

Southfield Public Schools

Comprehensive Annual Financial Report with Supplemental Information June 30, 2002

Southfield Public Schools

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Introductory Section

BOARD OF EDUCATION

William Seikaly, *President*
Roger Goolsby, Sr., *Vice President*
Paul L. Cooper, *Secretary*
Deborah L. Wardell, *Treasurer*
Diane Aman, *Trustee*
Ann Dillon, *Trustee*
Janie Fulton, *Trustee*

Student Representatives

G. Michael Terrell, *SJHS*
Janice Reade, *SLHS*

**ADMINISTRATION**

Cecil Rice
Superintendent of Schools
Linda Paramore-Lewis
Associate Superintendent
Michael F. Dixon
Associate Superintendent

JWE Administrative Center · 24661 Lahser Road · Southfield MI 48034 · Phone 248.746.8500 · Fax 248.746.8540

SOUTHFIELD PUBLIC SCHOOLS

September 19, 2002

To the Citizens and Board Members:

The Comprehensive Annual Financial Report of the Southfield Public Schools for the fiscal year ended June 30, 2002 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District's administration. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the government-wide as well as the various funds of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the School District's organizational chart, and prior year recognition for excellence in financial reporting. The financial section includes Management's Discussion and Analysis, the government-wide and fund financial statements, the statement of fiduciary net assets, notes to the financial statements, required supplemental information, and other supplemental information, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the School District. The School District provides a general education program for pre-kindergarten through grade twelve students and additional educational programs including special education, vocational education, English as a Second Language (ESL), and Talented and Gifted (TAG). The School District also operates a separate child care program.

The School District - Reporting Entity

The Southfield Public Schools, located in the southeast corner of Oakland County, bordered by the City of Detroit, Oak Park, Farmington, and Berkley, serve approximately 9,800 students from the cities of Southfield and Lathrup Village. The School District employs approximately 1,400 teachers and support staff. Facilities include one pre-school/community literacy center, nine elementary schools, one K-8 school, three middle schools, two large high schools and one alternative high school, and the John W. English Administrative Center. Southfield Public Schools is an independent governmental entity, established under Michigan law. A seven-member, elected Board of Education governs the School District.

Economic Condition and Outlook

The School District is one of 26 school districts located in Oakland County, Michigan, one of the wealthiest counties in the United States. The Southfield and Lathrup Village communities are a blend of suburban and urban landscapes - wooded subdivisions with large ranch-style homes, working-class subdivisions with smaller homes on small lots, strip malls, high-rise apartments, and towering business complexes. The business environment of the city is strong with over 100 Fortune 500 companies represented (several of which maintain worldwide headquarters in Southfield), and during the day the population of Southfield swells from a residential population of 78,000 to a workforce population of 200,000.

School Finance

Southfield Public Schools is maintained by a combination of State financial aid and property taxes collected from the taxpayers of the City of Southfield, Lathrup Village, and Southfield Township. The taxable values of these properties increased on an average of 5.43 percent from the prior year.

The School District's tax base is primarily made up of commercial and industrial properties. The School District is experiencing light residential growth.

The passage of Proposal A in March 1994 completely restructured school finance in Michigan and forever changed Southfield Public Schools' fiscal future. The School District's ability to raise revenue locally is now capped and State revenue (now a major revenue source) is likewise limited in its future growth. Significant revenue growth will occur only as a result of enrollment increases since dollars are now tied to each student. Of course, a decline in enrollment will represent a corresponding decline in revenue.

2001-2002 General Fund Budget

General Fund revenue and other financing sources exceeded expenditures and other uses by \$1,983,589. This is a significant turnaround from the previous year's deficit and will brighten the future forecasts for revenue and expenditures. A heightened awareness of the School District's fiscal position is partly the reason for the restoration of General Fund balance for fiscal year 2001-2002.

Curriculum and Instruction

Student performance was again the focus of the 2001-2002 school year. The School District's *Profile of a Graduate* describes the student that we expect to graduate from Southfield Public Schools. This student will be: a self-directed learner, a problem solver, a decision maker, an effective communicator, technologically literate, culturally literate, collaborative, and a caring, contributing member of society. As the School District endeavors to ensure that all graduates fit this profile, we continuously strive to align our curriculum, instructional practices, and assessments of student learning.

Every initiative this year focused on achieving this alignment and on affirming teaching and learning as our purpose. Some of the School District's initiative included:

- Distribution and implementation of PK-8 Grade Level Expectations for Science, Social Studies, and Mathematics. These documents help to clarify our curriculum and answer the question, "What should students know and be able to do at the end of each grade level?" A variety of professional development opportunities were provided to promote understanding of expectations in planning and delivery of instruction.
- Adoption of new textbooks for PK-12 mathematics, secondary social studies, and science to support the School District's curriculum.
- Continued focus on PK-3 literacy through various reading/literacy programs such as the Kindergarten Literacy Program (KLP), Michigan Literacy Progress Profile (MLPP), Waterford Reading Recovery, and Project Read.
- Expansion of kindergarten programs with kindergarten enrichment and kinder-science.
- Ongoing professional development for teachers to enhance skills and knowledge.
 - New teachers to the School District and non-tenured teachers participated in a series entitled *Excellence in Teaching*. Topics included planning for effective instruction, multiple intelligence, and infusing technology into instruction.
 - Professional development was also provided to facilitate implementation of the new textbook adoptions.
 - All teachers in grades 1-5 were trained in differentiated instruction, which addresses the diverse learning styles and needs of students.
 - Expansion of gifted and talented programs in all elementary schools
 - High school English teachers participated in a series of workshops, *Literacy in Action*.
 - Initial training of School District teachers in the use of *MIClimb*, the State's clarifying document of the Michigan Curriculum Framework. Teachers engaged in designing unit plans to support student achievement.

- Social Studies teachers analyzed the social studies MEAP results by using Test Wiz data. Teachers learned to use Test Wiz for curriculum mapping and to create pacing guides. They also developed a template for writing extended response questions.
- Development of a State-approved technical program for CAD/Drafting as part of the Engineering and Manufacturing Academy.
- Development of an eighth grade Career Awareness course. Students used Internet software to research careers and develop an educational plan that documented career goals and an academic schedule to support their goals.
- Expansion of summer school to include an accelerated learning program for grades three to five students, Learning Quest for gifted and talented middle school students, and also an additional five-week session for high school students

The School District's emphasis on curriculum, instruction, and assessment was very evident during the 2001-2002 school year. We endeavor to create educational environments that support all students because we strive for academic excellence for all students.

Technology

During the 2001-2002 school year, the School District completed a conversion from an old proprietary SBC system called SMDS to a point-to-point T1 WAN. This involved purchasing and installing new equipment at each site, reprogramming routers and switches and converting over from the legacy system.

Other projects in the technology department included:

- Replacing student computers at the three middle school buildings, one elementary building, and setting up two computer labs at Brace-Lederle elementary school
- Setting up the testing, street validation table, and immunization sections in SASI
- Submission of three successful SRSD (Single Record Student Database) data
- Installing a BCN Router to handle multiple T1 lines and connection to Oakland 2000 network to create a central point of Internet connectivity for the Southfield Public Schools network. This represents the first step in meeting CIPA requirements for filtering or blocking.
- Handling over 15,000 service calls to end users in the School District (data, video, help desk, and voice)
- Eliminating over 100 phone lines, unused data circuits, and implementing a new building report for telephones

Other Initiatives/Progress

Southfield Board of Education - Vision Statement - Adopted for the 2001-2002 school year:

- **Set High Expectations for Students**

We believe our students can and will be successful. We respect all of our students. We set high expectations for student achievement and conduct.

- **Embrace Differences Among Students**

We welcome and challenge all students, regardless of socio-economic level, racial, religious, ethnic, or cultural background. We believe every child should feel welcomed, accepted, and challenged.

- **Provide Support to Students**

We will identify, remedy, and provide any required early intervention for students in need of additional support or direction.

- **Hold Common District-wide Standards and Practices**

We endorse common district-wide standards and practices for Southfield Public Schools that promote equity and uniform processes in all our schools.

- **Value Parents as Partners**

We recognize our parents as valued partners and customers. By working in partnerships with parents, we can promote student growth and achievement.

- **Develop a Positive Perception**

We will tell the story of Southfield Public Schools and will communicate our plans and vision for the School District to all stakeholders. We believe this practice will promote a positive perception of our School District.

- **Ensure Fiscal Accountability**

We expect prudent and equitable use of available resources. Procedures and practices will be established to ensure fiscal accountability and responsibility.

- **Uphold High Expectations for Staff**

We acknowledge the professionalism of our staff and entrust them to espouse and implement our vision.

- Maintain High Expectations for the Board of Education

We, the Board of Education of Southfield Public Schools, in order to advance the vision of equity, excellence, and high expectation, will promote these tenets through our policies and practices.

Open Enrollment

In June 2001, the Southfield Board of Education approved an Oakland County Open Enrollment program for the 2001-2002 school year. The School District took applications from Oakland County residents for over 250 seats it had available in kindergarten through 12th grade. County-wide open enrollment has been a growing trend across Michigan. This trend was being felt by Southfield Schools, as 15 other school districts in the county had opened their doors to non-resident students. Hundreds of non-resident Oakland County students applied for enrollment in Southfield Public Schools.

Labor Relations

The School District continues to progress in the “interest-based” approach in working with its Labor Unions. This is a concept in its third year and appears to be very successful.

Future Outlook

The School District faces a potentially significant decline in State Aid for fiscal year 2004 (possibly fiscal year 2003) if the fall in State revenue continues.

Financial Information

The School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Over the past several years, the State of Michigan has implemented several tax reductions that have had an adverse effect on State revenues. The State has used over one billion dollars in fund equity over the same period and it is facing approximately a one billion dollar deficit between the General Fund and the School Aid Fund. The new governor elected in November 2002 will be challenged to maintain previous financial commitments made to education. At the very best, the School District anticipates the Per Pupil Foundation Allowance to remain the same in fiscal year 2003-2004.

The funds maintained by Southfield Public Schools and the purpose of each are as follows:

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The funds utilize the modified accrual basis of accounting.

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not provided for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for specific revenue sources that are restricted to expenditure for specific purposes.

- **School Service Funds** - School Service Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District, as mandated by the State of Michigan, are the Food Services, Athletics, Special Education Center Programs, Community Activities, and Expendable Trust Funds.
- **Funded Projects Fund** - The purpose of this fund is to segregate the transactions relating to programs funded by grants from other governments.

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

Capital Projects Funds - Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for major remodeling and repairs.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent.

- **Agency Fund** - The School District presently maintains an Activities Fund to record the transactions of student and other groups.

Basis of Accounting

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Modifications in such methods from the accrual basis are as follows:

- a. Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Property tax revenues are recorded net of anticipated tax appeal statements.

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

- b. Categorical State Aid Revenues are recognized as reported to the School District by the State. State reports are based on State estimates of amounts due to or from the School District under provisions of the State Aid Act.
- c. Other revenue is recorded when received.

- d. Expenditures, except for inventory-type items and prepaid expenditures, are recorded in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recorded when due.
- e. Accumulated accrued employee compensated absences, severance, and self-insurance liabilities expected to be liquidated with expendable available resources are accrued in the appropriate governmental fund to the extent the liabilities mature each period.

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

Budget Controls - The State of Michigan adopted the Uniform Budgeting and Accounting Act applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for the General and Special Revenue Funds of school districts prior to the expenditure of monies in a fiscal year. The school district can make amendments to the budget at any time during the year with approval by the Board of Education. The Board of Education adopts appropriation acts utilizing the modified accrual basis of accounting for all governmental funds.

The appropriation level adopted by the Board is the level of control authorized under the Act. A school district is considered to be in violation of the Act if actual expenditures at the level adopted by the Board exceed the amount budgeted.

Revenues and Other Financing Sources - Southfield Public Schools relied on local tax revenue in fiscal 2002 for over half of the source funding. The changes in sources of General Fund revenue are as follows:

	June 30, 2002		June 30, 2001		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
Revenues and Other Sources					
Local sources	\$ 62,141,974	54.97	\$ 61,544,149	59.30	\$ 597,825
State sources	46,086,582	40.77	41,318,680	39.81	4,767,902
Federal sources	231,677	0.20	-	-	231,677
Interdistrict sources	3,948,294	3.49	352,245	0.34	3,596,049
Other financing sources	643,570	0.57	573,476	0.55	70,094
Total revenue and other financing sources	<u>\$ 113,052,097</u>	<u>100.00</u>	<u>\$ 103,788,550</u>	<u>100.00</u>	<u>\$ 9,263,547</u>

Revenues and other financing sources in the General Fund totaled \$113,052,097 in fiscal 2002, an increase of 8.9 percent from fiscal 2001. The increase in State source revenue of \$4,767,902 reflects an increase in enrollment from prior years, as well as an increase in the State Foundation Allowance of \$300 per pupil. Federal revenue increased because Medicaid Outreach payments, which had been held back during a study of a reporting issue affecting several states, were released to the states and to the school districts involved. The increase in interdistrict sources was due to a 3 mill increase in Special Education Millage at the county level.

Expenditures and Other Financing Uses - General Fund expenditures and other uses for the 2002 fiscal year are as follows:

	June 30, 2002		June 30, 2001		Increase (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures and Other Uses					
Instruction	\$ 62,926,934	56.66	\$ 60,891,346	55.82	\$ 2,035,588
Supporting services	46,841,659	42.17	46,872,695	42.97	(31,036)
Community services	307,589	0.28	215,115	0.20	92,474
Other uses	992,326	0.89	1,101,339	1.01	(109,013)
Total expenditures and other uses	<u>\$ 111,068,508</u>	<u>100.00</u>	<u>\$ 109,080,495</u>	<u>100.00</u>	<u>\$ 1,988,013</u>

Expenditures in the General Fund totaled \$111,068,508 in fiscal 2002, an increase of 1.8 percent from fiscal 2001. Increases in wages and health insurance costs were mitigated by the School District's successful efforts to control costs so that they would not exceed 2002 revenues. Expenditures in fiscal 2001 also reflected the expenditures of the balance of the \$5,937,350 derived from the Durant settlement, a one-time source of revenue received from the State of Michigan in fiscal 1998 as the result of a statewide lawsuit to reimburse districts for prior years' special education expenditures.

General Fund Balance - The School District ended the 2001-2002 fiscal year with General Fund fund balance as follows:

	Year Ended June 30	
	2002	2001
Total revenues and other financing sources	\$ 113,052,097	\$ 103,788,550
Total expenditures and other uses	<u>111,068,508</u>	<u>109,080,495</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	1,983,589	(5,291,945)
Fund balance - Beginning of year	<u>17,221,496</u>	<u>22,513,441</u>
Fund balance - End of year	<u>\$ 19,205,085</u>	<u>\$ 17,221,496</u>

The fund balance of the General Fund increased by \$1,983,589 to \$19,205,085. Final fund balance represents approximately 17 percent of expenditures.

Bond Funds - The ability of the School District to sell capital bonds and levy debt has not changed. The School District voted in 1992 to authorize \$50 million in general obligation bonds. The Board of Education sold \$9 million in December 1992 for infrastructure updates, \$18.9 million in November 1993 for Instructional Technology, and \$20 million in April 1994 for additional infrastructure updates. In September 1999, the School District issued the final \$2.1 million of the original \$50 million issue for infrastructure and new academies.

District Cash Management - Guidelines are established by Board policy. It is the intent of Southfield Public Schools to maximize its interest earnings on available cash balance. Interest-bearing checking accounts, cash management accounts, U.S. Treasury obligations, certificates of deposit in state or national banks and savings and loan associations, corporate bonds, and commercial paper were utilized in accordance with Board policy for investment of available funds.

Risk Management - The School District's risk management consists of liability and property coverage in the Metropolitan Association for Improved School Legislation (MAISL) Joint Risk Management Trust. Furthermore, the School District participated in a self-insurance program for workers' compensation with Metropolitan Association for Improved School Legislation (MAISL) Workers' Compensation Fund.

ASBO Certificate of Excellence

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the period ended June 30, 2001. The Certificate of Excellence in Financial Reporting certifies that the recipient school system has presented its Comprehensive Annual Financial Report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have been compiled with the principles and practices of financial reporting recognized by ASBO. The Certificate of Excellence in Financial Reporting is valid for a period of one year only. The School District has been awarded the certificates for over 20 consecutive years. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Excellence Program requirements and we are submitting it to ASBO to determine its eligibility for the certificate.

This is an achievement that is a great source of pride to the School District's administration and a tribute to the support given by the Board in adopting and demanding a standard of excellence in financial reporting. Publication of this ASBO report completes the financial reporting program for the 2002 fiscal year.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was selected by the School Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act and related OMB Circular A-133. The auditor's report on the basic financial statements is included in the financial section of this report. The additional reports required by the Single Audit Act and related OMB Circular A-133 have not been included and were issued under separate cover.

Acknowledgements

We thank the Board for your continued guidance and support throughout this past year and commend the personnel of the finance department and the administrative staff for their efforts resulting in this report.

Copies of this report are available for public distribution upon request through the Southfield Public Schools business office at (248) 746-8552.

Sincerely,

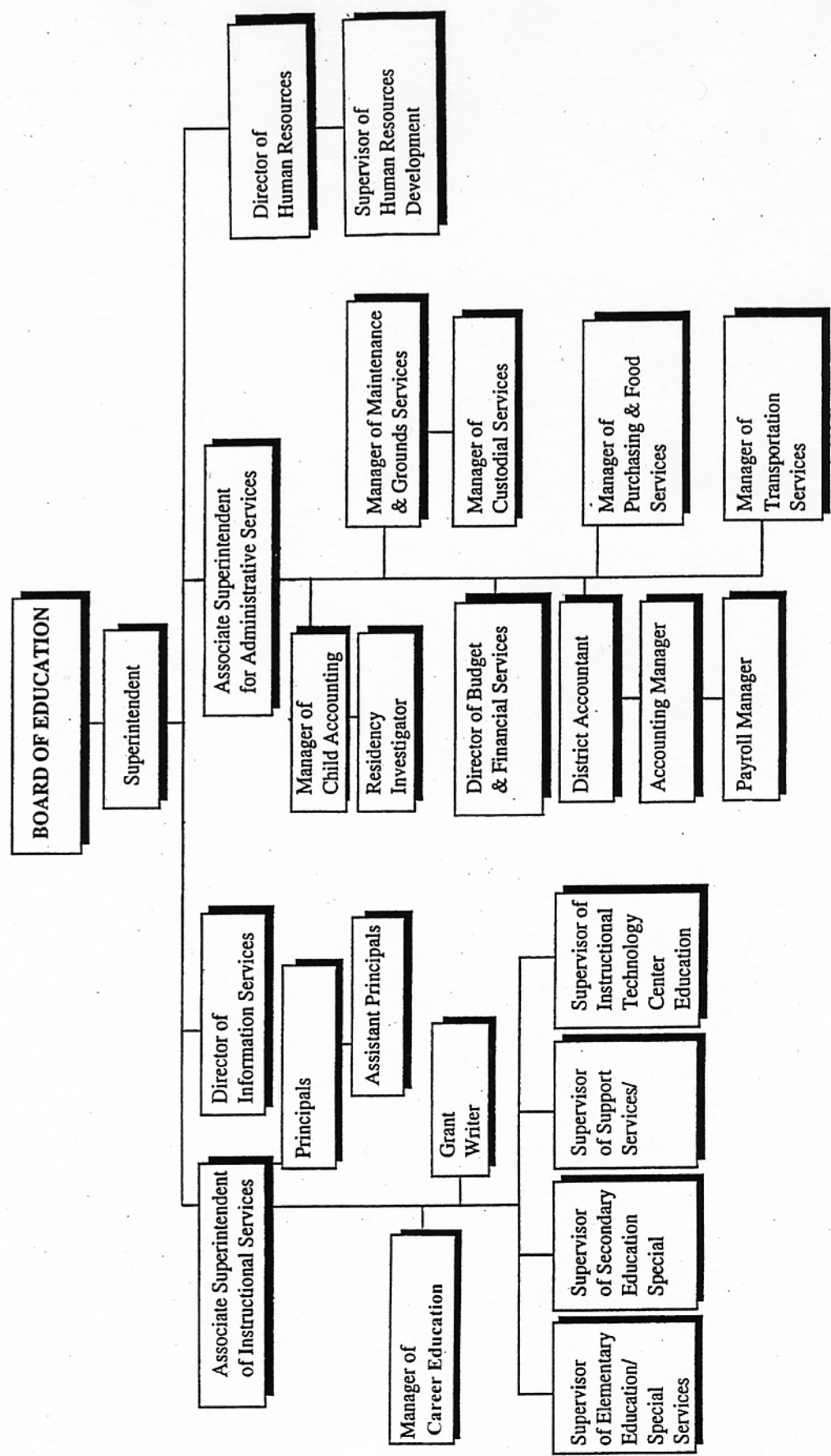
A handwritten signature in cursive script that reads "Cecil Rice".

Mr. Cecil Rice
Superintendent of Schools

A handwritten signature in cursive script that reads "Michael F. Dixon".

Michael F. Dixon, Ed.D.
Associate Superintendent

Southfield Public Schools
 ORGANIZATIONAL CHART
 2001-2002



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

SOUTHFIELD PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2001

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Clark J. Schell
President

David A. Roth
Interim Executive Director

Financial Section

Independent Auditor's Report

To the Board of Education
Southfield Public Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southfield Public Schools as of and for the year ended June 30, 2002, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Southfield Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southfield Public Schools as of June 30, 2002 and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the School District has implemented a new financial reporting model, as required by the provisions of the *GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2001, along with all related statements and interpretations.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 32 and 33 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 supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Education
Southfield Public Schools

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

The accompanying introductory section and statistical tables, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated September 19, 2002 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Plante & Moran, PLLC

September 19, 2002

Southfield Public Schools

Management's Discussion and Analysis

This section of the Southfield Public Schools' annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2002. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Southfield Public Schools financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and the Funded Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The basic financial statements are comprised of the following elements:

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

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

In addition, the School District has added the Introductory Section and the Statistical Section to complete its Comprehensive Annual Financial Report.

Southfield Public Schools

Management's Discussion and Analysis (Continued)

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

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

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

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and federal grants finance most of these activities.

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

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

Southfield Public Schools

Management's Discussion and Analysis (Continued)

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

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

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2002. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, comparisons to fiscal 2001 are not available.

TABLE I	Governmental Activities
	(in millions)
Assets	
Current and other assets	\$ 33.5
Capital assets	34.6
Total assets	68.1
Liabilities	
Current liabilities	19.1
Long-term liabilities	26.2
Total liabilities	45.3

Southfield Public Schools

Management's Discussion and Analysis (Continued)

TABLE I (Continued)	Governmental Activities
	(in millions)
Net Assets	
Invested in capital assets - Net of related debt	\$ 13.7
Restricted	0.5
Unrestricted	8.6
	<hr/>
Total net assets	<u>\$ 22.8</u>

The above analysis focuses on the net assets (see Table I). The change in net assets (see Table 2) of the School District's governmental activities is discussed below. The School District's net assets were \$22.8 million at June 30, 2002. Capital assets, net of related debt, totaling \$13.7 million, compares the original cost (less depreciation) of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets (\$8.6 million) was unrestricted.

The \$8.6 million in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used to provide working capital and cash flow requirements as well as providing for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2002. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparison to fiscal year 2001 is not available.

TABLE 2	Governmental Activities
	(in millions)
Revenue	
Program revenue:	
Charges for services	\$ 3.6
Operating grants/contributions	13.4
General revenue:	
Property taxes	67.0
State foundation allowance	42.7
Other	1.2
	<hr/>
Total revenue	127.9

Southfield Public Schools

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)	Governmental
	Activities
	(in millions)
Function/Program Expenses	
Instruction	\$ 66.6
Support services	46.6
Community services	1.9
Food services	2.4
Athletics	0.7
Interest on long-term debt	1.4
Depreciaton (unallocated)	2.4
	<hr/>
Total expenses	122.0
	<hr/>
Increase in Net Assets	\$ 5.9

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$122.0 million. Certain activities were partially funded from those who benefited from the programs (\$3.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$13.4 million). We paid for the remaining “public benefit” portion of our governmental activities with \$67.0 million in taxes, \$42.7 million in State Foundation Grant, and with our other revenues, such as interest and general entitlements.

The School District experienced an increase in net assets of \$5.9 million. Key reasons for the change in net assets were the increases in the State Foundation Grant of \$300 per pupil and the increase in enrollment of 298 students over fiscal 2001. The School District also reduced its long-term debt by paying \$5.2 million in bond principal payments.

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

The School District’s Funds

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

Southfield Public Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$20.3 million, which is an increase of \$3.3 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$1.9 million to \$19.2 million. The change is due mainly to:

- An increase in foundation allowance revenue due to an unanticipated increase in student enrollment
- An increase in foundation allowance revenue provided by the State of \$300 per pupil
- An increase in regular and special program expenditures due to increases in salaries
- An unexpected decrease in energy costs due to changes in energy rates and an unusually mild winter
- Increases in employee health care costs
- Increases in the State-determined retirement rate from 12.16 percent to 12.17 percent. (A change in the rate by 1 percent would create a change in retirement costs of approximately \$.71 million.)

The General Fund fund balance is available to fund costs related to allowable school operating purposes.

In the Funded Projects Fund, which is used to record revenues and expenditures from federal, State, interdistrict, and local grants, fund balance increased by \$1.1 million. The change is due mainly to the recognition during fiscal 2002 of revenue that had been deferred from fiscal 2001, as it was not received in time to provide current financial resources in the governmental funds in accordance with GASB Statement No. 33.

Except for the increase in the Funded Projects Fund, as explained above, our Special Revenue Funds remained stable from the prior year showing a net increase of approximately \$0.07 million.

Combined, the Debt Service Funds showed a fund balance increase of approximately \$0.3 million. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund fund balances are reserved since they can only be used to pay debt service obligations.

The combined Capital Projects Funds fund balance decreased by \$0.2 million to \$0.04 million as the School District completed construction related to the 1999 bond issue. Capital Projects Funds fund balances are reserved since they can only be used for capital expenditures.

Southfield Public Schools

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements).

There were significant revisions made to the 2001-2002 General Fund original budget. Budgeted revenues were increased \$7.3 million due to an unanticipated increase in foundation grant payments due to actual student enrollment greater than original estimates and to the passage of a county-wide special education millage.

Budgeted expenditures were also increased \$1.9 million to account for the increase in salaries and employee benefits resulting from the School District's revised operating plan due to the unexpected increase in enrollment. The amount of transfers to other funds established in the amended budget was \$0.9 million and represents support provided by the General Fund to other functions. Most of this support (\$0.6 million) went to the Athletics Fund.

Significant variances between the final budget amounts and actual were due to lower energy costs than expected and conservative budgeting of salary amounts due to the temporary lack of access to reliable salary reporting from the new financial accounting system.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2002, the School District had \$34.6 million (after accumulated depreciation) invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$0.8 million, or 2.3 percent, from last year.

	<u>2002</u>	<u>2001</u>
Land	\$ 7,345,687	\$ 7,056,787
Buildings and building improvements	67,202,871	67,154,671
Buses and other vehicles, furniture, and equipment	<u>22,777,890</u>	<u>21,852,006</u>
Total capital assets	<u>\$ 97,326,448</u>	<u>\$ 96,063,464</u>

Southfield Public Schools

Management's Discussion and Analysis (Continued)

This year's additions of \$1.4 million included portable classrooms, technology, building renovations, buses, furniture, and equipment. A note for \$0.6 million was issued for the purchase of buses. A total of \$0.2 million of the additions was funded from the remainder of the 1999 Bond issue. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$20.0 million in bonds outstanding versus \$25.2 million in the previous year - a decrease of 20.6 percent. Those bonds consisted of the following:

	<u>2002</u>	<u>2001</u>
General Obligation Bonds	<u>\$ 20,045,000</u>	<u>\$ 25,230,000</u>

The School District's General Obligation Bond rating is AA by Standard & Poors. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the district issues "Qualified Debt," that is, debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$20.0 million is significantly below this \$446.4 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and severance and anticipated tax appeal settlements. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget

Our elected officials and administration considered many factors when setting the School District's 2003 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2003 fiscal year is 20 percent and 80 percent of the February 2002 and September 2002 student counts, respectively. The original 2003 budget was adopted in June 2002, based on an estimate of students to be enrolled in September 2002.

Approximately 95 percent of total General Fund revenue comes from the State foundation grant and categorical payments. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2002-2003 school year, we anticipate that the fall student count will be above the estimates used in creating the fiscal 2003 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Southfield Public Schools

Management's Discussion and Analysis (Continued)

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The impact on the School District of a projected (at this time) shortfall in revenue for the State's School Aid Fund is not known.

Southfield Public Schools

Statement of Net Assets June 30, 2002

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 19,824,213
Receivables:	
Accounts receivable	376,159
Due from other governmental units	12,694,812
Inventories	246,215
Prepays	11,253
Restricted cash and cash equivalents (Notes 3 and 8)	395,694
Capital assets less accumulated depreciation of \$62,753,958 (Note 5)	<u>34,572,490</u>
Total assets	68,120,836
Liabilities	
Accounts payable	3,278,063
Accrued payroll and other liabilities	6,902,845
Deferred revenue	1,774,118
Due to other governments	1,449,881
Long-term liabilities:	
Bonds, notes, and contracts payable, due within one year	5,674,041
Compensated absences and other long-term liabilities, due in more than one year	11,215,588
Bonds, notes and contracts payable, due in more than one year	<u>14,995,959</u>
Total liabilities	45,290,495
Net Assets	
Invested in capital assets - Net of related debt	13,736,708
Restricted for debt service	451,575
Unrestricted	<u>8,642,058</u>
Total net assets	<u><u>\$ 22,830,341</u></u>

Southfield Public Schools

Statement of Activities Year Ended June 30, 2002

	Program Revenues			Governmental Activities	
	Expenses	Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Primary government - Governmental activities:					
Instruction	\$ 66,564,006	\$ 197,557	\$ 12,157,300	\$ -	\$ (54,209,149)
Support services	46,624,528	330,308	231,677	-	(46,062,543)
Food services	2,356,625	1,436,180	1,000,805	-	80,360
Athletics	660,172	49,220	-	-	(610,952)
Community services	1,892,072	1,569,045	-	-	(323,027)
Interest on long-term debt	1,391,055	-	-	-	(1,391,055)
Depreciation (Unallocated)	2,486,501	-	-	-	(2,486,501)
Total primary government - Governmental activities	<u>\$ 121,974,959</u>	<u>\$ 3,582,310</u>	<u>\$ 13,389,782</u>	<u>\$ -</u>	(105,002,867)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					60,343,288
Property taxes, levied for debt services					6,688,507
State aid not restricted to specific purposes					42,696,918
Interest and investment earnings					696,864
Other					476,659
Special item - Gain on sale of capital assets					11,671
Total general revenues and special item					<u>110,913,907</u>
Change in Net Assets					5,911,040
Net Assets - Beginning of year					<u>16,919,301</u>
Net Assets - End of year					<u>\$ 22,830,341</u>

Southfield Public Schools

Governmental Funds Balance Sheet June 30, 2002

	General	Funded Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents (Note 3)	\$ 19,311,893	\$ -	\$ 908,014	\$ 20,219,907
Receivables:				
Accounts receivable	341,341	-	34,818	376,159
Due from other funds (Note 6)	1,331,325	-	1,058,974	2,390,299
Due from other governmental units	9,865,206	2,829,606	-	12,694,812
Inventories	205,027	-	41,188	246,215
Prepays	11,234	-	19	11,253
Total assets	\$ 31,066,026	\$ 2,829,606	\$ 2,043,013	\$ 35,938,645
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,455,877	\$ 117,149	\$ 67,565	\$ 2,640,591
Accrued payroll and other liabilities	6,482,779	212,783	41,501	6,737,063
Due to other funds (Note 6)	1,296,310	929,485	801,976	3,027,771
Due to other governmental units	1,400,180	41,493	8,208	1,449,881
Deferred revenue	225,795	1,528,696	19,627	1,774,118
Total liabilities	11,860,941	2,829,606	938,877	15,629,424
Fund Balances				
Reserved:				
Inventories	205,027	-	25,261	230,288
Prepays	11,234	-	-	11,234
Scholarships	-	-	62,202	62,202
Unreserved:				
Designated for capital projects	-	-	41,942	41,942
Designated for debt service	-	-	451,575	451,575
Designated for community activities	-	-	467,874	467,874
Designated for bus purchases	1,425,161	-	-	1,425,161
Designated for subsequent years expenditures	2,500,000	-	-	2,500,000
Undesignated, reported in:				
General Fund	15,063,663	-	-	15,063,663
Special Revenue Funds	-	-	55,282	55,282
Total fund balances	19,205,085	-	1,104,136	20,309,221
Total liabilities and fund balances	\$ 31,066,026	\$ 2,829,606	\$ 2,043,013	\$ 35,938,645

Southfield Public Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets Year Ended June 30, 2002

Total Fund Balances of Governmental Activities \$ 20,309,221

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.

The cost of the capital assets is	97,326,448
Accumulated depreciation is	<u>(62,753,958)</u>

Total	34,572,490
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Long-term liabilities are not due in the current period and are not reported in the funds:

Bonds and note payable	(20,670,000)
Compensated absences and other	(11,215,588)

Accrued interest payable is not included as a liability in governmental activities	<u>(165,782)</u>
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Net assets of governmental activities	<u>\$ 22,830,341</u>
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Southfield Public Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2002

	General	Funded Projects	Other Nonmajor Governmental Funds	Totals
Revenue				
Local sources	\$ 62,141,974	\$ 131,947	\$ 9,859,905	\$ 72,133,826
State sources	46,086,582	262,464	237,458	46,586,504
Federal sources	231,677	5,042,064	824,187	6,097,928
Interdistrict sources	3,948,294	47,776	184,575	4,180,645
Total revenue	112,408,527	5,484,251	11,106,125	128,998,903
Expenditures				
Current:				
Instruction	62,926,934	3,211,335	318,255	66,456,524
Support services	45,498,313	1,234,688	193,545	46,926,546
Community services	307,589	40,929	1,543,554	1,892,072
Food services	-	-	2,356,625	2,356,625
Athletics	-	-	660,172	660,172
Debt service principal	-	-	5,185,000	5,185,000
Debt service interest	-	-	1,225,273	1,225,273
Other bond expenditures	-	-	2,299	2,299
Capital outlay	1,343,346	-	320,622	1,663,968
Total expenditures	110,076,182	4,486,952	11,805,345	126,368,479
Excess of Revenue Over (Under) Expenditures	2,332,345	997,299	(699,220)	2,630,424
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	11,671	-	-	11,671
Operating transfers in	6,899	134,175	858,151	999,225
Operating transfers out	(992,326)	-	-	(992,326)
Proceeds from issuance of notes	625,000	-	-	625,000
Total other financing sources (uses)	(348,756)	134,175	858,151	643,570
Net Change in Fund Balances	1,983,589	1,131,474	158,931	3,273,994
Fund Balances - Beginning of year	17,221,496	(1,131,474)	945,205	17,035,227
Fund Balances - End of year	<u>\$ 19,205,085</u>	<u>\$ -</u>	<u>\$ 1,104,136</u>	<u>\$ 20,309,221</u>

Southfield Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2002

Net Change in Fund Balances - Total Governmental Funds	\$ 3,273,994
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	(2,486,501)
Capital outlays	<u>1,663,968</u>
Total	(822,533)
Revenue reported in the governmental funds that was reported in the prior year's statement of activities (GASB No. 33)	(1,131,474)
Long-term issuance is reported as an other financing source in the governmental funds.	
Long-term debt is not a revenue in the statement of activities and is reported as a long-term liability in the statement of net assets	(625,000)
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	(165,782)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	5,185,000
Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds	<u>196,835</u>
Change in Net Assets of Governmental Activities	<u>\$ 5,911,040</u>

Southfield Public Schools

Fiduciary Fund Statement of Fiduciary Net Assets June 30, 2002

	Student Activities Agency Fund
Assets - Due from other funds	<u>\$ 637,472</u>
Liabilities	
Accounts payable	\$ 23,139
Due to student groups	<u>614,333</u>
Total liabilities	<u>\$ 637,472</u>

Note I - Summary of Significant Accounting Policies

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

Reporting Entity

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

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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the School District's government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to 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 revenues are reported instead as general revenue.

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

Note I - Summary of Significant Accounting Policies (Continued)

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.

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

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

Fund-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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental funds:

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.

The Funded Projects Fund is used to account for all transactions relating to programs funded by the federal, State, and local governments.

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.

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

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid 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. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as inventory and deferred revenue until used. 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.

Restricted Assets - The unspent bond proceeds of the Capital Projects Funds require amounts to be set aside for construction. These amounts have been classified as restricted assets.

Note I - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The School District does not have infrastructure-type assets.

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

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

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation 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.

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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized 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 are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounting Change - Effective July 1, 2001, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the School District's financial statements as a result of GASB No. 34 are as follows:

- A Management's Discussion and Analysis (MD&A) section providing analysis of the School District's overall financial position and results of operations has been included.
- Government-wide financial statements prepared using full accrual accounting for all of the School District's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$101,908,365 previously reported in the General Fixed Assets Account Group. Capital assets at July 1, 2001 previously reported in the General Fixed Assets Account Group have been adjusted by (\$5,844,901) as the result of the use of a higher capitalization threshold, to reflect the historical cost of the School District's capital assets at that date. In addition, the governmental activities column includes bonds and other long-term obligations totaling \$31,260,588 previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

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 the General, Special Revenue, and Debt Service Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted for the General and Special Revenue Funds are a violation of Michigan law. State law permits districts to amend budgets during the year. The School District increased budgeted revenues during the year to coincide with actual student enrollments and the passage of a county-wide special education millage.

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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

Excess of Expenditures Over Appropriations in Budgeted Funds - The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance - The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. The capital project for which this pertains was considered substantially complete as of June 11, 2001 and current year expenditures for this project comply with the applicable provisions of §1351a of the State of Michigan's School Code.

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that mature not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

At year end, the School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	\$ 19,824,213
Restricted assets	395,694
Total	<u>\$ 20,219,907</u>

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 3 - Deposits and Investments (Continued)

The breakdown between deposits and investments for the School District is as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ (1,775,459)
Investments in securities, mutual funds, and similar vehicles	21,993,166
Petty cash and cash on hand	<u>2,200</u>
Total	<u>\$ 20,219,907</u>

The above deposits of the School District were reflected in the accounts of the financial institution at (\$1,199,465).

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, or securities held by the School District or its agent in the School District's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the School District's name

At year end, the School District's investment balances were as follows:

Interlocal agreement investment pools	\$ 635,560
Mutual funds	<u>21,357,606</u>
Total investments	<u>\$ 21,993,166</u>

The cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

Southfield Public Schools

Notes to Financial Statements June 30, 2002

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, the various components of deferred revenue include unearned grant and categorical aid payments received prior to meeting all eligibility requirements in the amount of \$1,774,118.

Note 5 - Capital Assets

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

	Balance July 1, 2001	Additions	Disposals and Adjustments	Balance June 30, 2002
Assets not being depreciated -				
Land	\$ 7,056,787	\$ 288,900	\$ -	\$ 7,345,687
Capital assets being depreciated:				
Buildings and building improvements	67,154,671	48,200	-	67,202,871
Buses and other vehicles	4,984,586	1,095,083	400,984	5,678,685
Furniture and equipment	16,867,420	231,785	-	17,099,205
Subtotal	89,006,677	1,375,068	400,984	89,980,761
Accumulated depreciation:				
Buildings and building improvements	51,949,767	1,217,660	-	53,167,427
Buses and other vehicles	3,102,252	272,730	400,984	2,973,998
Furniture and equipment	5,616,422	996,111	-	6,612,533
Subtotal	60,668,441	2,486,501	400,984	62,753,958
Net capital assets being depreciated	28,338,236	(1,111,433)	-	27,226,803
Net capital assets	<u>\$ 35,395,023</u>	<u>\$ (822,533)</u>	<u>\$ -</u>	<u>\$ 34,572,490</u>

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

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Funded Projects	\$ 929,485
General Fund	Other governmental funds	401,840
Other nonmajor governmental funds	General Fund	658,838
Other nonmajor governmental funds	Other governmental funds	400,136
Fiduciary Fund	General Fund	<u>637,472</u>
Total		<u><u>\$ 3,027,771</u></u>

The composition of the operating transfers is as follows:

	Transfers Out		Total
	General Fund	Fiduciary Fund	
Transfers in:			
General Fund	\$ -	\$ 6,899	\$ 6,899
Funded Projects	134,175		134,175
Other governmental funds	<u>858,151</u>	<u>-</u>	<u>858,151</u>
Total	<u><u>\$ 992,326</u></u>	<u><u>\$ 6,899</u></u>	<u><u>\$ 999,225</u></u>

Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, accumulated severance pay, and tax appeal settlements.

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$ 25,230,000	\$ -	\$ 5,185,000	\$ 20,045,000	\$ 5,525,000
Notes	-	625,000	-	625,000	149,041
Other obligations	<u>11,412,424</u>	<u>153,545</u>	<u>350,381</u>	<u>11,215,588</u>	<u>-</u>
Total governmental activities	<u>\$ 36,642,424</u>	<u>\$ 778,545</u>	<u>\$ 5,535,381</u>	<u>\$ 31,885,588</u>	<u>\$ 5,674,041</u>

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

	Governmental Activities		
	Principal	Interest	Total
2003	\$ 5,674,041	\$ 992,778	\$ 6,666,819
2004	6,113,747	718,370	6,832,117
2005	1,063,602	425,025	1,488,627
2006	1,113,610	379,292	1,492,902
2007	990,000	330,425	1,320,425
2008-2012	<u>5,715,000</u>	<u>887,580</u>	<u>6,602,580</u>
Total	<u>\$ 20,670,000</u>	<u>\$ 3,733,470</u>	<u>\$ 24,403,470</u>

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

1992 General Obligation Bonds due in annual installments of \$200,000 to \$250,000 through May 1, 2004; interest from 5.75% to 8.00%	\$ 450,000
1993 General Obligation Bonds due in annual installments of \$2,300,000 through May 1, 2004; interest at 4.25%	4,600,000
1994 General Obligation Bonds due in annual installments of \$2,875,000 to \$2,925,000 through May 1, 2004; interest from 5.20% to 5.30%	5,800,000
1999 General Obligation Bonds due in annual installments of \$150,000 to \$1,255,000 through May 1, 2012; interest from 4.30% to 5.10%	<u>9,195,000</u>
Total bonded debt	<u>\$ 20,045,000</u>

Notes consist of the following:

Date	Original Amount	Due Date	Interest Rate	Remaining to Maturity	
				Interest	Principal
10/26/01	\$ 625,000	11/01/05	3.113	\$ 50,108	\$ 625,000

Other governmental activity long-term obligations include:

Accumulated severance pay and employee-compensated absences	\$ 9,877,574
Anticipated tax appeal settlements	<u>1,338,014</u>
Total	<u>\$ 11,215,588</u>

Southfield Public Schools

Notes to Financial Statements June 30, 2002

Note 7 - Long-term Debt (Continued)

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2002, \$7,225,000 million of bonds outstanding are considered defeased.

Note 8 - Restricted Assets

The balances of the restricted asset accounts are as follows:

	<u>Governmental Activities</u>
Unspent bond proceeds and related interest	\$ <u>395,694</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, errors and omissions, and for workers' compensation claims subsequent to September 30, 1993. Prior to September 30, 1993, the School District was self-insured for workers' compensation claims; no significant liability remains from this program. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Note 10 - Defined Benefit Pension Plan and Postemployment Benefits

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

Funding Policy - Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 12.16 percent for the period from July 1, 2001 through September 30, 2001 and 12.17 percent for the period from October 1, 2001 through June 30, 2002 of the covered payroll to the plan. Basic plan members make no contributions. Participants in the Member Investment Plan (MIP) contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS plan for the years ended June 30, 2002, 2001, and 2000 were approximately \$9,103,000, \$8,692,000, and \$8,205,000, respectively.

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

Required Supplemental Information

Southfield Public Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 63,355,317	\$ 62,347,349	\$ 62,141,974	\$ (205,375)
State sources	41,195,210	46,121,854	46,086,582	(35,272)
Federal sources	-	231,677	231,677	-
Interdistrict sources	435,800	3,611,778	3,948,294	336,516
Total revenue	104,986,327	112,312,658	112,408,527	95,869
Expenditures				
Current:				
Instruction:				
Basic programs	52,365,017	53,505,457	52,974,176	(531,281)
Added needs	9,220,736	10,068,118	9,952,758	(115,360)
Support services:				
Pupil	6,192,384	7,783,353	7,641,163	(142,190)
Instructional staff	8,575,696	6,560,349	6,305,141	(255,208)
General administration	1,468,022	1,553,162	1,446,071	(107,091)
School administration	7,308,971	7,213,204	7,235,032	21,828
Business services	3,424,273	2,492,708	2,381,562	(111,146)
Operations and maintenance	12,897,464	13,641,739	13,048,706	(593,033)
Transportation	5,916,574	6,212,388	6,660,507	448,119
Central services	1,919,550	2,114,396	2,050,250	(64,146)
Community services	280,259	249,913	307,589	57,676
Other	-	148,255	73,227	(75,028)
Total expenditures	109,568,946	111,543,042	110,076,182	(1,466,860)
Other Financing Sources (Uses)				
Transfers in	-	6,445	6,899	454
Transfers out	(1,090,588)	(917,246)	(992,326)	(75,080)
Proceeds from sale of fixed assets	-	11,671	11,671	-
Proceeds from issuance of notes	-	-	625,000	625,000
Total other financing sources (uses)	(1,090,588)	(899,130)	(348,756)	550,374
Net Change in Fund Balance	(5,673,207)	(129,514)	1,983,589	2,113,103
Fund Balance - July 1, 2001	17,221,496	17,221,496	17,221,496	-
Fund Balance - June 30, 2002	<u>\$ 11,548,289</u>	<u>\$ 17,091,982</u>	<u>\$ 19,205,085</u>	<u>\$ 2,113,103</u>

Southfield Public Schools

Required Supplemental Information Budgetary Comparison Schedule - Special Revenue Fund Funded Projects Fund Year Ended June 30, 2002

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ -	\$ -	\$ 131,947	\$ 131,947
State sources	475,200	475,200	262,464	(212,736)
Federal sources	4,355,930	5,696,644	5,042,064	(654,580)
Interdistrict sources	-	-	47,776	47,776
Total revenue	4,831,130	6,171,844	5,484,251	(687,593)
Expenditures - Funded projects	4,868,630	5,047,870	4,486,952	(560,918)
Other Financing Sources - Transfers in	37,500	7,500	134,175	126,675
Net Change in Fund Balance	-	1,131,474	1,131,474	-
Fund Balance - July 1, 2001	(1,131,474)	(1,131,474)	(1,131,474)	-
Fund Balance - June 30, 2002	<u>\$ (1,131,474)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Supplemental Information

Southfield Public Schools

	Special Revenue Funds				
	Food Services	Athletics	Special Education Center Programs	Community Activities	Expendable Trust
Assets					
Cash and cash equivalents	\$ 78,549	\$ -	\$ -	\$ -	\$ -
Receivables	33,594	-	-	-	1,224
Due from other funds	-	14,691	8,553	556,813	60,978
Inventories	41,188	-	-	-	-
Prepays	-	-	-	19	-
Total assets	\$ 153,331	\$ 14,691	\$ 8,553	\$ 556,832	\$ 62,202
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,875	\$ 11,034	\$ -	\$ 52,656	\$ -
Accrued payroll and other liabilities	4,087	3,052	7,138	27,224	-
Due to other funds	48,089	-	-	-	-
Due to other governmental units	810	605	1,415	5,378	-
Deferred revenue	15,927	-	-	3,700	-
Total liabilities	72,788	14,691	8,553	88,958	-
Fund Balances					
Reserved:					
Inventory	25,261	-	-	-	-
Scholarships	-	-	-	-	62,202
Unreserved:					
Designated for capital projects	-	-	-	-	-
Designated for debt service	-	-	-	-	-
Designated for community activities	-	-	-	467,874	-
Undesignated	55,282	-	-	-	-
Total fund balances	80,543	-	-	467,874	62,202
Total liabilities and fund balances	\$ 153,331	\$ 14,691	\$ 8,553	\$ 556,832	\$ 62,202

* Funded with a bond issue authorized under Section 1351(a) of the Michigan Revised School Code.

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002**

Debt Service Funds				Capital Projects Fund		
1992 Debt	1993 Debt	1994 Debt	1999 Debt	Capital Project Fund	1999 Bond*	Total
\$ 13,913	\$ 165,197	\$ 221,669	\$ 32,992	\$ (87,395)	\$ 483,089	\$ 908,014
-	-	-	-	-	-	34,818
27,013	-	-	261,589	129,337	-	1,058,974
-	-	-	-	-	-	41,188
-	-	-	-	-	-	19
<u>\$ 40,926</u>	<u>\$ 165,197</u>	<u>\$ 221,669</u>	<u>\$ 294,581</u>	<u>\$ 41,942</u>	<u>\$ 483,089</u>	<u>\$ 2,043,013</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,565
-	-	-	-	-	-	41,501
-	82,907	187,891	-	-	483,089	801,976
-	-	-	-	-	-	8,208
-	-	-	-	-	-	19,627
-	82,907	187,891	-	-	483,089	938,877
-	-	-	-	-	-	25,261
-	-	-	-	-	-	62,202
-	-	-	-	41,942	-	41,942
40,926	82,290	33,778	294,581	-	-	451,575
-	-	-	-	-	-	467,874
-	-	-	-	-	-	55,282
<u>40,926</u>	<u>82,290</u>	<u>33,778</u>	<u>294,581</u>	<u>41,942</u>	<u>-</u>	<u>1,104,136</u>
<u>\$ 40,926</u>	<u>\$ 165,197</u>	<u>\$ 221,669</u>	<u>\$ 294,581</u>	<u>\$ 41,942</u>	<u>\$ 483,089</u>	<u>\$ 2,043,013</u>

Southfield Public Schools

	Special Revenue Funds				
	Food Services	Athletics	Special Education Center Program	Community Activities	Expendable Trust
Revenues					
Local sources	\$ 1,437,857	\$ 49,220	\$ -	\$ 1,569,045	\$ 1,551
State sources	176,618	-	60,840	-	-
Federal sources	824,187	-	-	-	-
Interdistrict	-	-	184,575	-	-
Total revenues	2,438,662	49,220	245,415	1,569,045	1,551
Expenditures					
Current:					
Instruction	-	-	191,827	126,428	-
Support services	-	-	53,588	139,957	-
Community services	-	-	-	1,543,554	-
Food services	2,356,625	-	-	-	-
Athletics	-	660,172	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Other	712	-	-	-	-
Capital outlay	15,296	-	-	-	-
Total expenditures	2,372,633	660,172	245,415	1,809,939	-
Excess of Revenues Over (Under) Expenditures	66,029	(610,952)	-	(240,894)	1,551
Other Financing Sources -					
Transfers in	-	610,952	-	247,199	-
Net Change in Fund Balances	66,029	-	-	6,305	1,551
Fund Balances - Beginning of year	14,514	-	-	461,569	60,651
Fund Balances - End of year	\$ 80,543	\$ -	\$ -	\$ 467,874	\$ 62,202

* Funded with a bond issue authorized under Section 1351(a) of the Michigan Revised School Code

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2002

Debt Service Funds				Capital Projects Funds		
1992 Debt	1993 Debt	1994 Debt	1999 Debt	Capital Projects	1999 Bond*	Total
\$ 232,298	\$ 2,561,350	\$ 3,439,308	\$ 503,735	\$ -	\$ 65,541	\$ 9,859,905
-	-	-	-	-	-	237,458
-	-	-	-	-	-	824,187
-	-	-	-	-	-	184,575
232,298	2,561,350	3,439,308	503,735	-	65,541	11,106,125
-	-	-	-	-	-	318,255
-	-	-	-	-	-	193,545
-	-	-	-	-	-	1,543,554
-	-	-	-	-	-	2,356,625
-	-	-	-	-	-	660,172
175,000	2,150,000	2,825,000	35,000	-	-	5,185,000
45,688	286,875	448,600	444,110	-	-	1,225,273
262	650	400	275	-	-	2,299
-	-	-	-	56,807	248,519	320,622
220,950	2,437,525	3,274,000	479,385	56,807	248,519	11,805,345
11,348	123,825	165,308	24,350	(56,807)	(182,978)	(699,220)
-	-	-	-	-	-	858,151
11,348	123,825	165,308	24,350	(56,807)	(182,978)	158,931
29,578	(41,535)	(131,530)	270,231	98,749	182,978	945,205
\$ 40,926	\$ 82,290	\$ 33,778	\$ 294,581	\$ 41,942	\$ -	\$ 1,104,136

Southfield Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2002

June 30	1992 Debt Principal	1993 Debt Principal	1994 Debt Principal	1999 Debt Principal
2003	\$ 200,000	\$ 2,300,000	\$ 2,875,000	\$ 150,000
2004	250,000	2,300,000	2,925,000	485,000
2005	-	-	-	905,000
2006	-	-	-	950,000
2007	-	-	-	990,000
2008	-	-	-	1,040,000
2009	-	-	-	1,085,000
2010	-	-	-	1,140,000
2011	-	-	-	1,195,000
2012	-	-	-	1,255,000
	<u>\$ 450,000</u>	<u>\$ 4,600,000</u>	<u>\$ 5,800,000</u>	<u>\$ 9,195,000</u>
Principal payments due	May 1	May 1	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	5.75% to 8.00%	4.25%	5.2% to 5.3%	4.3% to 5.1%
Original issue	<u>\$ 1,775,000</u>	<u>\$ 18,920,000</u>	<u>\$ 20,000,000</u>	<u>\$ 9,350,000</u>

**Statistical and Other Information
(Unaudited)**

Southfield Public Schools

	2001	2000	1999	1998
Estimated actual value of taxable property	\$ 5,951,813,026	\$ 5,631,515,532	\$ 5,477,464,940	\$ 5,230,971,456
Taxable valuation of property assessed in the Southfield School District:				
City of Southfield	\$ 2,828,931,783	\$ 2,677,221,901	\$ 2,606,070,365	\$ 2,486,999,908
City of Lathrup Village	146,138,290	137,731,335	131,868,805	127,704,810
Township of Southfield	836,440	804,530	793,300	781,010
Total taxable value	2,975,906,513	2,815,757,766	2,738,732,470	2,615,485,728
City of Southfield - TIFA & LDFA	(30,139,207)	(26,734,770)	(22,258,545)	(21,770,700)
Total	\$ 2,945,767,306	\$ 2,789,022,996	\$ 2,716,473,925	\$ 2,593,715,028
Tax rate (mills):				
General Fund	20.6494	20.7971	21.4051	21.6214
Debt Service Funds	2.2600	2.0000	2.2600	2.2600
Total tax rate (mills)	22.9094	22.7971	23.6651	23.8814
General Fund:				
Prior years:				
Levy	\$ -	\$ 58,649,320	\$ 58,289,189	\$ 56,418,416
Collected through June 30, 2001	-	(57,361,761)	(57,802,205)	(55,676,290)
July 1, 2001 uncollected tax	-	1,287,559	486,984	742,126
July 1, 2001 write-offs, refunds, and reserves	-	(1,287,559)	(486,984)	(742,126)
July 1, 2001 tax receivable	\$ -	\$ -	\$ -	\$ -
Current year:				
July 1, 2001 uncollected tax	\$ -	\$ 1,287,559	\$ 486,984	\$ 742,126
Levy	61,514,890	-	-	-
Collections through June 30, 2002	(60,197,995)	-	-	4,701
Refunds through June 30, 2002	-	(128,144)	(7,591)	-
June 30, 2002 uncollected tax	1,316,895	1,159,415	479,393	746,827
Write-offs, refunds, and reserves	(1,316,895)	(1,159,415)	(479,393)	(746,827)
June 30, 2002 net tax receivable	\$ -	\$ -	\$ -	\$ -
Debt Service Funds:				
Prior years:				
Levy	\$ -	\$ 5,668,954	\$ 6,198,625	\$ 5,918,834
Collected through June 30, 2001	-	(5,544,698)	(6,147,154)	(5,835,615)
July 1, 2001 uncollected tax	-	124,256	51,471	83,219
July 1, 2001 write-offs, refunds, and reserves	-	(124,256)	(51,471)	(83,219)
July 1, 2001 tax receivable	\$ -	\$ -	\$ -	\$ -
Current year:				
July 1, 2001 uncollected tax	\$ -	\$ 124,256	\$ 51,471	\$ 83,219
Levy	6,768,944	-	-	-
Collections through June 30, 2002	(6,622,507)	-	-	491
Refunds through June 30, 2002	-	(12,323)	(801)	-
June 30, 2002 uncollected tax	146,437	111,933	50,670	83,710
Write-offs, refunds, and reserves	(146,437)	(111,933)	(50,670)	(83,710)
June 30, 2002 net tax receivable	\$ -	\$ -	\$ -	\$ -

Ten-year Summary of Property Tax Data (Unaudited) Year Ended June 30, 2002

1997	1996	1995	1994	1993	1992
\$ 4,810,332,830	\$ 4,659,704,112	\$ 4,525,322,620	\$ 4,436,779,300	\$ 4,448,325,900	\$ 4,383,506,798
\$ 2,283,086,155	\$ 2,210,038,296	\$ 2,146,133,570	\$ 2,104,827,450	\$ 2,113,629,050	\$ 2,089,775,949
121,341,760	119,002,520	115,695,570	112,767,650	109,765,650	101,276,250
<u>738,500</u>	<u>811,240</u>	<u>832,170</u>	<u>794,550</u>	<u>768,250</u>	<u>701,200</u>
2,405,166,415	2,329,852,056	2,262,661,310	2,218,389,650	2,224,162,950	2,191,753,399
<u>(22,380,500)</u>	<u>(21,116,235)</u>	<u>(22,719,330)</u>	<u>(21,233,350)</u>	<u>(17,717,891)</u>	<u>(19,163,017)</u>
\$ 2,382,785,915	\$ 2,308,735,821	\$ 2,239,941,980	\$ 2,197,156,300	\$ 2,206,445,059	\$ 2,172,590,382
21.8840	21.8840	21.8840	21.8840	34.5026	34.8300
<u>2.3620</u>	<u>2.6100</u>	<u>2.6770</u>	<u>2.5000</u>	<u>1.2000</u>	<u>1.2000</u>
<u>24.2460</u>	<u>24.4940</u>	<u>24.5610</u>	<u>24.3840</u>	<u>35.7026</u>	<u>36.0300</u>
\$ 52,686,541	\$ 50,829,637	\$ 49,239,147	\$ 48,082,568	\$ 76,128,161	\$ 75,671,323
<u>(51,784,250)</u>	<u>(49,868,962)</u>	<u>(44,871,763)</u>	<u>(47,209,980)</u>	<u>(74,070,832)</u>	<u>(73,943,228)</u>
902,291	960,675	4,367,384	872,588	2,057,329	1,728,095
<u>(902,291)</u>	<u>(960,675)</u>	<u>(4,367,384)</u>	<u>(872,588)</u>	<u>(2,057,329)</u>	<u>(1,728,095)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 902,291	\$ 960,675	\$ 4,367,384	\$ 872,588	\$ 2,057,329	\$ 1,728,095
-	-	-	-	-	-
150	-	-	-	-	-
<u>-</u>	<u>(1,895)</u>	<u>(6,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>
902,441	958,780	4,361,211	872,588	2,057,329	1,728,095
<u>(902,441)</u>	<u>(958,780)</u>	<u>(4,361,211)</u>	<u>(872,588)</u>	<u>(2,057,329)</u>	<u>(1,728,095)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,710,753	\$ 6,086,113	\$ 6,012,049	\$ 5,492,891	\$ 2,649,862	\$ 2,508,645
<u>(5,604,062)</u>	<u>(5,964,270)</u>	<u>(5,715,418)</u>	<u>(5,407,100)</u>	<u>(2,596,510)</u>	<u>(2,457,468)</u>
106,691	121,843	296,631	85,791	53,352	51,177
<u>(106,691)</u>	<u>(121,843)</u>	<u>(296,631)</u>	<u>(85,791)</u>	<u>(53,352)</u>	<u>(51,177)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 106,691	\$ 121,843	\$ 296,631	\$ 85,791	\$ 53,352	\$ 51,177
-	-	-	-	-	-
16	-	-	-	-	-
<u>-</u>	<u>(226)</u>	<u>(755)</u>	<u>-</u>	<u>-</u>	<u>-</u>
106,707	121,617	295,876	85,791	53,352	51,177
<u>(106,707)</u>	<u>(121,617)</u>	<u>(295,876)</u>	<u>(85,791)</u>	<u>(53,352)</u>	<u>(51,177)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Southfield Public Schools

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Southfield Public Schools</u>	<u>City of Southfield</u>	<u>Oakland County Intermediate School District</u>
1993	1992	36.0300	16.3173	2.1836
1994	1993	35.7026	16.3173	2.1294
1995	1994	24.3840	16.4181	2.1294
1996	1995	24.5610	16.4621	2.1294
1997	1996	24.4940	16.4621	2.1294
1998	1997	24.2460	16.4621	2.1294
1999	1998	23.8814	18.5573	2.1208
2000	1999	23.6651	18.3504	2.0998
2001	2000	22.7971	18.7262	2.0752
2002	2001	22.9094	18.5405	3.4526
	Percent to total - 2001	40.0924	32.4466	6.0422

Note: City of Southfield rates are used in this schedule because its portion of the School District's assessed valuation is the largest. Comparative rates are provided for the City of Lathrup Village and Southfield Township (which includes Bingham Farms).

Ten-year Summary of Property Tax Rates
All Direct and Overlapping Governments (Unaudited)
(Rates per \$1,000 of Assessed Value)

Oakland County Operating Levy	Oakland County Community College	State of Michigan Education Tax	Total	City of Lathrup Village	Southfield Township
4.5720	1.0735	-	60.1764	19.36	5.77
4.9480	1.0522	-	60.1495	19.36	6.60
4.9480	0.8522	6.0000	54.7317	18.93	1.37
6.0130	0.8522	6.0000	56.0177	18.73	1.50
5.1780	1.6522	6.0000	55.9157	18.76	2.00
5.1480	1.6522	6.0000	55.6377	18.76	1.13
4.6564	1.6456	6.0000	56.8615	20.25	0.93
4.6522	1.6295	6.0000	56.3970	19.97	0.93
4.6478	1.6109	6.0000	55.8572	19.97	0.92
4.6438	1.5952	6.0000	57.1415	19.96	0.92
8.1268	2.7917	10.5002	100.0000	N/A	N/A

Southfield Public Schools

Taxable Valuation Data (Unaudited) June 30, 2002

Taxable Value - December 31, 2000

	City of Southfield	City of Lathrup Village	Township of Southfield	Total	Percent of Total Roll
General Operating					
Nonhomestead	\$ 1,853,832,999	\$ 32,435,835	\$ 132,630	\$ 1,886,401,464	63.39
Homestead	975,098,784	113,702,455	703,810	1,089,505,049	36.61
Total	2,828,931,783	146,138,290	836,440	2,975,906,513	<u>100.00</u>
Less TIFA and LDFA	(30,139,207)	-	-	(30,139,207)	
Total general operating	<u>\$ 2,798,792,576</u>	<u>\$146,138,290</u>	<u>\$ 836,440</u>	<u>\$ 2,945,767,306</u>	
Debt					
Nonhomestead	\$ 1,853,832,999	\$ 32,435,835	\$ 132,630	\$ 1,886,401,464	63.39
Homestead	975,098,784	113,702,455	703,810	1,089,505,049	36.61
Total	2,828,931,783	146,138,290	836,440	2,975,906,513	<u>100.00</u>
Less TIFA and LDFA	(23,651,900)	-	-	(23,651,900)	
Total debt	<u>\$ 2,805,279,883</u>	<u>\$146,138,290</u>	<u>\$ 836,440</u>	<u>\$ 2,952,254,613</u>	

Source: Municipal Assessing Offices and Oakland County Equalization Department

Southfield Public Schools

Assessed Valuation Data (Unaudited) June 30, 2002

Principal Taxpayers	Assessed Valuation of Real and Personal Property at December 31, 2000*	
	Amount	(Percent)
BRE Southfield, LLC	\$ 113,520,000	3.81
FCN Associates-Galleria III	50,315,220	1.69
TTERTT Associates, LLC	50,145,450	1.69
Detroit Edison	43,660,480	1.47
Ameritech Services Inc.	34,445,120	1.16
Liberty Properties	33,288,320	1.12
Allied Phase One Venture	29,969,260	1.01
Hartman & Tyner Inc.	29,286,280	0.98
American Center Acquisition	26,051,360	0.88
Ramco-Gershenson Inc.	20,704,970	0.70
Teachers MI Property Inc.	19,342,220	0.65
Star Southfield Center, LLC	19,342,140	0.65
Wilmington Trust Company	18,834,830	0.63
Franklin Park Towers	18,800,550	0.63
SLT Southfield	18,720,720	0.63
DaimlerChrysler Services	17,557,490	0.59
GP Northland	17,279,960	0.58
Maccabees Mutual Inc.	16,583,650	0.56
Rosin & Rosin	16,457,650	0.55
Nippondenso Sales Inc.	15,648,440	0.52
Total principal taxpayers	609,954,110	20.50
Balance of Southfield Public Schools valuations	2,365,952,403	79.50
Total	\$ 2,975,906,513	100.00

* Valuations do not reflect adjustments from Board of Review appeals and Michigan Tax Tribunal decisions. The December 31, 2000 valuations, used for the 2001 tax year levy, are the basis of the School District's 2002 fiscal year tax revenue.

Data Source: City of Southfield Assessor's Office

Southfield Public Schools

Ten-year Summary of Annual Construction by Category (Unaudited) City of Southfield

Calendar Year	Commercial and Industrial		Residential			
			Multifamily		Single Family	
	Number of Units	Value	Number of Units	Value	Number of Units	Value
1993	5	\$ 8,787,862	-	\$ -	12	\$ 1,459,808
1994	3	1,865,000	-	-	24	2,319,532
1995	2	12,622,075	-	-	18	1,904,503
1996	7	27,425,000	2	390,705	31	3,095,007
1997	4	11,291,063	1	1,604,813	18	2,202,373
1998	6	7,931,405	2	12,820,721	33	3,593,537
1999	14	13,598,905	4	2,641,000	17	1,972,622
2000	2	2,750,000	8	3,132,617	39	4,815,810
2001	11	50,150,000	12	4,780,088	24	3,233,946
2002	6	7,042,200	15	7,694,664	23	3,746,725

Data source: City of Southfield Building, Housing, and Redevelopment Report

Southfield Public Schools

Schedule of Direct and Overlapping Debt (Unaudited) June 30, 2002

	Gross Debt	Percent	School District Portion of Outstanding Debt Principal	Debt Principal per Capita (Pop. 78,296)	Percent of Taxable Valuation (\$2,975,906,513) *
Direct Debt - General					
Obligation Bonds	\$ 20,045,000	100.00	\$ 20,045,000	\$ 256	0.67
Overlapping Debt					
City of Southfield	49,922,896	93.10	46,478,216	594	1.56
City of Lathrup Village	4,474,233	100.00	4,474,233	57	0.15
Township of Southfield	-	0.10	-	-	-
County of Oakland	71,932,318	6.26	4,502,963	58	0.15
Oakland ISD	425,000	6.39	27,158	-	-
Oakland County Community College	13,895,000	6.37	885,112	11	0.03
Total overlapping debt	<u>140,649,447</u>		<u>56,367,682</u>	<u>720</u>	<u>1.89</u>
Total direct and overlapping debt	<u>\$ 160,694,447</u>		<u>\$ 76,412,682</u>	<u>\$ 976</u>	<u>2.56</u>

* State equalized as of December 31, 2000. This valuation is for the 2001 tax year, which is the 2002 fiscal year tax base for Southfield Public Schools.

Southfield Public Schools

Schedule of Legal Debt Margin (Unaudited) June 30, 2002

Taxable value - December 31, 2000*	<u>\$ 2,975,906,513</u>
Statutory bonding limit - 15% of taxable value	\$ 446,385,977
June 30, 2002 - General obligation bonds outstanding	<u>20,045,000</u>
Additional debt which could be legally incurred	<u>\$ 426,340,977</u>

* Taxable valuations as of December 31, 2000. This valuation is for the 2001 tax year, which is the 2002 fiscal year tax base for Southfield Public Schools.

Southfield Public Schools

Ten-year Comparison of Debt Service Funds Expenditures to General Fund Expenditures and Other Uses (Unaudited)

Fiscal Year	Total Expenditures and Other Uses		Percentage of Debt Service Funds Expenditures to General Fund Expenditures and Other Uses
	Total Debt Service Funds	General Fund	
1993	\$ 3,792,472	\$ 81,476,988	4.65
1994	4,093,900	74,227,130	5.52
1995	5,903,923	79,482,472	7.43
1996	5,830,859	87,068,364	6.70
1997	5,907,564	89,305,117	6.62
1998	5,762,125	100,371,862	5.74
1999	5,898,325	97,651,134	6.04
2000	6,555,847	102,292,078	6.41
2001	6,273,283	109,080,495	5.75
2002	6,411,860	111,068,508	5.77

Southfield Public Schools

Ten-year Comparison of Bonded Debt to State Equalized Valuation/Taxable Value* and Population (Unaudited)

Fiscal Year	Ten-year Schedule		Percent of Bonded Debt to State Equalized Valuation/Taxable Value*	Estimated	
	Bonded Debt	State Equalized Valuation/Taxable Value *		Population	Per Capita Debt
1993	\$ 13,800,000	\$ 2,191,753,399	0.63	75,728 (A)	\$ 182
1994	50,820,000	2,224,162,950	2.28	75,728 (A)	671
1995	47,500,000	2,218,389,650	2.14	75,728 (A)	627
1996	44,000,000	2,262,661,310	1.94	75,728 (A)	581
1997	40,250,000	2,329,852,056	1.73	75,728 (A)	532
1998	36,475,000	2,405,166,415	1.52	75,728 (A)	482
1999	32,400,000	2,615,485,728	1.24	75,728 (A)	428
2000	30,040,000	2,738,732,470	1.10	75,728 (A)	397
2001	25,230,000	2,815,757,766	0.90	78,296 (B)	322
2002	20,045,000	2,975,906,513	0.67	78,296 (B)	256

* For 1995 and later years, State Equalized Valuation changed to Taxable Value. Taxable valuations as of December 31, 2000. This valuation is for the 2001 tax year, which is the 2002 fiscal year tax base for Southfield Public Schools.

(A) Population per the 1990 Census

(B) Population per the 2000 Census

Southfield Public Schools

	2002	2001	2000	1999
Revenues and Other Financing Sources				
Local sources:				
Property taxes	\$ 61,514,890	\$ 58,260,907	\$ 57,998,668	\$ 55,910,281
Other	627,084	3,283,242	3,472,201	2,716,275
State sources	46,086,582	41,318,680	41,519,303	38,606,404
Federal sources	231,677	-	122,670	527,488
Intermediate sources	3,948,294	352,245	470,115	308,322
Other financing sources	643,570	573,476	164,214	54,254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues and other financing sources	<u>\$ 113,052,097</u>	<u>\$ 103,788,550</u>	<u>\$ 103,747,171</u>	<u>\$ 98,123,024</u>
Expenditures				
Instruction	\$ 62,926,934	\$ 60,891,346	\$ 58,918,234	\$ 55,168,276
Pupil support	13,946,304	14,300,963	12,150,848	10,374,506
Administration	8,681,103	8,091,401	8,791,347	8,154,329
Operations	24,214,252	24,480,331	22,144,024	21,611,690
Community services	307,589	215,115	287,625	256,057
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 110,076,182</u>	<u>\$ 107,979,156</u>	<u>\$ 102,292,078</u>	<u>\$ 95,564,858</u>

**Ten-year Schedule of General Fund Revenues and Other
Financing Sources and Expenditures (Unaudited)**

1998	1997	1996	1995	1994	1993
\$ 52,157,657	\$ 50,054,966	\$ 48,420,782	\$ 46,697,944	\$ 72,454,309	\$ 72,825,584
2,366,020	2,366,536	1,935,460	1,784,561	1,157,615	2,336,901
46,564,097	38,850,651	36,121,063	33,873,387	1,495,512	43,377
508,550	502,739	-	-	-	565
122,902	67,817	167,148	-	384,313	686,371
982,590	49,762	48,000	1,073,035	48,520	449,096
<u>\$ 102,701,816</u>	<u>\$ 91,892,471</u>	<u>\$ 86,692,453</u>	<u>\$ 83,428,927</u>	<u>\$ 75,540,269</u>	<u>\$ 76,341,894</u>
\$ 53,443,738	\$ 53,458,470	\$ 52,368,154	\$ 47,087,269	\$ 42,615,726	\$ 44,240,084
9,269,678	7,967,309	7,799,722	8,109,205	6,426,384	7,794,681
8,183,927	7,519,500	7,201,510	5,549,202	6,100,213	6,498,215
20,792,515	18,665,704	17,871,909	17,182,572	16,755,444	20,508,863
231,046	214,167	205,173	102,165	81,841	477,074
<u>\$ 91,920,904</u>	<u>\$ 87,825,150</u>	<u>\$ 85,446,468</u>	<u>\$ 78,030,413</u>	<u>\$ 71,979,608</u>	<u>\$ 79,518,917</u>

Southfield Public Schools

Ten-year Comparison of General Fund Balance to General Fund Expenditures and Other Uses (Unaudited)

<u>Fiscal Year</u>	<u>Fund Balance</u>	<u>Expenditures and Other Uses</u>	Fund Balance as a Percentage of Expenditures and Other Uses
1993	\$ 4,371,830	(A) \$ 81,476,988	5.37
1994	5,739,988	74,227,130	7.73
1995	9,686,443	79,482,472	12.19
1996	9,310,532	87,068,364	10.69
1997	13,133,264	89,305,117	14.71
1998	15,463,218	100,371,862	(B) 15.41
1999	22,236,393	97,651,134	22.77
2000	22,513,441	103,470,723	21.76
2001	17,221,496	109,080,495	15.79
2002	19,205,085	111,068,508	17.29

(A) Balance is subsequent to residual equity transfer from the Internal Service Fund.

(B) This amount includes a \$5,937,350 transfer to the Capital Projects Fund, which consists of the proceeds from the Durant Case settlement.

Southfield Public Schools

Sick Leave Data (Unaudited) June 30, 2002

Under existing negotiated contracts, sick leave was earned and accumulated and vested as follows:

Group	Days Advanced Per Year	Maximum Accumulation
Teachers	14	No limit No payout provision
Administrators	20	No limit Administrators hired before June 30, 1993 receive payment at the time of retirement at the rate of .003 of current salary to a maximum total retirement payment of 66% of current salary.
Secretaries:		
12 months	18	No limit
Less than 12 months	16	Payment upon retirement for up to 60 accumulated days in excess of 80 days at \$20 per day
Other noncertified employees:		
10 months	15	No limit
12 months	18	Payment upon retirement after 15 years of up to 60 accumulated days in excess of 80 days at \$20 per day

Southfield Public Schools

Central Sick Bank (Unaudited) June 30, 2002

Under existing negotiated contracts, Central Sick Bank provisions are as follows:

Teachers

Each teacher, upon initial employment, deposits one (1) leave day from his/her individual sick leave bank. Each year, the Board shall deposit in the Sick Leave Bank, to the extent available, a sufficient number of unused leave days of teachers who terminate their employment with the School District in order to maintain a level of one (1) day for each employee in the bargaining unit. Withdrawals may be made from the bank upon written application to the Leave Day Committee by a teacher who has exhausted his/her own leave days.

Administrators

Each administrator shall deposit three (3) leave days from his/her individual bank upon initial employment. Cumulative unused leave days of administrators upon termination of employment shall be deposited to the Central Sick Bank.

Withdrawals may be made from the bank upon written application to the Sick Bank Committee by an administrator who has exhausted his/her own leave days. Administrators may draw upon this bank until they are eligible, after 120 days, for long-term disability protection.

Secretaries

After one full year of employment, any secretary who has exhausted accumulated leave days may apply to a Sick Leave Bank. The Sick Leave Bank is established by each secretary depositing one (1) leave day from his/her initial individual accumulation. The Board shall deposit days in the Sick Leave Bank in order to maintain a level one (1) day for each employee in the bargaining unit at the beginning of each school year.

Other Noncertified Employees

Any employee who has exhausted his/her accumulated leave days may apply to a Sick Leave Bank. The Sick Leave Bank is established by each employee depositing two (2) days per year. The Board shall deposit days in the Sick Leave Bank in order to maintain a level of one (1) day for each employee in the bargaining unit at the beginning of each school year.

Southfield Public Schools

Insurance Data (Unaudited) June 30, 2002

MAISL Joint Risk Management Trust

Coverage term July 1, 2001 to June 30, 2002

Property	Limit
Building and personal property (100% scheduled replacement values) - \$1,000 deductible -	
Building and contents	\$600,000,000: \$1,000 deductible
Automatic Builders Risk coverage	\$10,000,000/occurrence
Flood - Annual trust/aggregate	\$7,500,000: \$1,000 deductible
Earthquake - Annual trust/aggregate	\$20,000,000: \$1,000 deductible
Electronic data processing equipment	Replacement cost
Electronic data processing media	Actual cost
Electronic data processing extra expense	Actual cost
Employee personal property	\$2,500 per employee
<u>General and Business Auto Liability</u>	
Nonautomotive	\$1,000,000/occurrence
Self-insured retention	\$500,000
Excess liability	\$10,000,000 aggregate
Boiler and machinery	\$50,000,000/occurrence: \$1,000 deductible
Automotive:	
Liability accident or loss	\$1,000,000/occurrence
Comprehensive	Actual cash value: \$1,000 deductible
Collision	Actual cash value: \$1,000 deductible
Uninsured motorist	\$1,000,000/occurrence
<u>Crime Coverage</u>	
Public employee dishonesty	\$500,000/occurrence
Loss of money or securities inside or outside premises	\$500,000 - Inside \$500,000 - Outside
Depositors forgery coverage	\$350,000
<u>Storage Tank Liability</u>	
Coverage term November 1, 2000 to October 31, 2001	
Policy limits:	
Liability	\$1,000,000/occurrence
Annual aggregate	\$1,000,000

Southfield Public Schools

Insurance Data (Unaudited) (Continued) June 30, 2002

MAISL Joint Risk Management Trust (Continued)

Garage Liability and High School Auto Shops	Limit
Policy limits:	
Liability	\$1,000,000/occurrence
Comprehensive	Actual cash value: \$1,000 deductible
Collision	Actual cash value: \$1,000 deductible
Excess auto	\$10,000,000/occurrence
<hr/>	
Board of Education Liability - Errors and Omissions	
Liability	\$1,000,000/occurrence-aggregate \$25,000 deductible
Excess School Board Legal Liability	\$4,000,000/occurrence-aggregate \$50,000 deductible

MAISL Workers' Compensation Fund

Coverage term October 1, 2001 to September 30, 2002

Policy limits:	
Specific loss retention	\$250,000/occurrence
Annual aggregate loss fund	\$1,655,912/pool
Aggregate loss fund protection - Safety National	\$5,000,000
Employers Liability Limit	\$1,000,000

Southfield Public Schools

Summary of Owned Buildings and Sites (Unaudited) June 30, 2002

	<u>Pupil Capacity</u>		<u>Teaching Stations</u>	<u>Building Square Footage</u>	<u>Site Acreage</u>
	<u>Maximum</u>	<u>Actual</u>			
Instructional					
Elementary schools:					
Adler	550	365	22	49,430	6
Brace/Lederle	1,175	572	47	117,960	17
Eisenhower	575	413	23	54,776	14
Kennedy and Southfield Education Center	525	398	21	65,340	7
Leonhard	650	470	26	60,864	8
MacArthur	500	446	20	47,760	10
McIntyre	575	423	23	51,440	7
Schoenhals	525	415	21	52,774	7
Stevenson	550	429	22	49,996	8
Vandenberg	475	391	19	45,350	10
Total	6,100	4,322	244	595,690	94
Middle schools:					
Birney	1,200	779	48	119,927	19
Levey	900	766	36	104,000	15
Thompson	950	645	38	98,511	13
Total	3,050	2,190	122	322,438	47
High schools:					
Arthur Ashe Academy	125	92	8	10,560	1
Southfield High School	2,688	1,326	108	394,037	44
Southfield Lathrup High School	3,038	1,456	106	302,660	42
Total	5,851	2,874	222	707,257	87
Pre-primary - Dr. Harold I. Bussey Center	550	440	22	37,800	8
Total instructional	<u>15,551</u>	<u>9,826</u>	<u>610</u>	<u>1,663,185</u>	<u>236</u>
Noninstructional					
John W. English Administrative Center				36,855	21
Vacant sites				-	69
Total non-instructional				<u>36,855</u>	<u>90</u>

Southfield Public Schools

Ten-year Summary of Building Sales (Unaudited) June 30, 2002

Land Contracts		
Building	Purchaser and Terms	Sales Price
Lathrup	Yeshivat Akiva - Contract paid off 11/10/92	\$ 411,620
McKinley	Academy of Detroit North - Contract paid off 11/05/98	325,000

Southfield Public Schools

Full-time Equivalent Enrollment (Unaudited)

<u>School Year</u>	<u>Total Enrollment</u>
2001-02	9,738
2000-01	9,439
1999-00	9,572
1998-99	9,636
1997-98	9,439

Note: Actual enrollment figures per State of Michigan State Aid blended count

Southfield Public Schools

Ten-year Summary of Demographic Statistics City of Southfield (Unaudited)

Year	Estimated Population	Per Capita Income (B)	Estimated Median Age	Unemployment Rate (C)	Retail Sales (A) (\$000)
1993	75,728	\$ 23,519	37.6	6.40	\$ 1,751,546
1994	75,728	26,718	38.1	4.90	2,035,911
1995	75,728	29,959	38.5	4.30	2,040,293
1996	75,728	30,438	34.7	4.00	2,072,938
1997	75,728	23,040	35.5	4.10	1,986,170
1998	75,728	23,765	36.1	3.60	2,005,945
1999	75,728	24,249	37.2	3.00	2,118,796
2000	75,728	25,291	36.4	2.50	2,800,830
2001	78,296	27,023	36.8	4.60	2,794,128
2002	78,296	23,023	37.6	5.10	2,764,128

(A) Survey of Buying Power: Sales & Marketing Management; New York, N.Y. (latest available figures)

(B) Per capita income is SMM's effective buying income divided by the population estimate

(C) Michigan Employment Security Agency