

South Lyon Community Schools

**Financial Report
with Supplemental Information
June 30, 2008**

**Comprehensive
Annual Financial Report
of
South Lyon Community
Schools
345 South Warren
South Lyon, Michigan 48178**

For the Fiscal Year Ended
June 30, 2008

Dr. William A. Pearson
Superintendent of Schools

Board of Education

Cindy Orendach
President

Donald Beagle
Vice President

David Taulbee
Secretary

Greg Downey
Treasurer

Douglas Curry
Trustee

George Ehlert
Trustee

Ann Knauer-Bizer
Trustee

Prepared by

James R. Graham, Assistant Superintendent for
Business and Finance

Amy Dagenhardt, Controller
Linda Galdes, Business Secretary

South Lyon Community Schools

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

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets	11
Statement of Activities	12

Fund Financial Statements:

Governmental Funds:

Balance Sheet	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16

Proprietary Fund - Community Education Fund:

Statement of Net Assets	17
Statement of Revenue, Expenses, and Changes in Fund Net Assets	18
Statement of Cash Flows	19

Fiduciary Fund - Student Activities Fund - Statement of Fiduciary Assets and Liabilities	20
---	----

Notes to Financial Statements	21-37
-------------------------------	-------

Required Supplemental Information	38
--	-----------

Budgetary Comparison Schedule - General Fund	39
--	----

South Lyon Community Schools

Contents (Continued)

Other Supplemental Information	40
Nonmajor Governmental Funds:	
Combining Balance Sheet	41-43
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	44-46
Special Revenue Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	47-48
Debt Service Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual	49-51
Capital Projects Funds - Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual	52-54
Schedule of Cash, Cash Equivalents, and Investments	55
Schedule of Bonded Indebtedness	56-57
Capital Assets	58
Schedule of Investment in Capital Assets - By Building	59
Schedule of Capital Assets by Source	60
Long-term Debt	61
Schedule of Long-term Debt	62-64
Schedule of Changes in Long-term Debt	65-67
<u>Statistical and Other Information (Unaudited)</u>	68
Financial Trend Information	
Net Assets by Component	69
Changes in Governmental Net Assets	70
Changes in Business-type Net Assets	71
Fund Balances - Governmental Funds	72-73
Changes in Fund Balance - Governmental Funds	74-75

South Lyon Community Schools

Contents (Continued)

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

Demographic and Economic Statistics	89
Principal Employers	90

Operating Information

Full-time Equivalent School District Employees	91
Operating Indicators	92
Capital Asset Information	93-94

Federal Awards Supplemental Information

Issued Under
Separate
Cover

October 6, 2008

To Citizens and Board Members:

The Comprehensive Annual Financial Report of South Lyon Community Schools for the fiscal year ended June 30, 2008 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

The South Lyon Community School District 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.

This report is divided into the following major sections:

Introductory Section

This section introduces the reader to the South Lyon Community School District and to this report. Included are facts about the School District, this transmittal letter, the School District's organization chart, and the Association of School Business Officials Certificate of Excellence in Financial Reporting for the year ended June 30, 2007.

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 demonstrate 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 revenues and expenditures that are compared to the 2007-2008 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 revenues and expenditures that are compared to the 2007-2008 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 School District

The Community

The South Lyon Community School District 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 73 percent is considered the primary residence or agricultural property of the taxpayer. Although there is not a number for the 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 8.5 percent for June 2008, the three counties within the District all have unemployment rates lower than the state average. Specifically, the June 2008 rate for Oakland, Livingston, and Washtenaw Counties were 8.0 percent, 7.7 percent, and 6.3 percent, respectively.

The School Program

The South Lyon Community School District 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 six-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 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 latch key students, and both state and tuition-based preschool programs.

The South Lyon Community School District 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 an Alternative Education Program and Senior Citizen Program. In addition, there are two support facilities. The actual 2007-2008 full-time equivalent fall student count was 7,093.48; however, the official state count was 7,062.81. 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

Board Goals

In August 2003, a new strategic planning session of 60 community members comprised of board members, administrators, teachers, support staff, and parents was held to adopt goals for the next five years. These goals are meant to address the needs of the School District through the 2008-2009 fiscal year:

- **Curriculum** - To continue regular curriculum review, ensuring that the designed and implemented curriculum is meeting the School District's stated educational purpose
- **Instruction K-8** - To create an environment that incorporates a variety of educational models and instructional strategies that result in the student being an active learner and producer of knowledge
- **Technology** - To implement a plan where appropriate technology is integrated into and utilized in the learning community
- **Assessments** - To interpret and utilize a variety of assessment data to improve instruction and achievement
- **Staff Development** - To provide learning opportunities for all members of the learning community in line with research and best practices
- **Growth** - To develop and implement a plan to accommodate the growth of the student population and its impact on the entire School District for the next five years

- **Operational Systems** - To identify and prioritize the operational systems of the School District, implementing the processes, and allocating the resources necessary to continually improve the effectiveness and efficiency of those systems
- **Healthy Learning Community** - To establish and maintain a positive environment where effective relationships among all participants include: respectful, cooperative interactions, open communication, an environment of trust, attention to student and staff well-being, a safe, secure environment, and pride in the school community

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 2007-2008, all schools received a grade of "A."

Student Test Scores

The South Lyon Community Schools' three-year trend MEAP results show an overall upward trend across a five-year span. 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 20 out of 27 elementary and middle school grade level tests for science, math, writing, English language arts (ELA), social studies, and reading. 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 and science. 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.

2007-2008 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 2008.

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 (SLESPA) contract runs through the 2009-2010 fiscal year. The secretary's union (MESPA) 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 2007-2008 fiscal year marks the fifteenth consecutive year that the School District's General Fund has finished the year with a surplus of revenues over expenditures as well as an overall positive fund balance.

Bus Fleet Rated Excellent

For the 2007-2008 fiscal year, the School District received an "excellent" rating from the Michigan state police in its required annual inspection of buses.

Budget Award

The South Lyon Community School District continues to be one of only three 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 2007-2008 fiscal years and received the award for all 13 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 three 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 revenues 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 revenues, 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. These freezes had a major impact on school districts throughout Michigan, many of which have already made program cuts or plan on using fund balance dollars. South Lyon is only one of a handful of districts in the five-county area that balanced the budget without cuts or use of fund balance during this period.

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 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. These reductions again impacted mostly support areas of the District, but are anticipated to result in slightly higher class sizes for the next few years.

For 2008-2009, the budget assumes a 1.93 percent increase in the foundation, which is anticipated to be well below the inflation rate. Due to continued revenue and expenditure pressures, the 2008-09 budget includes an additional \$659,000 in budget adjustments.

Based on our future forecast, these budget reductions are expected to provide enough stability to respond to the lower student enrollments (which we believe are a direct result of the Michigan economy) and the substantial costs associated with a second high school. However, the future forecast will continue to be closely monitored and adjustments 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 identifies the budget, current year-to-date revenues, 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 \$341,946 for the year ended June 30, 2008.

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, 2008 were \$255,264.

The School District participates in the SET-SEG property and casualty insurance program. This is also a pooled arrangement. These premiums totaled \$264,289 for the year ended June 30, 2008.

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 the South Lyon Community School District has been made by an independent auditor. The School District's financial statements were audited by Plante & Moran, PLLC as of June 30, 2008. 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, 2008. 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 twelfth submission to obtain this certificate. The School District was awarded the Certificate of Excellence in Financial Reporting on its previous 11 submissions for the fiscal years ended June 30, 1997 through 2007.

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 ASBO for consideration for the certificate.

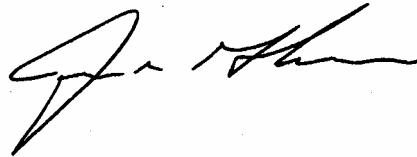
Acknowledgements

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

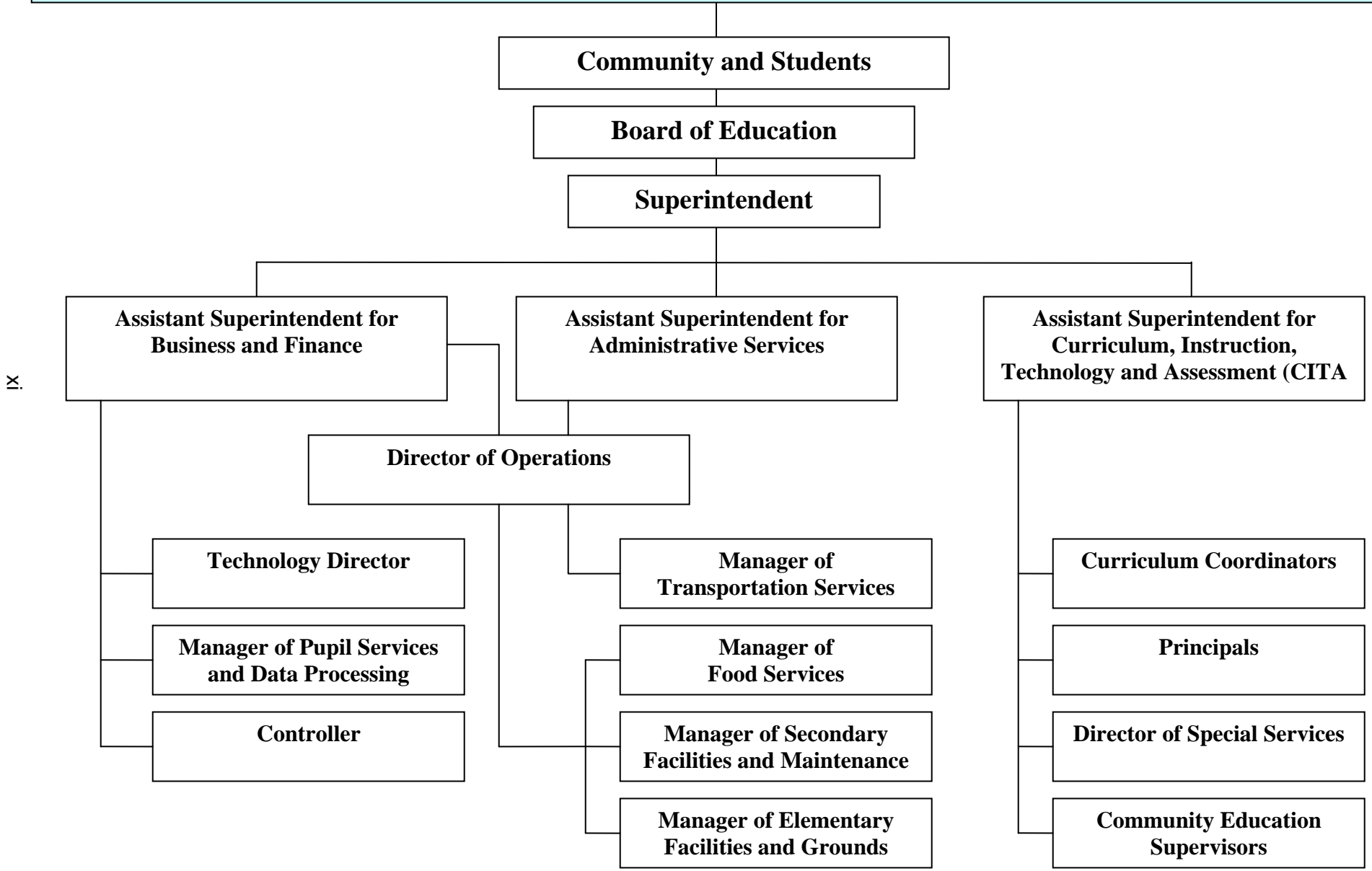


James R. Graham
Assistant Superintendent for Business and Finance



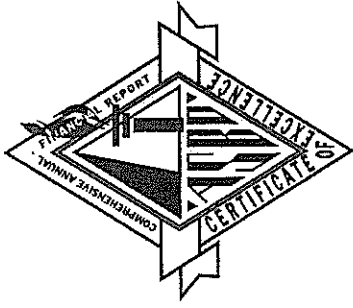
Amy Dagenhardt
Controller

South Lyon Community Schools Administrative Organization Chart



x

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, 2007

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

James E. Brundel

President

John D. Mueser

Executive Director

Financial Section



Plante & Moran, PLLC
Suite 400
1000 Oakbrook Drive
Ann Arbor, MI 48104
Tel: 734.665.9494
Fax: 734.665.0664
plantemoran.com

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, 2008, 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, 2008 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 the General Fund budgetary comparison schedule, as identified in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required 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 presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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 required parts 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 our report under separate cover dated October 6, 2008 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide 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

October 6, 2008

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, 2008. 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- 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 basic financial statements are comprised of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements Fund Financial Statements

Notes to the Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

In addition, the School District has added the introductory section and the statistical section to complete its Comprehensive Annual Financial Report.

South Lyon Community Schools

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 revenues and expenses are taken into account regardless of when cash is received or paid.

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

The statement of net assets and 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 Services 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 and proprietary fund of the School District use the following accounting approach:

South Lyon Community Schools

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, 2008 and 2007:

TABLE I - Condensed Statement of Net Assets	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
	(in millions)		(in millions)	
Assets				
Current and other assets	\$ 19.0	\$ 34.1	\$ 0.4	\$ 0.4
Capital assets	211.1	207.1	-	-
Total assets	230.1	241.2	0.4	0.4
Liabilities				
Current liabilities	17.0	22.4	0.1	0.1
Long-term liabilities	197.5	205.2	-	-
Total liabilities	214.5	227.6	0.1	0.1
Net Assets				
Invested in property and equipment - Net of related debt	6.7	3.3	-	-
Restricted	2.9	4.2	-	-
Unrestricted	6.0	6.1	0.3	0.3
Total net assets	<u>\$ 15.6</u>	<u>\$ 13.6</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>

The above analysis focuses on the net assets (see Table I). The change in net assets (see Table 2) of the School District's governmental and business-type activities is discussed below. The School District's governmental activities net assets were \$15.6 million at June 30, 2008. The School District's business-type net assets were \$0.3 million at June 30, 2008. Capital assets, net of related debt totaling \$6.7 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets was unrestricted.

The unrestricted net assets of governmental 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.

South Lyon Community Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal years 2008 and 2007:

TABLE 2 - Condensed Statement of Activities	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
	(in millions)		(in millions)	
Revenue				
Program revenue:				
Charges for services	\$ 1.4	\$ 1.3	\$ 1.4	\$ 1.4
Operating grants	5.3	5.9	-	-
General revenue:				
Property taxes	26.9	25.4	-	-
State foundation allowance	41.8	40.0	-	-
Other	1.4	3.2	-	-
Total revenue	<u>76.8</u>	<u>75.8</u>	<u>1.4</u>	<u>1.4</u>
Functions/Program Expenses				
Instruction	36.2	37.0	-	-
Support services	26.7	25.6	-	-
Community services	0.1	0.2	1.4	1.4
Food services	1.6	1.4	-	-
Athletics	0.5	0.3	-	-
Interest on long-term debt	9.7	6.6	-	-
Total functions/program expenses	<u>74.8</u>	<u>71.1</u>	<u>1.4</u>	<u>1.4</u>
Increase in Net Assets	2.0	4.7	-	-
Net Assets - Beginning of year	<u>13.6</u>	<u>8.9</u>	<u>0.3</u>	<u>0.3</u>
Net Assets - End of year	<u>\$ 15.6</u>	<u>\$ 13.6</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$74.8 million. Certain activities were partially funded from those who benefited from the programs (\$1.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5.3 million). We paid for the remaining "public benefit" portion of our governmental activities with \$26.9 million in taxes, \$41.8 million in state foundation allowance, and with our other revenues, i.e., interest and general entitlements.

During 2007-2008, the School District's overall financial position improved, with the School District experiencing an increase in net assets of \$2.0 million. The key reason for the change in net assets was the reduction in outstanding debt as compared to the net value of School District property and equipment.

South Lyon Community Schools

Management's Discussion and Analysis (Continued)

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 School District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$11.5 million, which is a decrease of \$9.3 million from last year. The primary reasons for the decrease are as follows:

- The combined Capital Project Funds balances decreased by \$9.4 million in the current year. The majority of this decrease related to the 2003 Series I Capital Projects Fund and the 2003 Series II Capital Projects Fund. This fund balance reduction will continue until the construction projects are completed and all bond proceeds are expended. These bonds were issued in accordance with state law and are used for construction related to erecting, furnishing, and equipping various school buildings.
- The combined Special Revenue Funds decreased \$134,000 in the current year to \$427,000. This fund balance reduction was primarily the result of the Athletic Fund exceeding revenues by \$112,000 in order to purchase the necessary items related to South Lyon East High School athletic program.
- The combined Debt Service Funds increased by \$110,000 in the current year to \$2.5 million, as a result of interest income on investments
- In the General Fund, our principal operating fund, the fund balance increased approximately \$174,000 to \$5.7 million. General Fund fund balance is available to fund costs related to allowable school operating purposes.

General Fund Budgetary Highlights

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

South Lyon Community Schools

Management's Discussion and Analysis (Continued)

There were no significant revisions to the 2007-2008 General Fund original budget.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2008, the School District had \$211.1 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$4.0 million, or 1.9 percent, from last year.

	<u>2008</u>	<u>2007</u>
Land	\$ 10,141,706	\$ 10,141,706
Construction in progress	-	62,186,676
Land improvements	13,786,247	1,359,839
Buildings and building improvements	222,994,744	164,875,948
Buses and other vehicles	4,944,936	4,921,993
Furniture and equipment	<u>3,242,755</u>	<u>2,340,835</u>
Total capital assets	255,110,388	245,826,997
Less accumulated depreciation	<u>44,021,655</u>	<u>38,733,847</u>
Net capital assets	<u>\$ 211,088,733</u>	<u>\$ 207,093,150</u>

This year's additions of \$71.5 million included building renovations and new school construction. Debt was issued to fund substantially all of these additions.

There are some capital projects that are planned for the 2008-2009 fiscal year. However, the 2008-2009 capital additions will be far less than 2007-2008 fiscal year capital additions. 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 \$204,805,000 in bonds outstanding versus \$211,795,000 in the previous year - a decrease of 3.3 percent. Those bonds consisted of the following:

	<u>2008</u>	<u>2007</u>
General obligation bonds	<u>\$ 204,805,000</u>	<u>\$ 211,795,000</u>

South Lyon Community Schools

Management's Discussion and Analysis (Continued)

The School District's general obligation bond rating is 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 \$101,720,000 as of June 30, 2008 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 2009 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 2009 fiscal year is budgeted at 25 percent and 75 percent of the February 2008 and September 2008 student counts, respectively. The 2009 budget was adopted in June 2008, based on an estimate of students that will be enrolled in September 2008. Approximately 90 percent of total General Fund revenue is a result of the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School 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 2009 school year, we anticipate that the fall student count will be slightly below the estimates used in creating the 2009 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual School 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, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 9,662,439	\$ 4,724	\$ 9,667,163
Receivables:			
Accounts	1,620,484	15,682	1,636,166
Due from other governmental units	7,609,067	-	7,609,067
Internal balances (Note 6)	-	367,991	367,991
Inventories	46,280	-	46,280
Prepaid costs and other assets	111,710	-	111,710
Capital assets - Less accumulated depreciation of \$44,021,655 (Note 5)	<u>211,088,733</u>	<u>-</u>	<u>211,088,733</u>
Total assets	230,138,713	388,397	230,527,110
Liabilities			
Accounts payable	1,394,906	6,270	1,401,176
Internal balances (Note 6)	367,991	-	367,991
Accrued payroll and other liabilities	7,099,982	32,164	7,132,146
Deferred revenue (Note 4)	255,173	49,651	304,824
Long-term liabilities (Note 7):			
Due within one year	7,889,271	-	7,889,271
Due in more than one year	<u>197,531,482</u>	<u>-</u>	<u>197,531,482</u>
Total liabilities	<u>214,538,805</u>	<u>88,085</u>	<u>214,626,890</u>
Net Assets			
Investment in capital assets - Net of related debt	6,652,459	-	6,652,459
Restricted:			
Debt service	2,531,792	-	2,531,792
Capital projects	360,724	-	360,724
Unrestricted	<u>6,054,933</u>	<u>300,312</u>	<u>6,355,245</u>
Total net assets	<u>\$ 15,599,908</u>	<u>\$ 300,312</u>	<u>\$ 15,900,220</u>

South Lyon Community Schools

Statement of Activities Year Ended June 30, 2008

	Program Revenues			Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants/ Contributions	Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	
Functions/Programs						
Primary government - Governmental activities:						
Instruction	\$ 36,198,516	\$ -	\$ 4,760,397	\$ (31,438,119)	\$ -	\$ (31,438,119)
Support services	26,748,233	-	-	(26,748,233)	-	(26,748,233)
Food services	1,569,095	1,024,750	567,902	23,557	-	23,557
Athletics	454,632	341,998	-	(112,634)	-	(112,634)
Community services	188,684	-	-	(188,684)	-	(188,684)
Interest on long-term debt	9,705,405	-	-	(9,705,405)	-	(9,705,405)
Total governmental activities	74,864,565	1,366,748	5,328,299	(68,169,518)	-	(68,169,518)
Business-type activities - Community education						
	1,442,927	1,435,655	-	-	(7,272)	(7,272)
Total	\$ 76,307,492	\$ 2,802,403	\$ 5,328,299	(68,169,518)	(7,272)	(68,176,790)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				10,360,670	-	10,360,670
Property taxes, levied for debt services				16,537,243	-	16,537,243
State aid not restricted to specific purposes				41,810,281	-	41,810,281
Interest and investment earnings				916,774	-	916,774
Other				489,102	-	489,102
Total general revenues				70,114,070	-	70,114,070
Change in Net Assets				1,944,552	(7,272)	1,937,280
Net Assets - Beginning of year				13,655,356	307,584	13,962,940
Net Assets - End of year				\$ 15,599,908	\$ 300,312	\$ 15,900,220

South Lyon Community Schools

Governmental Funds Balance Sheet June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and investments (Note 3)	\$ 5,713,634	\$ 3,948,805	\$ 9,662,439
Receivables:			
Accounts	1,609,549	10,935	1,620,484
Due from other governmental units	7,609,067	-	7,609,067
Due from other funds (Note 6)	-	3,156,377	3,156,377
Inventories	19,040	27,240	46,280
Prepaid costs	111,710	-	111,710
	<u>111,710</u>	<u>-</u>	<u>111,710</u>
Total assets	<u>\$ 15,063,000</u>	<u>\$ 7,143,357</u>	<u>\$ 22,206,357</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 1,332,409	\$ 154,807	\$ 1,487,216
Accrued payroll and other liabilities	5,206,899	348,370	5,555,269
Due to other funds (Note 6)	2,563,464	868,594	3,432,058
Deferred revenue (Note 4)	250,894	4,279	255,173
	<u>250,894</u>	<u>4,279</u>	<u>255,173</u>
Total liabilities	9,353,666	1,376,050	10,729,716
Fund Balances			
Reserved:			
Commitments (Note 5)	-	1,015,611	1,015,611
Inventories	19,040	27,240	46,280
Prepaid costs	111,710	-	111,710
Capital projects	-	1,792,205	1,792,205
Debt service	-	2,531,792	2,531,792
Unreserved:			
Designated for compensated absences	2,023,199	-	2,023,199
Designated for subsequent years' building allocations	409,768	-	409,768
Undesignated, reported in:			
General Fund	3,145,617	-	3,145,617
Special Revenue Funds	-	400,459	400,459
	<u>3,145,617</u>	<u>400,459</u>	<u>3,546,076</u>
Total fund balances	5,709,334	5,767,307	11,476,641
Total liabilities and fund balances	<u>\$ 15,063,000</u>	<u>\$ 7,143,357</u>	<u>\$ 22,206,357</u>

South Lyon Community Schools

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2008

Fund Balance - Total Governmental Funds \$ 11,476,641

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 governmental funds:

Cost of capital assets	\$ 255,110,388	
Accumulated depreciation	<u>(44,021,655)</u>	211,088,733

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	(203,397,554)
Compensated absences	(2,023,199)

Accrued interest payable is not included as a liability in governmental funds

(1,544,713)

Net Assets - Governmental Activities **\$ 15,599,908**

South Lyon Community Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2008

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue			
Local sources	\$ 11,214,576	\$ 18,455,961	\$ 29,670,537
State sources	42,288,436	81,528	42,369,964
Federal sources	1,710,615	486,374	2,196,989
Interdistrict sources	2,571,627	-	2,571,627
Total revenue	57,785,254	19,023,863	76,809,117
Expenditures			
Current:			
Instruction	31,853,141	-	31,853,141
Support services	24,367,897	-	24,367,897
Community services	188,684	-	188,684
Food service	-	1,569,095	1,569,095
Athletics	-	454,632	454,632
Other	346,656	-	346,656
Debt service:			
Principal	-	7,319,755	7,319,755
Interest	-	9,624,976	9,624,976
Other	-	90,797	90,797
Capital outlay	180,070	10,147,618	10,327,688
Total expenditures	56,936,448	29,206,873	86,143,321
Excess of Revenue Over (Under) Expenditures	848,806	(10,183,010)	(9,334,204)
Other Financing Sources (Uses)			
Transfers in	113,059	4,287,800	4,400,859
Transfers out	(788,360)	(3,583,057)	(4,371,417)
Total other financing sources (uses)	(675,301)	704,743	29,442
Net Change in Fund Balances	173,505	(9,478,267)	(9,304,762)
Fund Balances - Beginning of year	5,535,829	15,245,574	20,781,403
Fund Balances - End of year	\$ 5,709,334	\$ 5,767,307	\$ 11,476,641

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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (9,304,762)

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

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

Depreciation expense	\$ (5,287,808)	
Capitalized capital outlay	<u>9,283,391</u>	3,995,583

Underwriter's premiums and deferred charges reported as revenues and expenditures in the funds and amortized in the statement of activities (145,610)

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until due:

Accrued interest at July 1, 2007		1,609,894
Accrued interest at July 1, 2008		(1,544,713)

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) 7,319,755

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 14,405

Change in Net Assets of Governmental Activities **\$ 1,944,552**

South Lyon Community Schools

Proprietary Fund Statement of Net Assets June 30, 2008

	Community Education Fund
Assets	
Cash and cash equivalents (Note 3)	\$ 4,724
Receivables - Net	15,682
Due from other funds (Note 6)	<u>367,991</u>
Total assets	388,397
Liabilities	
Accounts payable	6,270
Accrued salaries and other liabilities	32,164
Deferred revenue (Note 4)	<u>49,651</u>
Total liabilities	<u>88,085</u>
Net Assets - Unrestricted	<u><u>\$ 300,312</u></u>

South Lyon Community Schools

Proprietary Fund Statement of Revenue, Expenses, and Changes in Fund Net Assets Year Ended June 30, 2008

	Community Education Fund
Operating Revenue - Charges for services	\$ 1,435,655
Operating Expenses - Community services	<u>1,413,485</u>
Operating Income	22,170
Transfer to Other Funds	<u>(29,442)</u>
Change in Net Assets	(7,272)
Net Assets - Beginning of year	<u>307,584</u>
Net Assets - End of year	<u><u>\$ 300,312</u></u>

South Lyon Community Schools

Proprietary Fund Statement of Cash Flows Year Ended June 30, 2008

	Community Education Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,397,607
Payments for services	<u>(1,398,933)</u>
Net Decrease in Cash and Cash Equivalents	(1,326)
Cash and Cash Equivalents - Beginning of year	<u>6,050</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 4,724</u></u>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities	
Change in net assets	\$ (7,272)
Adjustments to reconcile change in net assets to net cash from operating activities - Changes in assets and liabilities:	
Due from other funds	61,462
Accounts receivable	(15,682)
Accounts payable	(1,560)
Accrued salaries and other liabilities	(226)
Deferred revenue	<u>(38,048)</u>
 Net cash used in operating activities	 <u><u>\$ (1,326)</u></u>

South Lyon Community Schools

Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2008

	Student Activities Fund
Assets - Cash and investments (Note 3)	<u>\$ 785,414</u>
Liabilities	
Accounts payable	\$ 447
Due to other funds (Note 6)	92,310
Due to student groups	<u>692,657</u>
 Total liabilities	 <u>\$ 785,414</u>

South Lyon Community Schools

**Notes to Financial Statements
June 30, 2008**

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

Separate financial statements are provided for governmental funds, 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.

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

South Lyon Community Schools

**Notes to Financial Statements
June 30, 2008**

Note I - Summary of Significant Accounting Policies (Continued)

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.

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 that is subsidized by the General 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.

South Lyon Community Schools

**Notes to Financial Statements
June 30, 2008**

Note I - Summary of Significant Accounting Policies (Continued)

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.

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.

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note I - Summary of Significant Accounting Policies (Continued)

The due from other governmental units account consists of state aid payments not received until July and August 2008 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.

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

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 \$19,650 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, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-10 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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.

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.

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

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

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. 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.

Capital Projects Funds Compliance - The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2003 Series I Capital Projects Fund. The project for which the 2003 Series I bonds were issued was considered complete subsequent to year end on July 1, 2008 and the cumulative expenditures recognized for the construction period were \$49,251,042.

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.

The School District has designated 11 banks for the deposit of its funds.

Note 3 - Deposits and Investments (Continued)

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 \$1,105,800 had \$1,005,800 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.

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.

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 3 - Deposits and Investments (Continued)

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

<u>Investment</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Rating Organization</u>
Comerica Governmental Cash Investment Fund	\$ 465,092	Varies	AI/PI/FI	N/A
Michigan Liquid Asset Fund	7,634,958	Varies	AAAm	Standard & Poor's
Fifth Third Money Market	1,254,239	Varies	AAAm	Standard & Poor's
Federal Home Loan Mortgage Corp. Bonds	<u>45,160</u>	Varies	Aaa	Moody's
Total investments	<u>\$ 9,399,449</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 are not considered to be available to liquidate liabilities of the current period. Governmental funds and the proprietary fund 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 \$4,279 and the remaining \$250,894 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, deferred revenue in the proprietary fund includes resources that have been received but not yet earned in the amount of \$49,651.

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 5 - Capital Assets

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

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital assets not being depreciated:				
Land	\$ 10,141,706	\$ -	\$ -	\$ 10,141,706
Construction in progress	62,186,676	8,302,109	(70,488,785)	-
Capital assets being depreciated:				
Land improvements	1,359,839	12,426,408	-	13,786,247
Building and building improvements	164,875,948	58,118,796	-	222,994,744
Buses and other vehicles	4,921,993	22,943	-	4,944,936
Furniture and equipment	2,340,835	901,920	-	3,242,755
Subtotal	173,498,615	71,470,067	-	244,968,682
Accumulated depreciation:				
Land improvements	629,075	679,997	-	1,309,072
Building and building improvements	32,469,459	4,132,792	-	36,602,251
Buses and other vehicles	3,370,105	286,339	-	3,656,444
Furniture and equipment	2,265,208	188,680	-	2,453,888
Subtotal	38,733,847	5,287,808	-	44,021,655
Net capital assets being depreciated	134,764,768	66,182,259	-	200,947,027
Net governmental capital assets	\$ 207,093,150	\$ 74,484,368	\$ (70,488,785)	\$ 211,088,733

Business-type activities do not maintain capital assets but instead pay a fee to the governmental funds for use of capital assets.

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

Governmental activities:	
Instruction	\$ 3,172,685
Support services	2,115,123
Total governmental activities	<u>\$ 5,287,808</u>

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 5 - Capital Assets (Continued)

Construction Commitments - The School District has active construction projects at year end. The projects include the 2003 Series I and 2003 Series II Capital Projects Funds. At year end, the School District's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2003 Series I	\$ 49,251,042	\$ 495,733
2003 Series II	<u>59,376,295</u>	<u>519,878</u>
Total	<u>\$ 108,627,337</u>	<u>\$ 1,015,611</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Fund</u>	
Nonmajor governmental funds	\$ 2,195,473	\$ 868,594	\$ 92,310	\$ 3,156,377
Nonmajor Enterprise Fund	<u>367,991</u>	<u>-</u>	<u>-</u>	<u>367,991</u>
Total	<u>\$ 2,563,464</u>	<u>\$ 868,594</u>	<u>\$ 92,310</u>	<u>\$ 3,524,368</u>

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

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

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

Interfund Transfers

The composition of interfund transfers is as follows:

Transfers In	Transfers Out			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	
General Fund	\$ -	\$ 83,617	\$ 29,442	\$ 113,059
Nonmajor governmental funds	<u>788,360</u>	<u>3,499,440</u>	<u>-</u>	<u>4,287,800</u>
Total	<u>\$ 788,360</u>	<u>\$ 3,583,057</u>	<u>\$ 29,442</u>	<u>\$ 4,400,859</u>

General Fund interfund transfers represent routine, recurring transfers to other governmental funds. Other governmental funds transfers mostly represent a transfer between the 2003 Series I and 2003 Series II Capital Project 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 General Fund. Compensated absences are also liquidated using assets from the General Fund.

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	\$ 211,795,000	\$ -	\$ 6,990,000	\$ 204,805,000	\$ 7,460,000
Issuance premium	4,974,412	-	307,540	4,666,872	307,540
Less deferred charges	(7,862,642)	-	(453,150)	(7,409,492)	(453,150)
Total bonds payable	208,906,770	-	6,844,390	202,062,380	7,314,390
Bus installment obligation	1,252,774	-	329,755	923,019	343,661
Capital leases	534,060	-	121,905	412,155	151,220
Compensated absences	1,915,699	107,500	-	2,023,199	80,000
Total governmental activities	<u>\$ 212,609,303</u>	<u>\$ 107,500</u>	<u>\$ 7,296,050</u>	<u>\$ 205,420,753</u>	<u>\$ 7,889,271</u>

The Enterprise Fund has no long-term debt as of June 30, 2008.

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
2009	\$ 7,658,051	\$ 9,234,638	\$ 16,892,689
2010	8,216,377	8,927,764	17,144,141
2011	9,296,889	8,586,952	17,883,841
2012	10,249,261	8,172,091	18,421,352
2013	10,799,390	7,718,622	18,518,012
2014-2018	58,966,950	30,670,328	89,637,278
2019-2023	63,635,135	16,747,088	80,382,223
2024-2028	34,163,346	4,489,640	38,652,986
Total	<u>\$ 202,985,399</u>	<u>\$ 94,547,123</u>	<u>\$ 297,532,522</u>

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

Governmental Activities

General obligation bonds consist of the following:

\$14,570,000 serial and term bonds due in annual installments of \$585,000 to \$735,000 through May 1, 2010; interest at 5.375% to 5.40%	\$ 1,320,000
\$15,145,000 serial and term bonds due in annual installments of \$775,000 to \$800,000 through May 1, 2010; interest at 5.125% to 5.25%	1,575,000
\$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% to 4.7%	8,175,000
\$43,120,000 serial and term bonds due in annual installments of \$875,000 to \$1,150,000 through May 1, 2012; interest at 3.5% to 4.0%	4,325,000
\$55,730,000 serial and term bonds due in annual installments of \$25,000 to \$1,850,000 through May 1, 2014; interest at 3.25% to 5.5%	5,275,000
\$55,420,000 serial and term bonds due in annual installments of \$650,000 to \$4,395,000 through May 1, 2023; interest at 3.25% to 5.0%	55,420,000
\$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 3.25% to 5.0%	30,025,000
\$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% to 5.0%	92,120,000
\$7,180,000 serial and term bonds due in annual installments of \$100,000 to \$700,000 through May 1, 2020; interest at 4.0% to 5.0%	<u>6,570,000</u>
Total bonded debt	<u>\$ 204,805,000</u>

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

Notes consist of the following:

Date	Original Amount	Due Date	Interest Rate (Percent)	Remaining to Maturity	
				Interest	Principal
07/03/03	\$ 230,000	07/03/08	3.39	\$ 1,665	\$ 49,117
06/30/04	438,024	06/30/09	4.72	4,525	95,867
06/15/05	143,590	06/15/10	4.98	4,642	61,652
02/28/07	<u>878,436</u>	02/28/12	4.04	<u>73,787</u>	<u>716,383</u>
Total	<u>\$ 1,690,050</u>			<u>\$ 84,619</u>	<u>\$ 923,019</u>

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. 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:

2009	\$ 151,220
2010	150,495
2011	<u>152,381</u>
Total minimum lease payments	454,096
Less amount representing interest	<u>41,941</u>
Present value of minimum lease payments	<u>\$ 412,155</u>

South Lyon Community Schools

Notes to Financial Statements June 30, 2008

Note 7 - Long-term Debt (Continued)

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2008, \$127,640,000 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.

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPERS), 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 Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. That report is available on the web 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.

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

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 11.19 percent of covered payroll for the period from July 1, 2007 through September 30, 2007 and 10.17 percent for the period from October 1, 2007 through June 30, 2008. 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. The School District's required and actual contributions to the plan for the years ended June 30, 2008, 2007, and 2006 were \$3,669,354, \$3,576,478, and \$3,023,618, 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. 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 6.55 percent of covered payroll for the period from July 1, 2007 through September 30, 2007 and 6.55 percent for the period from October 1, 2007 through June 30, 2008. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2008, 2007, and 2006 were \$2,311,590, \$2,156,450, and \$2,095,966, respectively.

Note 10 - Contingencies

The School District is involved in pending and threatened litigation in the ordinary course of business. Although the outcome of such matters is always subject to uncertainties, management believes that the final outcome of these matters will not, individually or in the aggregate, have a material adverse effect upon the financial position or the change in financial position of the School District.

Required Supplemental Information

South Lyon Community Schools

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 11,189,018	\$ 11,251,256	\$ 11,214,576	\$ (36,680)
State sources	41,344,943	41,923,505	42,288,436	364,931
Federal sources	1,640,508	2,025,011	1,710,615	(314,396)
Interdistrict sources	2,310,348	2,496,848	2,571,627	74,779
Total revenue	56,484,817	57,696,620	57,785,254	88,634
Expenditures - Current				
Instruction:				
Basic programs	26,471,346	27,134,981	26,852,204	(282,777)
Added needs	5,157,179	4,899,661	5,000,937	101,276
Support services:				
Pupil	2,637,759	2,738,101	2,645,605	(92,496)
Instructional staff	3,330,098	3,350,586	3,296,349	(54,237)
General administration	966,090	979,097	972,937	(6,160)
School administration	3,813,719	3,884,820	3,994,241	109,421
Business services	927,033	952,826	979,113	26,287
Transportation and maintenance	11,051,023	11,415,584	11,242,359	(173,225)
Central services and other support services	870,556	1,332,155	1,237,293	(94,862)
Community services	194,840	197,974	188,684	(9,290)
Other	400,000	340,000	346,656	6,656
Capital outlay	113,203	178,658	180,070	1,412
Total expenditures	55,932,846	57,404,443	56,936,448	(467,995)
Other Financing Sources (Uses)				
Transfers in	84,252	117,312	113,059	(4,253)
Transfers out	(675,000)	(713,360)	(788,360)	(75,000)
Total other financing uses	(590,748)	(596,048)	(675,301)	(79,253)
Net Change in Fund Balance	(38,777)	(303,871)	173,505	477,376
Fund Balance - July 1, 2007	5,535,829	5,535,829	5,535,829	-
Fund Balance - June 30, 2008	<u>\$ 5,497,052</u>	<u>\$ 5,231,958</u>	<u>\$ 5,709,334</u>	<u>\$ 477,376</u>

Other Supplemental Information

South Lyon Community Schools

	Special Revenue Funds						
	Food Services	Athletics	1997 Series I	1998 Series I	2000 Series I	2000 Series II	2000 Series III
Assets							
Cash and investments	\$ 264,896	\$ 362	\$ 43,261	\$ 234,044	\$ 72,908	\$ 110,437	\$ 103,313
Accounts receivable	10,935	-	-	-	-	-	-
Due from other funds	-	188,584	226	26,022	4,587	8,826	9,036
Inventories	27,240	-	-	-	-	-	-
Total assets	\$ 303,071	\$ 188,946	\$ 43,487	\$ 260,066	\$ 77,495	\$ 119,263	\$ 112,349
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 1,036	\$ 2,171	\$ 937	\$ 5,516	\$ 1,634	\$ 2,774	\$ 2,903
Accrued payroll and other liabilities	1,242	1,492	-	-	-	-	-
Due to other funds	54,098	-	-	-	-	-	-
Deferred revenue	4,279	-	-	-	-	-	-
Total liabilities	60,655	3,663	937	5,516	1,634	2,774	2,903
Fund Balances							
Reserved:							
Commitments	-	-	-	-	-	-	-
Inventories	27,240	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	42,550	254,550	75,861	116,489	109,446
Unreserved - Undesignated, reported in Special Revenue Funds	215,176	185,283	-	-	-	-	-
Total fund balances	242,416	185,283	42,550	254,550	75,861	116,489	109,446
Total liabilities and fund balances	\$ 303,071	\$ 188,946	\$ 43,487	\$ 260,066	\$ 77,495	\$ 119,263	\$ 112,349

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

Debt Service Funds							Capital Projects Funds
2001 Refunding	2003 Series I	2003 Series II	2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding	Bus Purchases
\$ 250,143	\$ 141,230	\$ 52,102	\$ 394,006	\$ 363,421	\$ 520,289	\$ 98,830	\$ -
-	-	-	-	-	-	-	-
12,051	6,307	1,042	31,536	14,410	64,875	17,345	798,636
-	-	-	-	-	-	-	-
\$ 262,194	\$ 147,537	\$ 53,144	\$ 425,542	\$ 377,831	\$ 585,164	\$ 116,175	\$ 798,636
\$ 6,016	\$ 3,874	\$ 3,096	\$ 7,919	\$ 3,925	\$ 7,846	\$ 2,015	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,016	3,874	3,096	7,919	3,925	7,846	2,015	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	798,636
256,178	143,663	50,048	417,623	373,906	577,318	114,160	-
-	-	-	-	-	-	-	-
256,178	143,663	50,048	417,623	373,906	577,318	114,160	798,636
\$ 262,194	\$ 147,537	\$ 53,144	\$ 425,542	\$ 377,831	\$ 585,164	\$ 116,175	\$ 798,636

South Lyon Community Schools

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) June 30, 2008

	Capital Projects Funds				
	Site Projects	2003 Series I	2003 Series II	Capital Improvements	Total
Assets					
Cash and investments	\$ -	\$ 957,698	\$ 341,865	\$ -	\$ 3,948,805
Accounts receivable	-	-	-	-	10,935
Due from other funds	90,059	-	812,717	1,070,118	3,156,377
Inventories	-	-	-	-	27,240
Total assets	<u>\$ 90,059</u>	<u>\$ 957,698</u>	<u>\$ 1,154,582</u>	<u>\$ 1,070,118</u>	<u>\$ 7,143,357</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 13,237	\$ 35,359	\$ 50,073	\$ 4,476	\$ 154,807
Accrued payroll and other liabilities	-	107,843	237,793	-	348,370
Due to other funds	-	814,496	-	-	868,594
Deferred revenue	-	-	-	-	4,279
Total liabilities	13,237	957,698	287,866	4,476	1,376,050
Fund Balances					
Reserved:					
Commitments	-	495,733	519,878	-	1,015,611
Inventories	-	-	-	-	27,240
Capital projects	76,822	(495,733)	346,838	1,065,642	1,792,205
Debt service	-	-	-	-	2,531,792
Unreserved - Undesignated, reported in Special Revenue Funds	-	-	-	-	400,459
Total fund balances	<u>76,822</u>	<u>-</u>	<u>866,716</u>	<u>1,065,642</u>	<u>5,767,307</u>
Total liabilities and fund balances	<u>\$ 90,059</u>	<u>\$ 957,698</u>	<u>\$ 1,154,582</u>	<u>\$ 1,070,118</u>	<u>\$ 7,143,357</u>

South Lyon Community Schools

	Special Revenue Funds						
	Food Services	Athletics	1997 Series I	1998 Series I	2000 Series I	2000 Series II	
Revenue							
Local	\$ 1,024,750	\$ 341,998	\$ -	\$ 1,875,399	\$ 491,561	\$ 884,763	\$ 1,022,374
State	81,528	-	-	-	-	-	-
Federal	486,374	-	-	-	-	-	-
Total revenue	1,592,652	341,998	-	1,875,399	491,561	884,763	1,022,374
Expenditures							
Current:							
Food services	1,569,095	-	-	-	-	-	-
Athletics	-	454,632	-	-	-	-	-
Debt service:							
Principal	-	-	-	1,825,000	410,000	775,000	1,000,000
Interest	-	-	-	96,377	92,659	119,902	43,362
Other	-	-	2,683	9,137	2,401	3,650	5,094
Capital outlay	-	-	-	-	-	-	-
Total expenditures	1,569,095	454,632	2,683	1,930,514	505,060	898,552	1,048,456
Excess of Revenue Over (Under) Expenditures	23,557	(112,634)	(2,683)	(55,115)	(13,499)	(13,789)	(26,082)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	(45,257)	-	-	-	-	-	-
Total other financing sources (uses)	(45,257)	-	-	-	-	-	-
Net Change in Fund Balances	(21,700)	(112,634)	(2,683)	(55,115)	(13,499)	(13,789)	(26,082)
Fund Balances - Beginning of year	264,116	297,917	45,233	309,665	89,360	130,278	135,528
Fund Balances - End of year	\$ 242,416	\$ 185,283	\$ 42,550	\$ 254,550	\$ 75,861	\$ 116,489	\$ 109,446

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008**

Debt Service Funds						
2001 Refunding	2003 Series I	2003 Series II	2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding
\$ 1,938,699	\$ 744,951	\$ 172,008	\$ 2,733,048	\$ 1,455,192	\$ 4,307,638	\$ 1,102,856
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,938,699	744,951	172,008	2,733,048	1,455,192	4,307,638	1,102,856
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,515,000	570,000	-	-	-	285,000	610,000
434,383	181,381	243,534	2,706,335	1,244,561	4,027,938	382,438
8,210	6,763	4,782	6,382	3,034	2,761	-
-	-	-	-	-	-	-
1,957,593	758,144	248,316	2,712,717	1,247,595	4,315,699	992,438
(18,894)	(13,193)	(76,308)	20,331	207,597	(8,061)	110,418
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(18,894)	(13,193)	(76,308)	20,331	207,597	(8,061)	110,418
275,072	156,856	126,356	397,292	166,309	585,379	3,742
\$ 256,178	\$ 143,663	\$ 50,048	\$ 417,623	\$ 373,906	\$ 577,318	\$ 114,160

South Lyon Community Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds (Continued) Year Ended June 30, 2008

	Capital Projects Funds					Total
	Bus Purchases	Site Projects	2003 Series I	2003 Series II	Capital Improvements	
Revenue						
Local	\$ -	\$ -	\$ 27,173	\$ 333,551	\$ -	\$ 18,455,961
State	-	-	-	-	-	81,528
Federal	-	-	-	-	-	486,374
Total revenue	-	-	27,173	333,551	-	19,023,863
Expenditures						
Current:						
Food services	-	-	-	-	-	1,569,095
Athletics	-	-	-	-	-	454,632
Debt service:						
Principal	329,755	-	-	-	-	7,319,755
Interest	52,106	-	-	-	-	9,624,976
Other	-	-	34,731	1,169	-	90,797
Capital outlay	-	54,911	5,474,787	4,289,450	328,470	10,147,618
Total expenditures	<u>381,861</u>	<u>54,911</u>	<u>5,509,518</u>	<u>4,290,619</u>	<u>328,470</u>	<u>29,206,873</u>
Excess of Revenue Over (Under) Expenditures	(381,861)	(54,911)	(5,482,345)	(3,957,068)	(328,470)	(10,183,010)
Other Financing Sources (Uses)						
Transfers in	375,000	50,000	3,537,800	-	325,000	4,287,800
Transfers out	-	-	-	(3,537,800)	-	(3,583,057)
Total other financing sources (uses)	<u>375,000</u>	<u>50,000</u>	<u>3,537,800</u>	<u>(3,537,800)</u>	<u>325,000</u>	<u>704,743</u>
Net Change in Fund Balances	(6,861)	(4,911)	(1,944,545)	(7,494,868)	(3,470)	(9,478,267)
Fund Balances - Beginning of year	<u>805,497</u>	<u>81,733</u>	<u>1,944,545</u>	<u>8,361,584</u>	<u>1,069,112</u>	<u>15,245,574</u>
Fund Balances - End of year	<u>\$ 798,636</u>	<u>\$ 76,822</u>	<u>\$ -</u>	<u>\$ 866,716</u>	<u>\$ 1,065,642</u>	<u>\$ 5,767,307</u>

South Lyon Community Schools

	Year Ended					
	Food Services			Athletics		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenues						
Local sources	\$ 1,055,083	\$ 1,024,750	\$ (30,333)	\$ 327,579	\$ 341,998	\$ 14,419
State sources	64,133	81,528	17,395	-	-	-
Federal sources	430,460	486,374	55,914	-	-	-
Total revenues	1,549,676	1,592,652	42,976	327,579	341,998	14,419
Expenditures						
Food services	1,584,698	1,569,095	(15,603)	-	-	-
Athletics	-	-	-	423,420	454,632	31,212
Total expenditures	1,584,698	1,569,095	(15,603)	423,420	454,632	31,212
Excess of Revenues Over (Under) Expenditures	(35,022)	23,557	58,579	(95,841)	(112,634)	(16,793)
Other Financing Uses - Transfers out	(43,659)	(45,257)	(1,598)	-	-	-
Net Change in Fund Balances	(78,681)	(21,700)	56,981	(95,841)	(112,634)	(16,793)
Fund Balances - Beginning of year	264,116	264,116	-	297,917	297,917	-
Fund Balances - End of year	\$ 185,435	\$ 242,416	\$ 56,981	\$ 202,076	\$ 185,283	\$ (16,793)

Other Supplemental Information
Special Revenue Funds
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2008

June 30			
2008		2007	
Total Special Revenue Funds		Total Special Revenue Funds	
Budget	Actual	Over (Under) Budget	Actual
\$ 1,382,662	\$ 1,366,748	\$ (15,914)	\$ 1,304,904
64,133	81,528	17,395	85,215
<u>430,460</u>	<u>486,374</u>	<u>55,914</u>	<u>429,924</u>
1,877,255	1,934,650	57,395	1,820,043
1,584,698	1,569,095	(15,603)	1,415,829
<u>423,420</u>	<u>454,632</u>	<u>31,212</u>	<u>256,696</u>
<u>2,008,118</u>	<u>2,023,727</u>	<u>15,609</u>	<u>1,672,525</u>
(130,863)	(89,077)	41,786	147,518
<u>(43,659)</u>	<u>(45,257)</u>	<u>(1,598)</u>	<u>(42,897)</u>
(174,522)	(134,334)	40,188	104,621
<u>562,033</u>	<u>562,033</u>	<u>-</u>	<u>457,412</u>
<u>\$ 387,511</u>	<u>\$ 427,699</u>	<u>\$ 40,188</u>	<u>\$ 562,033</u>

South Lyon Community Schools

Bond

	1997 Series I Actual	1998 Series I Actual	2000 Series I Actual	2000 Series II Actual	2000 Series III Actual
Revenues - Local sources	\$ -	\$ 1,875,399	\$ 491,561	\$ 884,763	\$ 1,022,374
Expenditures					
Debt service principal	-	1,825,000	410,000	775,000	1,000,000
Debt service interest and other	2,683	105,514	95,060	123,552	48,456
Total expenditures	2,683	1,930,514	505,060	898,552	1,048,456
Excess of Revenues Over (Under) Expenditures	(2,683)	(55,115)	(13,499)	(13,789)	(26,082)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Premium on long-term debt issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Net Change in Fund Balances	(2,683)	(55,115)	(13,499)	(13,789)	(26,082)
Fund Balances - Beginning of year	45,233	309,665	89,360	130,278	135,528
Fund Balances - End of year	<u>\$ 42,550</u>	<u>\$ 254,550</u>	<u>\$ 75,861</u>	<u>\$ 116,489</u>	<u>\$ 109,446</u>

**Other Supplemental Information
Debt Service Funds
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2008**

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
\$ 1,938,699	\$ 744,951	\$ 172,008	\$ 2,733,048	\$ 1,455,192	\$ 4,307,638	\$ 1,102,856
1,515,000	570,000	-	-	-	285,000	610,000
<u>442,593</u>	<u>188,144</u>	<u>248,316</u>	<u>2,712,717</u>	<u>1,247,595</u>	<u>4,030,699</u>	<u>382,438</u>
<u>1,957,593</u>	<u>758,144</u>	<u>248,316</u>	<u>2,712,717</u>	<u>1,247,595</u>	<u>4,315,699</u>	<u>992,438</u>
(18,894)	(13,193)	(76,308)	20,331	207,597	(8,061)	110,418
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(18,894)</u>	<u>(13,193)</u>	<u>(76,308)</u>	<u>20,331</u>	<u>207,597</u>	<u>(8,061)</u>	<u>110,418</u>
<u>275,072</u>	<u>156,856</u>	<u>126,356</u>	<u>397,292</u>	<u>166,309</u>	<u>585,379</u>	<u>3,742</u>
<u>\$ 256,178</u>	<u>\$ 143,663</u>	<u>\$ 50,048</u>	<u>\$ 417,623</u>	<u>\$ 373,906</u>	<u>\$ 577,318</u>	<u>\$ 114,160</u>

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, 2008

	Total 2008		Total 2007
	Total Debt Service Funds Actual	Total Debt Service Funds Budget	Total Debt Service Funds Actual
Revenues - Local sources	\$ 16,728,489	\$ 16,438,429	\$ 15,778,188
Expenditures			
Debt service principal	6,990,000	6,990,000	6,090,000
Debt service interest and other	9,627,767	9,615,445	10,708,950
Total expenditures	16,617,767	16,605,445	16,798,950
Excess of Revenues Over (Under) Expenditures	110,722	(167,016)	(1,020,762)
Other Financing Sources (Uses)			
Transfers in	-	-	300,000
Transfers out	-	-	(300,000)
Long-term debt issued	-	-	99,665,000
Premium on long-term debt issued	-	-	684,256
Payment to refunded bond escrow agent	-	-	(99,859,456)
Net Change in Fund Balances	110,722	(167,016)	(530,962)
Fund Balances - Beginning of year	2,421,070	2,421,070	2,952,032
Fund Balances - End of year	\$ 2,531,792	\$ 2,254,054	\$ 2,421,070

South Lyon Community Schools

	Bus Purchases			Site Projects		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
Revenue - Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures						
Debt service:						
Note redemption	298,223	329,755	31,532	-	-	-
Note interest	43,446	52,106	8,660	-	-	-
Other	-	-	-	-	-	-
Capital outlay	150,000	-	(150,000)	50,000	54,911	4,911
Total expenditures	491,669	381,861	(109,808)	50,000	54,911	4,911
Excess of Expenditures Over Revenue	(491,669)	(381,861)	109,808	(50,000)	(54,911)	(4,911)
Other Financing Sources (Uses)						
Transfers in (out)	375,000	375,000	-	50,000	50,000	-
Long-term debt issued	150,000	-	(150,000)	-	-	-
Total other financing sources (uses)	525,000	375,000	(150,000)	50,000	50,000	-
Net Change in Fund Balances	33,331	(6,861)	(40,192)	-	(4,911)	(4,911)
Fund Balances - Beginning of year	805,497	805,497	-	81,733	81,733	-
Fund Balances (Deficit) - End of year	\$ 838,828	\$ 798,636	\$ (40,192)	\$ 81,733	\$ 76,822	\$ (4,911)

**Other Supplemental Information
Capital Projects Funds
Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances (Deficit) - Budget and Actual
Year Ended June 30, 2008**

2003 Series I			2003 Series II			Capital Improvements		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
\$ 50,000	\$ 27,173	\$ (22,827)	\$ 50,000	\$ 333,551	\$ 283,551	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	34,731	34,731	-	1,169	1,169	-	-	-
<u>5,000,000</u>	<u>5,474,787</u>	<u>474,787</u>	<u>4,000,000</u>	<u>4,289,450</u>	<u>289,450</u>	<u>403,707</u>	<u>328,470</u>	<u>(75,237)</u>
<u>5,000,000</u>	<u>5,509,518</u>	<u>509,518</u>	<u>4,000,000</u>	<u>4,290,619</u>	<u>290,619</u>	<u>403,707</u>	<u>328,470</u>	<u>(75,237)</u>
(4,950,000)	(5,482,345)	(532,345)	(3,950,000)	(3,957,068)	(7,068)	(403,707)	(328,470)	75,237
-	3,537,800	3,537,800	-	(3,537,800)	(3,537,800)	250,000	325,000	75,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>3,537,800</u>	<u>3,537,800</u>	<u>-</u>	<u>(3,537,800)</u>	<u>(3,537,800)</u>	<u>250,000</u>	<u>325,000</u>	<u>75,000</u>
(4,950,000)	(1,944,545)	3,005,455	(3,950,000)	(7,494,868)	(3,544,868)	(153,707)	(3,470)	150,237
<u>1,944,545</u>	<u>1,944,545</u>	<u>-</u>	<u>8,361,584</u>	<u>8,361,584</u>	<u>-</u>	<u>1,069,112</u>	<u>1,069,112</u>	<u>-</u>
<u>\$ (3,005,455)</u>	<u>\$ -</u>	<u>\$ 3,005,455</u>	<u>\$ 4,411,584</u>	<u>\$ 866,716</u>	<u>\$ (3,544,868)</u>	<u>\$ 915,405</u>	<u>\$ 1,065,642</u>	<u>\$ 150,237</u>

South Lyon Community Schools

Other Supplemental Information Capital Projects Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual (Continued) Year Ended June 30, 2008

	Total 2008		Total 2007	
	Total Capital Projects Funds		Total Capital Projects Funds	
	Budget	Actual	Over (Under) Budget	Actual
Revenue - Interest	\$ 100,000	\$ 360,724	\$ 260,724	\$ 1,916,507
Expenditures				
Debt service:				
Note redemption	298,223	329,755	31,532	225,660
Note interest	43,446	52,106	8,660	25,773
Other	-	35,900	35,900	-
Capital outlay	9,603,707	10,147,618	543,911	33,008,274
Total expenditures	9,945,376	10,565,379	620,003	33,259,707
Excess of Expenditures Over Revenue	(9,845,376)	(10,204,655)	(359,279)	(31,343,200)
Other Financing Sources (Uses)				
Transfers in (out)	675,000	750,000	75,000	950,000
Long-term debt issued	150,000	-	(150,000)	878,436
Total other financing sources (uses)	825,000	750,000	(75,000)	1,828,436
Net Change in Fund Balances	(9,020,376)	(9,454,655)	(434,279)	(29,514,764)
Fund Balances - Beginning of year	12,262,471	12,262,471	-	41,777,235
Fund Balances (Deficit) - End of year	\$ 3,242,095	\$ 2,807,816	\$ (434,279)	\$ 12,262,471

South Lyon Community Schools

Other Supplemental Information Schedule of Cash, Cash Equivalents, and Investments Year Ended June 30, 2008

Fund	Type of Investment	Interest Rate (Percent)	Date of Maturity	Carrying Value
General	Checking account	Variable	-	\$ 462,724
	Sweep investment account - Michigan School District Liquid Asset Fund	Variable	-	110,965
	Petty cash		-	100
	Cash management fund - Michigan School District Liquid Asset Fund	Variable	-	<u>5,139,845</u>
	Total General Fund			5,713,634
Special Revenue	Checking account	-	-	265,258
Debt Service	Cash management fund - Michigan School District Liquid Asset Fund	Variable	-	2,383,984
	Capital Projects	Fifth Third Money Market Fund	Variable	-
	Cash management fund - Michigan School District Liquid Asset Fund	Variable	-	164
	FHLMC Bonds	Variable	Various	<u>45,160</u>
	Total Capital Projects Funds			1,299,563
Enterprise	Checking account	-	-	4,724
Agency	Checking account	-	-	319,822
	Petty cash	-	-	500
	Comerica Governmental Cash Investment Fund	Variable	-	<u>465,092</u>
	Total Agency Fund			<u>785,414</u>
	Total cash, cash equivalents, and investments			<u>\$ 10,452,577</u>

South Lyon Community Schools

June 30	2000 Series I	2000 Series II	2001 Refunding	2003 Series I	2003 Series II
	Principal	Principal	Principal	Principal	Principal
2009	\$ 585,000	\$ 775,000	\$ 1,475,000	\$ 875,000	\$ 25,000
2010	735,000	800,000	1,475,000	1,150,000	400,000
2011	-	-	1,475,000	1,150,000	800,000
2012	-	-	1,475,000	1,150,000	1,200,000
2013	-	-	1,450,000	-	1,000,000
2014	-	-	825,000	-	1,850,000
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-
2026	-	-	-	-	-
2027	-	-	-	-	-
2028	-	-	-	-	-
	<u>\$ 1,320,000</u>	<u>\$ 1,575,000</u>	<u>\$ 8,175,000</u>	<u>\$ 4,325,000</u>	<u>\$ 5,275,000</u>
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	5.375% to 5.40%	5.125% to 5.25%	4.15% to 4.7%	3.5% to 4.00%	3.25% to 5.50%
Original issue	<u>\$ 14,570,000</u>	<u>\$ 15,145,000</u>	<u>\$ 20,815,000</u>	<u>\$ 43,120,000</u>	<u>\$ 55,730,000</u>

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

2005 Refunding, Series I	2005 Refunding, Series II	2006 Refunding	2007 Refunding
Principal	Principal	Principal	Principal
\$ 650,000	\$ 2,075,000	\$ 300,000	\$ 700,000
870,000	2,075,000	-	650,000
3,110,000	2,090,000	-	635,000
3,540,000	2,070,000	150,000	620,000
3,995,000	2,050,000	1,790,000	660,000
4,025,000	2,035,000	2,080,000	630,000
4,330,000	2,010,000	4,375,000	635,000
4,395,000	2,000,000	4,890,000	625,000
4,385,000	1,980,000	5,320,000	615,000
4,380,000	1,955,000	5,755,000	600,000
4,355,000	1,935,000	6,070,000	100,000
4,365,000	1,935,000	6,290,000	100,000
4,355,000	1,935,000	6,500,000	-
4,340,000	1,940,000	6,765,000	-
4,325,000	1,940,000	6,935,000	-
-	-	7,035,000	-
-	-	7,010,000	-
-	-	6,985,000	-
-	-	6,960,000	-
-	-	6,910,000	-
<u>\$ 55,420,000</u>	<u>\$ 30,025,000</u>	<u>\$ 92,120,000</u>	<u>\$ 6,570,000</u>
May 1	May 1	May 1	May 1
May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1
3.25% to 5.00%	3.25% to 5.00%	4.00% to 5.00%	4.00% to 5.00%
<u>\$ 55,420,000</u>	<u>\$ 30,025,000</u>	<u>\$ 92,485,000</u>	<u>\$ 7,180,000</u>

Capital Assets

South Lyon Community Schools

Capital Assets Schedule of Investment in Capital Assets - By Building June 30, 2008

	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	65,000	-	6,162,667
Salem	19,454	6,595,187	30,000	-	6,644,641
Sayre	146,571	6,489,183	89,040	-	6,724,794
Brummer	-	9,187,419	69,806	-	9,257,225
Kent Lake	37,448	11,867,087	69,972	-	11,974,507
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	595,708	-	22,492,835
High school	591,634	60,118,661	833,056	-	61,543,351
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	-	-	-	4,944,936	4,944,936
Total	<u>\$ 23,927,953</u>	<u>\$ 222,994,744</u>	<u>\$ 3,242,755</u>	<u>\$ 4,944,936</u>	<u>\$ 255,110,388</u>

South Lyon Community Schools

Capital Assets Schedule of Capital Assets by Source June 30, 2008

Capital Assets

Land	\$ 10,141,706
Land improvements	13,786,247
Buildings and building improvements	222,994,744
Buses and other vehicles	4,944,936
Furniture and equipment	<u>3,242,755</u>

Total **\$ 255,110,388**

Investment in Capital Assets

All assets acquired prior to July 1, 1995	\$ 47,891,780
General Fund	1,932,854
Capital Projects Funds	<u>205,285,754</u>

Total **\$ 255,110,388**

Long-term Debt

South Lyon Community Schools

	<u>1997 Series I</u>	<u>1998 Series I</u>	<u>2000 Series I</u>	<u>2000 Series II</u>
Amount Available and to be Provided				
Debt Service Funds:				
Amount available in Debt Service Funds	\$ 42,550	\$ 254,550	\$ 75,861	\$ 116,489
Amount to be provided for payment of bonds payable	<u>(42,550)</u>	<u>(254,550)</u>	<u>1,244,139</u>	<u>1,458,511</u>
Total amount available and to be provided for payment of bonds payable	-	-	1,320,000	1,575,000
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>\$ 1,320,000</u>	<u>\$ 1,575,000</u>
Long-term Debt Payable				
Bonds payable	\$ -	\$ -	\$ 1,320,000	\$ 1,575,000
Other long-term obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ 1,575,000</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, 2008**

<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>
\$ 109,446	\$ 256,178	\$ 143,663	\$ 50,048	\$ 417,623	\$ 373,906	\$ 577,318
<u>(109,446)</u>	<u>7,918,822</u>	<u>4,181,337</u>	<u>5,224,952</u>	<u>55,002,377</u>	<u>29,651,094</u>	<u>91,542,682</u>
-	8,175,000	4,325,000	5,275,000	55,420,000	30,025,000	92,120,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 8,175,000</u>	<u>\$ 4,325,000</u>	<u>\$ 5,275,000</u>	<u>\$55,420,000</u>	<u>\$30,025,000</u>	<u>\$92,120,000</u>
\$ -	\$ 8,175,000	\$ 4,325,000	\$ 5,275,000	\$ 55,420,000	\$ 30,025,000	\$ 92,120,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 8,175,000</u>	<u>\$ 4,325,000</u>	<u>\$ 5,275,000</u>	<u>\$55,420,000</u>	<u>\$30,025,000</u>	<u>\$92,120,000</u>

South Lyon Community Schools

Long-term Debt Schedule of Long-term Debt (Continued) June 30, 2008

	2007 Refunding	Other Obligations	Total Obligations
Amount Available and to be Provided			
Debt Service Funds:			
Amount available in Debt Service Funds	\$ 114,160	\$ -	\$ 2,531,792
Amount to be provided for payment of bonds payable	6,455,840	-	202,273,208
Total amount available and to be provided for payment of bonds payable	6,570,000	-	204,805,000
General Fund - Amount to be provided for payment of other obligations	-	3,358,373	3,358,373
Total amount available and to be provided	\$ 6,570,000	\$ 3,358,373	\$ 208,163,373
Long-term Debt Payable			
Bonds payable	\$ 6,570,000	\$ -	\$ 204,805,000
Other long-term obligations	-	3,358,373	3,358,373
Total	\$ 6,570,000	\$ 3,358,373	\$ 208,163,373

South Lyon Community Schools

	Bond			
	1998 Series I	2000 Series I	2000 Series II	2000 Series III
Long-term Debt Outstanding - July 1, 2007	\$ 1,825,000	\$ 1,730,000	\$ 2,350,000	\$ 1,000,000
Additions - Issuance of other obligations	-	-	-	-
Reductions				
Decrease in other obligations	-	-	-	-
Retirements and payments	(1,825,000)	(410,000)	(775,000)	(1,000,000)
Long-term Debt Outstanding - June 30, 2008	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ 1,575,000</u>	<u>\$ -</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, 2008

Issues

<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>	<u>2007 Refunding</u>
\$ 9,690,000	\$ 4,895,000	\$ 5,275,000	\$ 55,420,000	\$ 30,025,000	\$ 92,405,000	\$ 7,180,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(1,515,000)</u>	<u>(570,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(285,000)</u>	<u>(610,000)</u>
<u>\$ 8,175,000</u>	<u>\$ 4,325,000</u>	<u>\$ 5,275,000</u>	<u>\$ 55,420,000</u>	<u>\$ 30,025,000</u>	<u>\$ 92,120,000</u>	<u>\$ 6,570,000</u>

South Lyon Community Schools

Long-term Debt Schedule of Changes in Long-term Debt (Continued) Year Ended June 30, 2008

	<u>Other Obligations</u>	<u>Total Obligations</u>
Long-term Debt Outstanding - July 1, 2007	\$ 3,702,533	\$ 215,497,533
Additions - Issuance of other obligations	107,500	107,500
Reductions		
Decrease in other obligations	(451,660)	(451,660)
Retirements and payments	<u>-</u>	<u>(6,990,000)</u>
Long-term Debt Outstanding - June 30, 2008	<u>\$3,358,373</u>	<u>\$208,163,373</u>

**Statistical and Other Information
(Unaudited)**

South Lyon Community Schools

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

	June 30					
	2003	2004	2005	2006	2007	2008
Governmental Activities						
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
Restricted	3,113,049	2,077,130	5,023,280	4,813,041	4,248,016	2,892,516
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>
Total net assets	3,450,324	8,714,152	7,647,256	8,931,255	13,655,356	15,599,908
Business-type Activities -						
Unrestricted	206,991	306,250	320,743	304,424	307,584	300,312
Private Governmental in Total						
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
Restricted	3,113,049	2,077,130	5,023,280	4,813,041	4,248,016	2,892,516
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>
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>

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
Expenses - Governmental activities						
Instruction	\$ 32,710,292	\$ 30,559,944	\$ 34,908,527	\$ 34,309,523	\$ 36,986,181	\$ 36,198,516
Support services	18,715,473	20,528,263	22,794,525	24,404,209	25,633,887	26,748,233
Food services	1,328,562	1,418,475	1,468,043	1,414,557	1,415,829	1,569,095
Athletics	208,735	216,990	209,215	229,045	256,696	454,632
Community services	146,635	145,680	154,516	165,735	159,140	188,684
Interest on long-term debt	7,307,713	8,518,621	9,594,366	10,139,352	6,600,907	9,705,405
Depreciation (unallocated)	3,153,807	-	-	-	-	-
Total expenses	63,571,217	61,387,973	69,129,192	70,662,421	71,052,640	74,864,565
Program Revenues						
Charges for services:						
Food services	1,018,463	1,036,732	1,002,099	977,434	989,871	1,024,750
Athletics	204,862	232,866	236,013	303,971	315,033	341,998
Community services	6,700	6,755	6,756	20,793	-	-
Operating grants and contributions	5,055,763	4,992,877	5,797,250	5,640,185	5,881,314	5,328,299
Total program revenue	6,285,788	6,269,230	7,042,118	6,942,383	7,186,218	6,695,047
Net Expense	(57,285,429)	(55,118,743)	(62,087,074)	(63,720,038)	(63,866,422)	(68,169,518)
General Revenues						
Property taxes	18,147,387	19,229,965	21,837,189	23,269,685	25,367,626	26,897,913
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
Investment earnings	1,387,322	497,323	1,223,136	2,690,581	2,617,194	916,774
Other	307,784	797,641	806,733	458,243	576,875	489,102
Total general revenues	55,484,090	56,602,494	61,020,178	65,004,037	68,590,523	70,114,070
Change in Net Assets	<u>\$(1,801,339)</u>	<u>\$ 1,483,751</u>	<u>\$(1,066,896)</u>	<u>\$ 1,283,999</u>	<u>\$ 4,724,101</u>	<u>\$ 1,944,552</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 Business-type Net Assets Fiscal Year Ended June 30 (Unaudited)

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

	June 30			
	1999	2000	2001	2002
General Fund				
Reserved	\$ 83,564	\$ 89,008	\$ 92,275	\$ 86,351
Unreserved	<u>2,672,720</u>	<u>2,704,859</u>	<u>2,736,192</u>	<u>3,017,409</u>
Total General Fund	2,756,284	2,793,867	2,828,467	3,103,760
All Other Governmental Funds				
Reserved:				
Capital Project Funds	4,739,599	14,390,583	7,826,119	5,944,627
Debt Service Funds	638,411	965,499	856,927	1,066,064
Other	15,127,506	720,212	39,970,609	18,696,925
Unreserved - Special Revenue Funds	<u>116,489</u>	<u>288,134</u>	<u>436,335</u>	<u>64,010</u>
Total all other governmental funds	<u>\$ 20,622,005</u>	<u>\$ 16,364,428</u>	<u>\$ 49,089,990</u>	<u>\$ 25,771,626</u>

Source: South Lyon Community Schools audited financial statements

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

June 30					
2003	2004	2005	2006	2007	2008
\$ 96,889	\$ 255,581	\$ 201,685	\$ 168,477	\$ 116,305	\$ 130,750
<u>3,194,250</u>	<u>3,092,263</u>	<u>3,196,493</u>	<u>3,456,462</u>	<u>5,419,524</u>	<u>5,578,584</u>
3,291,139	3,347,844	3,398,178	3,624,939	5,535,829	5,709,334
4,092,779	3,291,570	2,060,387	2,183,660	1,854,215	1,792,205
1,873,316	919,564	4,665,022	2,952,032	2,421,070	2,531,792
49,315,495	29,260,067	66,627,407	39,616,687	10,425,272	1,042,851
<u>405,094</u>	<u>412,921</u>	<u>393,354</u>	<u>434,300</u>	<u>545,017</u>	<u>400,459</u>
<u>\$ 55,686,684</u>	<u>\$ 33,884,122</u>	<u>\$ 73,746,170</u>	<u>\$ 45,186,679</u>	<u>\$ 15,245,574</u>	<u>\$ 5,767,307</u>

South Lyon Community Schools

	Year Ended June 30			
	1999	2000	2001	2002
Revenue				
Local revenue	\$ 16,647,536	\$ 17,165,443	\$ 19,949,121	\$ 22,302,596
State revenue	28,501,957	30,950,073	33,382,469	35,645,127
Federal revenue	962,773	989,640	1,029,576	877,640
Interdistrict revenue	690,629	589,270	335,971	1,345,232
Total revenue	46,802,895	49,694,426	54,697,137	60,170,595
Expenditures				
Current:				
Instruction	18,856,051	20,482,216	21,698,606	24,176,052
Support services	13,409,406	15,588,157	16,221,285	16,864,802
Food services	913,683	1,076,462	1,208,957	1,230,313
Athletics	514,918	575,098	569,007	637,864
Community services	163,022	162,382	178,881	142,800
Other	5,303,471	3,687,168	2,166,647	3,172,920
Debt service:				
Principal	3,505,093	4,487,877	7,384,931	3,317,047
Interest	4,761,302	4,092,913	5,379,326	6,897,216
Other	20,850	49,574	231,754	32,925
Capital outlay	21,749,473	19,023,411	19,883,877	27,043,282
Total expenditures	69,197,269	69,225,258	74,923,271	83,515,221
Excess of Expenditures Over Revenue	(22,394,374)	(19,530,832)	(20,226,134)	(23,344,626)
Other Finance Sources (Uses)				
Debt issuance	2,859,487	15,310,838	74,670,471	301,555
Debt premium or discount	-	-	-	-
Transfers in	1,160,286	663,696	2,502,905	2,232,508
Transfers out	(1,160,286)	(663,696)	(2,502,905)	(2,232,508)
Debt defeasance	-	-	(21,684,175)	-
Total other financing sources (uses)	2,859,487	15,310,838	52,986,296	301,555
Net Change in Fund Balances	(19,534,887)	(4,219,994)	32,760,162	(23,043,071)
Fund Balances - Beginning of year	42,913,176	23,378,289	19,158,295	51,918,457
Fund Balances - End of year	\$ 23,378,289	\$ 19,158,295	\$ 51,918,457	\$ 28,875,386
Debt Service as a Percentage of Noncapital Expenditures	21.16%	20.76%	30.91%	22.17%

Source: South Lyon Community Schools audited financial statements

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

		Year Ended June 30									
		2003	2004	2005	2006	2007	2008				
\$	21,072,518	\$	21,501,634	\$	24,731,373	\$	27,720,707	\$	29,866,599	\$	29,670,537
	37,416,134		37,354,536		38,406,714		39,913,326		41,459,730		42,369,964
	1,911,217		1,500,356		2,131,275		1,913,743		1,986,491		2,196,989
	<u>1,321,646</u>		<u>2,007,019</u>		<u>2,620,912</u>		<u>2,398,644</u>		<u>2,463,921</u>		<u>2,571,627</u>
	61,721,515		62,363,545		67,890,274		71,946,420		75,776,741		76,809,117
	25,058,436		27,353,993		28,497,026		29,963,954		30,393,826		31,853,141
	19,074,236		19,989,712		21,591,937		21,796,906		21,671,466		24,367,897
	1,328,562		1,418,475		1,468,043		1,414,557		1,415,829		1,569,095
	208,735		216,990		209,215		229,045		256,696		454,632
	146,635		145,680		154,516		165,735		159,140		188,684
	1,538,020		277,965		499,760		-		987,867		346,656
	3,986,555		4,210,838		4,751,004		5,729,212		6,315,660		7,319,755
	7,109,722		8,542,447		9,141,896		10,279,213		9,938,501		9,624,976
	310,469		33,444		790,107		262,278		796,222		90,797
	<u>17,186,776</u>		<u>22,587,882</u>		<u>19,007,126</u>		<u>29,908,408</u>		<u>33,272,043</u>		<u>10,327,688</u>
	75,948,146		84,777,426		86,110,630		99,749,308		105,207,250		86,143,321
	(14,226,631)		(22,413,881)		(18,220,356)		(27,802,888)		(29,430,509)		(9,334,204)
	43,120,000		668,024		111,293,590		30,025,000		100,543,436		-
	1,209,068		-		6,871,776		905,357		684,256		-
	5,755,766		866,473		7,649,917		1,777,584		1,424,892		4,400,859
	(5,755,766)		(866,473)		(7,649,917)		(1,753,254)		(1,392,834)		(4,371,417)
	<u>-</u>		<u>-</u>		<u>(60,032,628)</u>		<u>(31,484,529)</u>		<u>(99,859,456)</u>		<u>-</u>
	44,329,068		668,024		58,132,738		(529,842)		1,400,294		29,442
	30,102,437		(21,745,857)		39,912,382		(28,332,730)		(28,030,215)		(9,304,762)
	<u>28,875,386</u>		<u>58,977,823</u>		<u>37,231,966</u>		<u>77,144,348</u>		<u>48,811,618</u>		<u>20,781,403</u>
\$	<u>58,977,823</u>	\$	<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>
	24.09%		25.88%		28.01%		30.37%		31.07%		28.98%

South Lyon Community Schools

Tax Year	Taxable Value by			
	Real Property			Agricultural and Other
	Residential	Commercial	Industrial	
1998	\$ 655,657,338	\$ 77,339,957	\$ 59,204,108	\$ 30,475,217
1999	746,469,297	80,113,905	66,253,563	29,657,965
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

* 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 School District 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	
\$ 84,500,110	\$ 907,176,730	8.15	\$ 1,905,071,133	47.62
94,201,921	1,016,696,651	8.00	2,304,688,044	44.11
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

South Lyon Community Schools

		Operating			Total Direct Taxes					Overlapping	
Tax Year	Year Ended June 30	Homestead	Non-homestead	Debt*	Homestead	Non-homestead	Oakland County	Washtenaw County	Livingston County	Oakland Community College	Washtenaw Community College
1998	1999	-	17.83	8.15	8.15	25.98	4.19	5.50	4.73	1.65	4.10
1999	2000	-	17.85	8.00	8.00	25.85	4.19	5.52	4.47	1.63	4.03
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

* 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, 2008
(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
2.12	3.16	2.62	6.00	15.80	10.76	11.08	4.87	6.19	-	8.45	2.46
2.10	3.16	2.57	6.00	14.79	10.53	10.53	5.56	6.14	-	8.42	2.93
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

South Lyon Community Schools

Principal Property Taxpayers Year Ended June 30, 2008 (Unaudited)

Taxpayer	2007 Taxable Value	Percentage of Total	Taxpayer	1998 Taxable Value	Percentage of Total
1 Colonial Acres Development Co.	\$ 30,995,122	1.60	Detroit Edison	\$ 20,276,852	2.47
2 Detroit Edison	16,258,991	0.84	Colonial Acres Development Co.	20,118,443	2.45
3 Consumers Energy	13,521,775	0.70	Rushton-Green Oak Land Co.	9,442,163	1.15
4 Rushton-Green Oak Land Co.	10,966,225	0.57	DeMaria	6,341,430	0.77
5 Wal-Mart	7,777,500	0.40	Quanex Corp.	6,214,070	0.76
6 Legacy Park - Singh LLC	8,255,633	0.43	Consumers Energy	5,235,955	0.64
7 PM First Management	8,688,230	0.45	Kensington Place MHC	4,229,200	0.52
8 Cummins Bridgeway	7,211,599	0.37	Jervis B. Webb Co.	4,191,410	0.51
9 Alliant Food Service	6,632,510	0.34	Centennial Farms Co-Op Phase 2	4,119,998	0.50
10 Northville Crossing Venture	6,719,708	0.35	Novi Mobile Home	3,709,110	0.45
Total	\$ 117,027,293	6.04		\$ 83,878,631	10.22
Total School District taxable value	\$ 1,934,214,536			\$ 820,402,888	

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
1998	1999	\$ 12,413,620	\$ 11,735,836	94.54	\$ 500,814	\$ 12,236,650	98.57
1999	2000	13,632,554	12,933,204	94.87	545,721	13,478,925	98.87
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

Source: South Lyon Community School District financial reports

South Lyon Community Schools

	1999	2000	2001	2002
Governmental Activities				
General obligation bonds	\$ 76,925,000	\$ 87,700,000	\$ 136,995,000	\$ 134,120,000
Less pledged debt service funds	<u>638,411</u>	<u>965,499</u>	<u>856,927</u>	<u>1,066,064</u>
Net general bonded debt	76,286,589	86,734,501	136,138,073	133,053,936
Installment purchase agreements	3,796,510	3,925,741	1,122,885	982,393
Capital leases	<u>1,317,733</u>	<u>1,236,465</u>	<u>1,149,390</u>	<u>1,059,413</u>
Total debt of the School District	<u>\$ 81,400,832</u>	<u>\$ 91,896,707</u>	<u>\$ 138,410,348</u>	<u>\$ 135,095,742</u>
Taxable Value	\$ 907,176,730	\$ 1,016,696,651	\$ 1,123,496,890	\$ 1,247,615,886
Net General Bonded Obligation Debt as a Percentage of Taxable Value	8%	9%	12%	11%
Total Population	31,125	33,205	34,834	35,595
Total Debt per Capita	\$ 2,615	\$ 2,768	\$ 3,973	\$ 3,795

Source: South Lyon Community Schools audited financial statements and municipalities

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

2003	2004	2005	2006	2007	2008
\$ 173,610,000	\$ 169,670,000	\$ 219,810,000	\$ 214,290,000	\$ 211,795,000	\$ 204,805,000
<u>1,873,316</u>	<u>919,564</u>	<u>4,665,022</u>	<u>2,952,032</u>	<u>2,421,070</u>	<u>2,531,792</u>
171,736,684	168,750,436	215,144,978	211,337,968	209,373,930	202,273,208
625,838	1,023,024	878,913	599,996	1,252,774	923,019
<u>963,630</u>	<u>864,945</u>	<u>760,455</u>	<u>650,160</u>	<u>534,060</u>	<u>412,155</u>
<u>\$ 173,326,152</u>	<u>\$ 170,638,405</u>	<u>\$ 216,784,346</u>	<u>\$ 212,588,124</u>	<u>\$ 211,160,764</u>	<u>\$ 203,608,382</u>
\$ 1,358,399,973	\$ 1,457,016,414	\$ 1,572,419,716	\$ 1,684,808,826	\$ 1,812,848,754	\$ 1,934,214,536
13%	12%	14%	13%	12%	10%
35,922	36,906	36,948	37,137	37,188	37,019
\$ 4,825	\$ 4,624	\$ 5,867	\$ 5,724	\$ 5,678	\$ 5,500

South Lyon Community Schools

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt
1999	\$ 76,925,000	\$ 638,411	\$ 76,286,589	\$ 5,579,404	\$ 81,865,993
2000	87,700,000	965,499	86,734,501	5,162,206	91,896,707
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

Source: South Lyon Community Schools audited financial statements and municipalities

**General Obligation Bonds Outstanding
Last Ten Fiscal Years
(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
\$ 907,176,730	8.41	9.02	31,125	\$ 2,451	\$ 2,630
1,016,696,651	8.53	9.04	33,205	2,612	2,768
1,123,496,890	12.12	12.32	34,834	3,908	3,973
1,247,615,886	10.66	10.83	35,595	3,738	3,795
1,358,399,973	12.64	12.76	35,922	4,781	4,825
1,457,016,414	11.58	11.71	36,906	4,572	4,624
1,572,419,716	13.94	14.05	36,948	5,933	5,978
1,684,808,826	12.75	12.83	37,137	5,786	5,820
1,812,848,754	11.39	11.49	37,188	5,552	5,601
1,934,214,536	10.32	10.38	37,019	5,390	5,426

South Lyon Community Schools

Direct and Overlapping Governmental Activities Debt June 30, 2008 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable*	Estimated Share of Overlapping Debt
Novi, City of	\$ 67,825,000	0.77%	\$ 522,253
South Lyon, City of	2,810,000	100.00%	2,810,000
Wixom, City of	27,005,000	5.87%	1,585,194
Green Oak Township	31,990,000	33.97%	10,867,003
Lyon Township	65,611,000	98.15%	64,397,197
Milford Township	14,230,000	3.00%	426,900
Northfield Township	11,750,000	19.10%	2,244,250
Salem Township	1,795,000	58.79%	1,055,281
Livingston County	18,000,000	3.67%	660,600
Oakland County	660,494,834	1.99%	13,143,847
Washtenaw County	73,870,000	1.82%	1,344,434
Oakland ISD	54,300,009	2.93%	1,590,990
Oakland Community College	9,465,997	2.94%	278,300
Salem-South Lyon District Library	1,415,000	82.70%	1,170,205
Total overlapping debt			102,096,454
Direct district debt			204,805,000
Total direct and overlapping debt			<u>\$ 306,901,454</u>

Source: Municipal Advisory Council of Michigan

* Based on portion of taxable value within School District boundaries

South Lyon Community Schools

	1999	2000	2001	2002
Calculation of Debt Limit				
Taxable value	\$ 907,176,730	\$ 1,016,696,651	\$ 1,123,496,890	\$ 1,247,615,886
15% of taxable value	136,076,510	152,504,498	168,524,534	187,142,383
Calculation of Debt Subject to Limit				
Total debt	76,925,000	87,700,000	136,995,000	134,120,000
Less debt not subject to limit - State qualified debt issuance	<u>74,395,000</u>	<u>86,225,000</u>	<u>136,995,000</u>	<u>134,120,000</u>
Net Debt Subject to Limit	<u>2,530,000</u>	<u>1,475,000</u>	-	-
Legal Debt Margin	<u>\$ 133,546,510</u>	<u>\$ 151,029,498</u>	<u>\$ 168,524,534</u>	<u>\$ 187,142,383</u>
Net Debt Subject to Limit as a Percentage of Debt Limit	1.86%	0.97%	0.00%	0.00%

Source: South Lyon Community Schools audited financial statements

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

2003	2004	2005	2006	2007	2008
\$ 1,358,399,973	\$ 1,457,016,414	\$ 1,572,419,716	\$ 1,684,808,826	\$ 1,812,848,754	\$ 1,934,214,536
203,759,996	218,552,462	235,862,957	252,721,324	271,927,313	290,132,180
173,610,000	169,670,000	219,810,000	214,290,000	211,795,000	204,805,000
<u>130,490,000</u>	<u>126,550,000</u>	<u>176,690,000</u>	<u>177,020,000</u>	<u>110,220,000</u>	<u>103,085,000</u>
<u>43,120,000</u>	<u>43,120,000</u>	<u>43,120,000</u>	<u>37,270,000</u>	<u>101,575,000</u>	<u>101,720,000</u>
<u>\$ 160,639,996</u>	<u>\$ 175,432,462</u>	<u>\$ 192,742,957</u>	<u>\$ 215,451,324</u>	<u>\$ 170,352,313</u>	<u>\$ 188,412,180</u>
21.16%	19.73%	18.28%	14.75%	37.35%	35.06%

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
1999	31,125	\$ 907,176,730	\$ 29,146	2.51	3.70
2000	33,205	1,016,696,651	30,619	2.20	3.60
2001	34,834	1,123,496,890	32,253	4.40	5.20
2002	35,595	1,247,615,886	35,050	5.20	6.20
2003	35,922	1,358,399,973	37,815	5.50	7.10
2004	36,906	1,457,016,414	39,479	5.60	7.00
2005	36,948	1,572,419,716	42,558	5.70	6.70
2006	37,137	1,684,808,826	45,367	5.60	6.50
2007	37,188	1,812,848,754	48,748	6.70	7.40
2008	37,019	1,934,214,536	52,249	8.00	8.50

* 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	2008 Employees	Percentage of Total Employment	Taxpayer	1999 Employees	Percentage of Total Employment
South Lyon Community Schools	702	0.49	South Lyon Community Schools	551	0.41
Quanex Corp.	390	0.27	Quanex Corp.	400	0.30
Diversitec	285	0.20	Diversitec	285	0.21
Michigan Seamless Tube	250	0.17	Salem Engelhard	140	0.10
Salem Engelhard	140	0.10	American Aggregate Corp.	120	0.09
American Aggregate Corp.	120	0.08	Showerman's IGA	115	0.09
Wal-Mart	110	0.08	Martin Luther Memorial Home	75	0.06
Kroger	110	0.08	Tepco, Inc	65	0.05
Busch's Food Center	100	0.07	Freeland Gauge Co.	60	0.04
Martin Luther Memorial Home	<u>82</u>	0.06	Sun Steel Treating, Inc.	<u>49</u>	0.04
Total principal employers	<u>2,289</u>	1.58		<u>1,860</u>	1.39
Total employment*	<u>144,677</u>			<u>134,266</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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government:										
Instruction	311	319	323	337	352	365	376	380	380	382
Support services	198	199	217	225	239	242	248	244	247	247
Community service	38	40	40	41	42	42	44	44	44	44
Athletics	2	2	2	2	2	2	2	2	2	3
Food service	<u>22</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total	<u>571</u>	<u>584</u>	<u>606</u>	<u>629</u>	<u>660</u>	<u>676</u>	<u>697</u>	<u>697</u>	<u>700</u>	<u>703</u>

Source: South Lyon Community School District personnel department

South Lyon Community Schools

Operating Indicators Last Ten Fiscal Years (Unaudited)

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenues	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals	Average Teacher Salary
1999	5,669	\$ 37,946,066	\$ 6,694	\$ 38,069,529	\$ 6,715	311	9.4	\$ 48,281
2000	6,025	41,945,985	6,962	42,142,919	6,995	319	8.5	48,500
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	8,080	380	13.0	54,406
2008	7,063	56,936,448	8,061	57,898,313	8,198	382	15.0	56,267

Source: South Lyon Community School District financial records, State of Michigan financial records

South Lyon Community Schools

Function/Program	1999	2000	2001	2002	2003
Instructional buildings:					
Elementary:					
Number of buildings	5	5	6	6	6
Square footage	358,192	358,192	389,462	389,462	389,462
Capacity	2,650	2,650	3,200	3,200	3,200
Enrollment	2,736	2,921	2,967	2,999	3,087
Middle:					
Number of buildings	1	1	1	1	2
Square footage	188,406	188,406	188,406	188,406	342,146
Capacity	1,250	1,250	2,150	2,150	2,150
Enrollment	1,296	1,414	1,419	1,480	1,547
High:					
Number of buildings	1	1	1	1	1
Square footage	401,734	401,734	401,734	401,734	401,734
Capacity	1,550	1,550	2,100	2,100	2,100
Enrollment	1,637	1,690	1,691	1,794	1,863
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	53	56	58	60	61
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	5	5	6	6	6

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

Capital Asset Information
Last Ten Fiscal Years
(Unaudited)

2004	2005	2006	2007	2008
6	7	7	7	7
389,462	475,128	475,128	475,128	475,128
3,200	3,825	3,825	3,825	3,825
3,149	3,238	3,241	3,251	3,301
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
1,570	1,557	1,563	1,624	1,664
1	1	1	1	1
401,734	401,734	401,734	401,734	401,734
2,100	2,100	2,100	2,100	2,100
1,926	2,021	2,116	2,131	2,133
2	2	2	2	2
26,749	26,749	26,749	26,749	47,625
-	-	-	-	1
-	-	-	-	14,480
1	1	1	1	1
62	65	67	67	65
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
6	7	7	7	7