

# **South Lyon Community Schools**

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**Financial Report  
with Supplemental Information  
June 30, 2010**

# South Lyon Community Schools

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## Contents

### Introductory Section

Letter of Transmittal	i-x
Organizational Chart	xi
ASBO Certificate of Excellence in Financial Reporting	xii

### Financial Section

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Fund - Community Education Fund:	
Statement of Net Assets	18
Statement of Revenue, Expenses, and Changes in Net Assets	19
Statement of Cash Flows	20
Fiduciary Fund - Student Activities Fund - Statement of Fiduciary Assets and Liabilities	21
Notes to Financial Statements	22-36
<b>Required Supplemental Information</b>	37
Budgetary Comparison Schedule - General Fund	38

# South Lyon Community Schools

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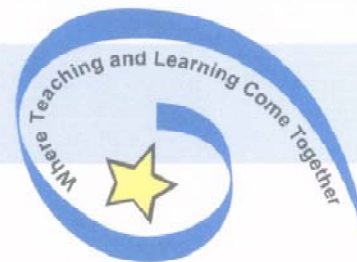
## Contents (Continued)

<b>Other Supplemental Information</b>	39
Nonmajor Governmental Funds:	
Combining Balance Sheet	40-42
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	43-45
Schedule of Bonded Indebtedness	46-47
Special Revenue Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	48-49
Debt Service Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	50-52
Capital Projects Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	53-55
Schedule of Cash and Cash Equivalents	56
<b>Capital Assets</b>	57
Schedule of Investments in Capital Assets - By Building	58
Schedule of Capital Assets by Source	59
<b>Long-term Debt</b>	60
Schedule of Long-term Debt	61-63
Schedule of Changes in Long-term Debt	64-65

# South Lyon Community Schools

## Contents (Continued)

<b>Statistical and Other Information (Unaudited)</b>	66-67
<b>Financial Trend Information</b>	
Net Assets by Component	68
Changes in Governmental Net Assets	69
Changes in Business-type Net Assets	70
Changes in Net Assets - Total Primary Government	71
Fund Balances - Governmental Funds	72-73
Changes in Fund Balances - Governmental Funds	74-75
<b>Revenue Capacity Information</b>	
Taxable Value and Actual Value of Taxable Property	76-77
Direct and Overlapping Property Tax Rates	78-79
Principal Property Taxpayers	80
Property Tax Levies and Collections	81
<b>Debt Capacity Information</b>	
Ratios of Bonded Debt Outstanding	82-83
General Obligation Bonds Outstanding	84-85
Direct and Overlapping Governmental Activities Debt	86
Legal Debt Margin	87-88
<b>Demographic and Economic Information</b>	
Demographic and Economic Statistics	89
Principal Employers	90
<b>Operating Information</b>	
Full-time Equivalent School District Employees	91
Operating Indicators	92
Capital Asset Information	93-94
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover



To the Citizens and Board Members:

The Comprehensive Annual Financial Report of South Lyon Community Schools for the fiscal year ended June 30, 2010 is submitted herewith. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs.

## **Reporting Entity and Services**

South Lyon Community Schools is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the governmental fund types, proprietary fund type, and the fiduciary fund type administered by the board.

## **Report Organization**

This Comprehensive Annual Financial Report was prepared to provide important information, both financial and nonfinancial in nature, to be used not only by the Board of Education and other administrative officers of the School District, but also by many other groups including taxpayers and patrons of the School District, investors and creditors, grantor agencies, the State of Michigan and other oversight entities, consumer groups, and School District employees.

### **Mission Statement**

In support of our community, the mission of the South Lyon Community Schools is to provide the highest quality educational process so that all students can excel as individuals and become contributing members of society.

This report is divided into the following major sections:

## **Introductory Section**

This section introduces the reader to South Lyon Community Schools and to this report. Included are facts about the School District, this transmittal letter, the School District's organizational chart, and the Association of School Business Officials Certificate of Excellence in Financial Reporting for the year ended June 30, 2009.

## **Financial Section**

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, government-wide financial statements, the fund financial statements, notes to the financial statements, and required and other supplemental information.

Management is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The management's discussion and analysis, which includes an analysis of the School District's financial position and results of operations, government-wide financial statements, fund financial statements, and supplemental statements and schedules presented in the financial section of this report, presents fairly and with full disclosure the financial position and results of the financial operation at the fund and government-wide levels in conformity with accounting principles generally accepted in the United States of America and demonstrates compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The supplemental statements and schedules contain a more detailed analysis of revenue and expenditures that are compared to the 2009-2010 budget for the General Fund. Other supplemental information includes the balance sheet and statement of revenue, expenditures, and changes in fund balances as well as statements and schedules containing a more detailed analysis of revenue and expenditures that are compared to the 2009-2010 budget for nonmajor governmental funds as well as the schedule of bonded indebtedness detailing interest rates and annual maturities, schedules of capital assets by building and by source, schedules of long-term debt, and schedules of cash, cash equivalents, and investments.

## **Statistical Section**

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

## **About South Lyon Community Schools**

### **The Community**

South Lyon Community Schools is located in a suburban/rural area of the southeastern section of Michigan, with close proximity to Detroit, Lansing, Ann Arbor, and Flint. The School District encompasses nearly 83 square miles and includes portions of Oakland, Washtenaw, and Livingston Counties. Included in Oakland County are all of the City of South Lyon and a portion of Lyon Township, Milford Township, the City of Novi, and the City of Wixom. In Washtenaw County, included is a portion of Salem Township and Northfield Township. In Livingston County, the School District includes a portion of Green Oak Township.

The School District continues to be a desirable area, and is one of the fastest growing in Michigan. Of the total taxable value of the School District, over 72 percent is considered the primary residence or agricultural property of the taxpayer. Although there is not a number for the School District, the median household income for the City of South Lyon and Lyon Township was \$53,395 and \$67,288, respectively, according to the 2000 census.

With the proximity to major cities in Michigan, residents of the School District have various job opportunities. While the unemployment rate continues to be high with the statewide average of 13.2 percent for June 2010, all three counties within the School District have unemployment rates lower than the state average. Specifically, the June 2010 rate for Oakland, Livingston, and Washtenaw Counties was 12.4 percent, 11.8 percent, and 9.3 percent, respectively.

### **The School Program**

South Lyon Community Schools is a leader in curriculum, instruction, assessments, and technology. Student scores on the state assessment test (MEAP) exceed the state averages and all schools are accredited by the North Central Association of Colleges and Schools (NCA).

The School District has a comprehensive and model core curriculum in the areas of language arts, mathematics, social studies, science, music, physical education, visual and performing arts, technology, and health. All curriculums are aligned with the state standards and benchmarks. A five-year plan guides the School District through a five-phase cycle of curriculum renewal: review/revise, installation, implementation, institutionalization, and evaluation. This process involves teachers from all levels and schools in a constant upgrading of curriculum, instruction, assessments, and technology. Technology is viewed as a tool to facilitate learning in any subject area and is integrated into the K-12 curriculum. All students and staff have use of the wide area network for teaching and learning purposes.

The School District also offers programs for students with special interest and learning needs. These include advanced placement opportunities, school to work programs, a variety of languages in the middle and high schools (German, Spanish, French, Chinese, and Japanese), reading recovery/title I support, essential skills support for at-risk students, tutorial services, and programs for special education and academically talented students.

The School District participates in the State School Code Section 105 Schools of Choice option (within Oakland County) as well as the Section 105c Schools of Choice option (contiguous counties). The School District also offers internal choice options where families may choose to attend any elementary school. In addition, to increase continuity of learning experiences, kindergarten students attend school all day, every other day. The School District also offers senior citizen opportunities, Kids Club for latchkey students, and both state- and tuition-based preschool programs.

South Lyon Community Schools is proud of the rich and varied educational opportunities we provide. While the School District population continues to grow each year, it continues to enjoy strong parent and community support for its students and programs.

The School District has a preschool program, seven kindergarten through grade 5 elementary schools, two grade 6 through 8 middle schools, and two grade 9 through 12 high schools. Also, there is a senior citizen program. In addition, there are two support facilities. The actual 2009-2010 full-time equivalent fall student count was 7,078.20; however, the official state count was 7,057.79. The official count is calculated by taking 75 percent of the current year fall count and adding it to 25 percent of the previous school year winter count.

## **Service Efforts and Accomplishments**

### **DISTRICT GOALS**

In July 2009, four goals were presented to the Board of Education to meet the challenges and opportunities facing the School District over the next five years. Strategies will be developed to ensure the goals are met.

#### **I. Curriculum**

*Continue to support the Michigan Curriculum Frameworks in order to maintain high academic standards.*

#### **II. Finance**

*By 2014-2015, the School District will no longer use its fund equity to balance the annual budget and will assess how to cover the reduction of special education P.A. 18 dollars.*

#### **III. Staff Development**

*Continue to develop potential administrators within current staff.*

#### **IV. Operations**

*Within two years, develop a School District-wide energy plan to increase energy efficiency, increase energy awareness, and reduce costs.*

## **Accreditation**

All of the School District's high schools, middle schools, and elementary schools are accredited by the North Central Association of Colleges and Schools (NCA). In addition, Michigan's Summary Accreditation Standards continue to be applied to all schools in Michigan. A school's Summary Accreditation status is primarily based on the results from the Michigan Educational Assessment Program (MEAP) and/or High School Proficiency Test.

## **Education Yes!**

To comply with the federal "No Child Left Behind" legislation, Michigan has created Education Yes! Under this program, all Michigan schools will be graded annually by considering MEAP scores, a comparison of scores over time, and other factors such as parent involvement. For 2009-2010, all schools received a grade of "A."

## **STUDENT TEST SCORES**

South Lyon Community Schools' MEAP results have been consistently strong. In terms of either an increase in the exceeding of test standards or a combined increase in meeting or exceeding these same standards, there were improved scores for 13 out of the 15 elementary and middle school grade-level tests for science, math, social studies, and reading. Writing and English language arts (ELA) results are not available at this time. All test scores at the elementary and middle school grades exceeded the state averages.

The Michigan High School Merit Exam scores for our high school students showed increases in reading, science, social studies, and writing. As with our elementary and middle school scores, all scores were greater than the state average in all subject areas in terms of meeting or exceeding the test standards.

## **2009-2010 School Improvement Goals**

In 1990, the State of Michigan Legislature passed Public Act 25. This act addressed a number of issues, one being school improvement. The act requires that each school building submit an annual school improvement plan. This plan must identify goals, procedures, assessment, cost, resources required, and staff development needs. All of our building plans met the state requirements and the results of each buildings plan were presented in June 2010.

## **Employee Contracts**

The teacher's union, the SLEA, has a contract that runs through the 2011-2012 fiscal year. The custodial, maintenance, food service, and transportation union (SLESPEA) contract runs through the 2013-2014 fiscal year. The secretary's union (MESPEA) contract runs through the 2010-2011 fiscal year.

## **New Facilities and Expansions**

In 1999, the School District's facilities and growth committee presented a report to the Board of Education. This report detailed the committee's recommendation for a \$67 million bond issue to deal with the continued growth of the School District. The major components of this recommendation were for two new elementary schools, conversion of Centennial Elementary to a middle school, and the purchase of land for future buildings. The ballot question was overwhelmingly approved by School District voters.

In August 2001, both Kent Lake Elementary and the new Early Childhood Center opened. In addition, the expansion of the Center for Active Adults was accomplished during the summer of 2001. In August 2003, the remodeling and expansion of Centennial Middle School was accomplished and the school opened as the second middle school for the School District. In August 2004, the final building of the bond issue, Hardy Elementary, was completed.

In 2002, voters approved a \$98,850,000 bond issue, which resulted from a bond facility committee report to the Board of Education entitled, *Justified by Growth and Paid for By Growth*, which recommended the bond issue for the primary purpose of building a second high school for the School District (South Lyon East High School opened in August 2007). In addition, the report recommended dollars for a special education wing for Hardy Elementary (completed in August 2004), projects at Bartlett and Salem Elementary, Millennium Middle School and South Lyon High School, construction of a new transportation/maintenance/technology facility (Griswold Operations Center) which opened in the fall of 2007, land purchases, and other various capital projects.

## **Eight-year Financial Forecast**

To assist the School District in providing for financial stability, the School District utilizes an eight-year rolling financial forecast. This forecast takes into account such areas as projected student enrollment, employee compensation, and future facility operating costs to ensure that the School District has a sound long-term financial plan. This forecast includes the operating costs associated with all bond projects, including South Lyon East High School.

## **Financial Stability**

The School District's General Fund has finished the year with a surplus of revenue over expenditures for 16 of the last 17 fiscal years, as well as an overall positive fund balance since 1993-1994.

## **Bus Fleet Rated Excellent**

For the 2009-2010 fiscal year, the School District received an "excellent" rating from the Michigan state police in its required annual inspection of buses.

## **Budget Award**

South Lyon Community Schools continues to be one of only six school districts in Michigan that has been awarded the Meritorious Budget Award from the Association of School Business Officials International (ASBO). The School District has submitted budgets for the 1995-1996 through the 2009-2010 fiscal years and received the award for all 15 years.

The Meritorious Budget Awards Program is a voluntary program sponsored by ASBO International. It was designed by school business management professionals to enable school business administrators to achieve a standard of excellence in budget presentation. The program helps school systems build a solid foundation in the skills of developing, analyzing, and presenting a budget.

The Meritorious Budget Award is only conferred to school systems that have met or exceeded the Meritorious Budget Award Program criteria. No other organization or award program is specifically designed to enhance school budgeting and honor a school system for achieving excellence in budget presentation. South Lyon Community Schools is one of only six Michigan school districts to receive this award.

## **Economic Outlook**

With the passage of Proposal A in early 1994, the funding of school districts in Michigan was drastically changed. The previous reliance on property taxes as the main revenue source for school districts was changed to a system that added heavy reliance on sales and income taxes. With this shift in funding, school districts are more likely to be impacted by changes in the State's economy.

In addition, the control of revenue has shifted to the state level. The State Legislature sets the dollar amount increase each school district will receive annually. Since the State uses its General Fund dollars to supplement the cost of K-12 education, the legislature has no legal responsibility to increase funding to school districts. Therefore, local school districts are dependent on the state legislature for not only the majority of revenue, but also the funding level.

Increases in the allocation (foundation grant) per student had increased at a rate near inflation for South Lyon Community Schools for the years 1995-1996 through 1997-1998. For the 1998-1999 fiscal year, there was no increase in the foundation grant. From 1999-2000 to 2001-2002, there was a foundation grant increase greater than inflation, while the 2002-2003 increase was lower than inflation. Due to the poor economy, the State of Michigan froze the per-pupil funding for 2003-2004 at the 2002-2003 level. For 2004-2005, the situation was the same with the per-pupil funding still frozen at the 2002-2003 level.

For 2005-2006, there was an increase in the per-pupil foundation allowance of 2.59 percent. However, due to the impact of the two previous years of no increase in the foundation allowance and lower than expected enrollment increases, the School District's budget for 2005-2006 included about \$800,000 in budget reductions, primarily in the support areas of the School District.

For 2006-2007, there was an increase of 3.36 percent, which was slightly higher than the inflation rate. While there were no budget reductions, staffing levels were essentially frozen at the 2005-2006 levels.

For 2007-2008, there was an increase of 1.40 percent in the foundation, which was significantly below the rate of inflation. Due to this fact, as well as the new costs associated with South Lyon East High School and lower than expected enrollment increases in the future, the budget was reduced by another \$1,450,000.

For 2008-2009, there was an increase of 1.53 percent in the foundation, which was near the rate of inflation. Due to continued revenue and expenditure pressures, the 2008-2009 budget included an additional \$312,000 in budget adjustments.

For 2009-2010, there was a decrease in the net foundation of 2.1 percent. The 2009-2010 budget included an additional \$779,000 in budget adjustments.

For 2010-2011, the budget includes a decrease of 3.68 percent in the foundation and no increase in anticipated enrollment. The budget incorporates all previous-mentioned budget adjustments, with over \$4 million in additional expenditures reductions and revenue enhancements.

Based on our future forecast, additional budget reductions are likely in order to offset the anticipation of zero or negative foundation allowance increases from the State in the next few years. The future forecast will continue to be closely monitored and adjustments up or down may need to be made based on the ever changing financial environment.

Also, we continue to safeguard against future state funding issues, since per contract the wages and retirement contributions of all School District employees are tied to the state increase in funding each year. In addition, the School District continues to spend a portion of General Fund dollars each year to maintain and improve our facilities through the usage of capital improvement programs. Since these dollars are spent on one-time projects, in a lean year these projects could be reduced to balance the budget.

### **Accounting System, Budgetary, and Internal Controls**

The School District maintains a system of budgetary and accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are recorded and executed with management's authorization. Also, internal controls have been established to supervise the compliance with resource spending and allocation. Management believes that these controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The budget is prepared in accordance with guidelines set forth in the *State Financial Reporting Manual* and state law.

During the fiscal year, financial reports are available online to each budget administrator that identify the budget, current year-to-date revenue, expenditures and encumbrances, and available balances. The Board of Education receives a financial report on a monthly basis.

The report of the School District's independent certified public accountants, Plante & Moran, PLLC, appears on pages 1 and 2 of this report. Their audit of the basic financial statements was performed in accordance with generally accepted auditing standards and *Government Auditing Standards*.

## **Cash Management**

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

The School District follows the investment authorization of Michigan Public Act 132 of 1986. The School District invests all possible balances on a daily basis in legally approved investments. Total interest earned in the General Fund was \$20,651 for the year ended June 30, 2010.

## **Risk Management**

The School District participates in the SET-SEG workers' compensation insurance program. This is a pooled arrangement whereby the participating entities pay annual premiums that are designated to pay claims and build sufficient reserves so that the fund will be able to protect the participating entities. Total premiums for the year ended June 30, 2010 were \$301,780.

The School District participates in the SET-SEG property and casualty insurance program. This is also a pooled arrangement. These premiums totaled \$267,510 for the year ended June 30, 2010.

The School District is in compliance with the Right-to-Know legislation including preparation of a hazard communication manual, establishment of directories for all material safety data sheets, employee training, and the use of labels on all hazardous materials used by the School District.

## **Independent Audit**

As required by Michigan State law, an annual audit of the financial records of South Lyon Community Schools has been made by an independent auditor. The School District's financial statements were audited by Plante & Moran, PLLC as of June 30, 2010. Their audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The financial statements present fairly the financial position of South Lyon Community Schools at June 30, 2010. Their audit also included the single audit on federal financial assistance programs.

## **Excellence in Financial Reporting**

The School District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a comprehensive annual report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. This is the School District's 14th submission to obtain this certificate. The School District was awarded the Certificate of Excellence in Financial Reporting on its previous 13 submissions for the fiscal years ended June 30, 1997 through 2009.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. The School District believes our current report conforms to program standards and we are submitting our report to the ASBO for consideration for the certificate.

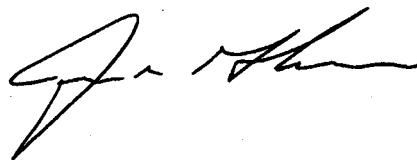
### **Acknowledgements**

The preparation of this report on a timely basis could not have been performed without the efficient and dedicated employees of the business office. We would also like to express our appreciation to other departments and individuals who assisted in the preparation of this report. In addition, we would like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of this School District.

Respectfully submitted,



William A. Pearson, Ed. D.  
Superintendent of Schools



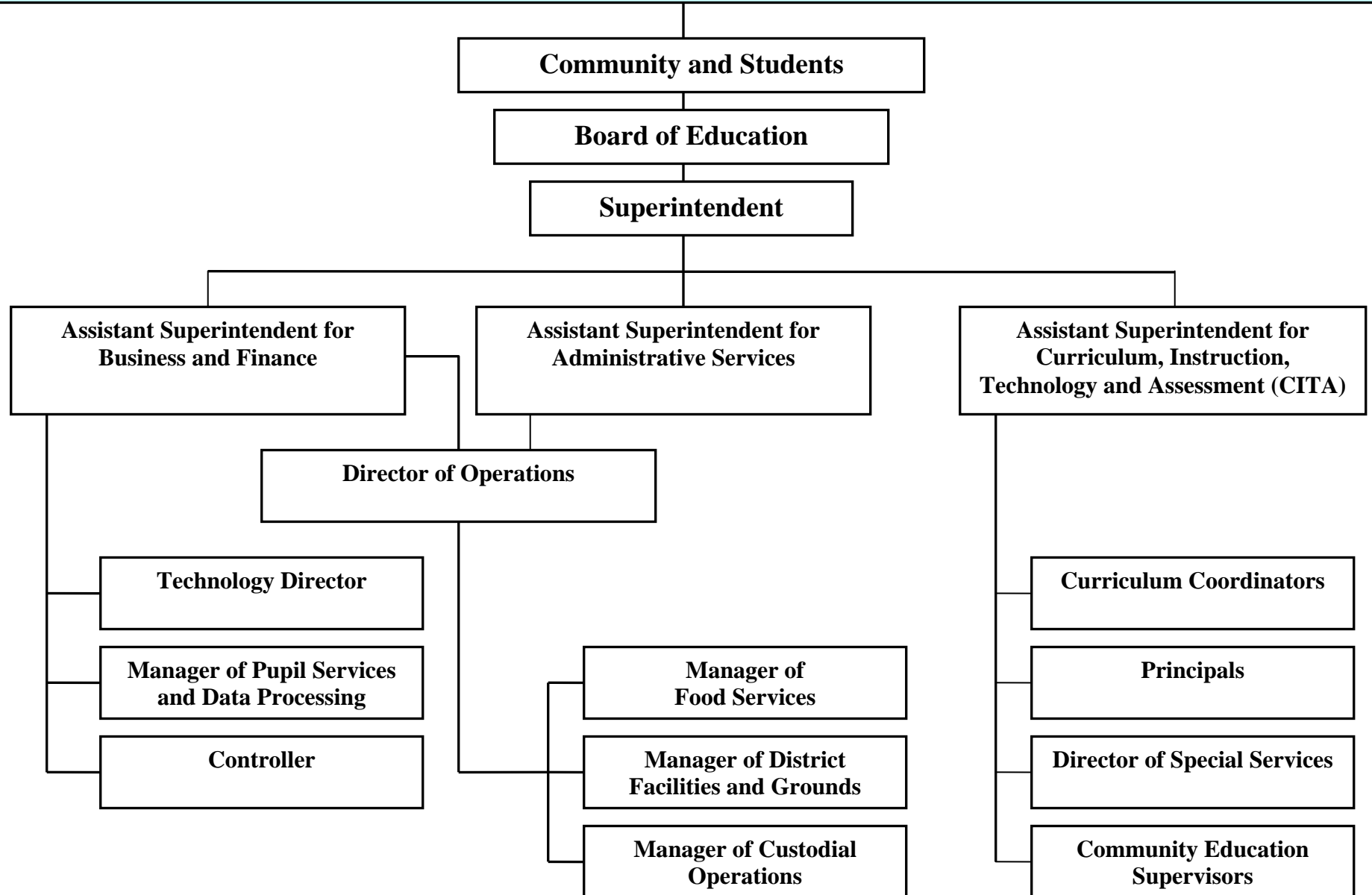
James R. Graham  
Assistant Superintendent for Business and Finance



Amy Dagenhardt  
Controller

November 23, 2010

# South Lyon Community Schools Administrative Organization Chart



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**SOUTH LYON COMMUNITY SCHOOLS**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

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

President

Executive Director

## Independent Auditor's Report

To the Board of Education  
South Lyon Community Schools

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of South Lyon Community Schools (the "School District") as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of South Lyon Community 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, business-type activities, each major fund, and the aggregate remaining fund information of South Lyon Community Schools as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and General Fund budgetary comparison schedule, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Education  
South Lyon Community Schools

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

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 them.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated November 23, 2010 on our consideration of South Lyon Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Plante & Moran, PLLC*

November 23, 2010

# South Lyon Community Schools

## Management's Discussion and Analysis

This section of South Lyon Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2010. 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 South Lyon Community 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 fund - the General Fund, with all other funds presented in one column as nonmajor funds. The proprietary fund statements offer short-term and long-term financial information about activities the School District operates like a business, such as community education. Community education is presented as a nonmajor proprietary fund. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The report is comprised of the following elements:

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

### Financial Statements

Government-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 to the financial section, the School District has added the introductory section and the statistical section to complete its Comprehensive Annual Financial Report.

# **South Lyon Community Schools**

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## **Management's Discussion and Analysis (Continued)**

### ***Reporting the School District as a Whole - Government-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 revenue 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 revenue 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 the statement of activities report the governmental activities and business-type activities for the School District. Governmental activities encompass most 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. Business-type activities include community education which is financed through charges for services and user fees.

### ***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 Service and Athletics Funds are examples) or to show that it is 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:

# South Lyon Community Schools

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## Management's Discussion and Analysis (Continued)

**Governmental Funds** - Most 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.

**Proprietary Funds** - Services for which the School District charges a fee intended to cover the entire cost of those services are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

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

# South Lyon Community Schools

## Management's Discussion and Analysis (Continued)

### The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2010 and 2009.

TABLE I - Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities	
	June 30		June 30	
	2010	2009	2010	2009
	(in millions)		(in millions)	
<b>Assets</b>				
Current and other assets	\$ 20.8	\$ 18.3	\$ 0.5	\$ 0.5
Capital assets	201.1	206.1	-	-
Total assets	221.9	224.4	0.5	0.5
<b>Liabilities</b>				
Current liabilities	21.5	16.9	0.1	0.1
Long-term liabilities	179.8	189.4	-	-
Total liabilities	201.3	206.3	0.1	0.1
<b>Net Assets</b>				
Invested in property and equipment - Net of related debt	12.2	9.2	-	-
Restricted	1.7	2.7	-	-
Unrestricted	6.7	6.2	0.4	0.4
Total net assets	<b>\$ 20.6</b>	<b>\$ 18.1</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>

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 and business-type activities is discussed below. The School District's net assets were \$20.6 million at June 30, 2010, while business-type net assets were \$0.4 million. Capital assets, net of related debt, totaling \$12.2 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 was unrestricted.

The unrestricted net assets of governmental activities and business-type activities represent the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net assets for fiscal years 2010 and 2009.

# South Lyon Community Schools

## Management's Discussion and Analysis (Continued)

TABLE 2 - Condensed Statement of Activities

	Governmental Activities		Business-type Activities	
	Year Ended June 30			
	2010	2009	2010	2009
	(in millions)		(in millions)	
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 1.0	\$ 1.2	\$ 1.1	\$ 1.3
Operating grants and contributions	7.9	9.5	-	-
General revenue:				
Property taxes	26.0	26.1	-	-
State foundation allowance	39.1	39.8	-	-
Federal sources - Unrestricted	2.0	-	-	-
Other	0.6	0.7	-	-
Total revenue	76.6	77.3	1.1	1.3
<b>Functions/Program Expenses</b>				
Instruction	36.9	36.0	-	-
Support services	25.2	26.3	-	-
Athletics	1.4	1.4	-	-
Food services	1.4	1.5	-	-
Community services	0.2	0.2	1.1	1.2
Interest on long-term debt	9.0	9.4	-	-
Total functions/program expenses	74.1	74.8	1.1	1.2
<b>Increase in Net Assets</b>	2.5	2.5	-	0.1
<b>Net Assets - Beginning of year</b>	18.1	15.6	0.4	0.3
<b>Net Assets - End of year</b>	<u>\$ 20.6</u>	<u>\$ 18.1</u>	<u>\$ 0.4</u>	<u>\$ 0.4</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$74.1 million. Certain activities were partially funded from those who benefited from the programs (\$1.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.9 million). We paid for the remaining "public benefit" portion of our governmental activities with \$26.0 million in taxes, \$39.1 million in state foundation allowance, and with our other revenue, i.e., interest and general entitlements.

# **South Lyon Community Schools**

## **Management's Discussion and Analysis (Continued)**

During 2009-2010, the School District experienced an increase in net assets of \$2.5 million. The key reason for the change was the reduction in outstanding debt as compared to the net value of School District property and equipment.

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 the School District's 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.

As the School District completed this year, the governmental funds reported a combined fund balance of \$9.4 million, which is a decrease of \$1.7 million from last year. The primary reasons for the decrease are as follows:

- In the General Fund, our principal operating fund, the fund balance decreased approximately \$670,000 to \$4.9 million. The General Fund fund balance is available to fund costs related to allowable school operating purposes.
- Our Special Revenue Funds remained stable from the prior years, showing a net increase of approximately \$113,000.
- Combined, the Debt Service Funds showed a fund balance decrease of approximately \$1,000,000. The Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.
- The combined Capital Projects Funds fund balance decreased approximately \$155,000.

### **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 revenue 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 required supplemental information of these financial statements.

The most significant revision made to the 2009-2010 General Fund original budget was to account for early retirement incentives offered to employees.

# South Lyon Community Schools

## Management's Discussion and Analysis (Continued)

There were no significant variances between the final budget and actual amounts.

### Capital Assets and Debt Administration

#### *Capital Assets*

As of June 30, 2010, the School District had \$201.1 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$5.0 million, or 2.4 percent, from last year.

	<u>2010</u>	<u>2009</u>
Land	\$ 10,141,706	\$ 10,141,706
Land improvements	14,386,247	13,786,247
Buildings and building improvements	222,394,744	222,994,744
Buses and other vehicles	5,357,742	5,179,716
Furniture and equipment	<u>3,061,396</u>	<u>3,321,915</u>
Total capital assets	255,341,835	255,424,328
Less accumulated depreciation	<u>54,220,531</u>	<u>49,353,283</u>
Net capital assets	<u><b>\$ 201,121,304</b></u>	<u><b>\$ 206,071,045</b></u>

This year's additions of \$0.6 million primarily included buses. Debt was issued to fund substantially all of these additions.

No major capital projects are planned for the 2010-2011 fiscal year. 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 \$189,190,000 in bonds outstanding versus \$197,345,000 in the previous year - a change of 4.1 percent. Those bonds consisted of the following:

	<u>2010</u>	<u>2009</u>
General obligation bonds	<u><b>\$ 189,190,000</b></u>	<u><b>\$ 197,345,000</b></u>

# **South Lyon Community Schools**

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## **Management's Discussion and Analysis (Continued)**

The School District's general obligation bond rating continues to be AAA by Standard & Poor's and Aaa by Moody's, with an underlying rating of A and A1, respectively. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$98,970,000 as of June 30, 2010 is below this statutorily imposed limit.

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

### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2011 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2011 fiscal year is budgeted at 25 percent and 75 percent of the February 2010 and September 2010 student counts, respectively. The 2011 budget was adopted in June 2010, based on an estimate of students that will be enrolled in September 2010. Approximately 90 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, 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 2011 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2011 budget. Once the final student count and related per-pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

# South Lyon Community Schools

## Statement of Net Assets June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 8,946,481	\$ -	\$ 8,946,481
Receivables:			
Accounts	4,417,474	-	4,417,474
Due from other governmental units	7,472,512	-	7,472,512
Internal balances (Note 6)	(522,133)	522,133	-
Inventories	29,255	-	29,255
Prepaid costs and other assets	480,803	-	480,803
Capital assets not being depreciated (Note 5)	10,141,706	-	10,141,706
Capital assets being depreciated - Less accumulated depreciation of \$54,220,531 (Note 5)	190,979,598	-	190,979,598
Total assets	221,945,696	522,133	222,467,829
<b>Liabilities</b>			
Accounts payable	2,586,124	15,479	2,601,603
Accrued payroll and other liabilities	7,821,382	27,227	7,848,609
Accrued interest	1,428,081	-	1,428,081
Unearned revenue (Note 4)	7,636	60,329	67,965
Long-term liabilities (Note 7):			
Due within one year	9,656,916	-	9,656,916
Due in more than one year	179,858,679	-	179,858,679
Total liabilities	201,358,818	103,035	201,461,853
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	12,200,638	-	12,200,638
Restricted - Debt service	1,666,940	-	1,666,940
Unrestricted	6,719,300	419,098	7,138,398
Total net assets	<u>\$ 20,586,878</u>	<u>\$ 419,098</u>	<u>\$ 21,005,976</u>

# South Lyon Community Schools

	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Functions/Programs -</b>			
Primary government -			
Governmental activities:			
Instruction	\$ 36,946,119	\$ -	\$ 7,813,819
Support services	25,240,332	-	95,383
Athletics	1,344,703	145,292	-
Food services	1,434,071	823,068	-
Community services	180,079	39,100	-
Interest on long-term debt	8,957,865	-	-
Total governmental activities	74,103,169	1,007,460	7,909,202
Business-type activities -			
Community education	1,126,312	1,173,668	-
Total	<u>\$ 75,229,481</u>	<u>\$ 2,181,128</u>	<u>\$ 7,909,202</u>

General revenue:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- State aid not restricted to specific purposes
- Federal sources - Unrestricted
- Interest and investment earnings
- Other

Total general revenue

**Change in Net Assets**

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Statement of Activities**  
**Year Ended June 30, 2010**

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (29,132,300)	\$ -	\$ (29,132,300)
(25,144,949)	-	(25,144,949)
(1,199,411)	-	(1,199,411)
(611,003)	-	(611,003)
(140,979)	-	(140,979)
<u>(8,957,865)</u>	<u>-</u>	<u>(8,957,865)</u>
(65,186,507)	-	(65,186,507)
-	47,356	47,356
<u>(65,186,507)</u>	<u>47,356</u>	<u>(65,139,151)</u>
9,875,780	-	9,875,780
16,111,213	-	16,111,213
39,077,384	-	39,077,384
1,981,214	-	1,981,214
32,169	-	32,169
587,963	-	587,963
<u>67,665,723</u>	<u>-</u>	<u>67,665,723</u>
2,479,216	47,356	2,526,572
<u>18,107,662</u>	<u>371,742</u>	<u>18,479,404</u>
<b><u>\$ 20,586,878</u></b>	<b><u>\$ 419,098</u></b>	<b><u>\$ 21,005,976</u></b>

# South Lyon Community Schools

## Governmental Funds Balance Sheet June 30, 2010

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments (Note 3)	\$ 7,545,964	\$ 1,400,517	\$ 8,946,481
Receivables:			
Accounts	4,402,613	14,861	4,417,474
Due from other governmental units	7,439,124	33,388	7,472,512
Due from other funds (Note 6)	-	3,937,478	3,937,478
Inventories	19,040	10,215	29,255
Prepaid costs	129,057	-	129,057
	<u>\$ 19,535,798</u>	<u>\$ 5,396,459</u>	<u>\$ 24,932,257</u>
Total assets			
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,997,637	\$ 588,487	\$ 2,586,124
Accrued payroll and other liabilities	7,804,942	16,440	7,821,382
Due to other funds (Note 6)	3,772,862	335,003	4,107,865
Deferred revenue (Note 4)	1,034,322	7,636	1,041,958
	<u>14,609,763</u>	<u>947,566</u>	<u>15,557,329</u>
Total liabilities			
<b>Fund Balances</b>			
Reserved:			
Capital projects	-	354,519	354,519
Debt service	-	1,666,940	1,666,940
Inventories	19,040	10,215	29,255
Prepaid costs	129,057	-	129,057
Unreserved:			
Designated for compensated absences	1,668,482	-	1,668,482
Designated for subsequent years' building allocations	563,170	-	563,170
Designated for capital projects	-	1,913,824	1,913,824
Undesignated, reported in:			
General Fund	2,546,286	-	2,546,286
Special Revenue Funds	-	503,395	503,395
	<u>4,926,035</u>	<u>4,448,893</u>	<u>9,374,928</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 19,535,798</u>	<u>\$ 5,396,459</u>	<u>\$ 24,932,257</u>

# South Lyon Community Schools

## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2010

<b>Fund Balance - Total Governmental Funds</b>	\$	9,374,928
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:		
Cost of capital assets	\$ 255,341,835	
Accumulated depreciation	<u>(54,220,531)</u>	201,121,304
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds		1,034,322
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds, notes, and capital lease payable	(187,847,113)	
Compensated absences	<u>(1,668,482)</u>	(189,515,595)
Accrued interest payable is not included as a liability in governmental funds		<u>(1,428,081)</u>
<b>Net Assets - Governmental Activities</b>	<b>\$</b>	<b><u>20,586,878</u></b>

# South Lyon Community Schools

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2010

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Local sources	\$ 10,351,095	\$ 17,342,503	\$ 27,693,598
State sources	40,450,071	93,698	40,543,769
Federal sources	4,507,868	635,050	5,142,918
Interdistrict sources	2,511,962	-	2,511,962
Total revenue	57,820,996	18,071,251	75,892,247
<b>Expenditures</b>			
Current:			
Instruction	32,861,632	-	32,861,632
Support services	23,687,219	-	23,687,219
Athletics	995,306	349,397	1,344,703
Food services	-	1,434,071	1,434,071
Community services	191,642	-	191,642
Debt service:			
Principal	-	8,628,621	8,628,621
Interest	-	8,935,977	8,935,977
Other	-	69,752	69,752
Capital outlay	189,782	852,713	1,042,495
Total expenditures	57,925,581	20,270,531	78,196,112
<b>Excess of Expenditures Over Revenue</b>	(104,585)	(2,199,280)	(2,303,865)
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 6)	113,158	675,000	788,158
Transfers out (Note 6)	(675,000)	(46,562)	(721,562)
Face value of debt issued	-	530,000	530,000
Total other financing sources (uses)	(561,842)	1,158,438	596,596
<b>Net Change in Fund Balances</b>	(666,427)	(1,040,842)	(1,707,269)
<b>Fund Balances - Beginning of year</b>	5,592,462	5,489,735	11,082,197
<b>Fund Balances - End of year</b>	\$ 4,926,035	\$ 4,448,893	\$ 9,374,928

# South Lyon Community 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, 2010

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,707,269)

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

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

Depreciation expense	\$ (5,500,991)	
Capitalized capital outlay	<u>551,250</u>	(4,949,741)

Revenue is reported in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end

769,151

Note proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities

(530,000)

Underwriter's premiums and deferred charges are reported as revenue and expenditures in the funds and amortized in the statement of activities

(145,610)

Repayment of bond and note principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)

8,628,620

Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid

59,430

Compensated absences and certain other liabilities are recorded when earned in the statement of activities. In the current year, more was paid out than earned

354,635

**Change in Net Assets of Governmental Activities** \$ 2,479,216

# South Lyon Community Schools

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## Proprietary Fund Statement of Net Assets June 30, 2010

	Community Education Fund
<b>Assets - Current -</b>	
Due from other funds (Note 6)	\$ 522,133
<b>Liabilities - Current</b>	
Accounts payable	15,479
Accrued salaries and other liabilities	27,227
Unearned revenue (Note 4)	<u>60,329</u>
Total liabilities	<u>103,035</u>
<b>Net Assets - Unrestricted</b>	<u><u>\$ 419,098</u></u>

# South Lyon Community Schools

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## **Proprietary Fund** **Statement of Revenue, Expenses, and Changes in Net Assets** **Year Ended June 30, 2010**

	<u>Community Education Fund</u>
<b>Operating Revenue</b> - Charges for services	\$ 1,173,668
<b>Operating Expenses</b> - Community services	<u>1,059,716</u>
<b>Operating Income</b>	113,952
<b>Transfer to Other Funds</b>	<u>(66,596)</u>
<b>Change in Net Assets</b>	47,356
<b>Net Assets</b> - Beginning of year	<u>371,742</u>
<b>Net Assets</b> - End of year	<u><u>\$ 419,098</u></u>

# South Lyon Community Schools

## Proprietary Fund Statement of Cash Flows Year Ended June 30, 2010

	<u>Community Education Fund</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,173,668
Payments for services	(242,952)
Payments to employees	(876,301)
Payments to other funds	<u>(66,596)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(12,181)
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>12,181</u>
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ -</u>
<b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities</b>	
Change in net assets	\$ 47,356
Adjustments to reconcile change in net assets to net cash from operating activities - Changes in assets and liabilities:	
Accounts receivable	16,269
Due from other funds	(90,701)
Accounts payable	2,535
Accrued salaries and other liabilities	3,714
Deferred revenue	<u>8,646</u>
<b>Net cash used in operating activities</b>	<u>\$ (12,181)</u>

# South Lyon Community Schools

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## Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2010

	Student Activities Funds
<b>Assets - Cash and investments (Note 3)</b>	<b><u>\$ 1,008,426</u></b>
<b>Liabilities</b>	
Accounts payable	\$ 43,790
Due to student groups	612,890
Due to other funds (Note 6)	<u>351,746</u>
Total liabilities	<b><u>\$ 1,008,426</u></b>

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

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

The accounting policies of South Lyon Community 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 School District. 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary 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.

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

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

**Government-wide Financial Statements** - The government-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.

Private sector standards of accounting issued prior to November 30, 1989 generally are followed to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board. The School District has elected to also follow private sector guidance issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between business-type and governmental activities whereby eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

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

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

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

Proprietary fund and fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. As discussed above, this means that private sector standards of accounting issued prior to November 30, 1989 generally are followed to the extent that those standards do not conflict with guidance of the Governmental Accounting Standards Board. The School District has elected to also follow private sector guidance issued after November 30, 1989 for its Enterprise Fund. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal revenue of our proprietary fund relates to charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The School District reports the following major governmental fund:

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

Additionally, the School District reports the following nonmajor funds:

**Food Services Fund** - The Food Services Fund is a Special Revenue Fund and is used to record all transactions of food sales to pupils at all School District school buildings.

**Athletics Fund** - The Athletics Fund is a Special Revenue Fund and is used to record all transactions associated with the athletic programs offered by the School District.

**1997, 1998, 2000 Series I, 2000 Series II, 2000 Series III, 2001 Refunding, 2003 Series I, 2003 Series II, 2005 Refunding, Series I, 2005 Refunding, Series II, 2006 Refunding, and 2007 Refunding Debt Service Funds** - Debt Service Funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on bonded debt issues.

**Bus Purchases, Site Projects, 2003 Series I, 2003 Series II, and Capital Improvements Capital Projects Funds** - The Bus Purchases, Site Projects, and Capital Improvements Capital Projects Funds are financed by support of the General Fund and are used for acquiring new school sites, equipment, and major repairs. The 2003 Series I and 2003 Series II Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of funds specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The fund operates until the purpose for which it was created is accomplished.

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

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

**Proprietary Fund** - The School District's proprietary fund is comprised of the Community Education Fund. The Community Education Fund is supported by user fees and provides community recreation programs.

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

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

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments. Investments are stated at fair value. Pooled investment income from the Debt Service Funds is generally allocated to each fund using a weighted average of balance for the principal.

**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." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax 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. 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.

The due from other governmental units account primarily consists of state aid payments not received until July and August 2010 that are recorded as a receivable as of June 30.

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

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

### 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 or business-type 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 \$20,488 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

Buildings, building improvements, and land improvements	20 to 50 years
Buses and other vehicles	5 to 10 years
Furniture and equipment	5 to 10 years

**Compensated Absences** - The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments 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 are 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.

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

**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. The School District generally first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General, Special Revenue, Debt Service, and Capital Projects Funds. The annual budget for the Debt Service Funds is adopted in the aggregate, not for each fund individually. 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 their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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.

### 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 matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

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

The School District has designated six bank accounts for the deposit of its funds.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$4,169,598 had \$411,448 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by board pre-approval, the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

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

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Comerica Governmental Cash Investment Fund	\$ 711,129	Varies	AI/PI/FI	N/A
Michigan Liquid Asset Fund	4,802,165	Varies	AAAm	Standard & Poor's
Fifth Third Money Market	390,462	Varies	AAAm	Standard & Poor's
MBIA	225,426	Varies	AAAm	Standard & Poor's
Total investments	<u>\$ 6,129,182</u>			

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

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

### Note 4 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, deferred revenue in the governmental funds includes unearned grant and categorical aid payments received prior to meeting all eligibility requirements in the amount of \$7,636 and the remaining \$1,034,322 of deferred revenue is unavailable, as it has not been received within 60 days of year end. At the end of the current fiscal year, unearned revenue in the proprietary fund includes resources that have been received but not yet earned in the amount of \$60,329.

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets

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

Governmental Activities	Balance	Reclassifications	Additions	Disposals and	Balance
	July 1, 2009			Adjustments	June 30, 2010
Capital assets not being depreciated - Land	\$ 10,141,706	\$ -	\$ -	\$ -	\$ 10,141,706
Capital assets being depreciated:					
Land improvements	13,786,247	600,000	-	-	14,386,247
Buildings and building improvements	222,994,744	(600,000)	-	-	222,394,744
Furniture and equipment	3,321,915	-	-	260,519	3,061,396
Buses and other vehicles	5,179,716	-	551,250	373,224	5,357,742
Subtotal	245,282,622	-	551,250	633,743	245,200,129
Accumulated depreciation:					
Land improvements	1,996,399	270,000	717,326	-	2,983,725
Buildings and building improvements	40,808,794	(270,000)	4,367,845	-	44,906,639
Furniture and equipment	2,559,307	-	134,171	260,519	2,432,959
Buses and other vehicles	3,988,783	-	281,649	373,224	3,897,208
Subtotal	49,353,283	-	5,500,991	633,743	54,220,531
Net capital assets being depreciated	195,929,339	-	(4,949,741)	-	190,979,598
Net governmental capital assets	\$ 206,071,045	\$ -	\$ (4,949,741)	\$ -	\$ 201,121,304

Business-type activities do not maintain capital assets.

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

Governmental activities:	
Instruction	\$ 3,850,694
Support services	1,650,297
Total governmental activities	<u>\$ 5,500,991</u>

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

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Nonmajor Governmental Funds	Fiduciary Fund	
Nonmajor governmental funds	\$ 3,250,729	\$ 335,003	\$ 351,746	\$ 3,937,478
Nonmajor Enterprise Fund	522,133	-	-	522,133
Total	<u>\$ 3,772,862</u>	<u>\$ 335,003</u>	<u>\$ 351,746</u>	<u>\$ 4,459,611</u>

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

Interfund balances represent routine cash flow activity and temporary cash flow assistance until amounts are transferred from fund investment accounts.

The composition of interfund transfers is as follows:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental Funds	Community Education Fund	
General Fund	\$ -	\$ 46,562	\$ 66,596	\$ 113,158
Nonmajor governmental funds	675,000	-	-	675,000
Total	<u>\$ 675,000</u>	<u>\$ 46,562</u>	<u>\$ 66,596</u>	<u>\$ 788,158</u>

General Fund interfund transfers represent routine, recurring transfers to provide support for activities in the Capital Projects Funds. Interfund transfers from other funds to the General Fund represent reimbursement to the General Fund for overhead expenses incurred by the General Fund on behalf of the other funds.

### Note 7 - Long-term Debt

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

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds	\$ 197,345,000	\$ -	\$ 8,155,000	\$ 189,190,000	\$ 9,260,000
Issuance premiums	4,359,332	-	307,540	4,051,792	307,540
Less deferred charges	(6,956,342)	-	(453,150)	(6,503,192)	(453,150)
Total bonds payable	194,747,990	-	8,009,390	186,738,600	9,114,390
Bus installment obligation	770,590	530,000	337,202	963,388	309,401
Employee compensated absences	2,023,117	47,512	402,147	1,668,482	88,000
Capital leases	281,543	-	136,418	145,125	145,125
Total governmental activities	<u>\$ 197,823,240</u>	<u>\$ 577,512</u>	<u>\$ 8,885,157</u>	<u>\$ 189,515,595</u>	<u>\$ 9,656,916</u>

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

The Enterprise Fund has no long-term debt as of June 30, 2010.

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 9,423,791	\$ 8,632,290	\$ 18,056,081
2012	10,382,913	8,202,556	18,585,469
2013	10,939,856	7,733,536	18,673,392
2014	11,394,390	7,228,946	18,623,336
2015	11,299,390	6,699,608	17,998,998
2016-2020	61,321,942	25,224,400	86,546,342
2021-2025	52,526,697	10,995,062	63,521,759
2026-2030	20,413,009	1,769,490	22,182,499
Total	<u>\$ 187,701,988</u>	<u>\$ 76,485,888</u>	<u>\$ 264,187,876</u>

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

#### Governmental Activities

General obligation bonds consist of the following:

\$20,815,000 serial and term bonds due in annual installments of \$825,000 to \$1,475,000 through May 1, 2014; interest at 4.15 percent to 4.7 percent	\$ 5,225,000
\$43,120,000 serial and term bonds due in annual installments of \$1,150,000 through May 1, 2012; interest at 3.75 percent to 4.0 percent	2,300,000
\$55,730,000 serial and term bonds due in annual installments of \$800,000 to \$1,850,000 through May 1, 2014; interest at 3.375 percent to 5.25 percent	4,850,000
\$55,420,000 serial and term bonds due in annual installments of \$3,110,000 to \$4,395,000 through May 1, 2023; interest at 3.5 percent to 5.0 percent	53,900,000
\$30,025,000 serial and term bonds due in annual installments of \$1,935,000 to \$2,090,000 through May 1, 2023; interest at 3.6 percent to 4.0 percent	25,875,000
\$92,485,000 serial and term bonds due in annual installments of \$150,000 to \$7,035,000 through May 1, 2028; interest at 4.0 percent to 6.0 percent	91,820,000
\$7,180,000 serial and term bonds due in annual installments of \$100,000 to \$660,000 through May 1, 2020; interest at 4.0 percent to 5.0 percent	<u>5,220,000</u>
Total bonded debt	<u>\$ 189,190,000</u>

Notes consist of the following:

Date	Original Amount	Due Date	Interest Rate	Remaining to Maturity	
				Interest	Principal
2/28/2007	\$ 878,436	2/28/2012	4.04	\$ 22,715	\$ 372,368
8/11/2008	234,825	5/23/2013	3.73	11,026	146,020
8/24/2009	<u>530,000</u>	5/20/2015	3.55	<u>56,400</u>	<u>445,000</u>
Total	<u>\$ 1,643,261</u>			<u>\$ 90,141</u>	<u>\$ 963,388</u>

# South Lyon Community Schools

## Notes to Financial Statements June 30, 2010

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

**Capital Leases** - The School District has entered into a lease agreement as lessee for financing the purchase of a portion of the city administration building. This lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. The original capitalized value of the assets leased is approximately \$1,538,000 and the accumulated depreciation of the assets leased to date is approximately \$718,000. Required payments under the full term of the lease total \$2,204,805. The remaining future minimum lease obligations and the net present value are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 152,381
Less amount representing interest	<u>7,256</u>
Present value of net minimum lease payments	<u>\$ 145,125</u>

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2010, \$96,595,000 of total bonds outstanding are considered defeased.

### Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefit claims and for claims subsequent to August 30, 1992 relating to workers' compensation and participates in the SET-SEG risk pool for claims relating to property and casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There have been no significant changes in insurance coverage in the current year.

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.

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

### Note 9 - 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 system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

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

**Pension Benefits** - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 9.73 percent of covered payroll for the period from July 1, 2009 through September 30, 2009 and 10.13 percent for the period from October 1, 2009 through June 30, 2010. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2009. The School District's required and actual contributions to the plan for the years ended June 30, 2010, 2009, and 2008 were \$3,225,195, \$3,231,139, and \$3,669,354, respectively.

**Postemployment Benefits** - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. For members who first work after June 30, 2008, a graded premium health insurance subsidy has been put in place. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2009 through September 30, 2009 and 6.81 percent for the period from October 1, 2009 through June 30, 2010. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2010, 2009, and 2008 were \$2,187,293, \$2,215,982, and \$2,311,590, respectively.

# South Lyon Community Schools

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## Notes to Financial Statements June 30, 2010

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

**Voluntary Severance Plan** - During the year ended June 30, 2010, the School District offered a voluntary severance plan to certain eligible employees. The School District has accrued approximately \$1,446,000 as of June 30, 2010 for payments due to employees participating in the plan.

### **Note 10 - Upcoming Accounting Pronouncements**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The School District will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

## **Required Supplemental Information**

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# South Lyon Community Schools

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Over (Under) <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 10,022,533	\$ 10,064,176	\$ 10,351,095	\$ 286,919
State sources	43,655,134	40,543,111	40,450,071	(93,040)
Federal sources	2,032,314	5,485,381	4,507,868	(977,513)
Interdistrict sources	<u>2,311,960</u>	<u>2,341,609</u>	<u>2,511,962</u>	<u>170,353</u>
Total revenue	58,021,941	58,434,277	57,820,996	(613,281)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic program	27,396,252	27,944,363	27,443,292	(501,071)
Added needs	5,061,703	5,249,935	5,298,919	48,984
Support services:				
Pupil	2,682,709	2,738,852	2,672,010	(66,842)
Instructional staff	3,259,233	3,265,283	3,130,225	(135,058)
General administration	995,704	994,272	939,343	(54,929)
School administration	3,843,080	3,865,614	3,802,036	(63,578)
Business services	1,057,590	891,180	929,858	38,678
Transportation and maintenance	11,165,472	10,225,946	9,939,647	(286,299)
Central services and other support services	1,389,843	1,629,286	1,630,793	1,507
Community services	200,796	205,268	191,642	(13,626)
Other	468,000	1,695,153	1,758,452	63,299
Capital outlay	<u>221,537</u>	<u>221,537</u>	<u>189,364</u>	<u>(32,173)</u>
Total expenditures	57,741,919	58,926,689	57,925,581	(1,001,108)
<b>Other Financing Sources (Uses)</b>				
Transfers in	84,000	104,000	113,158	9,158
Transfers out	<u>(675,000)</u>	<u>(675,000)</u>	<u>(675,000)</u>	-
<b>Net Change in Fund Balance</b>	(310,978)	(1,063,412)	(666,427)	396,985
<b>Fund Balance - Beginning of year</b>	<u>5,592,462</u>	<u>5,592,462</u>	<u>5,592,462</u>	-
<b>Fund Balance - End of year</b>	<u><b>\$ 5,281,484</b></u>	<u><b>\$ 4,529,050</b></u>	<u><b>\$ 4,926,035</b></u>	<u><b>\$ 396,985</b></u>

## **Other Supplemental Information**

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# South Lyon Community Schools

	Special Revenue Funds		Debt Service Funds			
	Food Services	Athletics	1997 Series I	1998 Series I	2000 Series I	2000 Series II
<b>Assets</b>						
Cash and investments	\$ 512,344	\$ -	\$ 43,261	\$ 234,044	\$ 36,850	\$ -
Receivables	48,249	-	-	-	-	-
Due from other funds	-	196,849	-	21,169	73,242	81,425
Inventories	10,215	-	-	-	-	-
<b>Total assets</b>	<b>\$ 570,808</b>	<b>\$ 196,849</b>	<b>\$ 43,261</b>	<b>\$ 255,213</b>	<b>\$ 110,092</b>	<b>\$ 81,425</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 32,170	\$ 8,325	\$ -	\$ -	\$ 6,360	\$ 1,043
Accrued payroll-related liabilities	16,440	-	-	-	-	-
Due to other funds	189,476	-	713	-	-	-
Deferred revenue	7,636	-	-	-	-	-
<b>Total liabilities</b>	<b>245,722</b>	<b>8,325</b>	<b>713</b>	<b>-</b>	<b>6,360</b>	<b>1,043</b>
<b>Fund Balances</b>						
Reserved:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	42,548	255,213	103,732	80,382
Inventories	10,215	-	-	-	-	-
Unreserved - Designated fund balance - Capital Projects	-	-	-	-	-	-
Unreserved - Undesignated, reported in Special Revenue Funds	314,871	188,524	-	-	-	-
<b>Total fund balances</b>	<b>325,086</b>	<b>188,524</b>	<b>42,548</b>	<b>255,213</b>	<b>103,732</b>	<b>80,382</b>
<b>Total liabilities and fund balances</b>	<b>\$ 570,808</b>	<b>\$ 196,849</b>	<b>\$ 43,261</b>	<b>\$ 255,213</b>	<b>\$ 110,092</b>	<b>\$ 81,425</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

Debt Service Funds

2000 Series III	2001 Refunding	2003 Series I	2003 Series II	2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding
\$ 103,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
6,415	161,732	109,821	48,775	341,430	299,884	419,041	91,906
-	-	-	-	-	-	-	-
<b>\$ 109,727</b>	<b>\$ 161,732</b>	<b>\$ 109,821</b>	<b>\$ 48,775</b>	<b>\$ 341,430</b>	<b>\$ 299,884</b>	<b>\$ 419,041</b>	<b>\$ 91,906</b>
\$ -	\$ 74,012	\$ 54,531	\$ 1,274	\$ 43,242	\$ 124,914	\$ 78,517	\$ 20,761
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	74,012	54,531	1,274	43,242	124,914	78,517	20,761
-	-	-	-	-	-	-	-
109,727	87,720	55,290	47,501	298,188	174,970	340,524	71,145
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
109,727	87,720	55,290	47,501	298,188	174,970	340,524	71,145
<b>\$ 109,727</b>	<b>\$ 161,732</b>	<b>\$ 109,821</b>	<b>\$ 48,775</b>	<b>\$ 341,430</b>	<b>\$ 299,884</b>	<b>\$ 419,041</b>	<b>\$ 91,906</b>

# South Lyon Community Schools

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds June 30, 2010

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Bus Purchases	Site Projects	2003 Series I	2003 Series II	Capital Improvements	
<b>Assets</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 470,706	\$ -	\$ 1,400,517
Receivables	-	-	-	-	-	48,249
Due from other funds	773,613	114,115	110,544	-	1,087,517	3,937,478
Inventories	-	-	-	-	-	10,215
<b>Total assets</b>	<b><u>\$ 773,613</u></b>	<b><u>\$ 114,115</u></b>	<b><u>\$ 110,544</u></b>	<b><u>\$ 470,706</u></b>	<b><u>\$ 1,087,517</u></b>	<b><u>\$ 5,396,459</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 29,971	\$ 81,917	\$ -	\$ 31,450	\$ 588,487
Accrued payroll-related liabilities	-	-	-	-	-	16,440
Due to other funds	-	-	-	144,814	-	335,003
Deferred revenue	-	-	-	-	-	7,636
<b>Total liabilities</b>	<b>-</b>	<b>29,971</b>	<b>81,917</b>	<b>144,814</b>	<b>31,450</b>	<b>947,566</b>
<b>Fund Balances</b>						
Reserved:						
Capital projects	-	-	28,627	325,892	-	354,519
Debt service	-	-	-	-	-	1,666,940
Inventories	-	-	-	-	-	10,215
Unreserved - Designated fund balance - Capital Projects	773,613	84,144	-	-	1,056,067	1,913,824
Unreserved - Undesignated, reported in Special Revenue Funds	-	-	-	-	-	503,395
<b>Total fund balances</b>	<b><u>773,613</u></b>	<b><u>84,144</u></b>	<b><u>28,627</u></b>	<b><u>325,892</u></b>	<b><u>1,056,067</u></b>	<b><u>4,448,893</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 773,613</u></b>	<b><u>\$ 114,115</u></b>	<b><u>\$ 110,544</u></b>	<b><u>\$ 470,706</u></b>	<b><u>\$ 1,087,517</u></b>	<b><u>\$ 5,396,459</u></b>

# South Lyon Community Schools

	Special Revenue Funds		Debt Service Funds			
	Food Services	Athletics	1997 Series I	1998 Series I	2000 Series I	2000 Series II
<b>Revenue</b>						
Local sources	\$ 823,068	\$ 390,771	\$ -	\$ -	\$ 796,537	\$ 797,023
State sources	93,698	-	-	-	-	-
Federal sources	635,050	-	-	-	-	-
Total revenue	1,551,816	390,771	-	-	796,537	797,023
<b>Expenditures</b>						
Current - Instruction:						
Athletics	-	349,397	-	-	-	-
Food services	1,434,071	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	735,000	800,000
Interest	-	-	-	-	39,668	41,987
Other	-	-	2	4	9,254	3,329
Capital outlay	-	-	-	-	-	-
Total expenditures	1,434,071	349,397	2	4	783,922	845,316
<b>Excess of Revenue Over (Under) Expenditures</b>	117,745	41,374	(2)	(4)	12,615	(48,293)
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(46,562)	-	-	-	-	-
Face value of debt issued	-	-	-	-	-	-
Total other financing sources (uses)	(46,562)	-	-	-	-	-
<b>Net Change in Fund Balances</b>	71,183	41,374	(2)	(4)	12,615	(48,293)
<b>Fund Balances - Beginning of year</b>	253,903	147,150	42,550	255,217	91,117	128,675
<b>Fund Balances - End of year</b>	<b>\$ 325,086</b>	<b>\$ 188,524</b>	<b>\$ 42,548</b>	<b>\$ 255,213</b>	<b>\$ 103,732</b>	<b>\$ 80,382</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**

Debt Service Funds							
2000 Series III	2001 Refunding	2003 Series I	2003 Series II	2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding
\$ -	\$ 1,632,139	\$ 1,194,902	\$ 625,280	\$ 3,471,636	\$ 3,074,146	\$ 3,796,267	\$ 740,319
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,632,139	1,194,902	625,280	3,471,636	3,074,146	3,796,267	740,319
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,475,000	1,150,000	400,000	870,000	2,075,000	-	650,000
-	311,835	135,092	248,518	2,687,661	1,180,618	4,004,538	253,510
2	6,654	4,266	1,553	12,552	11,696	15,707	3,581
-	-	-	-	-	-	-	-
2	1,793,489	1,289,358	650,071	3,570,213	3,267,314	4,020,245	907,091
(2)	(161,350)	(94,456)	(24,791)	(98,577)	(193,168)	(223,978)	(166,772)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(2)	(161,350)	(94,456)	(24,791)	(98,577)	(193,168)	(223,978)	(166,772)
109,729	249,070	149,746	72,292	396,765	368,138	564,502	237,917
<b>\$ 109,727</b>	<b>\$ 87,720</b>	<b>\$ 55,290</b>	<b>\$ 47,501</b>	<b>\$ 298,188</b>	<b>\$ 174,970</b>	<b>\$ 340,524</b>	<b>\$ 71,145</b>

# South Lyon Community Schools

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended June 30, 2010

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Bus Purchases	Site Projects	2003 Series I	2003 Series II	Capital Improvements	
<b>Revenue</b>						
Local sources	\$ -	\$ -	\$ -	\$ 415	\$ -	\$ 17,342,503
State sources	-	-	-	-	-	93,698
Federal sources	-	-	-	-	-	635,050
Total revenue	-	-	-	415	-	18,071,251
<b>Expenditures</b>						
Current - Instruction:						
Athletics	-	-	-	-	-	349,397
Food services	-	-	-	-	-	1,434,071
Debt service:						
Principal	337,202	-	-	-	136,419	8,628,621
Interest	32,550	-	-	-	-	8,935,977
Other	-	-	-	1,152	-	69,752
Capital outlay	553,005	48,859	95,325	-	155,524	852,713
Total expenditures	922,757	48,859	95,325	1,152	291,943	20,270,531
<b>Excess of Revenue Over (Under) Expenditures</b>	(922,757)	(48,859)	(95,325)	(737)	(291,943)	(2,199,280)
<b>Other Financing Sources (Uses)</b>						
Transfers in	375,000	50,000	-	-	250,000	675,000
Transfers out	-	-	-	-	-	(46,562)
Face value of debt issued	530,000	-	-	-	-	530,000
Total other financing sources (uses)	905,000	50,000	-	-	250,000	1,158,438
<b>Net Change in Fund Balances</b>	(17,757)	1,141	(95,325)	(737)	(41,943)	(1,040,842)
<b>Fund Balances - Beginning of year</b>	791,370	83,003	123,952	326,629	1,098,010	5,489,735
<b>Fund Balances - End of year</b>	<u>\$ 773,613</u>	<u>\$ 84,144</u>	<u>\$ 28,627</u>	<u>\$ 325,892</u>	<u>\$ 1,056,067</u>	<u>\$ 4,448,893</u>

# South Lyon Community Schools

June 30	2001	2003 Series I	2003 Series II	2005	2005
	Refunding			Refunding, Series I	Refunding, Series II
	Principal	Principal	Principal	Principal	Principal
2011	\$ 1,475,000	\$ 1,150,000	\$ 800,000	\$ 3,110,000	\$ 2,090,000
2012	1,475,000	1,150,000	1,200,000	3,540,000	2,070,000
2013	1,450,000	-	1,000,000	3,995,000	2,050,000
2014	825,000	-	1,850,000	4,025,000	2,035,000
2015	-	-	-	4,330,000	2,010,000
2016	-	-	-	4,395,000	2,000,000
2017	-	-	-	4,385,000	1,980,000
2018	-	-	-	4,380,000	1,955,000
2019	-	-	-	4,355,000	1,935,000
2020	-	-	-	4,365,000	1,935,000
2021	-	-	-	4,355,000	1,935,000
2022	-	-	-	4,340,000	1,940,000
2023	-	-	-	4,325,000	1,940,000
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
<b>Total</b>	<b>\$ 5,225,000</b>	<b>\$ 2,300,000</b>	<b>\$ 4,850,000</b>	<b>\$ 53,900,000</b>	<b>\$ 25,875,000</b>
Principal payments due	May 1	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	May 1 and November 1
Interest rate	4.25% to 4.7%	3.5% to 4.00%	3.375% to 5.25%	3.5% to 5.00%	3.6% to 4.00%
Original issue	<b>\$ 20,815,000</b>	<b>\$ 43,120,000</b>	<b>\$ 55,730,000</b>	<b>\$ 55,420,000</b>	<b>\$ 30,025,000</b>

**Other Supplemental Information  
Schedule of Bonded Indebtedness  
Year Ended June 30, 2008**

2006 Refunding	2007 Refunding	
Principal	Principal	Total
\$ -	\$ 635,000	\$ 9,260,000
150,000	620,000	10,205,000
1,790,000	660,000	10,945,000
2,080,000	630,000	11,445,000
4,375,000	635,000	11,350,000
4,890,000	625,000	11,910,000
5,320,000	615,000	12,300,000
5,755,000	600,000	12,690,000
6,070,000	100,000	12,460,000
6,290,000	100,000	12,690,000
6,500,000	-	12,790,000
6,765,000	-	13,045,000
6,935,000	-	13,200,000
7,035,000	-	7,035,000
7,010,000	-	7,010,000
6,985,000	-	6,985,000
6,960,000	-	6,960,000
6,910,000	-	6,910,000
<b><u>\$ 91,820,000</u></b>	<b><u>\$ 5,220,000</u></b>	<b><u>\$ 189,190,000</u></b>

May 1	May 1
May 1 and November 1	May 1 and November 1
4.00% to 6.00%	4.00% to 5.00%
<b><u>\$ 92,485,000</u></b>	<b><u>\$ 7,180,000</u></b>

# South Lyon Community Schools

	Year Ended					
	Food Services			Athletics		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>Revenue</b>						
Local sources	\$ 961,000	\$ 823,068	\$ (137,932)	\$ 369,000	\$ 390,771	\$ 21,771
State sources	88,400	93,698	5,298	-	-	-
Federal sources	485,000	635,050	150,050	-	-	-
Total revenue	1,534,400	1,551,816	17,416	369,000	390,771	21,771
<b>Expenditures</b>						
Food services	1,485,441	1,434,071	(51,370)	-	-	-
Athletics	-	-	-	367,688	349,397	(18,291)
Total expenditures	1,485,441	1,434,071	(51,370)	367,688	349,397	(18,291)
<b>Excess of Revenue Over Expenditures</b>	48,959	117,745	68,786	1,312	41,374	40,062
<b>Other Financing Uses - Transfers out</b>	(44,789)	(46,562)	(1,773)	-	-	-
<b>Net Change in Fund Balances</b>	4,170	71,183	67,013	1,312	41,374	40,062
<b>Fund Balances - Beginning of year</b>	253,903	253,903	-	147,150	147,150	-
<b>Fund Balances - End of year</b>	<u>\$ 258,073</u>	<u>\$ 325,086</u>	<u>\$ 67,013</u>	<u>\$ 148,462</u>	<u>\$ 188,524</u>	<u>\$ 40,062</u>

**Other Supplemental Information  
Special Revenue Funds  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2010**

June 30			
2010		2009	
Total Special Revenue Funds		Total Special Revenue Funds	
		Over (Under)	
Budget	Actual	Budget	Actual
\$ 1,330,000	\$ 1,213,839	\$ (116,161)	\$ 1,311,072
88,400	93,698	5,298	94,947
<u>485,000</u>	<u>635,050</u>	<u>150,050</u>	<u>549,467</u>
1,903,400	1,942,587	39,187	1,955,486
1,485,441	1,434,071	(51,370)	1,502,289
<u>367,688</u>	<u>349,397</u>	<u>(18,291)</u>	<u>435,402</u>
<u>1,853,129</u>	<u>1,783,468</u>	<u>(69,661)</u>	<u>1,937,691</u>
50,271	159,119	108,848	17,795
<u>(44,789)</u>	<u>(46,562)</u>	<u>(1,773)</u>	<u>(44,441)</u>
5,482	112,557	107,075	(26,646)
<u>401,053</u>	<u>401,053</u>	<u>-</u>	<u>427,699</u>
<u><b>\$ 406,535</b></u>	<u><b>\$ 513,610</b></u>	<u><b>\$ 107,075</b></u>	<u><b>\$ 401,053</b></u>

# South Lyon Community Schools

	Bond				
	1997 Series I	1998 Series I	2000 Series I	2000 Series II	2000 Series III
	Actual	Actual	Actual	Actual	Actual
<b>Revenue - Local sources</b>	\$ -	\$ -	\$ 796,537	\$ 797,023	\$ -
<b>Expenditures</b>					
Debt service principal	-	-	735,000	800,000	-
Debt service interest and other	<u>2</u>	<u>4</u>	<u>48,922</u>	<u>45,316</u>	<u>2</u>
Total expenditures	<u>2</u>	<u>4</u>	<u>783,922</u>	<u>845,316</u>	<u>2</u>
<b>Net Change in Fund Balances</b>	(2)	(4)	12,615	(48,293)	(2)
<b>Fund Balances - Beginning of year</b>	<u>42,550</u>	<u>255,217</u>	<u>91,117</u>	<u>128,675</u>	<u>109,729</u>
<b>Fund Balances - End of year</b>	<u>\$ 42,548</u>	<u>\$ 255,213</u>	<u>\$ 103,732</u>	<u>\$ 80,382</u>	<u>\$ 109,727</u>

**Other Supplemental Information  
Debt Service Funds  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2010**

Issues

2001 Refunding Actual	2003 Series I Actual	2003 Series II Actual	2005 Refunding, Series I Actual	2005 Refunding, Series II Actual	2006 Refunding Actual	2007 Refunding Actual
\$ 1,632,139	\$ 1,194,902	\$ 625,280	\$ 3,471,636	\$ 3,074,146	\$ 3,796,267	\$ 740,319
1,475,000	1,150,000	400,000	870,000	2,075,000	-	650,000
<u>318,489</u>	<u>139,358</u>	<u>250,071</u>	<u>2,700,213</u>	<u>1,192,314</u>	<u>4,020,245</u>	<u>257,091</u>
<u>1,793,489</u>	<u>1,289,358</u>	<u>650,071</u>	<u>3,570,213</u>	<u>3,267,314</u>	<u>4,020,245</u>	<u>907,091</u>
(161,350)	(94,456)	(24,791)	(98,577)	(193,168)	(223,978)	(166,772)
<u>249,070</u>	<u>149,746</u>	<u>72,292</u>	<u>396,765</u>	<u>368,138</u>	<u>564,502</u>	<u>237,917</u>
<b><u>\$ 87,720</u></b>	<b><u>\$ 55,290</u></b>	<b><u>\$ 47,501</u></b>	<b><u>\$ 298,188</u></b>	<b><u>\$ 174,970</u></b>	<b><u>\$ 340,524</u></b>	<b><u>\$ 71,145</u></b>

# South Lyon Community Schools

## Other Supplemental Information Debt Service Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued) Year Ended June 30, 2010

	Total 2010		Total 2009
	Total Debt Service Funds Actual	Total Debt Service Funds Budget	Total Debt Service Funds Actual
	Actual	Budget	Actual
<b>Revenue - Local sources</b>	\$ 16,128,249	\$ 16,110,145	\$ 16,807,446
<b>Expenditures</b>			
Debt service principal	8,155,000	8,155,000	7,460,000
Debt service interest and other	<u>8,972,027</u>	<u>8,906,562</u>	<u>9,213,520</u>
Total expenditures	<u>17,127,027</u>	<u>17,061,562</u>	<u>16,673,520</u>
<b>Net Change in Fund Balances</b>	(998,778)	(951,417)	133,926
<b>Fund Balances - Beginning of year</b>	<u>2,665,718</u>	<u>2,665,718</u>	<u>2,531,792</u>
<b>Fund Balances - End of year</b>	<u>\$ 1,666,940</u>	<u>\$ 1,714,301</u>	<u>\$ 2,665,718</u>

# South Lyon Community Schools

	Bus Purchases			Site Projects		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
<b>Revenue - Interest</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>						
Debt service:						
Note redemption	337,203	337,202	(1)	-	-	-
Note interest	44,127	32,550	(11,577)	-	-	-
Other	-	-	-	-	-	-
Capital outlay	<u>555,000</u>	<u>553,005</u>	<u>(1,995)</u>	<u>60,000</u>	<u>48,859</u>	<u>(11,141)</u>
Total expenditures	<u>936,330</u>	<u>922,757</u>	<u>(13,573)</u>	<u>60,000</u>	<u>48,859</u>	<u>(11,141)</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(936,330)	(922,757)	13,573	(60,000)	(48,859)	11,141
<b>Other Financing Sources (Uses)</b>						
Transfers in	375,000	375,000	-	50,000	50,000	-
Face value of debt issued	<u>555,000</u>	<u>530,000</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>930,000</u>	<u>905,000</u>	<u>(25,000)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(6,330)	(17,757)	(11,427)	(10,000)	1,141	11,141
<b>Fund Balances - Beginning of year</b>	<u>791,370</u>	<u>791,370</u>	<u>-</u>	<u>83,003</u>	<u>83,003</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 785,040</u>	<u>\$ 773,613</u>	<u>\$ (11,427)</u>	<u>\$ 73,003</u>	<u>\$ 84,144</u>	<u>\$ 11,141</u>

**Other Supplemental Information  
Capital Projects Funds  
Combining Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2010**

2003 Series I			2003 Series II			Capital Improvements		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 3,000	\$ -	\$ (3,000)	\$ -	\$ 415	\$ 415	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	136,419	136,419
-	-	-	-	-	-	-	-	-
-	-	-	-	1,152	1,152	-	-	-
<u>150,000</u>	<u>95,325</u>	<u>(54,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,237</u>	<u>155,524</u>	<u>(271,713)</u>
<u>150,000</u>	<u>95,325</u>	<u>(54,675)</u>	<u>-</u>	<u>1,152</u>	<u>1,152</u>	<u>427,237</u>	<u>291,943</u>	<u>(135,294)</u>
(147,000)	(95,325)	51,675	-	(737)	(737)	(427,237)	(291,943)	135,294
-	-	-	-	-	-	250,000	250,000	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	250,000	250,000	-
(147,000)	(95,325)	51,675	-	(737)	(737)	(177,237)	(41,943)	135,294
<u>123,952</u>	<u>123,952</u>	<u>-</u>	<u>326,629</u>	<u>326,629</u>	<u>-</u>	<u>1,098,010</u>	<u>1,098,010</u>	<u>-</u>
<u>\$ (23,048)</u>	<u>\$ 28,627</u>	<u>\$ 51,675</u>	<u>\$ 326,629</u>	<u>\$ 325,892</u>	<u>\$ (737)</u>	<u>\$ 920,773</u>	<u>\$ 1,056,067</u>	<u>\$ 135,294</u>

# South Lyon Community Schools

## Other Supplemental Information Capital Projects Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued) Year Ended June 30, 2010

	Total 2010		Total 2009	
	Total Capital Projects Funds		Total Capital Projects Funds	
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue - Interest</b>	\$ 3,000	\$ 415	\$ (2,585)	\$ 9,297
<b>Expenditures</b>				
Debt service:				
Note redemption	337,203	473,621	136,418	387,250
Note interest	44,127	32,550	(11,577)	45,016
Other	-	1,152	1,152	235,560
Capital outlay	<u>1,192,237</u>	<u>852,713</u>	<u>(339,524)</u>	<u>806,148</u>
Total expenditures	<u>1,573,567</u>	<u>1,360,036</u>	<u>(213,531)</u>	<u>1,473,974</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,570,567)	(1,359,621)	210,946	(1,464,677)
<b>Other Financing Sources (Uses)</b>				
Transfers in	675,000	675,000	-	845,000
Face value of debt issued	<u>555,000</u>	<u>530,000</u>	<u>(25,000)</u>	<u>234,825</u>
Total other financing sources (uses)	<u>1,230,000</u>	<u>1,205,000</u>	<u>(25,000)</u>	<u>1,079,825</u>
<b>Net Change in Fund Balances</b>	(340,567)	(154,621)	185,946	(384,852)
<b>Fund Balances - Beginning of year</b>	<u>2,422,964</u>	<u>2,422,964</u>	<u>-</u>	<u>2,807,816</u>
<b>Fund Balances - End of year</b>	<u>\$ 2,082,397</u>	<u>\$ 2,268,343</u>	<u>\$ 185,946</u>	<u>\$ 2,422,964</u>

# South Lyon Community Schools

## Other Supplemental Information Schedule of Cash and Cash Equivalents June 30, 2010

Fund	Type of Investment	Interest Rate (Percent)	Date of Maturity	Carrying Value
<b>General</b>	Savings/Checking accounts	Variable	-	\$ 2,876,850
	MBIA	Variable	-	225,426
	Sweep investment account - Michigan School			
	District Liquid Asset Fund	Variable	-	58,351
	Petty cash		-	250
	Cash management fund - Michigan School District Liquid Asset Fund	Variable	-	<u>4,385,087</u>
	Total General Fund			7,545,964
<b>Special Revenue</b>	Checking account	-	-	270,711
	Cash management fund - Michigan School			
	District Liquid Asset Fund	Variable	-	<u>241,633</u>
	Total Special Revenue Funds			512,344
<b>Debt Service</b>	Savings/Checking accounts	Variable	-	380,617
	Cash management fund - Michigan			
	School District Liquid Asset Fund	Variable	-	<u>36,850</u>
	Total Debt Service Funds			417,467
<b>Capital Projects</b>	Fifth Third Money Market Fund	Variable	-	390,462
	Cash management fund - Michigan			
	School District Liquid Asset Fund	Variable	-	<u>80,244</u>
	Total Capital Projects Funds			470,706
<b>Agency</b>	Checking account	-	-	297,297
	Comerica Governmental Cash			
	Investment Fund	Variable	-	<u>711,129</u>
	Total Agency Fund			<u>1,008,426</u>
	Total cash, cash equivalents, and investments			<u><u>\$ 9,954,907</u></u>

## **Capital Assets**

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# South Lyon Community Schools

## Capital Assets Schedule of Investments in Capital Assets - By Building June 30, 2010

	Land and Improvements	Building and Improvements	Furniture and Equipment	Buses and Other Vehicles	Total
Elementary schools:					
Bartlett	\$ -	\$ 5,383,604	\$ 90,000	\$ -	\$ 5,473,604
Dolsen	48,643	6,049,024	83,490	-	6,181,157
Salem	19,454	6,595,187	20,000	-	6,634,641
Sayre	146,571	6,489,183	106,710	-	6,742,464
Brummer	-	9,187,419	69,806	-	9,257,225
Kent Lake	37,448	11,867,087	122,972	-	12,027,507
Hardy	65,000	11,518,625	100,000	-	11,683,625
Secondary schools:					
Centennial Middle School	-	22,239,298	124,013	-	22,363,311
Millennium Middle School	389,492	21,507,635	578,000	-	22,475,127
High school	1,191,634	59,518,661	590,245	-	61,300,540
South Lyon East HS	12,177,337	50,662,104	840,851	-	63,680,292
Early Childhood Center	-	2,585,724	-	-	2,585,724
Administration building	165,565	2,133,000	274,240	-	2,572,805
Transportation facility	42,603	837,148	-	-	879,751
Warehouse	102,500	5,821,045	61,069	-	5,984,614
Land	10,141,706	-	-	-	10,141,706
Vehicles	-	-	-	5,357,742	5,357,742
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,357,742</u>	<u>5,357,742</u>
Total	<u>\$ 24,527,953</u>	<u>\$ 222,394,744</u>	<u>\$ 3,061,396</u>	<u>\$ 5,357,742</u>	<u>\$ 255,341,835</u>

# South Lyon Community Schools

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## Capital Assets Schedule of Capital Assets by Source June 30, 2010

### Capital Assets

Land	\$ 10,141,706
Land improvements	14,386,247
Buildings and building improvements	222,394,744
Buses and other vehicles	5,357,742
Furniture and equipment	<u>3,061,396</u>

Total **\$ 255,341,835**

### Investment in Capital Assets

All assets acquired prior to July 1, 1995	\$ 47,891,780
General Fund	2,012,014
Capital Projects Funds	<u>205,438,041</u>

Total **\$ 255,341,835**

## **Long-term Debt**

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# South Lyon Community Schools

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	<u>1997 Series I</u>	<u>1998 Series I</u>	<u>2000 Series I</u>	<u>2000 Series II</u>
<b>Amount Available and to be Provided</b>				
Debt Service Funds:				
Amount available in Debt Service Funds	\$ 42,548	\$ 255,213	\$ 103,732	\$ 80,382
Amount to be provided for payment of bonds payable	<u>(42,548)</u>	<u>(255,213)</u>	<u>(103,732)</u>	<u>(80,382)</u>
Total amount available and to be provided for payment of bonds payable	-	-	-	-
General Fund - Amount to be provided for payment of other obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amount available and to be provided	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Long-term Debt Payable</b>				
Bonds payable	\$ -	\$ -	\$ -	\$ -
Other long-term obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: The above schedule excludes bond premiums and discounts and other bond issuance costs.

**Long-term Debt  
Schedule of Long-term Debt  
June 30, 2010**

<u>2000 Series III</u>	<u>2001 Refunding</u>	<u>2003 Series I</u>	<u>2003 Series II</u>	<u>2005 Refunding, Series I</u>	<u>2005 Refunding, Series II</u>	<u>2006 Refunding</u>
\$ 109,727	\$ 87,720	\$ 55,290	\$ 47,501	\$ 298,188	\$ 174,970	\$ 340,524
<u>(109,727)</u>	<u>5,137,280</u>	<u>2,244,710</u>	<u>4,802,499</u>	<u>53,601,812</u>	<u>25,700,030</u>	<u>91,479,476</u>
-	5,225,000	2,300,000	4,850,000	53,900,000	25,875,000	91,820,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 5,225,000</u>	<u>\$ 2,300,000</u>	<u>\$ 4,850,000</u>	<u>\$ 53,900,000</u>	<u>\$ 25,875,000</u>	<u>\$ 91,820,000</u>
\$ -	\$ 5,225,000	\$ 2,300,000	\$ 4,850,000	\$ 53,900,000	\$ 25,875,000	\$ 91,820,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 5,225,000</u>	<u>\$ 2,300,000</u>	<u>\$ 4,850,000</u>	<u>\$ 53,900,000</u>	<u>\$ 25,875,000</u>	<u>\$ 91,820,000</u>

# South Lyon Community Schools

## Long-term Debt Schedule of Long-term Debt (Continued) June 30, 2010

	2007 Refunding	Other Obligations	Total Obligations
<b>Amount Available and to be Provided</b>			
Debt Service Funds:			
Amount available in Debt Service Funds	\$ 71,145	\$ -	\$ 1,666,940
Amount to be provided for payment of bonds payable	5,148,855	-	187,523,060
Total amount available and to be provided for payment of bonds payable	5,220,000	-	189,190,000
General Fund - Amount to be provided for payment of other obligations	-	2,776,995	2,776,995
Total amount available and to be provided	<b>\$ 5,220,000</b>	<b>\$ 2,776,995</b>	<b>\$ 191,966,995</b>
<b>Long-term Debt Payable</b>			
Bonds payable	\$ 5,220,000	\$ -	\$ 189,190,000
Other long-term obligations	-	2,776,995	2,776,995
Total	<b>\$ 5,220,000</b>	<b>\$ 2,776,995</b>	<b>\$ 191,966,995</b>

# South Lyon Community Schools

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	<u>Bond Issues</u>			
	<u>2000 Series I</u>	<u>2000 Series II</u>	<u>2001 Refunding</u>	<u>2003 Series I</u>
<b>Long-term Debt Outstanding</b> - July 1, 2009	\$ 735,000	\$ 800,000	\$ 6,700,000	\$ 3,450,000
<b>Additions</b> - Issuance of other obligations	-	-	-	-
<b>Reductions</b>				
Decrease in other obligations	-	-	-	-
Retirements and payments	<u>(735,000)</u>	<u>(800,000)</u>	<u>(1,475,000)</u>	<u>(1,150,000)</u>
<b>Long-term Debt Outstanding</b> - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,225,000</u>	<u>\$ 2,300,000</u>

Note: The above schedule excludes bond premiums and discounts and other bond issuance costs.

**Long-term Debt  
Schedule of Changes in Long-term Debt  
Year Ended June 30, 2010**

Bond Issues						
2003 Series II	2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding	Other Obligations	Total Obligations
\$ 5,250,000	\$ 54,770,000	\$ 27,950,000	\$ 91,820,000	\$ 5,870,000	\$ 3,075,250	\$ 200,420,250
-	-	-	-	-	577,512	577,512
-	-	-	-	-	(875,767)	(875,767)
<u>(400,000)</u>	<u>(870,000)</u>	<u>(2,075,000)</u>	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>(8,155,000)</u>
<b><u>\$ 4,850,000</u></b>	<b><u>\$ 53,900,000</u></b>	<b><u>\$ 25,875,000</u></b>	<b><u>\$ 91,820,000</u></b>	<b><u>\$ 5,220,000</u></b>	<b><u>\$ 2,776,995</u></b>	<b><u>\$ 191,966,995</u></b>

**Statistical and Other Information  
(Unaudited)**

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## **Statistical and Other Information (Unaudited)**

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This part of South Lyon Community Schools' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information say about the government's overall financial health.

### **Contents**

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.*

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.*

#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.*

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.*

#### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.*

# South Lyon Community Schools

## Net Assets by Component Fiscal Year Ended June 30 (Unaudited)

	June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>								
Invested in capital assets - Net								
of related debt	\$ (1,607,765)	\$ 3,174,987	\$ (1,973,595)	\$ (788,026)	\$ 3,268,835	\$ 6,652,459	\$ 8,553,932	\$ 12,200,638
Restricted	3,113,049	2,077,130	5,023,280	4,813,041	4,248,016	2,892,516	2,886,810	1,666,940
Unrestricted	<u>1,945,040</u>	<u>3,462,035</u>	<u>4,597,571</u>	<u>4,906,240</u>	<u>6,138,505</u>	<u>6,054,933</u>	<u>6,666,920</u>	<u>6,719,300</u>
Total net assets	3,450,324	8,714,152	7,647,256	8,931,255	13,655,356	15,599,908	18,107,662	20,586,878
<b>Business-type Activities -</b>								
Unrestricted	206,991	306,250	320,743	304,424	307,584	300,312	371,742	419,098
<b>Primary Government in Total</b>								
Invested in capital assets - Net								
of related debt	(1,607,765)	3,174,987	(1,973,595)	(788,026)	3,268,835	6,652,459	8,553,932	12,200,638
Restricted	3,113,049	2,077,130	5,023,280	4,813,041	4,248,016	2,892,516	2,886,810	1,666,940
Unrestricted	<u>2,152,031</u>	<u>3,768,285</u>	<u>4,918,314</u>	<u>5,210,664</u>	<u>6,446,089</u>	<u>6,355,245</u>	<u>7,038,662</u>	<u>7,138,398</u>
Total net assets	<u>\$ 3,657,315</u>	<u>\$ 9,020,402</u>	<u>\$ 7,967,999</u>	<u>\$ 9,235,679</u>	<u>\$ 13,962,940</u>	<u>\$ 15,900,220</u>	<u>\$ 18,479,404</u>	<u>\$ 21,005,976</u>

Note: This schedule includes all periods subsequent to the adoption of GASB No. 34.

Source: South Lyon Community Schools audited financial statements

# South Lyon Community Schools

## Changes in Governmental Net Assets Fiscal Year Ended June 30 (Unaudited)

	June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses - Governmental activities</b>								
Instruction	\$ 32,710,292	\$ 30,559,944	\$ 34,908,527	\$ 34,309,523	\$ 36,986,181	\$ 36,198,516	\$ 35,964,591	\$ 36,946,119
Support services	18,715,473	20,528,263	22,794,525	24,404,209	25,633,887	26,748,233	26,258,234	25,240,332
Food services	1,328,562	1,418,475	1,468,043	1,414,557	1,415,829	1,569,095	1,502,289	1,434,071
Athletics	208,735	216,990	209,215	229,045	256,696	454,632	1,381,313	1,344,703
Community services	146,635	145,680	154,516	165,735	159,140	188,684	192,692	180,079
Interest on long-term debt	7,307,713	8,518,621	9,594,366	10,139,352	6,600,907	9,705,405	9,436,891	8,957,865
Other	-	-	-	-	-	-	115,556	-
Depreciation (unallocated)	3,153,807	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>63,571,217</b>	<b>61,387,973</b>	<b>69,129,192</b>	<b>70,662,421</b>	<b>71,052,640</b>	<b>74,864,565</b>	<b>74,851,566</b>	<b>74,103,169</b>
<b>Program Revenue</b>								
Charges for services:								
Food services	1,018,463	1,036,732	1,002,099	977,434	989,871	1,024,750	913,803	823,068
Athletics	204,862	232,866	236,013	303,971	315,033	341,998	178,866	145,292
Community services	6,700	6,755	6,756	20,793	-	-	118,113	39,100
Operating grants and contributions	5,055,763	4,992,877	5,797,250	5,640,185	5,881,314	5,328,299	9,502,737	7,909,202
<b>Total program revenue</b>	<b>6,285,788</b>	<b>6,269,230</b>	<b>7,042,118</b>	<b>6,942,383</b>	<b>7,186,218</b>	<b>6,695,047</b>	<b>10,713,519</b>	<b>8,916,662</b>
<b>Net Expense</b>	<b>(57,285,429)</b>	<b>(55,118,743)</b>	<b>(62,087,074)</b>	<b>(63,720,038)</b>	<b>(63,866,422)</b>	<b>(68,169,518)</b>	<b>(64,138,047)</b>	<b>(65,186,507)</b>
<b>General Revenue</b>								
Property taxes	18,147,387	19,229,965	21,837,189	23,269,685	25,367,626	26,897,913	26,214,874	25,986,993
State aid not restricted to specific purposes	35,641,597	36,077,565	37,153,120	38,585,528	40,028,828	41,810,281	39,750,816	39,077,384
Investment earnings	1,387,322	497,323	1,223,136	2,690,581	2,617,194	916,774	223,565	32,169
Other	307,784	797,641	806,733	458,243	576,875	489,102	456,546	2,569,177
<b>Total general revenue</b>	<b>55,484,090</b>	<b>56,602,494</b>	<b>61,020,178</b>	<b>65,004,037</b>	<b>68,590,523</b>	<b>70,114,070</b>	<b>66,645,801</b>	<b>67,665,723</b>
<b>Change in Net Assets</b>	<b><u>\$ (1,801,339)</u></b>	<b><u>\$ 1,483,751</u></b>	<b><u>\$ (1,066,896)</u></b>	<b><u>\$ 1,283,999</u></b>	<b><u>\$ 4,724,101</u></b>	<b><u>\$ 1,944,552</u></b>	<b><u>\$ 2,507,754</u></b>	<b><u>\$ 2,479,216</u></b>

Note: This schedule includes all periods subsequent to the adoption of GASB No. 34.

Source: South Lyon Community Schools audited financial statements

# South Lyon Community Schools

## Changes in Business-type Net Assets Fiscal Year Ended June 30 (Unaudited)

	June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Operating Revenue</b>	\$ 1,038,107	\$ 1,206,151	\$ 1,275,575	\$ 1,368,287	\$ 1,425,748	\$ 1,435,655	\$ 1,299,872	\$ 1,173,668
<b>Operating Expenses -</b>								
Community education	988,951	1,106,892	1,261,082	1,384,606	1,422,588	1,442,927	1,228,442	1,126,312
<b>Change in Net Assets</b>	<u>\$ 49,156</u>	<u>\$ 99,259</u>	<u>\$ 14,493</u>	<u>\$ (16,319)</u>	<u>\$ 3,160</u>	<u>\$ (7,272)</u>	<u>\$ 71,430</u>	<u>\$ 47,356</u>

Note: This schedule includes all periods subsequent to the adoption of GASB No. 34.

Source: South Lyon Community Schools audited financial statements

# South Lyon Community Schools

## Changes in Net Assets - Total Primary Government Fiscal Year Ended June 30 (Unaudited)

	June 30							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses - Governmental activities</b>								
Instruction	\$ 32,710,292	\$ 30,559,944	\$ 34,908,527	\$ 34,309,523	\$ 36,986,181	\$ 36,198,516	\$ 35,964,591	\$ 36,946,119
Support services	18,715,473	20,528,263	22,794,525	24,404,209	25,633,887	26,748,233	26,258,234	25,240,332
Food services	1,328,562	1,418,475	1,468,043	1,414,557	1,415,829	1,569,095	1,502,289	1,434,071
Athletics	208,735	216,990	209,215	229,045	256,696	454,632	1,381,313	1,344,703
Community services	146,635	145,680	154,516	165,735	159,140	188,684	192,692	180,079
Interest on long-term debt	7,307,713	8,518,621	9,594,366	10,139,352	6,600,907	9,705,405	9,436,891	8,957,865
Other	-	-	-	-	-	-	115,556	-
Depreciation (unallocated)	3,153,807	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>63,571,217</b>	<b>61,387,973</b>	<b>69,129,192</b>	<b>70,662,421</b>	<b>71,052,640</b>	<b>74,864,565</b>	<b>74,851,566</b>	<b>74,103,169</b>
<b>Business-type activities - Community education</b>	<b>988,951</b>	<b>1,106,892</b>	<b>1,261,082</b>	<b>1,384,606</b>	<b>1,422,588</b>	<b>1,442,927</b>	<b>1,228,442</b>	<b>1,126,312</b>
<b>Total</b>	<b>64,560,168</b>	<b>62,494,865</b>	<b>70,390,274</b>	<b>72,047,027</b>	<b>72,475,228</b>	<b>76,307,492</b>	<b>76,080,008</b>	<b>75,229,481</b>
<b>Program Revenue</b>								
Charges for services:								
Food services	1,018,463	1,036,732	1,002,099	977,434	989,871	1,024,750	913,803	823,068
Athletics	204,862	232,866	236,013	303,971	315,033	341,998	178,866	145,292
Community services	6,700	6,755	6,756	20,793	-	-	118,113	39,100
Operating grants and contributions	5,055,763	4,992,877	5,797,250	5,640,185	5,881,314	5,328,299	9,502,737	7,909,202
<b>Total program revenue</b>	<b>6,285,788</b>	<b>6,269,230</b>	<b>7,042,118</b>	<b>6,942,383</b>	<b>7,186,218</b>	<b>6,695,047</b>	<b>10,713,519</b>	<b>8,916,662</b>
<b>Operating Revenue</b>	<b>1,038,107</b>	<b>1,206,151</b>	<b>1,275,575</b>	<b>1,368,287</b>	<b>1,425,748</b>	<b>1,435,655</b>	<b>1,299,872</b>	<b>1,173,668</b>
<b>Total</b>	<b>7,323,895</b>	<b>7,475,381</b>	<b>8,317,693</b>	<b>8,310,670</b>	<b>8,611,966</b>	<b>8,130,702</b>	<b>12,013,391</b>	<b>10,090,330</b>
<b>Net Expense</b>	<b>(57,236,273)</b>	<b>(55,019,484)</b>	<b>(62,072,581)</b>	<b>(63,736,357)</b>	<b>(63,863,262)</b>	<b>(68,176,790)</b>	<b>(64,066,617)</b>	<b>(65,139,151)</b>
<b>General Revenue</b>								
Property taxes	18,147,387	19,229,965	21,837,189	23,269,685	25,367,626	26,897,913	26,214,874	25,986,993
State aid not restricted to specific purposes	35,641,597	36,077,565	37,153,120	38,585,528	40,028,828	41,810,281	39,750,816	39,077,384
Investment earnings	1,387,322	497,323	1,223,136	2,690,581	2,617,194	916,774	223,565	32,169
Other	307,784	797,641	806,733	458,243	576,875	489,102	456,546	2,569,177
<b>Total general revenue</b>	<b>55,484,090</b>	<b>56,602,494</b>	<b>61,020,178</b>	<b>65,004,037</b>	<b>68,590,523</b>	<b>70,114,070</b>	<b>66,645,801</b>	<b>67,665,723</b>
<b>Change in Net Assets</b>	<b>\$ (1,752,183)</b>	<b>\$ 1,583,010</b>	<b>\$ (1,052,403)</b>	<b>\$ 1,267,680</b>	<b>\$ 4,727,261</b>	<b>\$ 1,937,280</b>	<b>\$ 2,579,184</b>	<b>\$ 2,526,572</b>

# South Lyon Community Schools

	June 30			
	2001	2002	2003	2004
<b>General Fund</b>				
Reserved	\$ 92,275	\$ 86,351	\$ 96,889	\$ 255,581
Unreserved	<u>2,736,192</u>	<u>3,017,409</u>	<u>3,194,250</u>	<u>3,092,263</u>
Total General Fund	<u><b>\$ 2,828,467</b></u>	<u><b>\$ 3,103,760</b></u>	<u><b>\$ 3,291,139</b></u>	<u><b>\$ 3,347,844</b></u>
<b>All Other Governmental Funds</b>				
Reserved:				
Capital Project Funds	7,826,119	5,944,627	4,092,779	3,291,570
Debt Service Funds	856,927	1,066,064	1,873,316	919,564
Other	39,970,609	18,696,925	49,315,495	29,260,067
Unreserved - Special Revenue Funds	<u>436,335</u>	<u>64,010</u>	<u>405,094</u>	<u>412,921</u>
Total all other governmental funds	<u><b>\$ 49,089,990</b></u>	<u><b>\$ 25,771,626</b></u>	<u><b>\$ 55,686,684</b></u>	<u><b>\$ 33,884,122</b></u>

Source: South Lyon Community Schools audited financial statements

**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
(Unaudited)

June 30					
2005	2006	2007	2008	2009	2010
\$ 201,685	\$ 168,477	\$ 116,305	\$ 130,750	\$ 142,880	\$ 148,097
<u>3,196,493</u>	<u>3,456,462</u>	<u>5,419,524</u>	<u>5,578,584</u>	<u>5,449,582</u>	<u>4,777,938</u>
<b><u>\$ 3,398,178</u></b>	<b><u>\$ 3,624,939</u></b>	<b><u>\$ 5,535,829</u></b>	<b><u>\$ 5,709,334</u></b>	<b><u>\$ 5,592,462</u></b>	<b><u>\$ 4,926,035</u></b>
2,060,387	2,183,660	1,854,215	1,792,205	2,422,964	2,268,343
4,665,022	2,952,032	2,421,070	2,531,792	2,665,718	1,666,940
66,627,407	39,616,687	10,425,272	1,042,851	6,134	10,215
<u>393,354</u>	<u>434,300</u>	<u>545,017</u>	<u>400,459</u>	<u>394,919</u>	<u>503,395</u>
<b><u>\$ 73,746,170</u></b>	<b><u>\$ 45,186,679</u></b>	<b><u>\$ 15,245,574</u></b>	<b><u>\$ 5,767,307</u></b>	<b><u>\$ 5,489,735</u></b>	<b><u>\$ 4,448,893</u></b>

# South Lyon Community Schools

	Year Ended June 30			
	2001	2002	2003	2004
<b>Revenue</b>				
Local revenue	\$ 19,949,121	\$ 22,302,596	\$ 21,072,518	\$ 21,501,634
State revenue	33,382,469	35,645,127	37,416,134	37,354,536
Federal revenue	1,029,576	877,640	1,911,217	1,500,356
Interdistrict revenue	<u>335,971</u>	<u>1,345,232</u>	<u>1,321,646</u>	<u>2,007,019</u>
Total revenue	54,697,137	60,170,595	61,721,515	62,363,545
<b>Expenditures</b>				
Current:				
Instruction	21,698,606	24,176,052	25,058,436	27,353,993
Support services	16,221,285	16,864,802	19,074,236	19,989,712
Food services	1,208,957	1,230,313	1,328,562	1,418,475
Athletics	569,007	637,864	208,735	216,990
Community services	178,881	142,800	146,635	145,680
Other	2,166,647	3,172,920	1,538,020	277,965
Debt service:				
Principal	7,384,931	3,317,047	3,986,555	4,210,838
Interest	5,379,326	6,897,216	7,109,722	8,542,447
Other	231,754	32,925	310,469	33,444
Capital outlay	<u>19,883,877</u>	<u>27,043,282</u>	<u>17,186,776</u>	<u>22,587,882</u>
Total expenditures	<u>74,923,271</u>	<u>83,515,221</u>	<u>75,948,146</u>	<u>84,777,426</u>
<b>Excess of Expenditures Over Revenue</b>	(20,226,134)	(23,344,626)	(14,226,631)	(22,413,881)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	74,670,471	301,555	43,120,000	668,024
Debt premium or discount	-	-	1,209,068	-
Transfers in	2,502,905	2,232,508	5,755,766	866,473
Transfers out	(2,502,905)	(2,232,508)	(5,755,766)	(866,473)
Debt defeasance	<u>(21,684,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>52,986,296</u>	<u>301,555</u>	<u>44,329,068</u>	<u>668,024</u>
<b>Net Change in Fund Balances</b>	32,760,162	(23,043,071)	30,102,437	(21,745,857)
<b>Fund Balances - Beginning of year</b>	<u>19,158,295</u>	<u>51,918,457</u>	<u>28,875,386</u>	<u>58,977,823</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 51,918,457</b></u>	<u><b>\$ 28,875,386</b></u>	<u><b>\$ 58,977,823</b></u>	<u><b>\$ 37,231,966</b></u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	30.91%	22.17%	24.09%	25.88%

Source: South Lyon Community Schools audited financial statements

**Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30					
2005	2006	2007	2008	2009	2010
\$ 24,731,373	\$ 27,720,707	\$ 29,866,599	\$ 29,670,537	\$ 28,251,377	\$ 27,693,598
38,406,714	39,913,326	41,459,730	42,369,964	41,404,512	40,543,769
2,131,275	1,913,743	1,986,491	2,196,989	5,114,014	5,142,918
<u>2,620,912</u>	<u>2,398,644</u>	<u>2,463,921</u>	<u>2,571,627</u>	<u>2,469,856</u>	<u>2,511,962</u>
67,890,274	71,946,420	75,776,741	76,809,117	77,239,759	75,892,247
28,497,026	29,963,954	30,393,826	31,853,141	32,397,210	32,861,632
21,591,937	21,796,906	21,671,466	24,367,897	23,757,286	23,687,219
1,468,043	1,414,557	1,415,829	1,569,095	1,500,461	1,434,071
209,215	229,045	256,696	454,632	1,381,313	1,344,703
154,516	165,735	159,140	188,684	192,692	191,642
499,760	-	987,867	346,656	115,556	-
4,751,004	5,729,212	6,315,660	7,319,755	7,977,863	8,628,621
9,141,896	10,279,213	9,938,501	9,624,976	9,232,465	8,935,977
790,107	262,278	796,222	90,797	261,631	69,752
<u>19,007,126</u>	<u>29,908,408</u>	<u>33,272,043</u>	<u>10,327,688</u>	<u>1,052,551</u>	<u>1,042,495</u>
<u>86,110,630</u>	<u>99,749,308</u>	<u>105,207,250</u>	<u>86,143,321</u>	<u>77,869,028</u>	<u>78,196,112</u>
(18,220,356)	(27,802,888)	(29,430,509)	(9,334,204)	(629,269)	(2,303,865)
111,293,590	30,025,000	100,543,436	-	234,825	530,000
6,871,776	905,357	684,256	-	-	-
7,649,917	1,777,584	1,424,892	4,400,859	1,183,914	788,158
(7,649,917)	(1,753,254)	(1,392,834)	(4,371,417)	(1,183,914)	(721,562)
<u>(60,032,628)</u>	<u>(31,484,529)</u>	<u>(99,859,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>58,132,738</u>	<u>(529,842)</u>	<u>1,400,294</u>	<u>29,442</u>	<u>234,825</u>	<u>596,596</u>
39,912,382	(28,332,730)	(28,030,215)	(9,304,762)	(394,444)	(1,707,269)
<u>37,231,966</u>	<u>77,144,348</u>	<u>48,811,618</u>	<u>20,781,403</u>	<u>11,476,641</u>	<u>11,082,197</u>
<b><u>\$ 77,144,348</u></b>	<b><u>\$ 48,811,618</u></b>	<b><u>\$ 20,781,403</u></b>	<b><u>\$ 11,476,641</u></b>	<b><u>\$ 11,082,197</u></b>	<b><u>\$ 9,374,928</u></b>
28.01%	30.37%	31.07%	28.98%	29.44%	29.63%

## South Lyon Community Schools

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Tax Year	Taxable Value by			
	Real Property			Agricultural and Other
	Residential	Commercial	Industrial	
2000	\$ 815,259,922	\$ 82,561,721	\$ 86,679,966	\$ 29,343,125
2001	891,842,926	100,648,891	101,180,152	36,875,907
2002	982,805,011	117,160,724	108,040,821	31,670,317
2003	1,055,862,601	137,475,194	116,536,583	30,047,524
2004	1,157,794,901	146,441,764	117,565,512	30,840,782
2005	1,257,737,513	161,821,875	139,398,952	11,063,986
2006	1,370,379,988	166,178,023	147,681,126	10,623,437
2007	1,467,745,539	175,934,508	156,951,630	11,854,663
2008	1,474,340,104	183,546,695	159,521,715	12,006,247
2009	1,390,589,296	200,316,764	159,896,383	12,904,704

\* Under Michigan law, the revenue base is taxable value. Taxes levied in a particular “tax year” become revenue of the subsequent fiscal year.

Source: South Lyon Community Schools financial reports

**Taxable Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Property Type				Taxable Value as a Percentage of Actual
Personal Property	Total Value	Tax Rate (Mills)	Estimated Actual Value	
\$ 109,652,156	\$ 1,123,496,890	8.00	\$ 2,667,844,866	42.11
117,068,010	1,247,615,886	8.00	3,106,563,556	40.16
118,723,100	1,358,399,973	8.00	3,521,226,944	38.58
117,094,512	1,457,016,414	8.00	3,850,727,856	37.84
119,776,757	1,572,419,716	8.50	4,116,633,110	38.20
114,786,500	1,684,808,826	8.50	4,384,375,548	38.43
117,986,180	1,812,848,754	8.50	4,757,153,580	38.11
121,728,196	1,934,214,536	8.50	5,126,389,689	37.73
126,912,660	1,956,327,421	8.50	4,772,875,973	40.99
127,682,730	1,891,389,877	8.50	3,806,990,340	49.68

# South Lyon Community Schools

Tax Year	Year Ended June 30	Operating			Total Direct Taxes			Overlapping			
		Homestead	Non-homestead	Debt*	Homestead	Non-homestead	Oakland County	Washtenaw County	Livingston County	Oakland Community College	Washtenaw Community College
2000	2001	-	17.85	8.00	8.00	25.85	4.19	5.48	4.38	1.61	3.99
2001	2002	-	18.00	8.00	8.00	26.00	4.64	5.68	4.33	1.60	3.97
2002	2003	-	18.00	8.00	8.00	26.00	4.19	5.62	4.22	1.61	3.86
2003	2004	-	18.00	8.00	8.00	26.00	4.19	5.58	4.15	1.61	3.83
2004	2005	-	18.00	8.50	8.50	26.50	4.19	5.55	3.92	1.59	3.77
2005	2006	-	18.00	8.50	8.50	26.50	4.19	5.50	3.90	1.59	3.72
2006	2007	-	18.00	8.50	8.50	26.50	4.19	5.68	3.39	1.59	3.71
2007	2008	-	18.00	8.50	8.50	26.50	4.19	5.68	3.88	1.58	3.70
2008	2009	-	18.00	8.50	8.50	26.50	4.19	5.70	3.88	1.58	3.69
2009	2010	-	18.00	8.50	8.50	26.50	4.19	5.74	3.88	1.58	3.69

\* Debt fund millages apply to homestead and nonhomestead property

Source: Assessment and tax roll certificates and warrants

**Direct and Overlapping Property Tax Rates**  
**Year Ended June 30, 2010**  
(Unaudited)

Taxes

Oakland Intermediate School District	Washtenaw Intermediate School District	Livingston Intermediate School District	State Education	City of South Lyon	City of Novi	City of Wixom	Township of Lyon	Township of Milford	Township of Salem	Township of Northfield	Township of Green Oak
2.08	3.13	2.52	6.00	13.75	10.42	10.90	5.43	7.48	-	8.66	2.90
3.45	3.45	2.49	6.00	14.79	10.54	11.46	4.99	7.17	-	9.46	2.86
3.42	3.07	2.45	6.00	13.75	10.54	10.69	4.78	7.12	-	9.56	3.63
3.40	3.06	2.41	5.00	14.72	10.54	11.14	4.30	7.05	-	9.68	3.97
3.38	4.04	2.38	6.00	14.75	10.54	11.74	4.20	7.19	-	9.70	3.95
3.37	4.00	2.35	6.00	15.11	10.54	11.64	4.20	7.14	-	9.68	3.89
3.37	3.97	2.34	6.00	15.11	10.54	11.52	4.12	7.08	-	9.42	3.88
3.37	3.97	2.34	6.00	15.06	10.54	11.74	4.65	7.06	-	9.35	3.76
3.37	3.97	2.34	6.00	15.06	10.54	11.63	4.65	7.07	-	9.45	3.76
3.37	3.97	2.34	6.00	15.06	10.54	11.93	4.65	7.33	-	7.03	3.76

# South Lyon Community Schools

## Principal Property Taxpayers Year Ended June 30, 2010 (Unaudited)

Taxpayer	2009 Taxable Value	Percentage of Total	Taxpayer	2000 Taxable Value	Percentage of Total
1 Detroit Edison	\$ 20,285,100	1.07	Colonial Acres Development Co.	\$ 21,628,827	1.93
2 Colonial Acres Phase V	17,590,130	0.93	Detroit Edison	20,276,852	1.80
3 Consumers Energy	14,502,628	0.77	Rushton-Green Oak Land Co.	9,445,163	0.84
4 Franklin Bank S.S.B.	11,744,613	0.62	Meijer	7,092,590	0.63
5 Wal-Mart	10,869,470	0.57	Consumers Energy	5,302,248	0.47
6 Rushton-Green Oak Land Co.	10,482,350	0.55	Michigan Specialty Tube	4,366,000	0.39
7 Legacy Parc Singh LLC	8,774,350	0.46	Kensington Place MHC	4,229,200	0.38
8 SAS Property Development	8,092,390	0.43	Jervis B. Webb Co.	4,191,410	0.37
9 Village Green Management	7,830,000	0.41	Centennial Farms Co-Op Phase 2	3,851,631	0.34
10 International Transmission	<u>7,087,010</u>	0.37	Novi Mobile Home	<u>3,709,110</u>	0.33
Total	<u>\$ 117,258,041</u>	6.19		<u>\$ 84,093,031</u>	7.48
Total School District taxable value	<u>\$ 1,891,389,877</u>			<u>\$ 1,123,496,890</u>	

Source: Cities of Novi, Wixom, and South Lyon and Townships of Green Oak, Lyon, Milford, Northfield, and Salem

# South Lyon Community Schools

## Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Tax Year	Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2000	2001	\$ 15,078,629	\$ 13,674,809	90.69	\$ 1,277,131	\$ 14,951,940	99.16
2001	2002	16,710,893	16,154,420	96.67	528,126	16,682,546	99.83
2002	2003	18,095,330	16,837,705	93.05	1,133,853	17,971,558	99.32
2003	2004	19,640,068	17,731,053	90.28	1,900,009	19,631,062	99.95
2004	2005	22,063,741	20,731,091	93.96	1,307,375	22,038,466	99.89
2005	2006	23,295,376	22,297,891	95.72	934,868	23,232,759	99.73
2006	2007	25,060,930	23,569,922	94.05	1,339,080	24,909,002	99.39
2007	2008	26,833,505	24,837,642	92.56	1,981,494	26,819,136	99.95
2008	2009	26,261,431	24,393,653	92.89	1,813,711	26,207,364	99.79
2009	2010	25,991,357	23,312,256	89.69	2,401,917	25,714,173	98.93

Source: South Lyon Community Schools financial reports

# South Lyon Community Schools

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	2001	2002	2003	2004
<b>Governmental Activities</b>				
General obligation bonds	\$ 136,995,000	\$ 134,120,000	\$ 173,610,000	\$ 169,670,000
Less pledged debt service funds	<u>856,927</u>	<u>1,066,064</u>	<u>1,873,316</u>	<u>919,564</u>
Net general bonded debt	136,138,073	133,053,936	171,736,684	168,750,436
Installment purchase agreements	1,122,885	982,393	625,838	1,023,024
Capital leases	<u>1,149,390</u>	<u>1,059,413</u>	<u>963,630</u>	<u>864,945</u>
Total debt of the School District	<u><b>\$ 138,410,348</b></u>	<u><b>\$ 135,095,742</b></u>	<u><b>\$ 173,326,152</b></u>	<u><b>\$ 170,638,405</b></u>
<b>Taxable Value</b>	\$ 1,123,496,890	\$ 1,247,615,886	\$ 1,358,399,973	\$ 1,457,016,414
<b>Net General Bonded Obligation Debt as a Percentage of Taxable Value</b>	12%	11%	13%	12%
<b>Total Population</b>	34,834	35,595	35,922	36,906
<b>Total Debt per Capita</b>	\$ 3,973	\$ 3,795	\$ 4,825	\$ 4,624

Source: South Lyon Community Schools audited financial statements and municipalities

**Ratios of Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)**

2005	2006	2007	2008	2009	2010
\$ 219,810,000	\$ 214,290,000	\$ 211,795,000	\$ 204,805,000	\$ 197,345,000	\$ 189,190,000
<u>4,665,022</u>	<u>2,952,032</u>	<u>2,421,070</u>	<u>2,531,792</u>	<u>2,665,718</u>	<u>1,666,940</u>
215,144,978	211,337,968	209,373,930	202,273,208	194,679,282	187,523,060
878,913	599,996	1,252,774	923,019	770,594	963,388
<u>760,455</u>	<u>650,160</u>	<u>534,060</u>	<u>412,155</u>	<u>281,542</u>	<u>145,125</u>
<b><u>\$ 216,784,346</u></b>	<b><u>\$ 212,588,124</u></b>	<b><u>\$ 211,160,764</u></b>	<b><u>\$ 203,608,382</u></b>	<b><u>\$ 195,731,418</u></b>	<b><u>\$ 188,631,573</u></b>
\$ 1,572,419,716	\$ 1,684,808,826	\$ 1,812,848,754	\$ 1,934,214,536	\$ 1,956,327,421	\$ 1,891,389,877
14%	13%	12%	10%	10%	10%
36,948	37,137	37,188	37,019	40,520	41,912
\$ 5,867	\$ 5,724	\$ 5,678	\$ 5,500	\$ 4,830	\$ 4,501

## South Lyon Community Schools

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Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt
2001	\$ 136,995,000	\$ 856,927	\$ 136,138,073	\$ 2,272,275	\$ 138,410,348
2002	134,120,000	1,066,064	133,053,936	2,041,806	135,095,742
2003	173,610,000	1,873,316	171,736,684	1,589,468	173,326,152
2004	169,670,000	919,564	168,750,436	1,887,969	170,638,405
2005	223,888,305	4,665,022	219,223,283	1,639,368	220,862,651
2006	217,841,735	2,952,032	214,889,703	1,250,156	216,139,859
2007	208,906,770	2,421,070	206,485,700	1,786,834	208,272,534
2008	202,062,380	2,531,792	199,530,588	1,335,074	200,865,662
2009	194,747,990	2,665,718	192,082,272	1,052,136	193,134,408
2010	186,738,600	1,666,940	185,071,660	1,108,513	186,180,173

Source: South Lyon Community Schools audited financial statements and municipalities

**General Obligation Bonds Outstanding  
Last Ten Fiscal Year  
(Unaudited)**

Taxable Value	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population	Net General Bonded Debt per Capita	Total Debt per Capita
\$ 1,123,496,890	12.12	12.32	37,214	\$ 3,658	\$ 3,719
1,247,615,886	10.66	10.83	37,855	3,515	3,569
1,358,399,973	12.64	12.76	38,633	4,445	4,486
1,457,016,414	11.58	11.71	39,219	4,303	4,351
1,572,419,716	13.94	14.05	40,070	5,471	5,512
1,684,808,826	12.75	12.83	40,423	5,316	5,347
1,812,848,754	11.39	11.49	40,769	5,065	5,109
1,934,214,536	10.32	10.38	40,615	4,913	4,946
1,956,327,421	9.82	9.87	40,520	4,740	4,766
1,891,389,877	9.78	9.84	41,912	4,514	4,442

# South Lyon Community Schools

## Direct and Overlapping Governmental Activities Debt June 30, 2010 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable*	Estimated Share of Overlapping Debt
Novi, City of	\$ 68,555,000	1.30%	\$ 891,215
South Lyon, City of	1,960,000	100.00%	1,960,000
Wixom, City of	22,106,000	6.57%	1,452,364
Green Oak Township	29,120,000	32.97%	9,600,864
Lyon Township	64,215,000	97.88%	62,853,642
Milford Township	17,720,000	3.33%	590,076
Northfield Township	9,495,000	19.71%	1,871,465
Salem Township	1,445,000	57.37%	828,997
Livingston County	13,406,263	3.60%	482,625
Oakland County	97,719,285	2.10%	2,052,105
Washtenaw County	95,791,251	1.76%	1,685,926
Oakland ISD	64,735,000	3.03%	1,961,471
Oakland Community College	6,005,000	3.04%	182,552
Salem-South Lyon District Library	1,105,000	80.80%	892,840
Total overlapping debt			87,306,142
Direct School District debt			189,190,000
Total direct and overlapping debt			<b><u>\$ 276,496,142</u></b>

Source: Municipal Advisory Council of Michigan

\* Based on portion of taxable value within School District boundaries

# South Lyon Community Schools

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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Calculation of Debt Limit</b>				
Taxable value	\$ 1,123,496,890	\$ 1,247,615,886	\$ 1,358,399,973	\$ 1,457,016,414
15% of taxable value	168,524,534	187,142,383	203,759,996	218,552,462
<b>Calculation of Debt Subject to Limit</b>				
Total debt	136,995,000	134,120,000	173,610,000	169,670,000
Less debt not subject to limit - State qualified debt issuance	<u>136,995,000</u>	<u>134,120,000</u>	<u>130,490,000</u>	<u>126,550,000</u>
<b>Net Debt Subject to Limit</b>	<u>-</u>	<u>-</u>	<u>43,120,000</u>	<u>43,120,000</u>
<b>Legal Debt Margin</b>	<u>\$ 168,524,534</u>	<u>\$ 187,142,383</u>	<u>\$ 160,639,996</u>	<u>\$ 175,432,462</u>
<b>Net Debt Subject to Limit as a     Percentage of Debt Limit</b>	0.00%	0.00%	21.16%	19.73%

Source: South Lyon Community Schools audited financial statements

**Legal Debt Margin  
Last Ten Fiscal Years  
(Unaudited)**

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,572,419,716	\$ 1,684,808,826	\$ 1,812,848,754	\$ 1,934,214,536	\$ 1,956,327,421	\$ 1,891,389,877
235,862,957	252,721,324	271,927,313	290,132,180	293,449,113	283,708,482
219,810,000	214,290,000	211,795,000	204,805,000	197,345,000	189,190,000
<u>176,690,000</u>	<u>177,020,000</u>	<u>110,220,000</u>	<u>103,085,000</u>	<u>96,825,000</u>	<u>90,220,000</u>
<u>43,120,000</u>	<u>37,270,000</u>	<u>101,575,000</u>	<u>101,720,000</u>	<u>100,520,000</u>	<u>98,970,000</u>
<b><u>\$ 192,742,957</u></b>	<b><u>\$ 215,451,324</u></b>	<b><u>\$ 170,352,313</u></b>	<b><u>\$ 188,412,180</u></b>	<b><u>\$ 192,929,113</u></b>	<b><u>\$ 184,738,482</u></b>
18.28%	14.75%	37.35%	35.06%	34.25%	34.88%

# South Lyon Community Schools

## Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population	Total Personal Income*	Per Capita Personal Income	County of Oakland Unemployment Rate	State of Michigan Unemployment Rate
2001	37,214	\$ 1,123,496,890	\$ 30,190	4.40	5.20
2002	37,855	1,247,615,886	32,958	5.20	6.20
2003	38,633	1,358,399,973	35,162	5.50	7.10
2004	39,219	1,457,016,414	37,151	5.60	7.00
2005	40,070	1,572,419,716	39,242	5.70	6.70
2006	40,423	1,684,808,826	41,679	5.60	6.50
2007	40,769	1,812,848,754	44,466	6.70	7.40
2008	40,615	1,934,214,536	47,623	8.00	8.50
2009	40,520	1,956,327,421	48,281	15.50	15.20
2010	41,912	1,891,389,877	45,128	12.40	13.20

\* Taxable value has been used as an estimate of personal income.

Source: Southeast Michigan Council of Governments (SEMCOG)

# South Lyon Community Schools

## Principal Employers (Unaudited)

Taxpayer	2010		Taxpayer	2001	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
1 South Lyon Community Schools	669	0.55	South Lyon Community Schools	584	0.43
2 Walmart	291	0.24	Quanex Corp.	400	0.30
3 Lowes	168	0.14	Diversitec	285	0.21
4 Michigan Seamless Tube	151	0.12	Salem Engelhard	140	0.10
5 Elopak-Americas, Inc	141	0.12	American Aggregate Corp.	120	0.09
6 Kawasaki Robotics USA	136	0.11	Showerman's IGA	115	0.09
7 Datapak Services Corporation	91	0.08	Martin Luther Memorial Home	75	0.06
8 Hines Park Ford	88	0.07	Tepco, Inc	65	0.05
9 Sun Steel Treating Inc.	79	0.07	Freeland Gauge Co.	60	0.04
10 Tepco Inc.	<u>74</u>	0.06	Sun Steel Treating, Inc.	<u>49</u>	0.04
Total principal employers	<u><b>1,888</b></u>	1.56		<u><b>1,893</b></u>	1.41
Total employment*	<u><b>120,931</b></u>			<u><b>134,266</b></u>	

\* Based on top 20 employers of Oakland and Washtenaw Counties

Source: Oakland County Department of Planning and Economic Development

# South Lyon Community Schools

## Full-time Equivalent School District Employees Last Ten Fiscal Years (Unaudited)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:										
Instruction	323	337	352	365	376	380	380	382	380	368
Support services	217	225	239	247	254	250	253	253	255	234
Community service	40	41	42	42	43	44	44	44	42	39
Athletics	2	2	2	2	2	2	2	3	3	4
Food service	24	24	25	26	25	25	27	26	25	24
Total	<b>606</b>	<b>629</b>	<b>660</b>	<b>682</b>	<b>700</b>	<b>701</b>	<b>706</b>	<b>708</b>	<b>705</b>	<b>669</b>

Source: South Lyon Community Schools personnel department

# South Lyon Community Schools

## Operating Indicators Last Ten Fiscal Years (Unaudited)

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals	Average Teacher Salary
2001	6,077	\$ 43,849,102	\$ 7,216	\$ 44,035,143	\$ 7,246	323	8.3	\$ 50,283
2002	6,273	48,798,638	7,779	48,709,254	7,765	337	9.6	52,954
2003	6,496	47,402,697	7,297	49,837,816	7,672	352	10.6	50,660
2004	6,645	49,610,752	7,466	50,423,141	7,588	365	10.6	51,001
2005	6,816	52,680,645	7,729	53,295,443	7,819	376	10.4	51,828
2006	6,901	52,318,894	7,581	53,445,655	7,745	380	11.3	53,053
2007	6,973	53,476,068	7,669	56,336,958	8,079	380	13.0	54,406
2008	7,063	56,936,448	8,061	57,898,313	8,197	382	15.0	56,267
2009	7,068	57,783,843	8,175	58,467,530	8,272	380	18.0	57,481
2010	7,058	57,925,581	8,207	57,820,996	8,192	368	20.0	59,898

Source: South Lyon Community Schools financial records, State of Michigan financial records

# South Lyon Community Schools

Function/Program	2001	2002	2003	2004	2005
Instructional buildings:					
Elementary:					
Number of buildings	6	6	6	6	7
Square footage	389,462	389,462	389,462	389,462	475,128
Capacity	3,200	3,200	3,200	3,200	3,825
Enrollment	2,967	2,999	3,087	3,149	3,238
Middle:					
Number of buildings	1	1	2	2	2
Square footage	188,406	188,406	342,146	342,146	342,146
Capacity	2,150	2,150	2,150	2,150	2,150
Enrollment	1,419	1,480	1,547	1,570	1,557
High:					
Number of buildings	1	1	1	1	1
Square footage	401,734	401,734	401,734	401,734	401,734
Capacity	2,100	2,100	2,100	2,100	2,100
Enrollment	1,691	1,794	1,863	1,926	2,021
Administrative:					
Number of buildings	2	2	2	2	2
Square footage	26,749	26,749	26,749	26,749	26,749
Vacant building	-	-	-	-	-
Square footage	-	-	-	-	-
Transportation:					
Number of garages	1	1	1	1	1
Buses	58	60	61	62	65
Athletics:					
Football fields	2	2	2	2	2
Soccer fields	8	8	8	8	8
Running tracks	2	2	2	2	2
Baseball/Softball	10	10	10	10	10
Swimming pools	1	1	1	1	1
Playgrounds	6	6	6	6	7

Source: South Lyon Community Schools construction records and audited student count information

**Capital Asset Information**  
**Last Ten Fiscal Years**  
(Unaudited)

2006	2007	2008	2009	2010
7	7	7	7	7
475,128	475,128	475,128	475,128	475,128
3,825	3,825	3,825	3,825	3,825
3,241	3,251	3,301	3,180	3,281
2	2	2	2	2
342,146	342,146	342,146	342,146	342,146
2,150	2,150	2,150	2,150	2,150
1,563	1,624	1,664	1,709	1,685
1	1	2	2	2
401,734	401,734	716,734	716,734	716,734
2,100	2,100	3,300	3,300	3,300
2,116	2,131	2,133	2,180	2,091
2	2	2	2	2
26,749	26,749	47,625	47,625	47,625
-	-	1	1	1
-	-	14,480	14,480	14,480
1	1	1	1	1
67	67	65	64	64
2	2	2	2	2
8	8	8	8	8
2	2	2	2	2
10	10	10	10	10
1	1	1	1	1
7	7	7	7	7