

**NOVI COMMUNITY SCHOOL  
DISTRICT, MICHIGAN**

**FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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**DOEREN MAYHEW**  
Certified Public Accountants and Consultants  
**75<sup>TH</sup> ANNIVERSARY**

Independent Auditor's Report

To the Board of Education of the  
**Novi Community School District, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Novi Community School District, Michigan as of June 30, 2007 and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Novi Community School District, Michigan's management. Our responsibility is to express an opinion on these basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Novi Community School District, Michigan as of June 30, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 15 and page 51 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

## DOEREN MAYHEW

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Novi Community School District, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2007 on our consideration of the Novi Community School District, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results of our audit.



DOEREN MAYHEW

November 14, 2007  
Troy, Michigan

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Introduction

The Novi Community School District's (the District) financial year is from July 1<sup>st</sup> through June 30<sup>th</sup>. Each year the District's financial records are audited by a third party independent auditor and the results are published. The audit is performed 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* as issued by the Governmental Accounting Standards Board (GASB). These standards require the inclusion of meaningful and useful data which broaden the reader's understanding of the District.

### District Characteristics

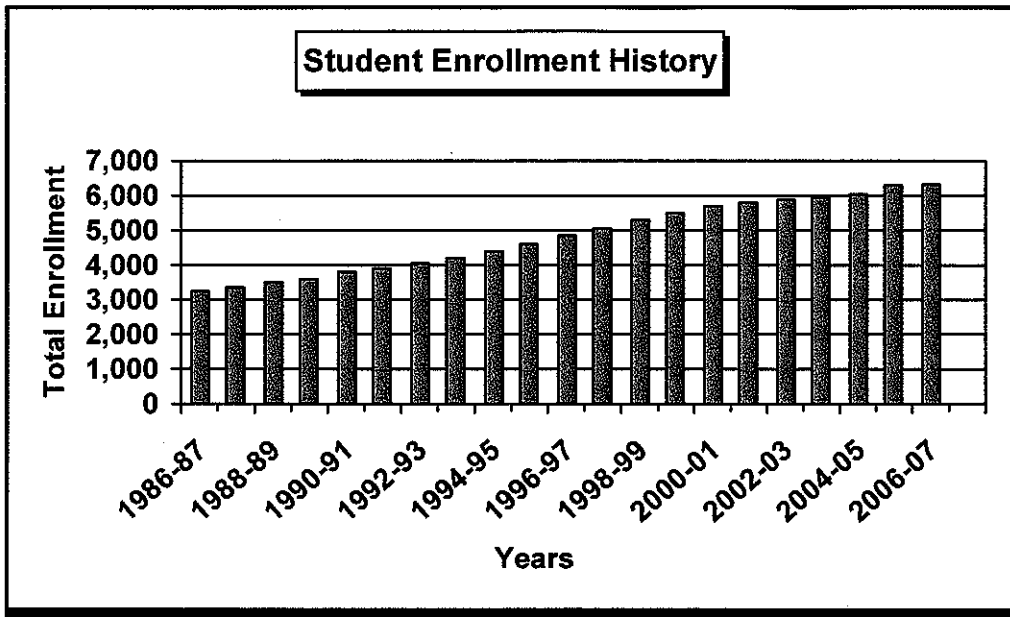
The Novi Community School District is an independent school district operating under the laws of the State of Michigan and is governed by an elected (at large) seven-member Board of Education. The District is located in southern Oakland County and encompasses 17.9 square miles with the vast majority of its area within the City of Novi except for a small parcel of land in the City of Wixom. The District has seen and continues to see growth and development of both its residential and non-residential properties.

The School District has five (5) elementary schools, grades K-4; one (1) upper elementary school, grades 5-6; one (1) middle school, grades 7-8; and one (1) high school, grades 9-12. All eligible schools are accredited by the North Central Association of Colleges and Schools (NCA) and one school, Novi High School, has achieved recognition as a National Blue Ribbon School. The District also has a pre-school building, Board of Education office, a transportation facility, and a maintenance facility.

### Enrollment

As shown in the following chart the District's student population has grown from 3,303 in 1985-86 to the current (2007) population of 6,324. The projection for 2007-08 shows no change in enrollment. Enrollment projections are completed annually. In each five year interval, the District convenes a citizen's committee and performs a comprehensive enrollment projection analysis. Information used to complete this analysis consists of housing data (both current and proposed), economic factors, land availability and zoning, and the assistance of Michigan State University's analysis of the District's births and cohort survival ratios. To date, the studies have proven to be accurate in planning for future facility needs.

Enrollment - Continued



Tax Structure

Per the Tax Code of the State of Michigan, public school districts levy taxes on two types of property: Homestead (residential) and Non-Homestead (non-residential). In addition, the State of Michigan levies a fixed 6.0000 mills against these properties. The tax levies are applied against the Taxable Value of properties or approximately 50% of the market value of the properties. A complete analysis of the tax levies can be found in the "Other Supplementary Information" portion of the audit.

In 2007, the District levies against these two property classifications can be summarized below:

<u>Tax Description</u>	<u>Homestead</u>	<u>Non-Homestead</u>
General Operating	3.9250	18.9800
Sinking Fund	.4932	.4932
All Debt Millage	<u>6.2000</u>	<u>6.2000</u>
<b>TOTAL</b>	<b><u>10.6182</u></b>	<b><u>25.6732</u></b>

Curriculum

Novi Community School District has an extensive academic and extra-curricular program that provides comprehensive educational, athletic, and organizational opportunities to students from pre-school age through high school. An extensive curriculum, based predominantly on the Michigan Curriculum Framework and enriched with additional programs for all ages is ranked among one of the State's highest in terms of achievement levels and success rates (high school graduation, college entrance, above average scores on state and national tests).

## Curriculum - Continued

No Child Left Behind (NCLB), a federal law enacted in 2001, issued directives to states to require Adequate Yearly Progress (AYP) for its districts and schools within them such that all students would meet 100% proficiency in English/language arts (reading and writing) and mathematics by 2014. States were required to establish a way to measure each district and school, and students within each school's demographic strands based on proficiency on the state's academic assessment (in Michigan, this assessment is the Michigan Educational Assessment Program, or MEAP). Michigan also established a report card system. The report cards for Novi Community Schools' eight schools reflect seven A's and one B. MEAP scores for Novi's schools remain within the top 3-5 districts in the county out of 28 school districts and always well above the state averages.

There are two important notes to add to NCLB and AYP. The first is that it is important that MEAP (a set of tests), and through its AYP, only measures a small part of the broad range of academic achievement students demonstrate. As a result, though our School District scores are consistently very high, the School District also feels compelled to advocate for a broader representation of what our students actually do. Hence, we continually showcase the superb achievements our students have contributed to our community and to their futures. All academics as well as the arts, physical fitness, etc. are described. We feel strongly that this broad representation of achievement captures the integrity of why we educate in the first place - to develop an informed citizen who participates in and supports a vibrant Democracy.

The second critical note to express here is the disregard that NCLB has on including in its reporting the educational innovations that communities, districts, and schools have implemented. These educational innovations comprehensively impact achievement through their focus on making smaller, more personally responsive learning environments for students. Examples include: schools within a school, teaming, multi-age learning, continuous progress, etc. Our District has embraced these innovations because we realize they are an investment in safety, achievement, joyfulness in learning, and an expression of our local voice in the greater conversation about the future of public schooling in the United States - an integrity we value.

There is an extensive Community Education program that features a full day and half day pre-school program, child care for students both before and after school and all summer, and programs for community residents and parents who are new to the District.

At the elementary levels, five (5) schools provide K-4 educational programming, including one building that was designed and built around a "teaming concept" and another that features a simulated "community" environment for learning.

There is one 5/6 elementary building and a 7/8 middle school, as well as a 9/12 comprehensive high school. The high school features a "four block schedule" and a new "Freshman Academic Seminar" to integrate entering students into a very large school by keeping 'big small' in the way students are handled. The high school curriculum also features an extensive Advanced Placement curriculum and special education programs and services.



## Curriculum - Continued

Professional staff development is a priority in the District. Many factions of the staff (including support as well as instructional staff) are well versed in the theories of Choice Theory, and a climate of respect and a 'joy for learning' is conveyed from the Superintendent's office throughout the entire school community.

## Financial Information

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

This annual report consists of three (3) parts: management's discussion and analysis (this section), the three basic financial statements, and required supplementary information. In addition, there is a section which provides other supplementary information. The statements are organized so the reader can understand the Novi Community School District financially as a whole.

The first of the basic financial statements is the *District Wide Financial Statements* which provide information about the activities of the "whole" District, presenting both an aggregate view of the District's finances and long-term view of those finances.

The second of the basic financial statements are the *Fund Financial Statements* which indicate how governmental services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements look at the District's operations in more detail than the District Wide Financials by providing information about the District's most significant funds, the General Fund and the 2007 Capital Projects Fund. All other funds are presented in one column and listed as "nonmajor" funds which include: 2001 Capital Projects Fund, 2001 Sinking Fund, 1993 Debt Fund, 1997 Debt (Refinancing) Fund, 1998 Debt Fund, 2001 Debt Fund, 2002 Debt (Refinancing) Fund, 2005 Debt (Refinancing) Fund, Food Service Fund, and Athletic Fund.

The last basic financial statement is the *Fiduciary Fund Statements*. These are funds with which the District act as the trustee, or fiduciary, for the assets that belong to others. The funds in this category are comprised of all of the schools' student activity funds. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance operations.

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

There are two (2) types of statements under this category: the statement of net assets and the statement of activities. These statements report information about the District as a whole using accounting methods normally used in private industry. All of the current year's revenues and expenses are accounted for in these statements regardless from which fund or when they were collected or paid.

The statements show the difference between all of the District's assets and liabilities, thereby indicating the District's net asset worth, and is one way to measure the District's financial health or complete financial position. Over time, increases or decreases in the District's net assets, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, it must be remembered it is not the function of a public school system to generate profits; instead, a district's worth is measured by its quality of instruction and the efficiency and effectiveness of its delivery.

The statement of net assets and statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, community services, athletics, and food service. Property taxes, state aid, and State and federal grants finance most of these activities.

## **Reporting the School District's Most Significant Funds - Fund Financial Statements**

As heretofore mentioned, the District's fund financial statements provide detailed information about its most significant funds. Within these governmental funds all of the District's services are reported. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for future spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. These statements provide a detailed short-term view of the District's operations and help to determine whether or not there may be monies available in the near future to finance the District's programs.

## **The School District as Trustee - Reporting the School District's Fiduciary Responsibilities**

All of the District's fiduciary activities are reported in separate statements of fiduciary net assets. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Financial Analysis of the District as a Whole

The "Statement of Net Assets" provides the perspective of the District as a whole. The table below provides a summary of the net assets as of June 30, 2007:

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current and Other Assets	\$ 46,903,351	\$ 22,207,956
Capital Assets	<u>140,495,781</u>	<u>143,862,137</u>
<b>Total Assets</b>	<b>187,399,132</b>	<b>166,070,093</b>
<b>Liabilities</b>		
Current Liabilities	15,986,066	15,601,062
Long-term Liabilities	<u>136,831,893</u>	<u>119,397,321</u>
<b>Total Liabilities</b>	<b>152,817,959</b>	<b>134,998,383</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	(3,356,654)	18,059,078
Restricted	29,447,680	3,415,002
Unrestricted	<u>8,490,147</u>	<u>9,597,630</u>
<b>Total Net Assets</b>	<b>\$ 34,581,173</b>	<b>\$ 31,071,710</b>

The District's net assets were \$34,581,173 at June 30, 2007. Capital assets, net of related debt, totaled (\$3,356,654). This compares the original cost, less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. The majority of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets of \$29,447,680 are reported separately and include those funds deposited in the 2007 Capital Projects Fund which are legally obligated to pay for the projects, as well as equity from the debt funds which are legally obligated for debt payments only and not for the day-to-day operations of the District. The remaining amount of net assets, \$8,490,147, was unrestricted. The \$8,490,147 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year-to-year.

**Financial Analysis of the District as a Whole - Continued**

The results of this year's operations as a whole are reported in the "Statement of Activities" (Table II, below). This table illustrates the changes in net assets for fiscal year 2007.

	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Program Revenues		
Charges for services	\$ 4,456,482	\$ 4,392,870
Operating grants and contributions	1,502,754	1,468,059
General Revenues		
Property taxes	39,357,167	38,700,178
State aid	36,977,868	34,562,839
Other	<u>32,389,129</u>	<u>6,560,961</u>
<b>Total Revenues</b>	<b>114,683,400</b>	<b>85,684,907</b>
<b>Expenses</b>		
Instruction	46,653,519	44,019,697
Support services	26,034,147	25,921,282
Community services	2,329,529	2,268,024
Food services	2,549,359	2,471,610
Athletics	869,647	828,631
Principal	26,763,750	68,425
Interest on long-term debt	5,672,832	7,368,945
Buildings and additions	299,565	5,518,253
Other	<u>1,589</u>	<u>8,286</u>
<b>Total Expenses</b>	<b><u>111,173,937</u></b>	<b><u>88,473,153</u></b>
<b>Increase (Decrease) in Net Assets</b>	<b><u>\$ 3,509,463</u></b>	<b><u>\$ (2,788,246)</u></b>

As reported in the statement of activities, the revenue for all *governmental* activities this year was \$114,683,400. Certain activities were partially funded from those who benefited from the programs, such as food service, athletics, and community service (\$4,456,482); or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,502,754). The remaining "public benefit" portion of governmental activities was funded by the \$39,357,167 in property taxes, \$36,977,868 in State aid, and with other revenues (\$32,389,129) such as interest, transfers from the Oakland Intermediate School District, and general entitlements and receipts for the 2007 Capital Projects Fund. The Novi Community School District experienced an increase in net assets of \$3,509,463.

## Financial Analysis of the District as a Whole - Continued

As discussed above, the net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and State aid constitute the vast majority of the District's operating revenue, the Board of Education and the Administration must annually evaluate the needs of the District and balance those needs with the availability of these two revenue sources.

### The School District's Funds

The financial performance of the Novi Community School District as a whole is also reflected in its governmental funds. Looking at the individual funds helps the reader consider whether the District is being held accountable for the resources taxpayers and others provide to it and may give more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of \$39,464,187, an increase of \$24,840,361 from the previous year. These changes are summarized below:

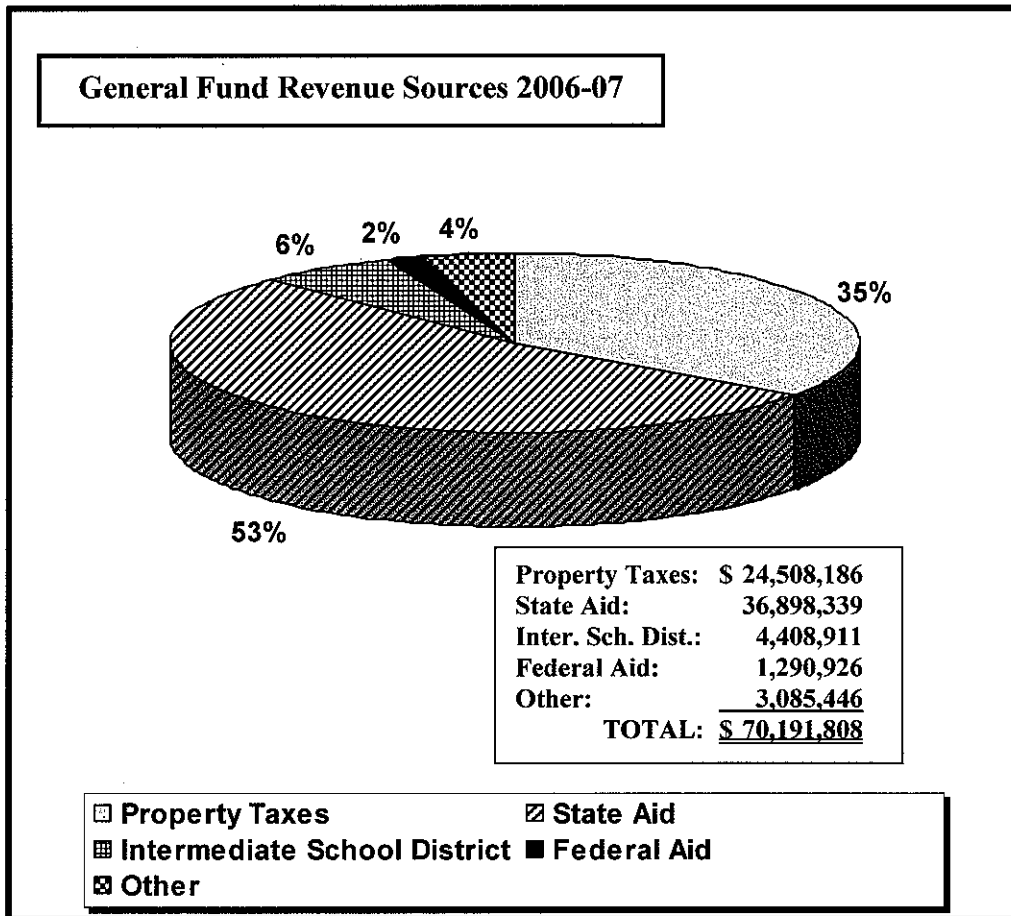
	<u>General Fund</u>	<u>2007 Capital Projects Fund</u>	<u>Other Nonmajor Govern- mental Funds</u>	<u>Total</u>
Beginning fund balances	\$ 11,050,904	\$ -	\$ 3,572,922	\$ 14,623,826
Increase (decrease)	<u>(1,265,483)</u>	<u>26,263,620</u>	<u>(157,776)</u>	<u>24,840,361</u>
Ending fund balances	<u>\$ 9,785,421</u>	<u>\$ 26,263,620</u>	<u>\$ 3,415,146</u>	<u>\$ 39,464,187</u>

The reason for the increase in equity is due primarily to receipt of funds in the 2007 Capital Projects Fund.

## General Fund

The General Fund is the primary operating fund of the District, and provides all the educational services to our students. Revenues totaled \$70,191,808 and expenses totaled \$71,457,291 for a net decrease in the fund balance of \$1,265,483. As a result of this net decrease, the fund's equity decreased from \$11,050,904 in 2005-06 to the current balance of \$9,785,421. This balance is available to fund costs related to allowable school operating expense.

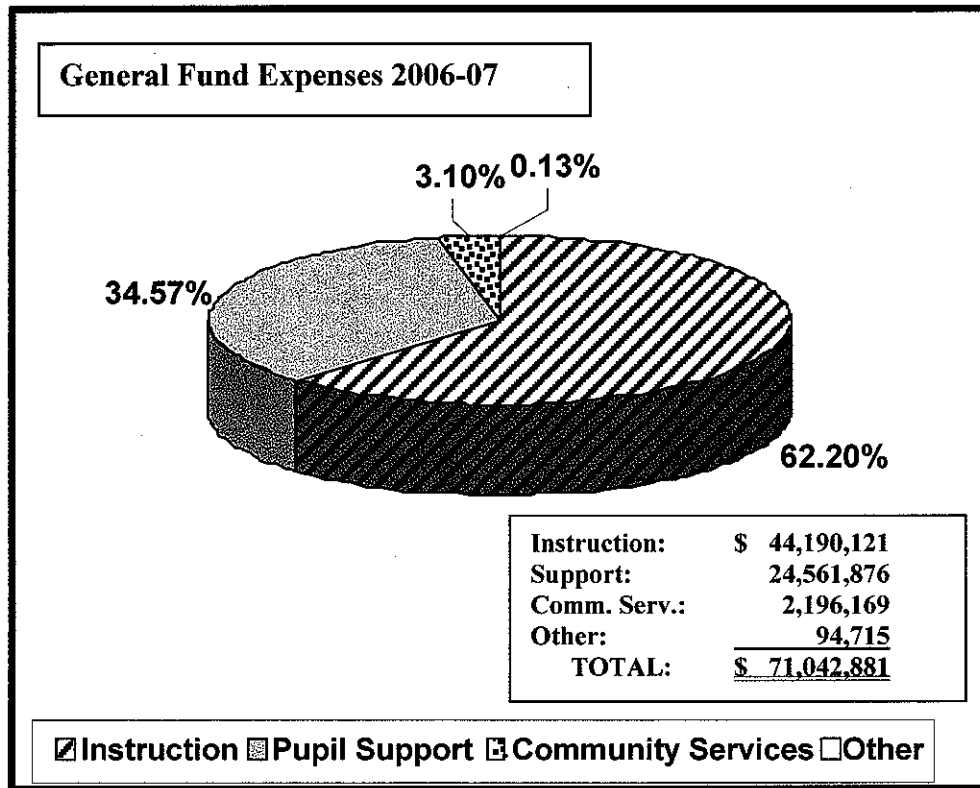
An analysis of the General Fund's revenues reveals that the District is dependant upon the State for the majority of its income. A listing of the revenue sources and their respective percentage to total income is shown on the chart below:



The General Fund expenses include those that are necessary to run the operations of the District. Basically, these expenses are categorized into four main areas: instructional services, pupil support services, community services, and other. *Instructional services* are those that are directly related to the teacher in the classroom. *Pupil support services* include those things that "support" the student body, classroom instruction and student achievement, such as media, counseling, testing, psychological, and social work services. Also under this category is all operational expenses such as utilities, insurances, custodial, transportation, and administrative. *Community services* are those expenses related to community education including community academic and recreational classes as well as early childhood programs. *Other services* include debt payments and inter-fund and inter-school district transfers.

## General Fund - Continued

The chart below breaks down the General Fund's expenses in broad categories and indicates their respective percentages.



## 2007 Capital Projects Fund

This fund is used to pay for major construction projects within the District as indicated in a bond proposition that was passed by the voters on May 8, 2007. The bond issue generated proceeds of \$26,436,689. The bond proposition was passed for the purpose of erecting, furnishing and equipping additions to and remodeling, refurbishing and re-equipping school district buildings; acquiring and installing educational technology improvements; acquiring and installing building security systems; and developing and improving playground sites. This fund's equity is \$26,263,620 as of June 30, 2007.

### Other Nonmajor Funds

The nonmajor funds consist of the 2001 Capital Projects Fund, Food Service Fund, Athletic Fund, Debt Funds, and the Sinking Fund. The 2001 Capital Projects Fund had a decrease in its equity from \$695,954 in 2006 to the current equity of \$12,034. This is primarily the result of expending these funds on numerous construction projects. The Food Service Fund had an increase in its equity amounting to \$116,688. The remaining 2007 equity of \$685,354 leaves the fund financially sound. The Athletic Fund had an operating loss of \$712,821 which is offset by a transfer from the General Fund. This is a common occurrence in Michigan school districts and, as such, is normally budgeted in the General Fund. The six Debt Funds (1993 Debt Fund, 1997 Debt Fund, 1998 Debt Fund, 2001 Debt Fund, 2002 Debt Fund, and the 2005 Debt Fund) have a combined equity of \$2,166,178 which is available for future debt obligations. This is an increase of \$31,346 from the 2006 equity position. Debt millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue related debt service. The Sinking Fund had an increase in its equity position by \$378,110 to cause the 2007 equity to be \$551,580.

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and disbursements. In June of each year the original budget is adopted. This is normally based on estimates since the student count, state aid, and, oftentimes, salaries are unknown. In early winter the budget is then amended to reflect actual data available. The final amendment to the budget is then adopted near the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with actual amounts is provided in the required supplementary information of these financial statements.



## Capital Asset and Debt Administration

### Capital Assets

By the end of 2007, the District had invested \$140,495,781 in a broad range of capital assets, including land, school buildings, athletic facilities, technology and other equipment. Table III summarizes these assets (more detailed information is found in Note 5).

<u>Item</u>	<u>Amount</u>
Land	\$ 9,607,341
Construction-in-Progress	138,852
Buildings	82,663,235
Building Improvements	35,618,168
Grounds Improvements	7,415,930
Vehicles, Equipment, and Other	<u>5,052,255</u>
<b>Total capital assets</b>	<b><u>\$140,495,781</u></b>

### Debt

At the end of this fiscal year, the District had \$143,164,586 in bonds outstanding versus \$125,143,663 in the previous year. These bonds consisted of the following:

<u>Bond Issue</u>	<u>Bonds Outstanding</u>
1993 Bond Issue	\$ 974,586
2001 Bond Issue	15,450,000
2002 Bond Issue	24,085,000
2005 Bond Issue	11,920,000
2007 Bond Issue	64,360,000
2007 Bond Issue	<u>26,375,000</u>
Total bonds outstanding	<b><u>\$ 143,164,586</u></b>

The State limits the amount of bonded indebtedness that school districts can issue to 15% of the assessed value of all its taxable property. This amount is far below the \$388,183,989 statutorily imposed limit.

Other obligations include accrued leases on copiers, bus notes, sick leave, and severance pay. These are detailed in Note 9.

## **Factors Bearing on the District's Future**

The Board of Education and the administration consider many factors when developing the District's budget. As mentioned earlier, the District is very dependent upon the State for its funding. Since 1995, school districts cannot levy any additional property taxes for general operating purposes; thus, the dependency upon State resources is magnified that much more. The majority of State aid that a district receives is calculated on a per pupil amount multiplied by a district's total enrollment (converted to full time equivalencies). Annually, the State legislature determines this per pupil amount. From 1995 to 2002 this amount has been helpful toward assisting the District to meet its financial obligations. In both the 2003-04 and 2004-05 fiscal years the State had not increased the per pupil allocation. This was primarily due to the weak condition of the State's economy. In 2005-06, the State increased the allocation by \$175 per child. Despite the precarious Michigan economy, the State has granted an increase of \$210 per child in 2006-07. Predictions for 2007-08 and following years are nebulous at best. However, it appears as though the State recognizes the importance of education and its impact on "job creation".

The Novi Community School District is concerned about the future lack of State funding. The District's equity is sufficient to meet current estimated reductions, but it cannot continue to meet sustained losses over a period of time. In spite of this environment, the District will strive to maintain its long-standing commitment to academic excellence and educational opportunities for students within any financial framework.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Novi Community School District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Novi Community School District, 25345 Taft Road, Novi, Michigan 48375.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash and cash equivalents (note 3)	\$ 39,600,047
Property taxes receivable - net of allowance	240,396
Other receivables	
State aid	5,794,205
Federal aid	540,001
Other	300,961
Inventories and prepaid expenses	1,137,007
Capital assets, net of accumulated depreciation (note 5)	<u>140,495,781</u>
Total assets	188,108,398
 <b>Liabilities</b>	
Accounts payable	2,197,810
Accrued payroll and benefits	4,942,729
Interest payable	1,322,087
Long-term liabilities (note 9)	
Long-term liabilities due within one year	7,747,257
Debt, net of premiums and discounts	136,595,924
Deferred bond premiums	3,152,595
Postemployment severance and employee benefits payable	<u>235,969</u>
Total liabilities	156,194,371
 <b>Net Assets</b>	
Invested in capital assets, net of related debt	(6,733,066)
Restricted for	
Specific purpose	454,268
Debt service	2,166,179
Capital assets	26,827,233
Unrestricted	<u>9,199,413</u>
Total net assets	<u><u>\$ 31,914,027</u></u>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

**ASSETS**

	<u>General Fund</u>	<u>2007 Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents (note 3)	\$ 9,636,646	\$ 26,404,407	\$ 3,558,994	\$ 39,600,047
Property taxes receivable - net of allowance	160,526	-	79,870	240,396
Other receivables				
State aid	5,779,187	-	15,018	5,794,205
Federal aid	513,431	-	26,570	540,001
Other	299,170	-	1,791	300,961
Due from other funds (note 6)	96,237	-	4,345	100,582
Inventories	134,903	-	38,069	172,972
Prepaid expenses	230,819	-	23,950	254,769
<b>Total assets</b>	<b><u>\$ 16,850,919</u></b>	<b><u>\$ 26,404,407</u></b>	<b><u>\$ 3,748,607</u></b>	<b><u>\$ 47,003,933</u></b>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Accounts payable	\$ 1,970,414	\$ 140,787	\$ 86,609	\$ 2,197,810
Accrued payroll and benefits	4,930,682	-	12,047	4,942,729
Due to other funds (note 6)	-	-	100,582	100,582
Deferred property tax revenue (note 4)	164,402	-	134,223	298,625
<b>Total liabilities</b>	<b>7,065,498</b>	<b>140,787</b>	<b>333,461</b>	<b>7,539,746</b>

**Fund Balances**

Reserved for				
Inventories	134,903	-	-	134,903
Prepaid expenses	230,819	-	-	230,819
Encumbrances	454,268	-	-	454,268
Unreserved				
Designated	109,882	-	-	109,882
Designated for debt service	-	-	2,166,179	2,166,179
Designated for capital projects	-	26,263,620	563,613	26,827,233
Undesignated	8,855,549	-	685,354	9,540,903
<b>Total fund balances</b>	<b><u>9,785,421</u></b>	<b><u>26,263,620</u></b>	<b><u>3,415,146</u></b>	<b><u>39,464,187</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 16,850,919</u></b>	<b><u>\$ 26,404,407</u></b>	<b><u>\$ 3,748,607</u></b>	<b><u>\$ 47,003,933</u></b>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
TO GOVERNMENTAL NET ASSETS**

JUNE 30, 2007

Total fund balances - governmental funds	\$ 39,464,187
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported as assets in governmental funds:	
Cost of capital assets	179,266,341
Accumulated depreciation	(38,770,560)
Deferred bond issue costs recorded as an asset in the governmental activities - net of amortization	709,266
Property taxes and other miscellaneous receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds	298,625
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds:	
Bonds payable	(143,164,586)
Deferred bond premiums	(3,376,412)
Bus loans payable	(273,536)
Capital leases payable	(414,313)
Compensated absences	(192,899)
Severance packages payable	(309,999)
Accrued interest payable is not included as a liability in governmental activities	(1,322,087)
Total net assets - governmental activities	\$ 31,914,027

See accompanying notes to financial statements

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

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

	General Fund	2007 Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 24,508,186	\$ -	\$ 15,022,026	\$ 39,530,212
Interest/earnings on investments	540,125	10,518	389,812	940,455
Fees and charges	2,509,847	-	2,266,401	4,776,248
State aid	36,898,339	-	79,529	36,977,868
Federal aid	1,290,926	-	211,828	1,502,754
Incoming transfers - ISD	4,408,911	-	-	4,408,911
Proceeds - sale of fixed assets	35,474	-	-	35,474
<b>Total revenues</b>	<b>70,191,808</b>	<b>10,518</b>	<b>17,969,596</b>	<b>88,171,922</b>
<b>Expenditures</b>				
<b>Current</b>				
Instruction and instructional - related services	44,190,121	-	-	44,190,121
Support services	24,561,876	-	-	24,561,876
Community services	2,196,169	-	-	2,196,169
Food services	-	-	2,403,414	2,403,414
Athletics	-	-	819,862	819,862
<b>Debt service</b>				
Principal	86,099	-	6,644,077	6,730,176
Interest	8,617	-	5,531,519	5,540,136
Buildings and additions	-	140,787	935,016	1,075,803
Capital outlay	-	-	522,213	522,213
Other	-	161,488	560,329	721,817
<b>Total expenditures</b>	<b>71,042,882</b>	<b>302,275</b>	<b>17,416,430</b>	<b>88,761,587</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(851,074)</b>	<b>(291,757)</b>	<b>553,166</b>	<b>(589,665)</b>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	300,000	-	-	300,000
Payments to bond escrow agent	-	-	(69,017,101)	(69,017,101)
Proceeds from bond refunding	-	-	64,360,000	64,360,000
Premium from bond refunding	-	-	3,233,338	3,233,338
Proceeds from bond issuance	-	26,375,000	-	26,375,000
Premium from bond issuance	-	180,377	-	180,377
<b>Payments to other governmental units -</b>				
Subgrantee relationships only	(1,588)	-	-	(1,588)
Operating transfers (note 6)	(712,821)	-	712,821	-
<b>Total other financing sources (uses)</b>	<b>(414,409)</b>	<b>26,555,377</b>	<b>(710,942)</b>	<b>25,430,026</b>
<b>Net Change in Fund Balances</b>	<b>(1,265,483)</b>	<b>26,263,620</b>	<b>(157,776)</b>	<b>24,840,361</b>
<b>Fund Balances - July 1, 2006</b>	<b>11,050,904</b>	<b>-</b>	<b>3,572,922</b>	<b>14,623,826</b>
<b>Fund Balances - June 30, 2007</b>	<b>\$ 9,785,421</b>	<b>\$ 26,263,620</b>	<b>\$ 3,415,146</b>	<b>\$ 39,464,187</b>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

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

Total net change in fund balances - governmental funds	\$ 24,840,361
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	(4,503,980)
Capital outlay subject to capitalization	1,303,443
The net effect of other transactions involving capital assets that decreased net assets:	
Proceeds from capital leases on buses	(300,000)
Because some property taxes and other miscellaneous revenues will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities	
	(187,511)
Some expenses are recorded in the statement of activities when incurred; they are not reported in governmental funds until paid:	
Accrued interest	(132,696)
Compensated absences	9,007
Bond issuance is not reported as financing sources on the statement of activities:	
Refund of bond issue	(64,360,000)
Bond issue	(26,375,000)
Bond premiums	(3,413,715)
Repayment of principal and issuance costs are an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt):	
Debt service principal	72,714,077
Bond issuance costs	716,825
Installment loans on buses	50,000
Capital lease expenditures	221,548
Decreases in severance liabilities are reported as expenditures when financial resources are used in the governmental funds	
	230,214
Amortization of bond premiums in the statement of activities	
	37,303
Amortization of bond issuance costs in the statement of activities	
	(7,559)
Change in net assets of governmental activities	\$ 842,317

See accompanying notes to financial statements

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS - TRUST AND AGENCY  
JUNE 30, 2007**

**Assets**

Cash and cash equivalents	\$ 1,022,955
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**Liabilities**

Due to student groups	<u>1,022,955</u>
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**Net Assets**

Restricted for specific purpose	<u><u>\$ -</u></u>
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See accompanying notes to financial statements



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 1 - Significant Accounting Policies**

The accounting policies of the Novi Community School District, Michigan, (the School District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the more significant policies used by the School District:

**A. Reporting Entity**

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

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

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. Substantially all interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the School District's government-wide activities are considered governmental activities.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 1 - Significant Accounting Policies - Continued**

**B. District-wide and Fund Financial Statements - Continued**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

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

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

**District-wide Statements**

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

The effect of interfund activity has been substantially eliminated from the government-wide financial statements.

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

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 1 - Significant Accounting Policies - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

**Fund-based Statements**

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

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

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

The School District reports the following major governmental funds:

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

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 1 - Significant Accounting Policies - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

**Fund-based Statements - Continued**

The School District's only Fiduciary Fund is the Trust Fund, which is a nonexpendable trust fund used to account for the cash receipts and disbursements of the various student activity clubs of the School District.

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

The Capital Project Fund is used to record bond proceeds and other revenue and the disbursement of money specifically designated for building construction and renovation.

The School District maintains six nonmajor governmental Debt Service Funds, which are used to account for property tax and other revenue legally restricted for payment of long-term debt.

The School District maintains two nonmajor governmental Special Revenue Funds, which account for the School District's food service and athletic activities.

**D. Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the General Fund and various Debt Service Funds is allocated to each fund using a weighted average of balance for the principal invested.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 1 - Significant Accounting Policies - Continued**

**D. Assets, Liabilities, and Net Assets or Equity - Continued**

**Receivables and Payables**

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

All property tax and other trade receivables are shown net of an allowance for uncollectible amounts. Property taxes are levied on July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year at which time penalties and interest are assessed and the total obligation is added to county tax rolls.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The School District also receives revenue from the State to administer certain categorical educational programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received which are not expected to be expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Inventories and Prepaid Items**

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

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 1 - Significant Accounting Policies - Continued**

**D. Assets, Liabilities, and Net Assets or Equity - Continued**

**Restricted Assets**

The unspent bond proceeds of the Capital Projects Fund require amounts to be set aside for construction and capital asset acquisition. The property taxes levied in the Debt Service Fund are required to be set aside for future principal and interest payments on bonded debt. These amounts have been classified as restricted assets.

**Capital Assets**

Capital assets, which include land, buildings, improvements other than buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the School District as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have any infrastructure-type assets.

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

Buildings	20 - 50 years
Improvements other than buildings	15 - 30 years
Equipment	5 - 20 years
Vehicles	5 - 10 years

**Compensated Absences**

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 1 - Significant Accounting Policies - Continued**

**D. Assets, Liabilities, and Net Assets or Equity - Continued**

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. In the fund financial statements, governmental fund types recognize bond proceeds, premiums and discounts, as well as bond issuance costs, during the current period.

**Fund Equity**

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data**

Comparative data is not included in the School District's financial statements.

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

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State law for all governmental funds. All annual appropriations lapse at the fiscal year end. The budget document presents information by the general and major Special Revenue Fund by function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the School District to have its budget in place by July 1<sup>st</sup>. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 2 - Stewardship, Compliance and Accountability - Continued**

**Budgetary Information - Continued**

The School District increased/decreased budgeted amounts during the year in response to changes in anticipated spending for salaries, benefits, and other expenditures.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end. The commitments will be reappropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

The School District did not have significant expenditure budget variances.

**Note 3 - Deposits and Investments**

The School District's deposits and investments at June 30, 2007, are composed of the following:

	<b><u>Cash and Cash Equivalents</u></b>
Demand deposits and certificates of deposit	\$ 7,331,034
Investments in Michigan School District - Liquid Asset Fund (CADRE)	32,265,309
Petty cash and cash on hand	<u>3,704</u>
Total	<u>\$ 39,600,047</u>



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 3 - Deposits and Investments - Continued**

**Deposits**

At June 30, 2007, the carrying amount of cash and cash equivalents was \$40,623,001, and the bank balance was \$41,794,217. Of that amount, \$500,000 was covered by Federal Depository Insurance and \$41,294,217 was uninsured and uncollateralized.

The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the School District evaluates each financial institution it deposits School District funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Investments**

The School District is authorized by Michigan Public Act 132 of 1986 to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

Investments in the School District's investment pools are stated at market value. At June 30, 2007, the School District had no investment balances.

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Note 4 - Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenue consists of property taxes and fees for services received prior to meeting spending restrictions or providing the related services.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 5 - Capital Assets**

Capital assets activity for the School District's governmental activities was as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Reductions/ Disposals</u>	<u>Balance June 30, 2007</u>
Assets not being depreciated:				
Land	\$ 9,607,341	\$ -	\$ -	\$ 9,607,341
Construction-in-progress	434,231	138,852	(434,231)	138,852
Assets being depreciated:				
Buildings	99,663,408	-	(51,000)	99,612,408
Building improvements	43,699,536	706,074	(5,000)	44,400,610
Ground improvements	10,783,350	81,600	(30,200)	10,834,750
Equipment	11,330,765	328,832	(25,000)	11,634,597
Buses and equipment	2,548,260	316,495	(270,054)	2,594,701
Vehicles	349,447	-	-	349,447
Other	93,634	-	-	93,634
Subtotal	<u>168,468,400</u>	<u>1,433,001</u>	<u>(381,254)</u>	<u>169,520,147</u>
Accumulated depreciation:				
Buildings	15,313,590	1,686,583	(51,000)	16,949,173
Building improvements	7,798,087	989,355	(5,000)	8,782,442
Ground improvements	2,855,747	593,273	(30,200)	3,418,820
Equipment	6,752,764	798,841	(25,000)	7,526,605
Buses and equipment	1,603,870	419,824	(270,054)	1,753,640
Vehicles	284,786	12,372	-	297,158
Other	38,991	3,730	-	42,721
Subtotal	<u>34,647,835</u>	<u>4,503,978</u>	<u>(381,254)</u>	<u>38,770,559</u>
Net capital assets being depreciated	<u>133,820,565</u>	<u>(3,070,977)</u>	<u>-</u>	<u>130,749,588</u>
Net capital assets	<u>\$143,862,137</u>	<u>\$ (2,932,125)</u>	<u>\$ (434,231)</u>	<u>\$140,495,781</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 5 - Capital Assets - Continued**

Depreciation expense was charged to specific activities of the School District as follows:

Governmental activities:

Instruction	\$	2,683,396
Support services		1,491,492
Food services		145,945
Athletics		49,785
Community services		133,360

Total governmental activities	\$	4,503,978
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**Construction Commitments**

The School District has active construction projects in the Sinking Fund. At year end, the School District's commitments with contractors are as follows:

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
ESB Roof re-spec	\$ 3,098	\$ 29,750
Building Canopies	89,245	177,155
Total	\$ 92,343	\$ 206,905

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

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

The composition of interfund balances is as follows:

<b>Funds Due To</b>	<b>Funds Due From Nonmajor Governmental Funds</b>
General Fund	\$ 96,237
Nonmajor Governmental Funds	4,345
Total	\$ 100,582

The composition of interfund balances is as follows:

	<b>Transfers - Out General Fund</b>
Transfers - in:	
Nonmajor Governmental Funds	\$ 712,821

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 7 - Defined Benefit Pension Plan and Postretirement Benefits**

**Plan Description**

The School District participates in the Michigan Public School Employees' Retirement System (MPERS), which is a cost-sharing multiple employer, state-wide pension plan governed by the State of Michigan. The plan provides retirement, health and death and disability benefits. Public Act Number 136 of 1945, recodified and currently operating under the provisions of Public Act Number 300 of 1980, as amended assigns the authority to establish and amend the benefit provisions of the MPERS plan document. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of Retirement Services, Michigan Public School Employees' Retirement Systems, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

**Funding Policy**

The contribution requirements of the School District are established by the State of Michigan statutes and may be amended only by action of the State of Michigan Legislature. The School District is required to contribute at an actuarially determined rate. The required employer contribution rates for retirement benefits, including pension and health care benefits for the fiscal years ended September 30, 2007 and 2006 were 17.74% and 16.34%, respectively, of annual covered payroll. The actual contribution rates for pension benefits for the fiscal years ended September 30, 2007 and 2006 were 5.49% and 5.47%, respectively. The fiscal year 2006 annual covered payroll is not yet available.

The District is not responsible for the payment of retirement benefits; it is the responsibility of the State of Michigan.

**Postemployment Benefits**

Under the MPERS Act, all retirees participating in the MPERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to 10 percent of the monthly premium amount for the dental and vision coverages. Retirees who are not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPERS plan discussed above.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

Total long-term debt at June 30, 2007, consists of the following:

**Bonds Payable**

1993 bond issue - original amount	\$ 31,898,736
Less: Bonds paid in prior years	29,805,073
Bonds paid May 1, 2007	<u>1,119,077</u>
Bonds outstanding - June 30, 2007	<u>\$ 974,586</u>

Bonds payable are as follows:

<u>Year</u>	<u>Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2008	6.250	<u>\$ 1,515,414</u>	<u>\$ 974,586</u>	<u>\$ 2,490,000</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

1997 bond issue - original amount	\$ 19,190,000
Less: Bonds paid in prior years	3,810,000
Bonds paid May 1, 2007	85,000
Bonds refinanced	<u>15,295,000</u>
Bonds outstanding - June 30, 2007	<u>\$ -</u>
1998 bond issue - original amount	\$ 17,300,000
Less: Bonds paid in prior years	16,335,000
Bonds paid May 1, 2007	<u>965,000</u>
Bonds outstanding - June 30, 2007	<u>\$ -</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

2001 bond issue - original amount	\$ 75,640,000
Less: Bonds paid in prior years	6,385,000
Bonds paid May 1, 2007	3,030,000
Bonds refinanced	<u>50,775,000</u>
 Bonds outstanding - June 30, 2007	 <u>\$ 15,450,000</u>

Bonds payable are as follows:

<u>Year</u>	<u>Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2008	4.125	\$ 637,312	\$ 3,300,000	\$ 3,937,312
2009	4.125	501,188	3,875,000	4,376,188
2010	4.125	341,344	4,050,000	4,391,344
2011	5.125	<u>174,282</u>	<u>4,225,000</u>	<u>4,399,282</u>
		<u>\$ 1,654,126</u>	<u>\$ 15,450,000</u>	<u>\$ 17,104,126</u>



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

2002 bond issue - original amount	\$ 28,460,000
Less: Bonds paid in prior years	2,930,000
Bonds paid May 1, 2007	<u>1,445,000</u>
 Bonds outstanding - June 30, 2007	 <u>\$ 24,085,000</u>

Bonds payable are as follows:

<u>Year</u>	<u>Rate</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2008	5.000	\$ 1,019,858	\$ 1,615,000	\$ 2,634,858
2009	3.000	939,108	1,850,000	2,789,108
2010	3.150	883,608	1,815,000	2,698,608
2011	4.000	826,436	1,785,000	2,611,436
2012	3.350	755,036	1,770,000	2,525,036
2013	5.000	695,740	1,740,000	2,435,740
2014	3.700	608,740	1,740,000	2,348,740
2015	4.000	544,360	1,715,000	2,259,360
2016	4.000	475,760	1,700,000	2,175,760
2017	5.000	407,760	1,680,000	2,087,760
2018	5.000	323,760	1,675,000	1,998,760
2019	5.000	240,010	1,670,000	1,910,010
2020	5.000	156,510	1,665,000	1,821,510
2021	4.000	<u>73,260</u>	<u>1,665,000</u>	<u>1,738,260</u>
		<u>\$ 7,949,946</u>	<u>\$ 24,085,000</u>	<u>\$ 32,034,946</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

2005 bond issue - original amount	\$ 11,920,000
Less: Bonds paid in prior years	-
Bonds paid May 1, 2007	-
Bonds outstanding - June 30, 2007	<b>\$ 11,920,000</b>

Bonds payable are as follows:

Year	Rate	Interest	Principal	Total
2008	3.000	\$ 502,038	\$ 1,070,000	\$ 1,572,038
2009	3.000	469,938	1,075,000	1,544,938
2010	3.500	437,688	1,075,000	1,512,688
2011	3.500	400,063	1,075,000	1,475,063
2012	3.875	362,438	1,075,000	1,437,438
2013	5.000	320,781	1,075,000	1,395,781
2014	4.375	267,031	1,075,000	1,342,031
2015	5.000	220,000	1,100,000	1,320,000
2016	5.000	165,000	1,100,000	1,265,000
2017	5.000	110,000	1,100,000	1,210,000
2018	5.000	54,998	1,100,000	1,154,998
		<b>\$ 3,309,975</b>	<b>\$ 11,920,000</b>	<b>\$ 15,229,975</b>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

2007 Refinanced bond issue - original amount	\$ 64,360,000
Less: Bonds paid in prior years	-
Bonds paid May 1, 2007	-
Bonds outstanding - June 30, 2007	\$ 64,360,000

Bonds payable are as follows:

Year	Rate	Interest	Principal	Total
2008	4.000	\$ 3,278,463	\$ -	\$ 3,278,463
2009	4.000	2,995,550	875,000	3,870,550
2010	4.000	2,960,550	1,300,000	4,260,550
2011	4.000	2,908,550	1,475,000	4,383,550
2012	4.000	2,849,550	5,845,000	8,694,550
2013	4.000	2,557,300	5,905,000	8,462,300
2014	4.000	2,262,050	5,970,000	8,232,050
2015	4.000	1,963,550	6,025,000	7,988,550
2016	4.000	1,662,300	6,075,000	7,737,300
2017	4.000	1,358,550	6,135,000	7,493,550
2018	4.000	1,051,800	6,160,000	7,211,800
2019	5.000	743,800	4,725,000	5,468,800
2020	4.250	554,800	4,670,000	5,224,800
2021	4.250	368,000	4,615,000	4,983,000
2022	5.000	183,400	4,585,000	4,768,400
		\$ 27,698,213	\$ 64,360,000	\$ 92,058,213

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Bonds Payable - Continued**

2007 bond issue - original amount	\$ 26,375,000
Less: Bonds paid in prior years	-
Bonds paid May 1, 2007	-
 Bonds outstanding - June 30, 2007	 \$ 26,375,000

Bonds payable are as follows:

Year	Rate	Interest	Principal	Total
2008	4.000	\$ 979,437	\$ -	\$ 979,437
2009	4.000	1,163,688	225,000	1,388,688
2010	4.000	1,154,688	500,000	1,654,688
2011	4.000	1,134,688	700,000	1,834,688
2012	4.000	1,106,688	925,000	2,031,688
2013	4.000	1,069,688	1,150,000	2,219,688
2014	4.000	1,023,688	1,200,000	2,223,688
2015	4.000	975,688	1,275,000	2,250,688
2016	4.000	924,688	1,325,000	2,249,688
2017	4.000	871,688	1,375,000	2,246,688
2018	4.000	816,688	1,425,000	2,241,688
2019	5.000	759,688	1,500,000	2,259,688
2020	4.250	684,688	1,575,000	2,259,688
2021	4.250	617,750	1,650,000	2,267,750
2022	5.000	547,626	1,775,000	2,322,626
2023	5.000	458,876	1,875,000	2,333,876
2024	5.000	365,126	1,925,000	2,290,126
2025	4.500	268,876	1,975,000	2,243,876
2026	4.500	180,000	2,000,000	2,180,000
2027	4.500	90,000	2,000,000	2,090,000
		\$ 15,193,947	\$ 26,375,000	\$ 41,568,947

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

The annual requirements to service the bonds outstanding to maturity, including both principal and interest, are as follows:

<u>Year Ending June 30<sup>th</sup>:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 6,959,586	\$ 7,932,522	\$ 14,892,108
2009	7,900,000	6,069,472	13,969,472
2010	8,740,000	5,777,878	14,517,878
2011	9,260,000	5,444,019	14,704,019
2012	9,615,000	5,073,712	14,688,712
2013 - 2017	50,460,000	18,484,362	68,944,362
2018 - 2022	40,455,000	7,176,775	47,631,775
2023 - 2027	<u>9,775,000</u>	<u>1,362,878</u>	<u>11,137,878</u>
Total	<u>\$ 143,164,586</u>	<u>\$ 57,321,618</u>	<u>\$ 200,486,204</u>

**Capital Leases**

The School District leases copy machines under separate capital lease arrangements in April and October 2003. The leases call for monthly payments of \$16,505 including interest through March 2008 and \$466 including interest through August 2009.

The minimum future lease payments under the capital lease obligations as of June 30, 2007 are as follows:

<u>Year Ending June 30<sup>th</sup>:</u>	<u>Total</u>
2008	\$ 154,139
2009	<u>932</u>
Total minimum lease payments	155,071
Less portion representing interest	<u>4,660</u>
Present value of net minimum lease payments	<u>\$ 150,411</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 9 - Long-Term Debt - Continued**

**Capital Leases - Continued**

The School District entered into a Lease Purchase Agreement for the purchase of three (3) school buses. The lease calls for annual payments of \$38,826 including interest through 2008.

The minimum future lease payment under the capital lease obligation as of June 30, 2007 is as follows:

<u>Year Ending June 30<sup>th</sup>:</u>	<u>Total</u>
2008	\$ 38,826
Less portion representing interest	<u>1,389</u>
Present value of net minimum lease payment	<u>\$ 37,437</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 9 - Long-Term Debt - Continued**

**Capital Leases - Continued**

The School District entered into a Lease Purchase Agreement for the purchase of four (4) school buses. The lease calls for annual payments ranging from \$52,120 to \$58,480, including interest, through 2011.

The minimum future lease payments under the capital lease obligations as of June 30, 2007 are as follows:

<u>Year Ending June 30<sup>th</sup>:</u>	<u>Total</u>
2008	\$ 58,480
2009	56,360
2010	54,240
2011	<u>52,120</u>
Total minimum lease payments	221,200
Less portion representing interest	<u>21,200</u>
Present value of net minimum lease payments	<u>\$ 200,000</u>

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Capital Leases - Continued**

The School District entered into a Lease Purchase Agreement for the purchase of five (5) school buses. The lease calls for annual payments ranging from \$62,469 to \$70,428, including interest, through 2012.

The minimum future lease payments under the capital lease obligations as of June 30, 2007 are as follows:

<u>Year Ending June 30<sup>th</sup>:</u>	<u>Total</u>
2008	\$ 70,428
2009	69,878
2010	67,408
2011	64,939
2012	<u>62,469</u>
Total minimum lease payments	335,122
Less portion representing interest	<u>35,122</u>
Present value of net minimum lease payments	<u>\$ 300,000</u>

**Other Long-Term Obligations**

Other long-term obligations consist of the following:

Severance liability	\$ 310,000
Compensated absences liability	<u>192,899</u>
Total	<u>\$ 502,899</u>



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 9 - Long-Term Debt - Continued**

**Advance Refundings**

During the year, the School District issued \$64,360,000 in general obligation bonds with an average interest rate of 4.5%. The proceeds of these bonds were used to advance refund \$15,295,000 of the outstanding 1997 Refunding bonds with an average interest rate of 5.04% and \$50,775,000 of the outstanding 2001 School Building and Site bonds with an average interest rate of 4.58%. The net proceeds (after underwriting, insurance and other issuance costs) were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the original bonds. As a result, the portion of the bonds that were refunded is considered to be defeased and the liability for those bonds has been removed from the School District's long-term obligations.

**Note 10 - Capital Projects Funds**

The 2001 Capital Projects Fund includes activities funded with bonds issued after May 1, 1994. The 2001 Sinking Fund includes capital project activities funded by a .5 millage rate. The 2007 Capital Projects Fund includes activities funded with bonds issued after June 28, 2007. The following is a summary of the revenues and expenditures in the 2001 Capital Projects Fund, the 2001 Sinking Fund, and the 2007 Capital Projects Fund from inception of the funds through the current fiscal year:

	2001 Sinking Fund	2001 Capital Projects Fund	2007 Capital Projects Fund
Revenues	\$ 5,771,121	\$ 80,358,441	\$ 26,565,895
Expenditures	5,219,541	80,346,407	302,275

For the 2001 and 2007 Capital Projects Funds and 2001 Sinking Fund, the School District has complied with the applicable provisions of Sections 1351(a) of the Revised School Code.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007**

**Note 11 - Contingent Liabilities**

The School District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits as described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*. The audits of these programs for and including the year ended June 30, 2007, have been conducted and reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the School District expects such amounts, if any, to be immaterial.

**Note 12 - Governmental Regulation**

Substantially all of the School District's facilities are subject to federal, state, and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the School District expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures, or financial condition of the School District. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal, state, and local requirements.

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 13 - Compensated Absences**

Teachers are provided with 15 sick days per year. An unlimited number of days can be accumulated. Upon retirement, the School District will reimburse a maximum of 35 days at rates ranging from \$50 to \$70 per day. Eligible teachers must have ten or more years of service in the School District and have not used more than six paid (sick) leave allowance days during five of the ten years preceding the severance of employment. In addition, each eligible teacher must have accumulated at least 80 days in their sick leave allowance bank.

Secretaries are provided with 15 sick days per year. An unlimited number of days can be accumulated. Upon retirement, the School District will reimburse a maximum of 35 days at rates ranging from \$20 to \$40 per day. Eligible secretaries must have ten or more years of service in the School District and have not used more than six paid (sick) leave allowance days during five of the ten years preceding the severance of employment. In addition, each eligible secretary must have accumulated at least 130 days in their sick leave allowance bank.

Custodians are provided with 15 sick days per year. An unlimited number of days can be accumulated. Upon retirement, the School District will reimburse a maximum of 50 days at the custodian's daily rate. Eligible custodians must have ten or more years of service in the School District and have accumulated at least 50 days in their sick leave allowance bank.

Bus drivers are provided with 15 sick days per year. An unlimited number of days can be accumulated. Upon retirement, the School District will reimburse accumulated days exceeding 100 at the rate of 50% of the average daily rate of pay at the time of retirement. Eligible bus drivers must have ten or more years of service in the School District and have accumulated at least 100 days in their sick leave allowance bank.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under) Final Budget</u>
<b>Revenues</b>				
Local sources				
Taxes	\$ 25,091,083	\$ 24,781,434	\$ 24,508,186	\$ (273,248)
Interest	255,000	255,000	540,125	285,125
Other sources	2,834,361	2,841,262	2,509,847	(331,415)
State sources - state school aid				
Restricted	2,749,972	3,095,187	3,444,743	349,556
Unrestricted	33,046,299	33,095,972	33,453,596	357,624
Federal sources				
Restricted grants	1,281,058	1,396,801	1,290,926	(105,875)
Payments from other schools and intermediate school districts	4,640,446	4,356,503	4,408,911	52,408
Proceeds from sale of fixed assets	-	-	35,474	35,474
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	69,898,219	69,822,159	70,191,808	369,649
<b>Expenditures</b>				
Instructional	45,067,965	44,635,568	43,635,356	(1,000,212)
Supporting services	25,375,236	24,626,460	24,561,876	(64,584)
Community services	2,209,358	2,289,694	2,196,169	(93,525)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	72,652,559	71,551,722	70,393,401	(1,158,321)
<b>Other Financing Sources (Uses)</b>				
Other financing sources	-	-	300,000	300,000
Operating transfers - out	(774,004)	(761,127)	(712,821)	48,306
Payments to other governmental units - Subgrantee relationships only	-	(17,254)	(1,588)	15,666
Payments to other governmental units	(565,880)	(565,880)	(554,765)	11,115
Principal and interest payments on loans	(105,077)	(94,716)	(94,716)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,444,961)	(1,438,977)	(1,063,890)	375,087
<b>Net Change in Fund Balance</b>	(4,199,301)	(3,168,540)	(1,265,483)	(1,903,057)
<b>Fund Balance - July 1, 2006</b>	<hr/>	<hr/>	<hr/>	<hr/>
	11,050,904	11,050,904	11,050,904	-
<b>Fund Balance - June 30, 2007</b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,851,603	\$ 7,882,364	\$ 9,785,421	\$ (1,903,057)



Debt Service Funds				Capital Projects Funds		Total
1998 Debt Fund	2001 Debt Fund	2002 Debt Fund	2005 Debt Fund	2001 Capital Projects Fund	Sinking Fund	
\$ 338,656	\$ 292,511	\$ 685,704	\$ 361,257	\$ 55,680	\$ 586,446	\$ 3,558,994
24	20	48	25	-	-	43,379
7,175	29,050	14,132	1,464	-	5,425	79,870
-	-	-	-	-	-	4,345
-	-	-	-	-	-	38,069
-	-	-	-	-	-	23,950
<u>\$ 345,855</u>	<u>\$ 321,581</u>	<u>\$ 699,884</u>	<u>\$ 362,746</u>	<u>\$ 55,680</u>	<u>\$ 591,871</u>	<u>\$ 3,748,607</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,047
-	-	-	-	43,646	34,866	86,609
7,175	29,050	14,132	1,464	-	5,425	134,223
-	-	-	-	-	-	100,582
7,175	29,050	14,132	1,464	43,646	40,291	333,461
338,680	292,531	685,752	361,282	12,034	551,580	3,415,146
<u>\$ 345,855</u>	<u>\$ 321,581</u>	<u>\$ 699,884</u>	<u>\$ 362,746</u>	<u>\$ 55,680</u>	<u>\$ 591,871</u>	<u>\$ 3,748,607</u>

Debt Service Funds				Capital Projects Funds		Total
1998 Debt Fund	2001 Debt Fund	2002 Debt Fund	2005 Debt Fund	2001 Capital Projects Fund	Sinking Fund	
\$ 1,059,601	\$ 6,354,535	\$ 2,187,308	\$ 675,864	\$ -	\$ 1,111,520	\$ 15,022,026
34,169	75,954	68,583	19,402	14,183	25,608	389,812
-	-	-	-	-	-	2,159,328
32	-	-	-	-	-	107,073
-	-	-	-	-	-	79,529
-	-	-	-	-	-	211,828
<u>1,093,802</u>	<u>6,430,489</u>	<u>2,255,891</u>	<u>695,266</u>	<u>14,183</u>	<u>1,137,128</u>	<u>17,969,596</u>
-	-	-	-	-	-	3,223,276
-	-	-	-	175,998	759,018	935,016
-	-	-	-	522,213	-	522,213
965,000	3,030,000	1,445,000	-	-	-	6,644,077
43,725	1,981,427	1,056,257	502,279	-	-	5,531,519
-	441,151	-	-	(108)	-	560,329
<u>1,008,725</u>	<u>5,452,578</u>	<u>2,501,257</u>	<u>502,279</u>	<u>698,103</u>	<u>759,018</u>	<u>17,416,430</u>
85,077	977,911	(245,366)	192,987	(683,920)	378,110	553,166
-	(53,410,226)	-	-	-	-	(69,017,101)
-	50,255,000	-	-	-	-	64,360,000
-	2,313,777	-	-	-	-	3,233,338
-	-	-	-	-	-	712,821
<u>-</u>	<u>(841,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(710,942)</u>
85,077	136,462	(245,366)	192,987	(683,920)	378,110	(157,776)
<u>253,603</u>	<u>156,069</u>	<u>931,118</u>	<u>168,295</u>	<u>695,954</u>	<u>173,470</u>	<u>3,572,922</u>
<u>\$ 338,680</u>	<u>\$ 292,531</u>	<u>\$ 685,752</u>	<u>\$ 361,282</u>	<u>\$ 12,034</u>	<u>\$ 551,580</u>	<u>\$ 3,415,146</u>



**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**ANALYSIS OF 2006 TAX LEVIES  
FOR THE YEAR ENDED JUNE 30, 2007**

**Tax Rates:**

General Fund	
Homestead	
Hold Harmless	2.9450
Recreational	0.9800
Sinking Fund	0.4932
State Millage	6.0000
Total homestead	10.4182
Non-Homestead	
General Operating	18.0000
Recreational	0.9800
Sinking Fund	0.4932
State Millage	6.0000
Total non-homestead	25.4732
Debt Fund	
1993 Debt	1.2000
1997 Debt	0.4400
1998 Debt	0.4700
2001 Debt	2.8200
2002 Debt	0.9700
2005 Debt	0.3000
Total debt fund	6.2000
Total tax rate - Homestead	16.6182
Total tax rate - Non-Homestead	31.6732

**Taxable Values:**

City of Novi	\$ 2,266,498,590
City of Wixom	2,393,170
Total taxable values	\$ 2,268,891,760

	Operating	Sinking Fund	Debt	Total
<b>Taxes Levied</b>				
City of Novi	\$ 24,445,392	\$ 1,110,143	\$ 13,892,374	\$ 39,447,909
City of Wixom	45,422	1,180	14,838	61,440
Total taxes levied	24,490,814	1,111,323	13,907,212	39,509,349
<b>Taxes Collected</b>				
City of Novi	24,406,870	1,108,872	13,875,705	39,391,447
City of Wixom	45,300	1,177	14,798	61,275
Total taxes collected	24,452,170	1,110,049	13,890,503	39,452,722
<b>Delinquent Taxes</b>				
City of Novi	\$ 38,522	\$ 1,271	\$ 16,669	\$ 56,462
City of Wixom	\$ 122	\$ 3	\$ 40	\$ 165

**BOARD OF EDUCATION  
NOVI COMMUNITY SCHOOL DISTRICT, MICHIGAN**

**SUMMARY OF DELINQUENT TAXES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>General Fund</b>	<b>Sinking Fund</b>	<b>Debt Fund</b>	<b>Total</b>
<b>Balance - July 1, 2006</b>	\$ 747,001	\$ 27,167	\$ 388,157	\$ 1,162,325
<b>Additions</b>				
2006 delinquent taxes	38,644	1,274	16,709	56,627
<b>Deductions</b>				
Delinquent tax collections	535,879	19,359	271,135	826,373
Prior year taxes written-off	89,240	3,657	59,286	152,183
<b>Balance - June 30, 2007</b>	<b>\$ 160,526</b>	<b>\$ 5,425</b>	<b>\$ 74,445</b>	<b>\$ 240,396</b>

