



**SCHOOL DISTRICT OF THE CITY OF DETROIT**

**General Purpose Financial Statements  
and Other Financial Information**

June 30, 2000

(With Independent Auditors' Report Thereon)

# SCHOOL DISTRICT OF THE CITY OF DETROIT

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## Independent Auditors' Report

The Chief Executive Officer and the School Reform Board  
School District of the City of Detroit, Michigan:

We have audited the accompanying general purpose financial statements of the School District of the City of Detroit, Michigan (the "District") as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's administration. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 the District's administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the balance sheet of the General Fixed Assets Account Group of the District (see note 2) and express no opinion thereon.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School District of the City of Detroit, Michigan as of June 30, 2000 and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and statistical data listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

**KPMG LLP**

November 7, 2000



**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 2000

	Governmental fund types			Fiduciary fund type	Account groups			Totals (memorandum only)
	General	Capital Projects	Debt Service		Trust and Agency	General		
						Long-term Debt	Fixed Assets (unaudited)	
<b>Assets and Other Debits</b>								
Cash (note 3)	\$ 3,798,152	—	—	120,389	—	—	—	3,918,541
Investments (note 3)	76,547,623	252,803,089	1,969,506	5,932,473	—	—	—	337,252,691
Receivables:								
Due from primary government – current	1,500,000	—	2,148,630	—	—	—	—	3,648,630
Due from primary government – delinquent	42,892,494	—	15,536,919	—	—	—	—	58,429,413
Due from other governmental units (note 1)	252,081,506	—	—	—	—	—	—	252,081,506
Other	3,675,015	1,868,153	881	—	—	—	—	5,544,049
Due from other funds	58,206,936	6,844	8,938,162	235	—	—	—	67,152,177
Inventory	7,420,985	—	—	—	—	—	—	7,420,985
Amount available in Debt Retirement Fund	—	—	—	—	12,411,973	—	—	12,411,973
Amount to be provided for retirement of general long-term debt	—	—	—	—	689,317,551	—	—	689,317,551
Land	—	—	—	—	—	99,833,829	—	99,833,829
Buildings	—	—	—	—	—	775,426,496	—	775,426,496
Equipment	—	—	—	—	—	172,595,209	—	172,595,209
<b>Total assets and other debits</b>	<b>\$ 446,122,711</b>	<b>254,678,086</b>	<b>28,594,098</b>	<b>6,053,097</b>	<b>701,729,524</b>	<b>1,047,855,534</b>	<b>—</b>	<b>2,485,033,050</b>

(Continued)

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 2000

	Governmental fund types			Fiduciary fund type	Account groups			Totals (memorandum only)
	General	Capital Projects	Debt Service		General		Fixed Assets (unaudited)	
					Long-term Debt	General Assets (unaudited)		
<b>Liabilities, Fund Balances, and Other Credits</b>				<b>Trust and Agency</b>				
Liabilities:								
Accounts payable	\$ 32,558,344	8,896,616	—	—	—	—	41,454,960	
Accrued salaries and wages	31,774,569	—	—	—	—	—	31,774,569	
Compensated absences (notes 4 and 6)	7,180,555	—	—	—	125,946,048	—	133,126,603	
Workers' compensation (notes 5 and 6)	1,681,285	—	—	—	46,026,874	—	47,708,159	
Deferred revenue (note 1):								
Unexpended restricted funds	39,321,122	—	—	—	—	—	39,321,122	
Delinquent property taxes	42,892,494	—	15,536,919	—	—	—	58,429,413	
Due to other funds	63,640,888	1,269,902	644,006	1,597,381	—	—	67,152,177	
Due to primary government (note 10)	4,795,501	—	—	—	—	—	4,795,501	
Due to other governments	180,000	—	—	—	—	—	180,000	
Notes payable (note 6)	110,660,225	—	—	—	2,169,952	—	112,830,177	
Bonds payable (note 6)	—	—	—	—	478,006,512	—	478,006,512	
Capital leases (notes 6 and 7)	—	—	—	—	7,317,367	—	7,317,367	
Other	7,109,711	—	1,200	4,455,716	42,262,771	—	53,829,398	
<b>Total liabilities</b>	<b>341,794,694</b>	<b>10,166,518</b>	<b>16,182,125</b>	<b>6,053,097</b>	<b>701,729,524</b>	<b>—</b>	<b>1,075,925,958</b>	
Fund balance (note 9):								
Investment in general fixed assets	—	—	—	—	—	1,047,855,534	1,047,855,534	
Reserve for inventories	7,420,985	—	—	—	—	—	7,420,985	
Reserve for encumbrances	10,684,801	231,759,921	12,411,973	—	—	—	254,856,695	
Designated for arbitrage rebate	—	12,751,647	—	—	—	—	12,751,647	
Designated for litigation	29,805,000	—	—	—	—	—	29,805,000	
Designated for wage arbitration	1,587,117	—	—	—	—	—	1,587,117	
Designated for workers' compensation	24,550,000	—	—	—	—	—	24,550,000	
Undesignated/unreserved	30,280,114	—	—	—	—	—	30,280,114	
<b>Total fund balance</b>	<b>104,328,017</b>	<b>244,511,568</b>	<b>12,411,973</b>	<b>—</b>	<b>—</b>	<b>1,047,855,534</b>	<b>1,409,107,092</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 446,122,711</b>	<b>254,678,086</b>	<b>28,594,098</b>	<b>6,053,097</b>	<b>701,729,524</b>	<b>1,047,855,534</b>	<b>2,485,033,050</b>	

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances – All Governmental Fund Types

Year ended June 30, 2000

	Governmental fund types			Totals (memorandum only)
	General	Capital Projects	Debt Service	
Revenues:				
General operations:				
Local sources:				
Property taxes (note 1)	\$ 71,925,327	—	35,885,446	107,810,773
Tuition	232,169	—	—	232,169
Investment earnings	7,140,951	15,022,314	416,724	22,579,989
State aid (note 1)	1,046,920,520	—	7,413,321	1,054,333,841
Special education millage	53,305,293	—	—	53,305,293
Revenues from federal and state sources	24,381,887	—	—	24,381,887
Other	8,635,385	—	—	8,635,385
	<u>1,212,541,532</u>	<u>15,022,314</u>	<u>43,715,491</u>	<u>1,271,279,337</u>
Special program operations (note 1):				
Education Consolidation and Improvement Act I	84,218,687	—	—	84,218,687
Education Consolidation and Improvement Act II	2,988,638	—	—	2,988,638
Job Training Partnership Act	2,650,336	—	—	2,650,336
At Risk	75,877,780	—	—	75,877,780
Vocational education	3,953,578	—	—	3,953,578
Economic Opportunity and Community Partnership Act of 1974	8,142,844	—	—	8,142,844
Handicapped programs and other special needs	8,615,514	—	—	8,615,514
Other:				
Federal	18,583,098	—	—	18,583,098
State	9,509,153	—	—	9,509,153
Local and private	3,928,642	—	—	3,928,642
	<u>218,468,270</u>	<u>—</u>	<u>—</u>	<u>218,468,270</u>
Auxiliary operations:				
Food services	35,985,388	—	—	35,985,388
Community use of schools and interscholastic athletics	1,116,774	—	—	1,116,774
	<u>37,102,162</u>	<u>—</u>	<u>—</u>	<u>37,102,162</u>
Total revenues	<u>1,468,111,964</u>	<u>15,022,314</u>	<u>43,715,491</u>	<u>1,526,849,769</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances -- All Governmental Fund Types

Year ended June 30, 2000

	Governmental fund types			Totals (memorandum only)
	General	Capital Projects	Debt Service	
<b>Expenditures:</b>				
<b>Instruction:</b>				
Elementary schools	\$ 203,252,499	—	—	203,252,499
Middle schools	76,319,345	—	—	76,319,345
High schools	73,661,095	—	—	73,661,095
Other basic programs	2,137,649	—	—	2,137,649
Special education	131,292,256	—	—	131,292,256
Vocational education	20,959,825	—	—	20,959,825
Adult education	8,333,049	—	—	8,333,049
Other instructional expenses	21,712,177	—	—	21,712,177
	<u>537,667,895</u>	<u>—</u>	<u>—</u>	<u>537,667,895</u>
<b>Special program operations (note 1):</b>				
Education Consolidation and Improvement Act I	66,408,610	—	—	66,408,610
Education Consolidation and Improvement Act II	2,391,942	—	—	2,391,942
Job Training Partnership Act	1,900,577	—	—	1,900,577
At Risk	59,565,769	—	—	59,565,769
Vocational education	3,294,546	—	—	3,294,546
Economic Opportunity and Community Partnership Act of 1974	6,199,916	—	—	6,199,916
Handicapped programs and other special needs	6,936,848	—	—	6,936,848
<b>Other:</b>				
Federal	14,550,664	—	—	14,550,664
State	7,409,298	—	—	7,409,298
Local and private	2,896,707	—	—	2,896,707
	<u>171,554,877</u>	<u>—</u>	<u>—</u>	<u>171,554,877</u>
<b>Supporting services:</b>				
Pupil services	19,452,659	—	—	19,452,659
Instructional staff support services	20,926,121	—	—	20,926,121
General administration	3,797,747	—	—	3,797,747
School administration	90,880,414	—	—	90,880,414
Fiscal services	36,341,132	—	—	36,341,132
Operation and maintenance of facilities	167,027,125	—	—	167,027,125
Pupil transportation	40,606,773	—	—	40,606,773
Other support services	48,660,788	—	—	48,660,788
	<u>427,692,759</u>	<u>—</u>	<u>—</u>	<u>427,692,759</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances -- All Governmental Fund Types

Year ended June 30, 2000

	Governmental fund types			Totals (memorandum only)
	General	Capital Projects	Debt Service	
Expenditures, cont.:				
Auxiliary operations:				
Food services	\$ 29,980,707	—	—	29,980,707
Community use of schools and interscholastic athletics	4,625,837	—	—	4,625,837
	<u>34,606,544</u>	<u>—</u>	<u>—</u>	<u>34,606,544</u>
Other expenditures:				
Employee benefits	281,689,188	—	—	281,689,188
Miscellaneous	560,403	—	—	560,403
	<u>282,249,591</u>	<u>—</u>	<u>—</u>	<u>282,249,591</u>
Capital outlay	24,971,635	92,914,104	—	117,885,739
Debt service:				
Principal retirement	—	—	31,916,959	31,916,959
Payment of interest and agent fees	—	—	23,494,924	23,494,924
	<u>—</u>	<u>—</u>	<u>55,411,883</u>	<u>55,411,883</u>
Total expenditures	<u>1,478,743,301</u>	<u>92,914,104</u>	<u>55,411,883</u>	<u>1,627,069,288</u>
Deficiency of revenues under expenditures	(10,631,337)	(77,891,790)	(11,696,392)	(100,219,519)
Fund balances at July 1, 1999	<u>114,959,354</u>	<u>322,403,358</u>	<u>24,108,365</u>	<u>461,471,077</u>
Fund balances at June 30, 2000	<u>\$ 104,328,017</u>	<u>244,511,568</u>	<u>12,411,973</u>	<u>361,251,558</u>

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
Revenues:			
General operations:			
Local sources:			
Property taxes	\$ 76,584,936	71,925,327	(4,659,609)
Tuition	605,771	232,169	(373,602)
Investment earnings	8,000,000	7,140,951	(859,049)
State aid	1,062,192,464	1,046,920,520	(15,271,944)
Special education millage	53,305,293	53,305,293	—
Revenues from federal and state sources	28,517,219	24,381,887	(4,135,332)
Other	13,849,879	8,635,385	(5,214,494)
	<u>1,243,055,562</u>	<u>1,212,541,532</u>	<u>(30,514,030)</u>
Special program operations:			
Education Consolidation and Improvement Act I	109,566,605	84,218,687	(25,347,918)
Education Consolidation and Improvement Act II	3,892,063	2,988,638	(903,425)
Job Training Partnership Act	3,098,217	2,650,336	(447,881)
At Risk	89,676,217	75,877,780	(13,798,437)
Vocational education	4,690,573	3,953,578	(736,995)
Economic Opportunity and Community Partnership Act of 1974	7,254,070	8,142,844	888,774
Handicapped programs and other special needs	13,448,365	8,615,514	(4,832,851)
Other:			
Federal	32,329,438	18,583,098	(13,746,340)
State	11,162,483	9,509,153	(1,653,330)
Local and private	8,234,320	3,928,642	(4,305,678)
	<u>283,352,351</u>	<u>218,468,270</u>	<u>(64,884,081)</u>
Auxiliary operations:			
Food services	37,744,918	35,985,388	(1,759,530)
Community use of schools and interscholastic athletics	6,694,061	1,116,774	(5,577,287)
	<u>44,438,979</u>	<u>37,102,162</u>	<u>(7,336,817)</u>
Total revenues	<u>1,570,846,892</u>	<u>1,468,111,964</u>	<u>(102,734,928)</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Elementary schools	\$ 200,262,361	203,252,499	2,990,138
Middle schools	75,743,429	76,319,345	575,916
High schools	68,833,823	73,661,095	4,827,272
Other basic programs	7,440,521	2,137,649	(5,302,872)
Special education	144,592,248	131,292,256	(13,299,992)
Vocational education	21,342,415	20,959,825	(382,590)
Adult education	13,116,100	8,333,049	(4,783,051)
Other instructional expenses	585,498	21,712,177	21,126,679
	<u>531,916,395</u>	<u>537,667,895</u>	<u>5,751,500</u>
<b>Special program operations:</b>			
Education Consolidation and Improvement Act I	88,708,453	66,408,610	(22,299,843)
Education Consolidation and Improvement Act II	3,088,907	2,391,942	(696,965)
Job Training Partnership Act	2,523,716	1,900,577	(623,139)
At Risk	70,547,262	59,565,769	(10,981,493)
Vocational education	3,815,411	3,294,546	(520,865)
Economic Opportunity and Community Partnership Act of 1974	5,772,853	6,199,916	427,063
Handicapped programs and other special needs	10,709,102	6,936,848	(3,772,254)
<b>Other:</b>			
Federal	25,216,880	14,550,664	(10,666,216)
State	8,654,620	7,409,298	(1,245,322)
Local and private	7,432,606	2,896,707	(4,535,899)
	<u>226,469,810</u>	<u>171,554,877</u>	<u>(54,914,933)</u>
<b>Supporting services:</b>			
Pupil services	20,252,064	19,452,659	(799,405)
Instructional staff support services	26,497,270	20,926,121	(5,571,149)
General administration	5,334,349	3,797,747	(1,536,602)
School administration	96,226,272	90,880,414	(5,345,858)
Fiscal services	38,941,255	36,341,132	(2,600,123)
Operation and maintenance of facilities	162,274,652	167,027,125	4,752,473
Pupil transportation	43,243,923	40,606,773	(2,637,150)
Other support services	73,259,262	48,660,788	(24,598,474)
	<u>466,029,047</u>	<u>427,692,759</u>	<u>(38,336,288)</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

General Fund

Statement of Revenues, Expenditures, and  
Changes in Fund Balances – Budget and Actual

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
Expenditures, cont.:			
Auxiliary operations:			
Food services	\$ 32,305,925	29,980,707	(2,325,218)
Community use of schools and interscholastic athletics	<u>7,835,569</u>	<u>4,625,837</u>	<u>(3,209,732)</u>
	<u>40,141,494</u>	<u>34,606,544</u>	<u>(5,534,950)</u>
Other expenditures:			
Employee benefits	274,286,094	281,689,188	7,403,094
Miscellaneous	<u>641,827</u>	<u>560,403</u>	<u>(81,424)</u>
	<u>274,927,921</u>	<u>282,249,591</u>	<u>7,321,670</u>
Capital outlay	<u>31,362,225</u>	<u>24,971,635</u>	<u>(6,390,590)</u>
Total expenditures	<u>1,570,846,892</u>	<u>1,478,743,301</u>	<u>(92,103,591)</u>
Deficiency of revenues under expenditures	\$ <u>          —</u>	<u>(10,631,337)</u>	<u>(10,631,337)</u>
 Fund balances at July 1, 1999		<u>114,959,354</u>	
Fund balances at June 30, 2000		\$ <u><u>104,328,017</u></u>	

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Debt Service Funds

Combined Statement of Revenues, Expenditures,  
and Change in Fund Balance – Budget and Actual

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
Revenues:			
Property taxes	\$ 34,252,751	35,885,446	1,632,695
Revenues from state and federal sources	—	7,413,321	7,413,321
Investment earnings	1,185,373	416,724	(768,649)
	<u>35,438,124</u>	<u>43,715,491</u>	<u>8,277,367</u>
Total revenues			
Expenditures:			
Principal retirement	27,037,900	31,916,959	4,879,059
Payment of interest and agent fees	27,734,000	23,494,924	(4,239,076)
	<u>54,771,900</u>	<u>55,411,883</u>	<u>639,983</u>
Total expenditures			
	(19,333,776)	(11,696,392)	7,637,384
Prior year surplus	19,333,776	—	(19,333,776)
	<u>19,333,776</u>	<u>—</u>	<u>(19,333,776)</u>
Deficiency of revenues under expenditures	\$ —	(11,696,392)	(11,696,392)
Fund balances at July 1, 1999		24,108,365	
Fund balances at June 30, 2000		\$ <u>12,411,973</u>	

# SCHOOL DISTRICT OF THE CITY OF DETROIT

## Notes to the Financial Statements

June 30, 2000

### (1) Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of the general purpose financial statements of the School District of the City of Detroit (the "District").

#### (a) *Basis of Accounting*

The accounts of the District are maintained using the flow-of-current-financial-resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., they are "measurable and available"). "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Unmatured interest on general long-term debt is recognized when due.

#### (b) *Reporting Entity*

The District is a statutory public body created by the State of Michigan, and functions under the provisions of the Michigan School Code. The general purpose financial statements include all of the funds and account groups of the District and all activities considered to be part of or controlled by the District.

In fiscal 1999, the Michigan Legislature enacted Public Act 10 of 1999 (the "Act"). The Act suspended the powers and duties of the District's elected board and required the Mayor of the City of Detroit, Michigan (the "City") to appoint six members of a seven-member reform board. The Act specifies that the seventh member of the reform board is the State Superintendent of Public Instruction of the State of Michigan. The Act further transferred substantially all powers and duties of the previously elected board to the Chief Executive Officer appointed by the reform board.

#### (c) *Budgets*

Budgets are legally adopted on an annual basis for the General Fund and Debt Service Funds. Budgets are prepared on the same basis of accounting as the accounting for actual results. Prior to March 26, 1999, the Committee on Fiscal Integrity approved budget amendments. As a result of the change in structure, budget amendments are approved by the Chief Executive Officer.

#### (d) *Property Taxes*

Property taxes are recorded as revenue when received, including collection within 60 days after the fiscal year end. Taxes levied and not collected within 60 days after the fiscal year end are recorded as deferred revenue.

## SCHOOL DISTRICT OF THE CITY OF DETROIT

### Notes to the Financial Statements

June 30, 2000

Property taxes are assessed as of the preceding December 31. Approximately one-half of such taxes are levied and become a lien on July 1, and the balance is levied and becomes a lien on December 1. These taxes are due on August 15 and January 15, respectively. In its role as tax collection agent for the District, the City is responsible for the collection of delinquent taxes, which are therefore reported in the balance sheet as a due from primary government.

As a result of the passage of a constitutional amendment by the voters of the State of Michigan (the "State"), on March 15, 1994 the School District's financing structure was reorganized effective for the fiscal year ended June 30, 1995. The reorganization of school financing shifted a portion of the District's revenue sources from locally levied and collected property taxes to the State, received in the form of a foundation allowance. The basic "foundation allowance" provided by the State is derived from the difference between an amount guaranteed by the State (\$6,284 per pupil in 2000) and the per-pupil tax revenue generated from an 18-mill levy on all non-homestead property. The foundation allowance for special education pupils is determined without regard to per-pupil tax revenue. To meet the District's per-pupil guarantee, the State levies 6 mills on all taxable property on a statewide basis. The amounts due from the State related to these revenues represent the majority of due from other governments.

**(e) Tax-exempt Status**

The District is a tax-exempt organization as described in section 115 of the Internal Revenue Code.

**(f) Inventory**

Inventory is valued at the lower of weighted-average cost or market. Inventory consists primarily of textbooks, other instructional materials, equipment, and maintenance supplies. Expenditures are recorded when the related inventory items are used.

**(g) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the portion of the applicable appropriation, is employed in governmental fund types. Encumbrances which have not been liquidated are reported as reservations of fund balance, since they do not constitute expenditures or liabilities. District policy requires that such amounts be reappropriated in the following fiscal year.

**(h) Special Program Operations**

The District receives grants from various government agencies for use in operating programs specified by the granting agencies. Special program revenues are recognized when the related expenditures are incurred. Total revenues and total expenditures recognized in the accompanying combined statements of revenues, expenditures, and changes in fund balance do not offset each other, due to the fact that employee benefits and capital outlay related to special program operations are reported in aggregate line items for all programs. Estimated reimbursable portions of special program expenditures not collected at the period end are recorded as accounts receivable. Funds received which have not been fully expended by period end are included under liabilities as deferred revenue, unexpended restricted funds in the combined balance sheet.

# SCHOOL DISTRICT OF THE CITY OF DETROIT

## Notes to the Financial Statements

June 30, 2000

**(i) Total Columns (Memorandum Only)**

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

**(j) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**(2) Fund Accounting**

The financial activities of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the general purpose financial statements into generic fund types and broad fund categories as follows:

**(a) Governmental Funds**

*General Fund* – The General Fund is used to account for the general operations of the District and activities not accounted for in the District's other funds. Its revenues are derived primarily from state and federal distributions, property taxes, grants, and other intergovernmental revenues.

*Capital Projects Fund* – The Capital Projects Fund accounts for proceeds from bond issues, grants, or other funds specifically designated for capital projects associated with the improvement and maintenance of District facilities.

*Debt Service Funds* – The Debt Service Funds account for revenues and expenditures for debt service of Special Purpose Bonds and Notes, School Building and Site Improvement Bonds, and Deficit Funding Bonds.

**(b) Fiduciary Funds**

*Trust and Agency Funds* – The District maintains Trust and Agency Funds to account for assets over which it has a custodial function. Scholarship activities and payroll deductions are recorded in this category.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

**(c) Account Groups**

*General Long-term Debt* – This account group presents the long-term debt related to the various bond issues and other long-term obligations of the District.

*General Fixed Assets (Unaudited)* – The General Fixed Assets Account Group is used to account for the fixed assets of the District.

**(3) Cash and Investments**

The District's cash and investment policies are governed by and in full compliance with the State of Michigan statutes. These statutes generally provide that the District is authorized to invest in obligations of the U.S. Treasury or its agencies and instrumentalities and repurchase agreements thereof, certificates of deposit issued by financial institutions located in Michigan, commercial paper rated prime, bankers' acceptances issued by Federal Depository Insurance Committee ("FDIC") member banks, and mutual funds or investment pools that invest in any of the above-authorized investments. In accordance with pronouncements of the Government Accounting Standards Board ("GASB"), investments are categorized to indicate the level of risk assumed by the District at June 30, 2000. Category 1 includes investments which are insured or registered, or held by the District, or by an agent in the name of the District. Category 2 includes investments which are uninsured and unregistered, with securities held by a trust department or agent in the name of the District. The above risk categories are not an indication of the market risk associated with the types of investment.

At June 30, 2000, the carrying amount of the District's cash accounts was \$3,918,541 and the bank balance was \$16,872,526. Of the bank balance, \$979,105 was covered by federal depository insurance.

The amount of certificates of deposit included in the investment account balances at year end was \$1,241,034. The District's investments at June 30, 2000 also included shares in money market funds with an aggregate estimated market value of \$901,928. The District also invested in commercial paper and U.S. Treasury obligations during the year. The balance of repurchase agreements, U.S. Treasury obligations, U.S. Government agencies, and commercial paper included in investments at June 30, 2000 aggregated \$117,833,640, \$10,450,481, \$80,252,828, and \$126,572,780, respectively.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

Following is a description of the cash and investments by type and risk category:

<b>Description</b>	<b>Interest rates</b>	<b>Date of maturity</b>	<b>Carrying amount</b>	<b>Category</b>
<b>General Fund:</b>				
Checking accounts	N/A	N/A	\$ 3,798,152	1
Commercial paper	6.67% - 6.89%	7/00	21,507,609	2
Repurchase agreements	Various	Open	53,331,156	2
Money market	Various	Various	562,824	2
Certificates of deposit	6.17%	12/00	<u>1,146,034</u>	1
			<u>80,345,775</u>	
<b>Capital Projects Fund:</b>				
Commercial paper	6.51% - 6.56%	Various	105,065,171	2
Repurchase agreements	6.83%	7/00	57,032,978	2
Money market	5.36%	Open	1,631	2
U.S. Government agency	5.36% - 6.69%	Various	80,252,828	2
U.S. Treasury obligations	4.7% - 5.25%	Various	10,450,481	2
			<u>252,803,089</u>	
<b>Debt Service Funds:</b>				
Repurchase agreement	6.66%	Open	<u>1,969,506</u>	2
<b>Trust and Agency Funds:</b>				
Checking accounts	N/A	N/A	120,389	1
Repurchase agreements	5.60%	7/00	5,500,000	2
Money market	Various	Open	337,473	2
Certificates of deposit	5.40%	7/00	<u>95,000</u>	1
			<u>6,052,862</u>	
			<u>\$ 341,171,232</u>	
<b>Totals by category:</b>				
	Category 1		\$ 5,159,575	
	Category 2		<u>336,011,657</u>	
			<u>\$ 341,171,232</u>	

# SCHOOL DISTRICT OF THE CITY OF DETROIT

## Notes to the Financial Statements

June 30, 2000

### (4) **Compensated Absences**

Substantially all of the District's employees are awarded sick days based on union contract terms and job position. Such sick days may be accumulated up to 200 days. At retirement, compensation is paid for the first 35 days accumulated by non-teachers. Teachers are compensated at one-half for the first 70 days, one-fifth for the next 71-140 days, and one-fourth for the days accumulated thereafter, up to a maximum of 64 compensated days. No compensation is paid for unused sick days accumulated if termination of employment occurs prior to retirement. Compensation approximating \$4,439,000 relating to unused sick days was paid to retirees during the year ended June 30, 2000.

In addition, substantially all of the District's employees are awarded vacation days, based on union contract terms and job position. Vacation days may be accumulated up to one year in arrears. Compensation is paid for unused vacation days upon retirement or termination.

The District records its liability for accumulated sick days expected to be paid to District employees upon retirement and accumulated vacation time in accordance with GASB Statement No. 16. At June 30, 2000, the District's estimated liability for accumulated sick days and vacation time was \$133,126,603, of which \$7,180,555 is recorded in the General Fund and \$125,946,048 is recorded in the General Long-term Debt Account Group.

### (5) **Risk Management**

The District is exposed to various claims and judgments as a result of risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

#### *(a) Lawsuits and Claims*

Various legal actions, proceedings, and claims are pending or may be asserted in the future against the District, including those arising out of personal injuries and civil actions. Some of the foregoing matters may involve compensatory and/or punitive damage claims.

Litigation is subject to many uncertainties, the ultimate outcome of which is not predictable; however, the District's management believes the resulting liabilities from outstanding legal actions, proceedings, and claims will not have a material adverse effect upon the District's financial position or results of operations. At June 30, 2000, the District has recorded an estimated liability for pending litigation in the General Long-term Debt Account Group.

#### *(b) Workers' Compensation*

The District is self-insured for workers' compensation and certain medical benefits. The total estimated liability of \$47,708,159 includes \$1,681,285 in the General Fund and \$46,026,874 in the General Long-term Debt Account Group. The liability for claims and judgments is reported in the General Long-term Debt Account Group to the extent that the liability is not expected to be liquidated with expendable available financial resources.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

Changes in the liability for the year ended June 30, 2000 were:

	<u>Balance at July 1, 1999</u>	<u>Current year claims and changes in estimates</u>	<u>Claim payments</u>	<u>Balance at June 30, 2000</u>
\$	<u>24,165,421</u>	<u>34,397,259</u>	<u>(10,854,521)</u>	<u>47,708,159</u>

Currently, the District has purchased general liability insurance for the automobile fleet, special events, and data processing equipment, and the Central Distribution Center property. However, the District is self-insured for all other property, plant, and equipment.

**(6) General Long-Term Debt**

Amounts in the General Long-term Debt Account Group do not reflect any adjustment for the terminal run out for any of the insured or self insured programs.

**(a) Changes in Long-Term Debt**

The following represents the changes in general long-term debt for the year ended June 30, 2000:

SCHOOL DISTRICT OF THE CITY OF DETROIT

Notes to the Financial Statements

June 30, 2000

Description	Effective date of issue	Year of maturity	Serial interest rates of debt outstanding	Amount of original issue	Balance 6/30/99	Additions (retirements)	Balance 6/30/00
<b>School Building and Site Improvement Bonds:</b>							
Series XXI	8/6/87	2007	7.00%-7.75%	\$ 26,600,000	17,300,000	(1,600,000)	15,700,000
Series XXII	9/29/88	2009	9.350%-9.375%	20,000,000	15,025,000	(950,000)	14,075,000
Series XXIII	10/1/90	2010	7.10%-7.75%	14,000,000	665,000	(665,000)	—
Series 1991	6/1/91	2011	6.30%-7.15%	30,280,000	2,745,000	(1,330,000)	1,415,000
Series 1992	7/1/92	2012	4.80%-6.25%	33,000,000	6,035,000	(1,390,000)	4,645,000
Series 1993	10/1/93	2013	4.55%-5.125%	79,730,000	66,920,000	(2,115,000)	64,805,000
Series 1996A	3/1/96	2025	3.70%-6.50%	89,000,000	24,425,000	(1,460,000)	22,965,000
Series 1998A	11/1/98	2007	4.0%-4.30%	940,000	940,000	—	940,000
Series 1998B	11/1/98	2028	3.5%-3.75%	209,770,000	202,760,000	(10,000)	202,750,000
Series 1998C	11/1/98	2025	3.5%-5.25%	84,855,000	84,800,000	(270,000)	84,530,000
Series 1998 (Durant)	11/24/98	2013	4.76%	59,304,433	53,225,576	(4,879,064)	48,346,512
				647,479,433	474,840,576	(14,669,064)	460,171,512
<b>Deficit Funding Bonds —</b>							
Series 1990-B	4/4/90	2000	7.04%-7.05%	56,404,900	15,079,500	(15,079,500)	—
<b>Energy Conservation Bonds</b>							
	3/10/99	2007	2.90%-4.25%	21,210,000	20,785,000	(2,950,000)	17,835,000
Total bonds payable				\$ 725,094,333	510,705,076	(32,698,564)	478,006,512
<b>School bus purchase notes — 1995</b>							
First Municipal Note	12/15/95	2001	5.80%	7,180,120	3,120,120	(1,515,000)	1,605,120
	8/12/98	2001	5.25%	830,724	830,724	(265,892)	564,832
Total notes payable				\$ 8,010,844	3,950,844	(1,780,892)	2,169,952
<b>Other liabilities:</b>							
Compensated absences payable				\$ 152,880,350		(26,934,302)	125,946,048
Workers' compensation				\$ 22,641,351		23,385,523	46,026,874
WCRESA chargeback liability				\$ 1,609,084		(1,609,084)	—
Capital leases payable and other				\$ 33,586,298		15,993,840	49,580,138

(Continued)

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

**(b) Debt Service Principal Requirements**

The following represents the debt service principal requirements of the Special Purpose Bonds and Notes, and School Building and Site Improvement Bonds of the District recorded in the General Long-term Debt Account Group:

		<u>Special Purpose Bonds and Notes</u>	<u>School Building and Site Improvement Bonds</u>
2001	\$	4,935,312	15,568,932
2002		3,449,640	16,329,937
2003		3,280,000	19,780,361
2004		3,030,000	17,749,921
2005		2,170,000	20,250,299
Thereafter		<u>3,140,000</u>	<u>370,492,062</u>
	\$	<u>20,004,952</u>	<u>460,171,512</u>

In prior years, the District defeased various bond issues by creating a separate irrevocable trust fund. New debt was issued and a portion of the proceeds was used to purchase U.S. Government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial statement purposes, the debt has been considered defeased, and therefore removed as a liability from the District's General Long-term Debt Account Group. As of June 30, 2000, the amount of defeased debt outstanding but removed from the General Long-term Debt Account Group amounted to \$112,570,000.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

**(7) Lease Obligations**

The District has leases with IBM for certain equipment. The capital lease obligation associated with these leases is recorded in capital lease payable in the General Long-term Debt Account Group. As of June 30, 2000, the future minimum lease payments under noncancelable capital leases are as follows:

			<u>Capital leases</u>
2001	\$		4,757,988
2002			1,361,055
2003			402,105
2004			402,107
2005			402,107
Thereafter			<u>1,005,295</u>
Total minimum lease payments			8,330,657
Less – amount representing interest			<u>1,013,290</u>
Capital lease obligations			\$ <u><u>7,317,367</u></u>

**(8) Other Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**(9) Reserved and Designated Fund Balances**

The fund balance of the General, Capital Projects, and Debt Service Funds have been classified to reflect certain limitations and restrictions. Reservations of fund balances are established to signify that certain assets are not presently available for appropriation and expenditure. The District encumbers the amounts required by purchase orders and contracts at the time the purchase order and contracts are issued. The encumbrances are liquidated when the goods or services are received.

**(10) Due to Primary Government**

Amounts recorded in due to primary government represent services provided to the District by the City, such as water and sewage, building inspections, and public lighting.

# SCHOOL DISTRICT OF THE CITY OF DETROIT

## Notes to the Financial Statements

June 30, 2000

### (11) Pension Plan and Postemployment Benefits

Substantially all District employees participate in the Michigan Public School Employees' Retirement System ("MPERS"), under which employees are entitled to certain defined benefits established by state statute. School districts are required by state statute to contribute a certain percent of eligible wages (10.77% July 1, 1999 through September 30, 1999 and 11.66% October 1, 1999 through June 30, 2000) to the plan. The District's eligible wages for the year ended June 30, 2000 totaled \$837,009,411.

A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. A Member Investment Plan participant may retire at any age with 30 years of service or at age 60 with 5 years of credited service provided the member has worked through his/her 60th birthday and has credited service in each of the 5 school fiscal years immediately preceding the retirement allowance effective date. There is no mandatory retirement age.

A year of credited service is granted if a member works a minimum of 170 days at not less than 6 hours per day in a school fiscal year. Proportionate credit is granted for less than full-time employment. Credit is calculated to the nearest one-tenth year on the basis of 1,020 hours.

Benefit provisions provided to MPERS's members vary among six options available to all members. These options permit retirees to choose specified levels of postretirement benefits and post-death benefits paid to designated beneficiaries. The election of an option is made at the time of retirement and, once made, is irrevocable. Specific provisions of these options are explained in greater detail in the MPERS Annual Report for the year ended September 30, 1999.

MPERS does not make separate measurements of assets and the pension benefit obligation for individual employers. The pension benefit obligation for MPERS as a whole at September 30, 1999, (the date of the most recent actuarial valuation) was approximately \$34.3 billion, and the net assets available for benefits at that date (valued at amortized cost) were approximately \$34.1 billion. The District's contributions were approximately 20% of total employer contributions of approximately \$493.7 million to MPERS for the year ended September 30, 1999. Based on this measurement, the system is 99.3% funded.

Ten-year historical trend information showing the MPERS's progress in accumulating sufficient assets to pay benefits when due is presented in the MPERS September 30, 1999 component unit financial statements.

During 1998, the Detroit Board of Education approved an early retirement plan for certain employees. The District's management offered this option to those employees who were eligible under the plan. Under the plan, the District determined to pay \$2,227,401 each year for fiscal years 1999 through 2002 and a final expenditure of \$84,670 in 2003 for the 284 employees who opted to retire under the incentive plan, for a total expenditure of \$8,994,274.

In addition to the pension benefits described above, the State of Michigan has contracted to provide comprehensive group medical, hearing, dental, and vision coverage for retirees and beneficiaries. The only requirements for health benefits are that the retiree or beneficiary make application and is in receipt of a monthly pension.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Notes to the Financial Statements

June 30, 2000

All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPERS, with the balance deducted from the monthly pension. The District's contributions are financed on a pay-as-you-go basis and retirees are not obligated to contribute. The District's total number of eligible participants is 21,255; however, total expenditures for the year ended June 30, 2000 cannot be reasonably estimated.

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Debt Service Funds

Combining Balance Sheet

June 30, 2000

Assets	<u>School Building and Site Improvement Bonds</u>	<u>Deficit Funding Bonds</u>	<u>Total</u>
Investments	\$ 1,969,505	1	1,969,506
Interest receivable	881	—	881
Due from primary government:			
Current	1,948,630	200,000	2,148,630
Delinquent	12,893,717	2,643,202	15,536,919
Due from other funds	<u>4,805,827</u>	<u>4,132,335</u>	<u>8,938,162</u>
Total assets	<u>\$ 21,618,560</u>	<u>6,975,538</u>	<u>28,594,098</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Deferred revenue, delinquent property taxes	\$ 12,893,717	2,643,202	15,536,919
Due to other funds	326,251	317,755	644,006
Other	<u>1,200</u>	<u>—</u>	<u>1,200</u>
Total liabilities	13,221,168	2,960,957	16,182,125
Fund balances, reserved for debt service	<u>8,397,392</u>	<u>4,014,581</u>	<u>12,411,973</u>
Total liabilities and fund balances	<u>\$ 21,618,560</u>	<u>6,975,538</u>	<u>28,594,098</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Debt Service Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2000

	<b>School Building and Site Improvement Bonds</b>	<b>Deficit Funding Bonds</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Property taxes	\$ 34,900,872	984,574	35,885,446
Revenues from state and federal sources	7,413,321	—	7,413,321
Investment earnings	127,237	289,487	416,724
	<u>42,441,430</u>	<u>1,274,061</u>	<u>43,715,491</u>
Total revenues			
Expenditures:			
Principal retirement	16,837,459	15,079,500	31,916,959
Payment of interest and agent fees	22,961,872	533,052	23,494,924
	<u>39,799,331</u>	<u>15,612,552</u>	<u>55,411,883</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	2,642,099	(14,338,491)	(11,696,392)
Fund balances at July 1, 1999	<u>5,755,293</u>	<u>18,353,072</u>	<u>24,108,365</u>
Fund balances at June 30, 2000	\$ <u>8,397,392</u>	<u>4,014,581</u>	<u>12,411,973</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

School Building and Site Improvement Bonds Debt Service Fund

Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
<b>Revenues:</b>			
Property taxes	\$ 33,891,791	34,900,872	1,009,081
Revenues from state and federal sources	—	7,413,321	7,413,321
Investment earnings	900,000	127,237	(772,763)
<b>Total revenues</b>	<u>34,791,791</u>	<u>42,441,430</u>	<u>7,649,639</u>
<b>Expenditures:</b>			
Principal retirement	11,958,400	16,837,459	4,879,059
Payment of interest and agent fees	27,187,400	22,961,872	(4,225,528)
<b>Total expenditures</b>	<u>39,145,800</u>	<u>39,799,331</u>	<u>653,531</u>
	<u>(4,354,009)</u>	<u>2,642,099</u>	<u>6,996,108</u>
Prior year surplus	4,354,009	—	(4,354,009)
<b>Excess of revenues over expenditures</b>	<u>\$ —</u>	<u>2,642,099</u>	<u>2,642,099</u>
Fund balances at July 1, 1999		<u>5,755,293</u>	
Fund balances at June 30, 2000		<u>\$ 8,397,392</u>	

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

**Deficit Funding Bonds Debt Service Fund**

**Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual**

Year ended June 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
Revenues:			
Property taxes	\$ 360,960	984,574	623,614
Investment earnings	285,373	289,487	4,114
<b>Total revenues</b>	<u>646,333</u>	<u>1,274,061</u>	<u>627,728</u>
Expenditures:			
Principal retirement	15,079,500	15,079,500	—
Payment of interest and agent fees	546,600	533,052	(13,548)
<b>Total expenditures</b>	<u>15,626,100</u>	<u>15,612,552</u>	<u>(13,548)</u>
	<u>(14,979,767)</u>	<u>(14,338,491)</u>	<u>641,276</u>
Prior year surplus	14,979,767	—	(14,979,767)
<b>Deficiency of revenues under expenditures</b>	\$ <u>—</u>	<u>(14,338,491)</u>	<u>(14,338,491)</u>
Fund balances at July 1, 1999		<u>18,353,072</u>	
Fund balances at June 30, 2000		\$ <u>4,014,581</u>	

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Trust and Agency Funds

Combining Balance Sheet

June 30, 2000

<b>Assets</b>	<b>Agency funds</b>	<b>Trust fund</b>	<b>Total</b>
	<u>Payroll deductions</u>	<u>Scholarships</u>	
Cash	\$ 120,268	121	120,389
Investments	5,595,000	337,473	5,932,473
Due from other funds	<u>235</u>	<u>—</u>	<u>235</u>
Total assets	<u>\$ 5,715,503</u>	<u>337,594</u>	<u>6,053,097</u>
<b>Liabilities</b>			
Other liabilities	\$ 4,118,122	337,594	4,455,716
Due to other funds	<u>1,597,381</u>	<u>—</u>	<u>1,597,381</u>
Total liabilities	<u>\$ 5,715,503</u>	<u>337,594</u>	<u>6,053,097</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Payroll Deductions Fund

Statement of Changes in Assets and Liabilities

June 30, 2000

<b>Assets</b>	<b>Balance July 1, 1999</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2000</b>
Cash	\$ 79,492	40,776	—	120,268
Investments	4,614,000	981,000	—	5,595,000
Due from other funds	934,583	—	934,348	235
<b>Total assets</b>	<b>\$ 5,628,075</b>	<b>1,021,776</b>	<b>934,348</b>	<b>5,715,503</b>
<b>Liabilities</b>				
Other liabilities	\$ 4,034,176	83,946	—	4,118,122
Due to other funds	1,593,899	3,482	—	1,597,381
<b>Total liabilities</b>	<b>\$ 5,628,075</b>	<b>87,428</b>	<b>—</b>	<b>5,715,503</b>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

**Scholarships Fund**

**Statement of Changes in Assets and Liabilities**

June 30, 2000

<b>Assets</b>	<b>Balance July 1, 1999</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance June 30, 2000</b>
Cash	\$ 121	—	—	121
Investments	334,383	3,090	—	337,473
Total assets	\$ <u>334,504</u>	<u>3,090</u>	<u>—</u>	<u>337,594</u>
<b>Liabilities</b>				
Other liabilities	\$ <u>334,504</u>	<u>3,090</u>	<u>—</u>	<u>337,594</u>
Total liabilities	\$ <u>334,504</u>	<u>3,090</u>	<u>—</u>	<u>337,594</u>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Debt Service Requirements

June 30, 2000

The following represents the detailed debt service requirements as of June 30, 2000:

Year	Special Purpose Bonds and Notes			School Building and Site Improvement Bonds		
	Total	Principal	Interest	Total	Principal	Interest
2001	\$ 5,670,721	4,935,312	735,409	39,854,619	15,568,932	24,285,687
2002	4,016,983	3,449,640	567,343	39,727,168	16,329,937	23,397,231
2003	3,712,875	3,280,000	432,875	42,265,449	19,780,361	22,485,088
2004	3,334,500	3,030,000	304,500	39,174,955	17,749,921	21,425,034
2005	2,362,145	2,170,000	192,145	40,677,148	20,250,299	20,426,849
2006	1,482,036	1,365,000	117,036	40,691,420	21,410,555	19,280,865
2007	1,485,104	1,425,000	60,104	40,699,776	22,631,534	18,068,242
2008	357,438	350,000	7,438	38,036,940	21,290,447	16,746,493
2009	—	—	—	38,008,591	22,445,484	15,563,107
2010	—	—	—	35,637,750	21,327,471	14,310,279
2011	—	—	—	34,129,704	20,927,152	13,202,552
2012	—	—	—	30,892,381	18,809,402	12,082,979
2013	—	—	—	27,931,942	16,830,017	11,101,925
2014	—	—	—	20,560,019	10,335,000	10,225,019
2015	—	—	—	20,563,800	10,890,000	9,673,800
2016	—	—	—	12,892,975	3,800,000	9,092,975
2017	—	—	—	28,618,475	19,725,000	8,893,475
2018	—	—	—	7,897,225	—	7,897,225
2019	—	—	—	7,897,225	—	7,897,225
2020	—	—	—	7,897,225	—	7,897,225
2021	—	—	—	44,347,225	36,450,000	7,897,225
2022	—	—	—	6,074,725	—	6,074,725
2023	—	—	—	6,074,725	—	6,074,725
2024	—	—	—	6,074,725	—	6,074,725
2025	—	—	—	46,629,725	40,555,000	6,074,725
2026	—	—	—	3,945,588	—	3,945,588
2027	—	—	—	3,945,588	—	3,945,588
2028	—	—	—	87,010,588	83,065,000	3,945,588
	<b>\$ 22,421,802</b>	<b>20,004,952</b>	<b>2,416,850</b>	<b>798,157,676</b>	<b>460,171,512</b>	<b>337,986,164</b>

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Property Tax Data

As of June 30, 2000

Fiscal Year	Mills levied	Original levy	Collections and adjustments amount	Percent collected to date	Receivable balance June 30, 2000
<b>General Fund:</b>					
Property taxes levied -					
1995 and prior					
1996	18.00	\$ 66,729,828	64,604,427	97.11 %	\$ 20,740,931
1997	18.00	70,220,814	67,791,861	96.54	1,925,401
1998	18.00	75,039,414	71,770,319	95.64	2,428,953
1999	18.00	83,359,074	77,872,530	93.41	3,269,095
2000	18.00	78,826,777	69,785,207	88.53	5,486,544
					<u>9,041,570</u>
					\$ 42,892,494
<b>Property taxes receivable, delinquent</b>					
					\$ 1,500,000
<b>Property taxes receivable, current</b>					
					\$ 1,500,000
<b>School Building and Site Bonds Fund:</b>					
Property taxes levied -					
1995 and prior					
1996	5.00	\$ 29,436,618	28,587,263	97.11 %	\$ 2,910,658
1997	5.30	32,582,375	31,455,344	95.64	849,355
1998	5.54	35,736,192	34,179,343	95.64	1,127,031
1999	4.96	27,494,377	25,684,747	93.42	1,556,849
2000	5.90	35,000,344	30,360,150	86.74	1,809,630
					<u>4,640,194</u>
					\$ 12,893,717
<b>Property taxes receivable, delinquent</b>					
					\$ 1,948,630
<b>Property taxes receivable, current</b>					
					\$ 1,948,630

(Continued)

**SCHOOL DISTRICT OF THE CITY OF DETROIT**

Property Tax Data

As of June 30, 2000

Fiscal Year	Mills levied	Original levy	Collections and adjustments amount	Percent collected to date	Receivable balance June 30, 2000
<b>Deficit Funding Bonds Fund:</b>					
Property taxes levied -					
1995 and prior					
1996	2.04	\$ 12,010,140	11,663,603	95.68 %	\$ 709,132
1997	2.20	13,524,759	13,056,935	94.74	346,537
1998	2.05	13,223,681	12,647,591	92.82	467,824
1999	1.49	8,259,399	7,715,780	88.64	576,090
2000					543,619
Property taxes receivable, delinquent					\$ 2,643,202
Property taxes receivable, current					\$ 200,000
Property taxes receivable, current					\$ 200,000

