<b>General fund</b>	<b>2003 bond capital projects fund</b>	<b>Other nonmajor governmental funds</b>	<b>Total governmental funds</b>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 7,747,427	\$	\$ 6,567,218	\$ 14,314,645
Receivables:				
Property taxes receivable	194,478		47,349	241,827
Accounts receivable	410,040	46,036	57,528	513,604
Interest receivable	7,457			7,457
Due from other governmental units	24,783,240		699,035	25,482,275
Due from other funds	3,842,639		293,490	4,136,129
Inventories	583,914		158,391	742,305
Prepaid expenditures	481,859			481,859
Restricted cash - capital projects		8,588,552		8,588,552
Restricted investments - capital projects		1,015,962		1,015,962
	<b>\$ 38,051,054</b>	<b>\$ 9,650,550</b>	<b>\$ 7,823,011</b>	<b>\$ 55,524,615</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,272,547	\$ 1,811,860	\$ 279,726	\$ 3,364,133
Accrued salaries and related items	13,760,745		45,899	13,806,644
Due to other funds		2,441,153	1,694,976	4,136,129
Accrued expenses	200,000			200,000
Deferred revenue	7,767,381		47,349	7,814,730
	<b>23,000,673</b>	<b>4,253,013</b>	<b>2,067,950</b>	<b>29,321,636</b>
<b>FUND BALANCES:</b>				
Reserved for encumbrances and capital projects	\$	\$ 5,397,537	\$ 3,866,292	\$ 9,263,829
Reserved for inventories	583,914			583,914
Reserved for prepaid expenditures	481,859			481,859
Reserved for debt service			1,888,572	1,888,572
Designated for subsequent years' expenditures	1,360,000			1,360,000
Designated for School carryover	20,000			20,000
Designated for technology:				
USF projects	164,000			164,000
Unreserved, undesignated	12,440,608		197	12,440,805
	<b>15,050,381</b>	<b>5,397,537</b>	<b>5,755,061</b>	<b>26,202,979</b>
	<b>\$ 38,051,054</b>	<b>\$ 9,650,550</b>	<b>\$ 7,823,011</b>	<b>\$ 55,524,615</b>
<b>Total governmental fund balances</b>				<b>\$ 26,202,979</b>
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
Capital assets			\$ 172,035,647	
Accumulated depreciation			(73,591,780)	98,443,867
The value of amortized bond issuance costs			565,379	
Accumulated amortization			(107,585)	457,794
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds payable				(76,597,437)
Capital lease payable				(1,976,959)
Installment purchase				(61,432)
Accrued severance pay				(3,102,161)
Compensated absences				(4,372,203)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(1,137,432)
Deferred due from other governmental units at June 30, 2007 expected to be collected after September 1, 2007				394,070
Deferred property taxes receivable at June 30, 2007 expected to be collected after September 1, 2007				120,914
<b>Net assets of governmental activities</b>				<b>\$ 38,372,000</b>

**LANSING SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2007**

	<u>General fund</u>	<u>2003 Bond capital projects fund</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$ 23,897,018	\$	\$ 6,364,812	\$ 30,261,830
Investment earnings	257,012	1,119,822	284,985	1,661,819
Food sales and athletic admissions			1,315,841	1,315,841
Other	1,304,439		18,364	1,322,803
Total local sources	25,458,469	1,119,822	7,984,002	34,562,293
State sources	106,814,082		221,443	107,035,525
Federal sources	27,959,400		4,542,384	32,501,784
Incoming transfers	11,499,252			11,499,252
Intermediate sources	9,527			9,527
Total revenues	171,740,730	1,119,822	12,747,829	185,608,381
<b>EXPENDITURES:</b>				
Current:				
Instruction	96,241,130			96,241,130
Supporting services	75,338,276			75,338,276
Food service activities			5,925,577	5,925,577
Athletic activities			1,815,631	1,815,631
Community service activities	433,364			433,364
Capital outlay		22,220,936	2,347,706	24,568,642
<b>EXPENDITURES:</b>				
Debt service:				
Principal repayment	\$	\$	\$ 3,235,000	\$ 3,235,000
Interest expense			3,271,746	3,271,746
Bond issuance costs			76,362	76,362
Payment to bond escrow agent			213,000	213,000
Other expense		900	1,391	2,291
Total expenditures	172,012,770	22,221,836	16,886,413	211,121,019
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(272,040)	(21,102,014)	(4,138,584)	(25,512,638)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from issuance of debt	2,239,375		7,760,000	9,999,375
Payments to refunded bond escrow			(7,595,706)	(7,595,706)
Discount on issuance of bonds			(84,414)	(84,414)
Operating transfers from other funds	152,278		3,451,677	3,603,955
Operating transfers to other funds	(3,319,677)		(284,278)	(3,603,955)
Total other financing sources (uses)	(928,024)		3,247,279	2,319,255
<b>SPECIAL ITEM:</b>				
Sale of school buildings	1,287,330			1,287,330
<b>NET CHANGE IN FUND BALANCES</b>	87,266	(21,102,014)	(891,305)	(21,906,053)
<b>FUND BALANCES:</b>				
Beginning of year	14,963,115	26,499,551	6,646,366	48,109,032
End of year	\$ 15,050,381	\$ 5,397,537	\$ 5,755,061	\$ 26,202,979

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

**Net change in fund balances total governmental funds** \$ (21,906,053)

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

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

Depreciation expense	(3,320,428)
Capital outlay	26,474,799
Net book value of assets sold	(420,207)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is recorded in governmental funds when it is paid:

Accrued interest payable beginning of the year	869,780
Accrued interest payable end of the year	(1,137,432)

Accrued severance pay and deferred salaries are recorded in the statement of activities when incurred, but are not recorded in the governmental funds until paid:

Accrued severance pay beginning of year	6,029,650
Accrued severance end of year	(3,102,161)
Deferred salaries paid to teachers, beginning of year	154,460

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items as follows:

Payments on debt	11,078,846
Proceeds from issuance of debt	(9,999,375)
Amortization expense	(23,563)
Amortized premium	211,899
Deferred loss on bond refunding	285,188
Bond issuance costs	160,776

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred revenue, beginning of the year	(378,702)
Deferred revenue, end of the year	514,984

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

Accrued compensated absences beginning of the year	3,931,497
Accrued compensated absences end of the year	(4,372,203)

<b>Change in net assets of governmental activities</b>	<b>\$ 5,051,755</b>
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**LANSING SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007**

	<b>Private purpose trust fund</b>	<b>Agency fund</b>
<b>ASSETS</b>		
<b>ASSETS:</b>		
Cash	\$ 692,741	\$ 1,001,900
Accounts receivable	13,096	66,334
<b>TOTAL ASSETS</b>	<b>\$ 705,837</b>	<b>\$ 1,068,234</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$	\$ 24,014
Accrued expenses	7,707	630
Due to student groups		1,043,590
<b>TOTAL LIABILITIES</b>	<b>7,707</b>	<b>1,068,234</b>
<b>NET ASSETS:</b>		
Reserved for trust activities	698,130	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 705,837</b>	<b>\$ 1,068,234</b>

**LANSING SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2007**

	<u>Private purpose trust fund</u>
<b>ADDITIONS:</b>	
Donations	\$ 434,487
Interest earnings	34,639
Other	<u>108,469</u>
Total additions	<u>577,595</u>
<b>DEDUCTIONS:</b>	
Scholarships awarded	48,020
Other	<u>169,489</u>
Total deductions	<u>217,509</u>
<b>CHANGE IN NET ASSETS</b>	360,086
<b>NET ASSETS:</b>	
Beginning of year	<u>338,044</u>
End of year	<u><u>\$ 698,130</u></u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Lansing School District (the "District") is governed by the Lansing School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement Nos. 14 and 39.

**B. Government-wide and Fund Financial Statements**

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

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

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements (Continued)**

The District first utilizes restricted resources to finance qualifying activities.

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

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

The District does not allocate indirect costs.

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

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

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

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 *2003 capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and Fund Financial Statements (Concluded)**

The following is a summary of the revenue and expenditures for the 2003 bond:

Revenue	<u>\$ 4,560,958</u>
Expenditures and transfers	<u>\$ 66,718,370</u>

The above revenue figure does not include original bond proceeds of \$67,554,949.

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

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

The *capital projects funds* account for the receipt of debt proceeds and transfers from the general fund for the acquisition of fixed assets or construction of major capital projects.

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

The *private purpose trust fund* is accounted for using the accrual method of accounting. Private purpose trust funds account for assets where both the principal and interest may be spent. These funds are not reported on the District financial statements.

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

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Accrual Method**

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

**Modified Accrual Method**

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

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

**State Revenue**

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

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)**

**State Revenue (Concluded)**

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

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

For the year ended June 30, 2007, approximately \$2,510,000 of non cash transactions from the Michigan Department of Education (MDE) has been recorded as state aid revenue and pension expenditures as a result of a change in funding by the MDE.

**D. Other Accounting Policies**

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

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

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit (Concluded)

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Property taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

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

Fund	Mills
General fund - Non-homestead	17.9262
Debt service fund - Homestead and non-homestead	2.3960

3. Inventories and prepaid expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

4. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

5. Capital assets

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

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

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

Buildings and additions	50 years
Furniture and other equipment	5 - 20 years
Land improvements	20 years
Transportation equipment	7 years

The District’s capitalization policy is to capitalize individual amounts exceeding \$5,000. Group purchases are analyzed on a case-by-case basis.

6. Compensated absences

The District’s contracts generally provide for granting vacation and sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**D. Other Accounting Policies (Concluded)**

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Use of estimates

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balance because they will be re-appropriated in the subsequent fiscal year.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)**

2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the general fund are noted in the required supplementary information section.
4. The Deputy Superintendent of Business is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general, special revenue and debt service funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2007. The District does not consider these amendments to be significant.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted average maturity (years)</b>	<b>Rating</b>	<b>%</b>
U.S. Agency Notes	<u>\$ 1,015,962</u>	<u>0.1979</u>	AAA	<u>100%</u>
Portfolio weighted average maturity		<u>0.1979</u>		

1 day maturity equals 0.0027, one year equals 1.00

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

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

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The District does not allow direct investment in commercial paper or corporate bonds.

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

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$26,661,954 of the District's bank balance of \$27,065,954 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount of all deposits is \$24,597,838.

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

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

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

The above amounts as previously reported in Note 3:

Deposits - including fiduciary funds of \$1,694,641	\$ 24,597,838
Investments	<u>1,015,962</u>
	<u><u>\$ 25,613,800</u></u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)**

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

Cash - private purpose trust fund	\$ 692,741
Cash - agency fund	1,001,900
Cash - district-wide	14,314,645
Cash - restricted	8,588,552
Investments - restricted, district-wide	1,015,962
	<u>\$ 25,613,800</u>

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 1, 2006	Additions	Reclassifications/ Deletions	Balance June 30, 2007
Assets not being depreciated:				
Land	\$ 4,634,663	\$	\$ (114,546)	\$ 4,520,117
Construction in progress	44,290,879	24,338,201	(62,683,957)	5,945,123
Subtotal	48,925,542	24,338,201	(62,798,503)	10,465,240
Other capital assets:				
Land improvements	11,075,519	7,297,785	(379,560)	17,993,744
Buildings and additions	73,527,399	55,350,791	(1,700,551)	127,177,639
Machinery and equipment	8,150,342	2,286,525	(60,583)	10,376,284
Buses	4,995,337		(349,271)	4,646,066
Transportation equipment	1,554,890		(178,216)	1,376,674
Subtotal	99,303,487	64,935,101	(2,668,181)	161,570,407
Accumulated depreciation:				
Land improvements	7,971,002	465,677	(379,560)	8,057,119
Buildings and additions	53,239,100	1,906,983	(1,288,645)	53,857,438
Machinery and equipment	6,575,467	438,195	(52,283)	6,961,379
Buses	3,487,929	395,689	(349,271)	3,534,347
Transportation equipment	1,245,829	113,884	(178,216)	1,181,497
Subtotal	72,519,327	3,320,428	(2,247,975)	73,591,780
Net other capital assets	26,784,160	61,614,673	(420,206)	87,978,627
Net capital assets	\$ 75,709,702	\$ 85,952,874	\$ (63,218,709)	\$ 98,443,867

Depreciation for the fiscal year ended June 30, 2007 amounted to \$3,320,428.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CAPITAL ASSETS (Concluded)**

Depreciation expense was charged to programs of the District as follows:

Instruction	\$ 576,976
Support service	565,735
Food service	57,123
Athletics	311,338
Unallocated	1,809,256
	<u>\$ 3,320,428</u>

**NOTE 5 - LONG-TERM DEBT**

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

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

	Self-insured workers compensation plan	Termination benefits and compensated absences	Severance benefits	Notes payable	Bonds	Total
Balance, July 1, 2006	\$ 321,551	\$ 3,609,946	\$ 6,029,650	\$ 122,862	\$ 80,089,524	\$ 90,173,533
Additions		483,109		2,239,375	7,765,722	10,488,206
Deletions	42,403		2,927,489	323,845	11,257,810	14,551,547
Balance, June 30, 2007	279,148	4,093,055	3,102,161	2,038,392	76,597,436	86,110,192
Less current portion		1,366,099	3,102,161	380,111	3,330,000	8,178,371
Total due after one year	<u>\$ 279,148</u>	<u>\$ 2,726,956</u>	<u>\$</u>	<u>\$ 1,658,281</u>	<u>\$ 73,267,436</u>	<u>\$ 77,931,821</u>

The District has an early retirement severance benefit program. The liability of \$3,102,161 will be paid as follows:

Year ending June 30,	
<u>2008</u>	<u>\$ 3,102,161</u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT (Continued):**

Bonds payable at June 30, 2007 is comprised of the following issues:

2006 general obligation refunding bonds due in annual installments of \$55,000 to \$5,065,000 through May 1 2023, with interest at 4.00%	\$ 7,760,000
2003 general obligation and refunding bonds due in annual installments of \$2,215,000 to \$4,800,000 through May 1, 2022 with interest at 3.550% to 5.000%	54,030,000
1998 general obligation refunding bonds due in annual installments of \$1,000,000 to \$1,005,000 through May 2009 with interest at 5.00%	2,005,000
2002 energy conservation improvement bonds due in annual installments of \$110,000 to \$130,000 through May 1, 2012 with interest at 3.00% to 3.75%	600,000
2002 QZAB bond due in one installment of \$5,000,000 in September 2016 with interest of 0%	5,000,000
Plus: premium on 2003 bond issuance (net)	3,481,950
Less: deferred loss on refundings (net)	<u>(376,753)</u>
Total general obligation debt	72,500,197
1998 Limited obligation bonds (Durant bonds) due in annual installments of \$386,179 to \$2,378,168 through May 2013 with interest at 4.76%	4,097,240
Note payable - Copiers - due in semi-annual installments of \$30,716 from October 22, 2007 to April 22, 2008, with an interest rate of 3.99%	61,432
Note payable - Phone system - due in quarterly installments of \$76,333 to \$109,445 from September 1, 2007 to January 1, 2013, with an interest rate of 5.31%	1,976,959
Accrued retirement benefits and worker's compensation:	
Obligation for compensated absences and termination benefits	4,093,055
Obligation for severance benefits	3,102,161
Obligation for worker's compensation claims	<u>279,148</u>
Total debt	<u><u>\$ 86,110,192</u></u>

The District has entered into voluntary termination benefit arrangements with certain employees. The original agreement provides for a total payment to each individual of approximately \$50,000. This amount is paid out over three equal payments. There are currently approximately 170 employees entitled to future payments. The liability has been recorded at the face amount, as the discounted present value approximates the face amount of the liability.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT (Continued)**

The Durant bonds, including interest, were issued in anticipation of payment to the District as appropriated and to be appropriated by the State of Michigan under Section 11g(3) of Act 94 (State Aid payments). The District has pledged and assigned to the bondholder all rights to these State Aid payments as security for the Bond.

On November 29, 2006, Lansing School District issued general obligation bonds of \$7,760,000 with an interest rate of 4.00% to advance refund bonds with an interest rate of 5.00. The bonds mature on May 1, 2022. The general obligation bonds were issued at a discount after paying issuance costs of \$76,362, the net proceeds were \$7,658,000. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$372,423.

As a result of the advance refunding, the District reduced its total debt service requirements by \$462,474 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$271,365.

In prior years, the District defeased certain general obligation 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 District's financial statements. At June 30, 2007, \$10,620,000 of bonds outstanding are considered defeased.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM DEBT (Concluded)**

The annual requirements to amortize bonded debt and notes payable outstanding as of June 30, 2007, including interest payments of \$28,301,926 are as follows: At June 30, 2007, \$1,888,572 is available to service the general obligation debt.

Year ending June 30,	Principal	Interest	Amounts payable
2008	\$ 3,710,111	\$ 3,076,361	\$ 6,786,472
2009	4,222,105	2,995,653	7,217,758
2010	6,002,276	3,667,694	9,669,970
2011	4,197,092	2,585,823	6,782,915
2012	4,367,451	2,409,908	6,777,359
2013-2017	24,641,596	8,892,787	33,534,383
2018-2022	23,325,000	4,471,100	27,796,100
2023	5,065,000	202,600	5,267,600
	<u>75,530,631</u>	<u>28,301,926</u>	<u>103,832,557</u>
Premium on bond issuance	3,481,950		3,481,950
Deferred amount on bond refunding	(376,753)		(376,753)
Compensated absences, termination, and severance benefits	7,195,216		7,195,216
Workers' compensation claims	279,148		279,148
	<u>\$ 86,110,192</u>	<u>\$ 28,301,926</u>	<u>\$ 114,412,118</u>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2007 are as follows:

Receivable fund		Payable fund	
General fund	\$ 3,842,639	Athletics	\$ 316,342
Debt service	3,998	Capital projects	2,442,721
Athletics	4,957	Food service	670,430
Capital projects	284,535	Debt service	706,636
	<u>\$ 4,136,129</u>		<u>\$ 4,136,129</u>

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES (Concluded)**

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within the year.

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPSERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPSERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111.

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. Actuarial 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% of payroll through September 30, 2006 and 17.74% effective October 1, 2006 through June 30, 2007. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2007, 2006 and 2005 were \$16,446,763, \$16,214,992 and \$15,539,450, respectively, and were equal to the required contribution for those years.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded)**

Other Post-employment Benefits - Retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premiums is paid by the System with the balance deducted from the monthly pension.

The District is not responsible for the payment of retirement benefits and post-employment benefits which are the responsibility of the State of Michigan.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2007 or any of the prior three years.

**LANSING SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - CONTINGENCIES**

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 10 - TRANSFERS**

The general fund transferred \$1,779,979 to the athletic fund, \$274,319 to the debt service funds, \$1,265,379 to the capital projects fund and the debt service funds transferred \$132,000 to other debt service funds, the athletic fund transferred \$152,278 to the general fund.

The transfers to the athletics fund was to fund operations, the transfer to the debt service fund is for future retirement of debt, the transfers to the general fund were to reimburse the general fund for current year indirect and other approved costs.

**NOTE 11 - COMMITMENTS**

The District has active capital projects outstanding at June 30, 2007. Approximately \$5,400,000 is committed and recorded as fund balance in the 2003 capital projects fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LANSING SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2007**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget positive (negative)</b>
<b>REVENUES:</b>				
Local sources	\$ 25,860,000	\$25,815,000	\$ 25,458,469	\$ (356,531)
State sources	109,720,000	112,689,000	106,814,082	(5,874,918)
Federal sources	26,100,000	24,602,000	27,959,400	3,357,400
Incoming transfers	12,400,000	13,064,000	11,499,252	(1,564,748)
Intermediate sources	40,000	10,000	9,527	(473)
Total revenues	<u>174,120,000</u>	<u>176,180,000</u>	<u>171,740,730</u>	<u>(4,439,270)</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	61,597,000	65,224,113	64,088,169	1,135,944
Added needs	33,710,000	32,710,000	31,742,500	967,500
Adult and continuing education	414,000	379,000	410,461	(31,461)
Total instruction	<u>95,721,000</u>	<u>98,313,113</u>	<u>96,241,130</u>	<u>2,071,983</u>
Supporting services:				
Pupil	17,879,000	16,887,000	16,287,124	599,876
Instructional staff	11,953,000	10,970,000	11,293,790	(323,790)
General administration	972,000	1,122,000	1,104,156	17,844
School administration	9,537,000	9,273,000	9,446,699	(173,699)
Business	3,900,000	3,587,000	3,127,679	459,321
Operation/maintenance	18,625,000	18,217,887	20,207,838	(1,989,951)
Pupil transportation	9,535,000	8,904,000	9,076,702	(172,702)
Central	4,404,000	4,405,000	4,292,092	112,908
Other		300,000	502,196	(202,196)
Total supporting services	<u>76,805,000</u>	<u>73,665,887</u>	<u>75,338,276</u>	<u>(1,672,389)</u>
Community service activities	367,000	534,000	433,364	100,636
Total expenditures	<u>172,893,000</u>	<u>172,513,000</u>	<u>172,012,770</u>	<u>500,230</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,227,000</u>	<u>3,667,000</u>	<u>(272,040)</u>	<u>(3,939,040)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of long-term debt			2,239,375	2,239,375
Operating transfers from other funds			152,278	152,278
Operating transfers to other funds	(2,427,000)	(3,520,000)	(3,319,677)	200,323
Total other financing sources (uses)	<u>(2,427,000)</u>	<u>(3,520,000)</u>	<u>(928,024)</u>	<u>2,591,976</u>
<b>SPECIAL ITEM:</b>				
Sale of school buildings			1,287,330	1,287,330
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,200,000)</u>	<u>\$ 147,000</u>	<u>87,266</u>	<u>\$ (59,734)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>14,963,115</u>	
End of year			<u>\$ 15,050,381</u>	

**ADDITIONAL INFORMATION**

**LANSING SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2007**

	<u>Special revenue funds</u>	<u>Debt service funds</u>	<u>Capital projects funds</u>	<u>Total nonmajor governmental funds</u>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 345,675	\$ 2,591,210	\$ 3,630,333	\$ 6,567,218
Accounts receivable	57,528			57,528
Taxes receivable		47,349		47,349
Due from other governmental units	699,035			699,035
Due from other funds	4,957	3,998	284,535	293,490
Inventories	158,391			158,391
<b>TOTAL ASSETS</b>	<u>\$ 1,265,586</u>	<u>\$ 2,642,557</u>	<u>\$ 3,914,868</u>	<u>\$ 7,823,011</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 232,718	\$	\$ 47,008	\$ 279,726
Accrued salaries and related items	45,899			45,899
Due to other funds	986,772	706,636	1,568	1,694,976
Deferred revenue		47,349		47,349
<b>TOTAL LIABILITIES</b>	<u>1,265,389</u>	<u>753,985</u>	<u>48,576</u>	<u>2,067,950</u>
<b>FUND BALANCES:</b>				
Reserved for encumbrances and capital projects			3,866,292	3,866,292
Reserved for debt service		1,888,572		1,888,572
Unreserved, undesignated	197			197
<b>TOTAL FUND BALANCES</b>	<u>197</u>	<u>1,888,572</u>	<u>3,866,292</u>	<u>5,755,061</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,265,586</u>	<u>\$ 2,642,557</u>	<u>\$ 3,914,868</u>	<u>\$ 7,823,011</u>

**LANSING SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2007**

	<u>Special revenue funds</u>	<u>Debt service funds</u>	<u>Capital projects funds</u>	<u>Total nonmajor governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$	\$6,364,812	\$	\$ 6,364,812
Investment earnings	10,566	135,121	139,298	284,985
Food sales and athletic admissions	1,315,841			1,315,841
Other	18,364			18,364
Total local sources	1,344,771	6,499,933	139,298	7,984,002
State sources	221,443			221,443
Federal sources	4,542,384			4,542,384
Total revenues	6,108,598	6,499,933	139,298	12,747,829
<b>EXPENDITURES:</b>				
Current:				
Food service activities	5,925,577			5,925,577
Athletic activities	1,815,631			1,815,631
Capital outlay			2,347,706	2,347,706
Debt service:				
Principal repayment		3,235,000		3,235,000
Interest expense		3,271,746		3,271,746
Bond issuance costs		76,362		76,362
Payment to bond escrow		213,000		213,000
Other expense		1,391		1,391
Total expenditures	7,741,208	6,797,499	2,347,706	16,886,413
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(1,632,610)	(297,566)	(2,208,408)	(4,138,584)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of refunding bonds		7,760,000		7,760,000
Payment to refunded bond escrow		(7,595,706)		(7,595,706)
Discount on issuance of debt		(84,414)		(84,414)
Operating transfers from other funds	1,779,979	406,319	1,265,379	3,451,677
Operating transfers to other funds	(152,278)	(132,000)		(284,278)
Total other financing sources (uses)	1,627,701	354,199	1,265,379	3,247,279
<b>NET CHANGE IN FUND BALANCES</b>	(4,909)	56,633	(943,029)	(891,305)
<b>FUND BALANCES:</b>				
Beginning of year	5,106	1,831,939	4,809,321	6,646,366
End of year	\$ 197	\$1,888,572	\$ 3,866,292	\$ 5,755,061

**LANSING SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007**

	<u>Food service fund</u>	<u>Athletic fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 272	\$ 345,403	\$ 345,675
Accounts receivable	56,924	604	57,528
Due from other funds		4,957	4,957
Due from other governmental units	699,035		699,035
Inventories	158,391		158,391
	<u>914,622</u>	<u>350,964</u>	<u>1,265,586</u>
<b>TOTAL ASSETS</b>	<b>\$ 914,622</b>	<b>\$ 350,964</b>	<b>\$ 1,265,586</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 223,918	\$ 8,800	\$ 232,718
Accrued salaries and related items	20,274	25,625	45,899
Due to other funds	670,430	316,342	986,772
	<u>914,622</u>	<u>350,767</u>	<u>1,265,389</u>
<b>TOTAL LIABILITIES</b>	<b>914,622</b>	<b>350,767</b>	<b>1,265,389</b>
<b>FUND BALANCES:</b>			
Undesignated		197	197
	<u>914,622</u>	<u>350,964</u>	<u>1,265,586</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 914,622</b>	<b>\$ 350,964</b>	<b>\$ 1,265,586</b>

**LANSING SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2007**

	<b>Food service fund</b>	<b>Athletic fund</b>	<b>Totals</b>
<b>REVENUES:</b>			
Sales	\$ 1,143,386	\$	\$ 1,143,386
State aid	221,443		221,443
Federal aid	4,542,384		4,542,384
Admissions		172,455	172,455
Interest on investments		10,566	10,566
Other	18,364		18,364
	<u>5,925,577</u>	<u>183,021</u>	<u>6,108,598</u>
<b>EXPENDITURES:</b>			
Cost of goods sold - net	2,571,318		2,571,318
Salaries and wages	1,642,529	1,027,086	2,669,615
Employee benefits	933,903	389,215	1,323,118
Contracted services	456,420	182,443	638,863
Travel, workshops, and conferences	6,319	8,956	15,275
Materials and supplies	312,749	146,482	459,231
Capital outlay	2,107	61,449	63,556
Miscellaneous	232		232
	<u>5,925,577</u>	<u>1,815,631</u>	<u>7,741,208</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>		<b>#####</b>	<b>(1,632,610)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds		1,779,979	1,779,979
Operating transfers to other funds		(152,278)	(152,278)
		<u>1,627,701</u>	<u>1,627,701</u>
<b>NET CHANGE IN FUND BALANCES</b>		<b>(4,909)</b>	<b>(4,909)</b>
<b>FUND BALANCES:</b>			
Beginning of year		5,106	5,106
End of year	<u>\$</u>	<u>\$ 197</u>	<u>\$ 197</u>

**LANSING SCHOOL DISTRICT  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007**

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1998</u>	<u>QZAB</u>	<u>2003 Energy</u>	<u>2003</u>	<u>2006 Refunding</u>	<u>2003 Refunding</u>	<u>Totals</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 77,679	\$ 126,136	\$ 82,091	\$ 241,180	\$ 1,212,391	\$ 6,760	\$ 843,629	\$	\$ 1,344	\$ 2,591,210
Taxes receivable							47,349			47,349
Due from other funds								3,994	4	3,998
<b>TOTAL ASSETS</b>	<u>\$ 77,679</u>	<u>\$ 126,136</u>	<u>\$ 82,091</u>	<u>\$ 241,180</u>	<u>\$ 1,212,391</u>	<u>\$ 6,760</u>	<u>\$ 890,978</u>	<u>\$ 3,994</u>	<u>\$ 1,348</u>	<u>\$ 2,642,557</u>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Due to other funds	\$ 24,708	\$ 81,527	\$ 24,689	\$ 54,808	\$ 132,604	\$ 6,760	\$ 381,540	\$	\$	\$ 706,636
Deferred revenue							47,349			47,349
<b>TOTAL LIABILITIES</b>	24,708	81,527	24,689	54,808	132,604	6,760	428,889			753,985
<b>FUND BALANCES:</b>										
Reserved for debt service	52,971	44,609	57,402	186,372	1,079,787		462,089	3,994	1,348	1,888,572
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 77,679</u>	<u>\$ 126,136</u>	<u>\$ 82,091</u>	<u>\$ 241,180</u>	<u>\$ 1,212,391</u>	<u>\$ 6,760</u>	<u>\$ 890,978</u>	<u>\$ 3,994</u>	<u>\$ 1,348</u>	<u>\$ 2,642,557</u>

**LANSING SCHOOL DISTRICT  
DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2007**

	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1998</b>	<b>QZAB</b>	<b>2003 Energy</b>	<b>2003</b>	<b>2006 Refunding</b>	<b>2003 Refunding</b>	<b>Totals</b>
<b>REVENUES:</b>										
Local sources:										
Current property taxes	\$	\$	\$ 41	\$ 1,322,297	\$	\$	\$ 5,042,474	\$	\$	\$ 6,364,812
Interest on investments	3,359	5,465	3,580	31,688	36,611	1,182	53,170		66	135,121
Total revenues	3,359	5,465	3,621	1,353,985	36,611	1,182	5,095,644		66	6,499,933
<b>EXPENDITURES:</b>										
Redemption of serial bonds				1,035,000		105,000	2,095,000			3,235,000
Interest on bonded debt				152,000		24,213	2,964,475	131,058		3,271,746
Bond issuance costs								76,362		76,362
Payment to refund bond escrow							213,000			213,000
Other				800		125		466		1,391
Total expenditures				1,187,800		129,338	5,272,475	207,886		6,797,499
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>										
	3,359	5,465	3,621	166,185	36,611	(128,156)	(176,831)	(207,886)	66	(297,566)
<b>OTHER FINANCING SOURCES (USES):</b>										
Proceeds from sale of refunding bonds								7,760,000		7,760,000
Payment to refunded bond escrows								(7,595,706)		(7,595,706)
Discount on issuance of bonds								(84,414)		(84,414)
Operating transfers to other funds	(25,000)	(82,000)	(25,000)							(132,000)
Operating transfers from other funds					152,000	122,319		132,000		406,319
Total other financing sources (uses)	(25,000)	(82,000)	(25,000)		152,000	122,319		211,880		354,199
<b>NET CHANGE IN FUND BALANCES</b>										
	(21,641)	(76,535)	(21,379)	166,185	188,611	(5,837)	(176,831)	3,994	66	56,633
<b>FUND BALANCES:</b>										
Beginning of year	74,612	121,144	78,781	20,187	891,176	5,837	638,920		1,282	1,831,939
End of year	\$ 52,971	\$ 44,609	\$ 57,402	\$ 186,372	\$ 1,079,787	\$ -	\$ 462,089	\$ 3,994	\$ 1,348	\$ 1,888,572

**LANSING SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007**

	<u>Capital projects</u>	<u>BTS capital project</u>	<u>Replacement fund</u>	<u>QZAB</u>	<u>Bond project technology</u>	<u>Totals</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,157,520	\$ 163,429	\$ 1,242,098	\$ 67,286	\$	\$ 3,630,333
Due from other funds	5,498	487	3,371		275,179	284,535
<b>TOTAL ASSETS</b>	<u>\$ 2,163,018</u>	<u>\$ 163,916</u>	<u>\$ 1,245,469</u>	<u>\$ 67,286</u>	<u>\$ 275,179</u>	<u>\$ 3,914,868</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 46,755	\$	\$ 253	\$	\$	\$ 47,008
Due to other funds				1,568		1,568
Total liabilities	<u>46,755</u>		<u>253</u>	<u>1,568</u>		<u>48,576</u>
<b>FUND BALANCES:</b>						
Reserved for capital projects	<u>2,116,263</u>	<u>163,916</u>	<u>1,245,216</u>	<u>65,718</u>	<u>275,179</u>	<u>3,866,292</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,163,018</u>	<u>\$ 163,916</u>	<u>\$ 1,245,469</u>	<u>\$ 67,286</u>	<u>\$ 275,179</u>	<u>\$ 3,914,868</u>

**LANSING SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2007**

	<u>Capital projects</u>	<u>BTS capital project</u>	<u>Replacement fund</u>	<u>QZAB</u>	<u>Bond project technology</u>	<u>Totals</u>
<b>REVENUES:</b>						
Interest on investments	\$ 67,807	\$ 8,007	\$ 60,491	\$ 2,993	\$	\$ 139,298
<b>EXPENDITURES:</b>						
Capital outlay	970,682				985,966	1,956,648
Other			2,478	388,580		391,058
Total expenditures	970,682		2,478	388,580	985,966	2,347,706
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(902,875)	8,007	58,013	(385,587)	(985,966)	(2,208,408)
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers from other funds	1,265,379					1,265,379
<b>NET CHANGE IN FUND BALANCES</b>	362,504	8,007	58,013	(385,587)	(985,966)	(943,029)
<b>FUND BALANCES:</b>						
Beginning of year	1,753,759	155,909	1,187,203	451,305	1,261,145	4,809,321
End of year	<u>\$ 2,116,263</u>	<u>\$ 163,916</u>	<u>\$ 1,245,216</u>	<u>\$ 65,718</u>	<u>\$ 275,179</u>	<u>\$ 3,866,292</u>

**LANSING SCHOOL DISTRICT  
FIDUCIARY FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 2007**

	<u>Private purpose trust fund</u>	<u>Agency fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 692,741	\$ 1,001,900	\$ 1,694,641
Accounts receivable	13,096	66,334	79,430
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<u>\$ 705,837</u>	<u>\$ 1,068,234</u>	<u>\$ 1,774,071</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$	\$ 24,014	\$ 24,014
Accrued expenses	7,707	630	8,337
Due to student groups		1,043,590	1,043,590
		<u>                    </u>	<u>                    </u>
Total liabilities	7,707	1,068,234	1,075,941
 <b>FUND BALANCES:</b>			
Reserved for trust activities	<u>698,130</u>		<u>698,130</u>
		<u>                    </u>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 705,837</u>	<u>\$ 1,068,234</u>	<u>\$ 1,774,071</u>

**LANSING SCHOOL DISTRICT  
 FIDUCIARY FUND TYPES  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND FUND BALANCES - PRIVATE PURPOSE TRUST FUND  
 YEAR ENDED JUNE 30, 2007**

	<b>Balance 07/01/06</b>	<b>Revenues and transfers</b>	<b>Expenditures and transfers</b>	<b>Balance 06/30/07</b>
Library revolving funds	\$ 91,124	\$ 3,387	\$	\$ 94,511
Harold Norton award	960	35	150	845
Carl McLean award	10,722	630	127	11,225
Grabow scholarship	222	8		230
Memorial fund donations	7,294	271		7,565
Special education donations	1,371	80	11	1,440
Windfuhr scholarship	2,251	477	53	2,675
Miscellaneous funds	224,100	572,707	217,168	579,639
	<u>\$ 338,044</u>	<u>\$ 577,595</u>	<u>\$ 217,509</u>	<u>\$ 698,130</u>

**LANSING SCHOOL DISTRICT  
 FIDUCIARY FUND TYPES  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND LIABILITIES BY SCHOOL - AGENCY FUND  
 YEAR ENDED JUNE 30, 2007**

	<b>Balance 07/01/06</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 06/30/07</b>
Eastern High School	\$ 177,048	\$ 182,340	\$ 182,998	\$ 176,390
Hill Vocational School	118,692	158,232	167,045	109,879
Sexton High School	72,625	137,712	120,218	90,119
Everett High School	172,877	223,925	229,502	167,300
Gardner Middle School	63,659	141,673	131,531	73,801
Pattengill Middle School	23,615	15,936	21,843	17,708
Otto Middle School	19,095	66,050	66,471	18,674
Rich Middle School	49,917	73,225	67,109	56,033
Riddle Middle School	(177)			(177)
CLCCA	20			20
Elementary schools and other	346,189	565,313	577,659	333,843
	<u>\$ 1,043,560</u>	<u>\$ 1,564,406</u>	<u>\$ 1,564,376</u>	<u>\$ 1,043,590</u>

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2007**

2006 Refunding Bonds

Calendar year	Interest rate	Principal	Interest due		Total
		due May 1	May 1	November 1	due annually
2007		\$	\$	\$ 155,200	\$ 155,200
2008			155,200	155,200	310,400
2009			155,200	155,200	310,400
2010			155,200	155,200	310,400
2011			155,200	155,200	310,400
2012			155,200	155,200	310,400
2013			155,200	155,200	310,400
2014			155,200	155,200	310,400
2015			155,200	155,200	310,400
2016			155,200	155,200	310,400
2017			155,200	155,200	310,400
2018			155,200	155,200	310,400
2019	4.000%	55,000	155,200	154,100	364,300
2020	4.000%	55,000	154,100	153,000	362,100
2021	4.000%	60,000	153,000	151,800	364,800
2022	4.000%	2,525,000	151,800	101,300	2,778,100
2023	4.000%	5,065,000	101,300		5,166,300
Total 2006 bonded debt		<u>\$ 7,760,000</u>	<u>\$ 2,422,600</u>	<u>\$ 2,422,600</u>	<u>\$ 12,605,200</u>

The above bonds dated November 29, 2006 were issued for the purpose of refunding a portion of the District's 2004 School Building and Site and Refunding Bonds.

**LANSING SCHOOL DISTRICT**  
**BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2007**

2003 School Building and Site and Refunding Bonds

Calendar year	Interest rate	Principal	Interest due		Total
		due May 1	May 1	November 1	due annually
2007		\$	\$	\$ 1,273,288	\$ 1,273,288
2008	5.000%	2,215,000	1,273,287	1,217,912	4,706,199
2009	5.000%	2,385,000	1,217,913	1,158,288	4,761,201
2010	5.000%	3,150,000	1,158,287	1,079,537	5,387,824
2011	4.000%	3,275,000	1,079,538	1,014,038	5,368,576
2012	4.000%	3,400,000	1,014,037	946,037	5,360,074
2013	4.000%	3,525,000	946,038	875,538	5,346,576
2014	3.550%	3,650,000	875,537	810,750	5,336,287
2015	5.000%	3,775,000	810,750	716,375	5,302,125
2016	5.000%	3,925,000	716,375	618,250	5,259,625
2017	5.000%	4,100,000	618,250	515,750	5,234,000
2018	5.000%	4,275,000	515,750	408,875	5,199,625
2019	5.000%	4,450,000	408,875	297,625	5,156,500
2020	5.000%	4,625,000	297,625	182,000	5,104,625
2021	5.000%	4,800,000	182,000	62,000	5,044,000
2022	5.000%	2,480,000	62,000		2,542,000
<b>Total 2003 bonded debt</b>		<b>\$ 54,030,000</b>	<b>\$ 11,176,262</b>	<b>\$ 11,176,263</b>	<b>\$ 76,382,525</b>

The above bonds dated February 10, 2004 were issued for the purpose of erecting, furnishing and equipping a new middle school building to replace the Pattengill Middle School and a magnet elementary school addition and partially remodeling, refurbishing and re-equipping the Otto, Gardner and Dwight Rich Middle Schools and the Eastern, Sexton and Everett High Schools, including science labs; and developing and improving sites, playfields, athletic fields and facilities; and refunding a part of the School District's 1992 School Building and Site Bonds, Series IV. The amount of the original bond issue was \$64,835,000. Certain bonds scheduled to mature in 2022-2023 were refunded in November, 2006.

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2007**

1998 School Refunding Bonds

Calendar year	Interest rate	Principal due May 1	Interest due		Total due annually
			May 1	November 1	
2007	5.00%	\$	\$	\$ 50,125	\$ 50,125
2008	5.00%	1,005,000	50,125	25,000	1,080,125
2009	5.00%	1,000,000	25,000		1,025,000
Total 1998 bonded debt		<u>\$ 2,005,000</u>	<u>\$ 75,125</u>	<u>\$ 75,125</u>	<u>\$ 2,155,250</u>

The above bonds dated January 15, 1998 were issued for the purpose of refunding bonds issued in prior years. The amount of the original bond issue was \$5,810,000.

Bonds of this issue maturing in the years 1998 through 2008 shall not be subject to redemption. Bonds or portions of bonds in multiples of \$5,000 of this issue, maturing in 2009 shall be subject to redemption prior to maturity at the option of the issuer in such order as the issuer may determine and by lot within any maturity on any interest payment date occurring on or after May 1, 2008 at par and accrued interest to the date fixed for redemption.

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2007**

2002 Energy Conservation Improvement Bonds

Calendar year	Interest rate	Principal due May 1	Interest due		Total due annually
			May 1	November 1	
2007	3.000%	\$	\$	\$ 10,531	\$ 10,531
2008	3.250%	110,000	10,531	8,744	129,275
2009	3.375%	115,000	8,744	6,803	130,547
2010	3.500%	120,000	6,803	4,703	131,506
2011	3.625%	125,000	4,703	2,438	132,141
2012	3.750%	130,000	2,438		132,438
Total 2002 bonded debt		<u>\$ 600,000</u>	<u>\$ 33,219</u>	<u>\$ 33,219</u>	<u>\$ 666,438</u>

The above bonds dated August 1, 2002 were issued for the purpose of paying the cost of certain energy conservation improvement projects for the school district facilities. The amount of the original bond issue was \$1,000,000.

Bonds of this issue are not subject to redemption prior to maturity.

**LANSING SCHOOL DISTRICT  
BONDED DEBT - PRINCIPAL REQUIREMENTS  
JUNE 30, 2007**

2002 Qualified Zone Academy Bonds

<u>Calendar year</u>	<u>Interest rate</u>	<u>Principal due September 17</u>
2016	0.00%	<u>\$ 5,000,000</u>

The above bonds dated September 17, 2002 were issued for the purpose of paying costs of providing energy conservation improvements to school facilities. The amount of the original bond issue was \$5,000,000.

Bonds of this issue are not subject to redemption prior to maturity.

**LANSING SCHOOL DISTRICT  
 BONDED DEBT - PRINCIPAL AND INTEREST REQUIREMENTS  
 JUNE 30, 2007**

1998 School Improvement Bonds (Durant Bonds)

Calendar year	Interest rate	Principal due May 15	Interest due May 15	Total due annually
2008		\$	\$	\$
2009	4.76%	386,179	101,113	487,292
2010	4.76%	2,378,168	964,468	3,342,636
2011	4.76%	423,817	63,464	487,281
2012	4.76%	443,971	43,284	487,255
2013	4.76%	465,105	22,145	487,250
Total 1998 bonded debt		<u>\$ 4,097,240</u>	<u>\$ 1,194,474</u>	<u>\$ 5,291,714</u>

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority's Depository.

**LANSING SCHOOL DISTRICT  
LEASE PURCHASE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

2006 Lease Purchase of Telephone Equipment

Calendar year	Interest rate	Principal	Principal	Principal	Principal	Interest due				Total
		Due January 1	Due March 1	Due July 1	Due September 1	January 1	March 1	July 1	September 1	due annually
2007	5.31%	\$	\$	\$	\$ 76,333	\$	\$	\$	\$ 17,496	\$ 93,829
2008	5.31%	80,907	77,724	83,715	79,153	33,640	16,104	30,833	14,676	416,752
2009	5.31%	86,597	80,620	89,556	82,126	27,950	13,209	24,991	11,703	416,752
2010	5.31%	92,595	83,672	95,715	85,260	21,952	10,157	18,832	8,569	416,752
2011	5.31%	98,918	86,890	102,207	88,563	15,629	6,939	12,340	5,266	416,752
2012	5.31%	105,584	90,282	109,051	92,046	8,964	3,547	5,495	1,783	416,752
2013	5.31%	109,445				5,102				114,547
Total 2006 Lease Purchase Debt		<u>\$ 574,046</u>	<u>\$ 419,188</u>	<u>\$ 480,244</u>	<u>\$ 503,481</u>	<u>\$ 113,237</u>	<u>\$ 49,956</u>	<u>\$ 92,491</u>	<u>\$ 59,493</u>	<u>\$2,292,136</u>

The above lease purchase debt dated July 6, 2006 was issued for the purpose of financing the acquisition of telephone equipment for the school district. The original amount financed was \$2,239,375.

**LANSING SCHOOL DISTRICT**  
**SCHEDULE OF INVESTMENTS AND CERTIFICATES OF DEPOSIT**  
**JUNE 30, 2007**

	<u>Maturity date</u>	<u>Interest rate</u>	<u>Amount</u>
Pooled Funds			
Bank of New York	N/A		\$ 6,091,573
Government Bonds			
Bank of New York	various	various	1,015,962
Certificates of deposit:			
Flagstar Bank	07/02/07	5.45%	1,000,000
Flagstar Bank	07/13/07	5.45%	1,800,000
Flagstar Bank	07/16/07	5.45%	900,000
Flagstar Bank	07/27/07	5.50%	1,000,000
Money market fund:			
Fifth Third Bank	N/A	4.28%	5,600,884
Huntington Bank	N/A	5.35%	441,150
Flagstar Bank	N/A	4.89%	<u>9,873</u>
 Total investments and certificates of deposit			 17,859,442
Less:			
Certificates of deposit and money markets classified as cash and cash equivalents.			16,843,480
			<hr/>
Total investments shown in district-wide statements			<u><u>\$ 1,015,962</u></u>