

ARTHUR ANDERSEN LLP

JACK MARTIN & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

SCHOOL DISTRICT OF THE CITY OF DETROIT

GENERAL PURPOSE FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

AS OF JUNE 30, 1997

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

SCHOOL DISTRICT OF THE CITY OF DETROIT

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Independent Auditors' Report

To the Board of Education of the
School District of the City of Detroit, Michigan:

We have audited the accompanying general purpose financial statements of the SCHOOL DISTRICT OF THE CITY OF DETROIT, MICHIGAN ("the District"), as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's Administration. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In our opinion, except for the effects of such adjustments as might have been required had we audited the General Fixed Assets Account Group, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School District of the City of Detroit, Michigan as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 1997 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Arthur Andersen LLP

Detroit, Michigan,
October 10, 1997.

Jack Martin & Co. P.C.

SCHOOL DISTRICT OF THE CITY OF DETROIT

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

AS OF JUNE 30, 1997

	Governmental Fund Types			Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
	General	Capital Projects	Debt Retirement		Trust and Agency	General Long-Term Debt	General Fixed Assets (Unaudited)	
CASH	\$ 1,898,689*	\$ 867,010	\$ -	\$ 121,854	\$ -	\$ -	\$ 2,887,553	
INVESTMENTS	43,747,890*	101,352,919	18,818,477	2,541,934	-	-	166,461,220	
RECEIVABLES:								
Property taxes-								
Current	4,768,354	-	1,962,983	-	-	-	6,731,337	
Delinquent	59,242,699*	-	16,579,756	-	-	-	75,822,455	
Due from other governmental units	67,214,113	-	-	-	-	-	67,214,113	
Other	5,813,399	956,988	90,758	-	-	-	6,861,145	
DUE (TO) FROM OTHER FUNDS	(13,350,372) 0	8,452,355	3,966,418	931,599	-	-	-	
INVENTORY	13,105,160*	-	-	-	-	-	13,105,160	
AMOUNT AVAILABLE IN DEBT RETIREMENT FUND	-	-	-	-	24,838,636	-	24,838,636	
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT	-	-	-	-	432,513,170	-	432,513,170	
LAND	-	-	-	-	-	99,833,829	99,833,829	
BUILDINGS	-	-	-	-	-	775,426,496	775,426,496	
EQUIPMENT	-	-	-	-	-	172,595,209	172,595,209	
	\$182,439,932	\$111,629,272	\$41,418,392	\$3,595,387	\$457,351,806	\$1,047,855,534	\$1,844,290,323	

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF THE CITY OF DETROIT

COMBINED BALANCE SHEETS - ALL FUND TYPES AND ACCOUNT GROUPS

AS OF JUNE 30, 1997
(Continued)

LIABILITIES AND FUND BALANCES	Governmental Fund Types			Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Capital Projects	Debt Retirement		General Long-Term Debt	Fixed Assets (Unaudited)	
LIABILITIES:							
Accounts and contracts payable	\$ 46,404,684	\$ 1,762,353	\$ -	\$3,048,751	\$ -	\$ -	\$ 51,215,788
Accrued salaries and wages	14,915,890	-	-	-	64,772,891	-	14,915,890
Compensated absences payable	3,020,844	-	-	-	50,727,185	-	67,793,735
Claims and judgments payable	1,784,315	-	-	-	9,291,816	-	52,511,500
WCRESA chargeback liability	-	-	-	-	-	-	9,291,816
Deferred revenue, unexpended restricted funds	26,933,223	-	-	255,108	-	-	27,188,331
Deferred revenue, delinquent property taxes	59,242,699	-	16,579,756	-	7,198,542	-	75,822,455
Notes payable	878,792	-	-	-	295,442,900	-	8,077,334
Bonds payable	3,762,477	-	-	291,528	29,918,472	-	295,442,900
Capital leases and other	-	-	-	-	-	-	33,972,477
Total Liabilities	156,942,924	1,762,353	16,579,756	3,595,387	457,351,806	-	636,232,226
FUND BALANCES:							
Investment in general fixed assets	25,497,008	109,866,919	24,838,636	-	-	1,047,855,534	1,047,855,534
Designated/reserved	25,497,008	109,866,919	24,838,636	-	-	1,047,855,534	1,208,058,097
Total fund balances	\$182,439,932	\$111,629,272	\$41,418,392	\$3,595,387	\$457,351,806	\$1,047,855,534	\$1,844,290,323

The accompanying notes are an integral part of these statements.

CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1997

	Governmental Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Debt Retirement	
REVENUES:				
General operations-				
Local sources-	\$ 74,338,605	\$ -	\$42,499,160	\$ 116,837,765
Property taxes	505,531	-	-	505,531
Tuition	7,967,874	5,877,551	1,334,979	15,180,404
Interest from investments	983,466,283	-	-	983,466,283
State aid	25,786,013	-	-	25,786,013
Special education millage	1,000,730	-	-	1,000,730
Revenues from federal and state sources	9,631,709	1,896	-	9,633,605
Other	1,102,696,745	5,879,447	43,834,139	1,152,410,331
Special program operations-				
Education Consolidation and Improvement Act I	97,782,027	-	-	97,782,027
Education Consolidation and Improvement Act II	2,623,033	-	-	2,623,033
Job Training Partnership Act	2,826,227	-	-	2,826,227
At Risk	73,229,079	-	-	73,229,079
Vocational education	4,782,343	-	-	4,782,343
Economic Opportunity and Community Partnership Act of 1974	7,017,663	-	-	7,017,663
Handicapped programs and other special needs	7,038,384	-	-	7,038,384
Other-				
Federal	8,677,539	-	-	8,677,539
State	8,721,790	-	-	8,721,790
Local and private	7,154,401	-	-	7,154,401
	219,852,486	-	-	219,852,486
Auxiliary operations-				
Food services	33,475,957	-	-	33,475,957
Community use of schools and interscholastic athletics	2,593,494	-	-	2,593,494
	36,069,451	-	-	36,069,451
Total revenues	1,358,618,682	5,879,447	43,834,139	1,408,332,268

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CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1997
(Continued)

	Governmental Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Debt Retirement	
EXPENDITURES:				
Instruction-				
Elementary schools	\$ 170,034,694	\$ -	\$ -	\$ 170,034,694
Middle schools	69,324,118	-	-	69,324,118
High schools	69,144,926	-	-	69,144,926
Other basic programs	2,116,730	-	-	2,116,730
Special education	93,701,415	-	-	93,701,415
Vocational education	20,525,518	-	-	20,525,518
Adult education	9,829,219	-	-	9,829,219
Other instructional expenses	22,586,594	-	-	22,586,594
	457,263,214	-	-	457,263,214
Special program operations-				
Education Consolidation and Improvement Act I	74,955,417	-	-	74,955,417
Education Consolidation and Improvement Act II	1,971,850	-	-	1,971,850
Job Training Partnership Act	2,208,547	-	-	2,208,547
At Risk	56,621,018	-	-	56,621,018
Vocational education	2,677,357	-	-	2,677,357
Economic Opportunity and Community Partnership Act of 1974	5,393,782	-	-	5,393,782
Handicapped programs and other special needs	6,186,554	-	-	6,186,554
Other-				
Federal	6,722,237	-	-	6,722,237
State	6,666,014	-	-	6,666,014
Local and private	5,899,129	-	-	5,899,129
	169,301,905	-	-	169,301,905
Supporting services-				
Pupil services	28,798,389	-	-	28,798,389
Instructional staff support services	22,353,167	-	-	22,353,167
General administration	6,341,308	-	-	6,341,308
School administration	74,868,843	-	-	74,868,843
Fiscal services	25,084,388	-	-	25,084,388
Operation and maintenance of facilities	132,669,386	-	-	132,669,386
Pupil transportation	38,612,962	-	-	38,612,962
Other support services	23,404,123	-	-	23,404,123
	352,132,566	-	-	352,132,566

SCHOOL DISTRICT OF THE CITY OF DETROIT

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 1997

(Continued)

	Governmental Fund Types			Totals (Memorandum Only)
	General	Capital Projects	Debt Retirement	
Auxiliary operations-				
Food services	\$ 28,396,305	\$ -	\$ -	\$ 28,396,305
Community use of schools and interscholastic athletics	3,157,397	-	-	3,157,397
	31,553,702	-	-	31,553,702
Other expenditures-				
Employee benefits	278,229,770	-	-	278,229,770
Miscellaneous	11,669	-	-	11,669
	278,241,439	-	-	278,241,439
Capital outlay	13,312,662	8,495,203	-	21,807,865
Debt service-				
Principal retirement	-	-	30,275,800	30,275,800
Payment of interest and agent fees	-	-	20,871,505	20,871,505
	-	-	51,147,305	51,147,305
Total expenditures	1,301,805,488	8,495,203	81,423,105	1,391,723,796
Excess of revenues over (under) expenditures	56,813,194	(2,615,756)	(7,313,166)	46,884,272
	(11,490,780)	-	11,490,780	-
OTHER FINANCING SOURCES (USRS) - INTERFUND TRANSFERS				
Excess of revenues and other financing sources over (under) expenditures and other financing uses	45,322,414	(2,615,756)	4,177,614	46,884,272
	(19,825,406)	112,482,675	20,661,022	113,318,291
FUND BALANCES (DEFICIT), beginning of year				
	\$ 25,497,008	\$109,866,919	\$24,838,636	\$ 160,202,563

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CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1997

	Budget	Actual	Actual Over (Under) Budget
REVENUES:			
General operations-			
Local sources-			
Property taxes	\$ 64,151,575	\$ 74,338,605	\$ 10,187,030
Tuition	745,000	505,531	(239,469)
Interest from investments	4,500,000	7,967,874	3,467,874
State aid	989,999,150	983,466,283	(6,532,867)
Special education millage	37,000,000	25,786,013	(11,213,987)
Revenues from federal and state sources	1,900,000	1,000,730	(899,270)
Other	4,592,500	9,631,709	5,039,209
	-----	-----	-----
	1,102,888,225	1,102,696,745	(191,480)
	-----	-----	-----
Special program operations-			
Education Consolidation and Improvement Act I	111,212,314	97,782,027	(13,430,287)
Education Consolidation and Improvement Act II	3,027,428	2,623,033	(404,395)
Job Training Partnership Act	3,409,380	2,826,227	(583,153)
At Risk	82,642,048	73,229,079	(9,412,969)
Vocational education	4,365,542	4,782,343	416,801
Economic Opportunity and Community Partnership Act of 1974	5,904,525	7,017,663	1,113,138
Handicapped programs and other special needs	8,451,195	7,038,384	(1,412,811)
Other-			
Federal	8,511,598	8,677,539	165,941
State	14,372,964	8,721,790	(5,651,174)
Local and private	9,128,502	7,154,401	(1,974,101)
	-----	-----	-----
	251,025,496	219,852,486	(31,173,010)
	-----	-----	-----
Auxiliary operations-			
Food services	36,545,995	33,475,957	(3,070,038)
Community use of schools and interscholastic athletic	3,053,273	2,593,494	(459,779)
	-----	-----	-----
	39,599,268	36,069,451	(3,529,817)
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Total revenues	1,393,512,989	1,358,618,682	(34,894,307)
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FOR THE YEAR ENDED JUNE 30, 1997
(Continued)

	Budget	Actual	Actual Over (Under) Budget
EXPENDITURES:			
Instruction-			
Elementary schools	\$ 167,164,935	\$ 170,034,694	\$ 2,869,759
Middle schools	69,501,219	69,324,118	(177,101)
High schools	68,401,918	69,144,926	743,008
Other basic programs	2,875,348	2,116,730	(758,618)
Special education	101,537,755	93,701,415	(7,836,340)
Vocational education	21,701,879	20,525,518	(1,176,361)
Adult education	10,618,237	9,829,219	(789,018)
Other instructional expenses	16,385,224	22,586,594	6,201,370
	-----	-----	-----
	458,186,515	457,263,214	(923,301)
	-----	-----	-----
Special program operations-			
Education Consolidation and Improvement Act I	89,422,422	74,955,417	(14,467,005)
Education Consolidation and Improvement Act II	2,402,180	1,971,850	(430,330)
Job Training Partnership Act	2,943,097	2,208,547	(734,550)
At Risk	64,229,931	56,621,018	(7,608,913)
Vocational education	2,482,679	2,677,357	194,678
Economic Opportunity and Community Partnership Act of 1974	4,507,851	5,393,782	885,931
Handicapped programs and other special needs	6,499,967	6,186,554	(313,413)
Other-			
Federal	6,724,353	6,722,237	(2,116)
State	11,149,136	6,666,014	(4,483,122)
Local and private	7,161,247	5,899,129	(1,262,118)
	-----	-----	-----
	197,522,863	169,301,905	(28,220,958)
	-----	-----	-----
Supporting services-			
Pupil services	30,097,453	28,798,389	(1,299,064)
Instructional staff support services	27,672,376	22,353,167	(5,319,209)
General administration	7,760,869	6,341,308	(1,419,561)
School administration	73,273,790	74,868,843	1,595,053
Fiscal services	23,328,560	25,084,388	1,755,828
Operation and maintenance of facilities	136,860,648	132,669,386	(4,191,262)
Pupil transportation	38,522,188	38,612,962	90,774
Other support services	28,908,813	23,404,123	(5,504,690)
	-----	-----	-----
	366,424,697	352,132,566	(14,292,131)
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SCHOOL DISTRICT OF THE CITY OF DETROIT

GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND

CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1997

(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
Auxiliary operations-			
Food services	\$ 30,505,852	\$ 28,396,305	\$ (2,109,547)
Community use of schools and interscholastic athletics	2,696,663	3,157,397	460,734
	33,202,515	31,553,702	(1,648,813)
Other expenditures-			
Employee benefits	293,897,259	278,229,770	(15,667,489)
Miscellaneous	293,897,259	11,669	11,669
Capital outlay	293,897,259	278,241,439	(15,655,820)
Total expenditures	19,213,746	13,312,662	(5,901,084)
EXCESS OF REVENUES OVER EXPENDITURES	1,368,447,595	1,301,805,488	(66,642,107)
OTHER FINANCING USES - INTERFUND TRANSFERS	25,065,394	56,813,194	31,747,800
	(11,930,240)	(11,490,780)	439,460
Excess of revenues over expenditures and other financing uses	\$ 13,135,154	\$ 45,322,414	\$ 32,187,260
FUND DEFICIT, beginning of year		(19,825,406)	
FUND BALANCE, end of year		\$ 25,497,008	

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF THE CITY OF DETROIT

DEEP RETIREMENT FUNDS - COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1997

	Budget	Actual	Actual Over (Under) Budget
REVENUES:			
Property taxes	\$39,925,011	\$42,499,160	\$ 2,574,149
Interest from investments	650,000	1,334,979	684,979
Total revenues	40,575,011	43,834,139	3,259,128
EXPENDITURES:			
Principal retirement	30,275,800	30,275,800	-
Payment of interest and agent fees	23,788,009	20,871,505	(2,916,504)
Total expenditures	54,063,809	51,147,305	(2,916,504)
Excess of expenditures over revenues	(13,488,798)	(7,313,166)	6,175,632
OTHER FINANCING SOURCES, TRANSFER FROM GENERAL FUND	13,488,798	11,490,780	1,998,018
Excess of revenues and other financing sources over expenditures	\$ -	4,177,614	\$ 4,177,614
FUND BALANCE, beginning of year	20,661,022	20,661,022	-
FUND BALANCE, end of year	\$24,838,636	\$24,838,636	-

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS

(1) SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Budgets

Budgets are legally adopted and reported herein for the General Fund and Debt Retirement Funds. Budgets are prepared on the same basis of accounting as the accounting for actual results.

Property Taxes

Property taxes are recorded as revenue when collected or if collected within sixty days after the fiscal year-end. Taxes levied and not collected within sixty days after the fiscal year-end are recorded as deferred revenue.

Property taxes are assessed as of the preceding December 31.

Approximately one-half of such taxes are levied and become a lien on July 1, and the balance is levied and becomes a lien on December 1. These taxes are due on August 15 and January 15, respectively. In its role as tax collection agent for the District, the City of Detroit is responsible for the collection of delinquent taxes.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

As a result of the passage of a constitutional amendment by the voters of the State of Michigan on March 15, 1994, the School District's financing structure was reorganized effective for the fiscal year ended June 30, 1995. The reorganization of school financing shifted a portion of the District's revenue sources from locally levied and collected property taxes to the State of Michigan, received in the form of a foundation allowance. The foundation allowance is derived from the difference between an amount guaranteed by the State (\$5,892 per pupil in 1997) and the per pupil tax revenue generated from an 18 mill levy on all non-homestead property. To meet the District's per pupil guarantee, the State levies 6 mills on all taxable property on a statewide basis.

Inventory

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

Special Program Operations

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

The District generally follows the practice of budgeting special program operations revenue and expenditures based on its fiscal year which ends June 30. This practice provides for budgeting the complete amount of a grant/award in the year that the majority of the grant/award funds will be expended. In some cases, these grants/awards cover a period other than the District's fiscal year and as such, results in a carryover of funds from one fiscal year to another. This practice generates actual over (under) budget balances that reflect planned budget carryovers as well as actual budget variances.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Total Columns (Memorandum Only)

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in those columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

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

Reclassifications

Certain amounts and accounts in the 1997 financial statements have been reclassified to conform with the 1997 State of Michigan Department of Education Form B.

(2) FUND ACCOUNTING

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

Governmental Funds

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

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

Debt Retirement Funds - The Debt Retirement Funds account for revenues and expenditures for debt service of school building and site bonds and deficit funding bonds.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Fiduciary Funds

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

Account Groups

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

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

(3) CASH AND INVESTMENTS

The District's cash and investment policies are governed by state statutes. These statutes generally provide that the District is authorized to invest in obligations of the U.S. Treasury or its agencies and instrumentalities and repurchase agreements thereof, certificates of deposit issued by financial institutions located in Michigan, commercial paper rated prime, bankers' acceptances issued by FDIC member banks and mutual funds or investment pools that invest in any of the above authorized investments.

At June 30, 1997, the carrying amount of the District's cash accounts was \$2,887,553, and the bank balance was \$22,949,123. Of the bank balance, \$400,000 was covered by federal depository insurance.

The amount of certificates of deposit included in the investments accounts balances at year-end was \$2,250,000. The District's investments at June 30, 1997, also included shares in investment pools with an aggregate carrying value of \$1,679,828, which approximated market. The District also invested in commercial paper and U.S. Treasury Obligations during the year. The balance of repurchase agreements, U.S. Treasury Obligations, U.S. Government Agencies and commercial paper included in investments at year-end aggregated \$30,944,992, \$63,391,470, \$4,000,000 and \$64,194,930, respectively. The U.S. Treasury Obligations are uninsured and unregistered and are held in safekeeping by the dealer's trust department or agent in the District's name. The repurchase agreements and commercial paper are uninsured and unregistered and held in safekeeping by the dealer's trust department or agent, but not in the District's name. As the shares in the investment pool are not securities, they are not subject to risk categorization.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

A summary of cash and investments at June 30, 1997 is as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Carrying Amount</u>
GENERAL FUND:			
Checking Accounts			\$ 1,898,689
Commercial Paper	6.10%	7/97	19,145,023
Repurchase Agreement	6.18%	7/97	24,602,867

			45,646,579
CAPITAL PROJECTS FUND:			
Checking Accounts			867,010
Commercial Paper	5.54%-6.05%	7/97	27,849,445
Repurchase Agreement	5.98%	7/97	5,900,125
Pooled Investment Accounts	Various	Open	211,879
U. S. Government Agency	5.55%	8/97	4,000,000
U.S. Treasury Obligations	5.315%-6.375%	Various	63,391,470

			102,219,929
DEBT RETIREMENT FUNDS:			
Commercial Paper	5.62%-5.66%	Various	17,200,462
Repurchase Agreements	6.08%	7/97	442,000
Pooled Investment Account	Various	Open	1,176,015

			18,818,477
TRUST AND AGENCY FUNDS:			
Checking Accounts			121,854
Pooled Investment Account	Various	Open	291,934
Certificates of Deposit	5.0%	7/97	2,250,000

			2,663,788

			\$169,348,773
			=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(4) COMPENSATED ABSENCES

Substantially all of the District's employees are awarded sick days based on union contract terms and job position. Such sick days may be accumulated up to 200 days. At retirement, compensation is paid for the first 35 days accumulated by non-teachers. Teachers are compensated for 1/2 of the first 70 days and 1/5 of the days accumulated thereafter up to a maximum of 64 compensated days. No compensation is paid for unused sick days accumulated if termination of employment occurs prior to retirement. Compensation of \$3,020,380 relating to unused sick days was paid to retirees during the fiscal year ending June 30, 1997.

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

The District records its liability for accumulated sick days expected to be paid to District employees upon retirement and accumulated vacation time in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 16. At June 30, 1997, the District's estimated liability for accumulated sick days and vacation time was \$67,793,735 of which \$3,020,844 is recorded in the General Fund and \$64,722,891 is recorded in the General Long-Term Account Group.

(5) RISK MANAGEMENT

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

Lawsuits and Claims

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

Litigation is subject to many uncertainties, the ultimate outcome of which is not predictable; however, the District's management believes the resulting liabilities from outstanding legal actions, proceedings and claims will not have a material adverse effect upon the District's financial position or results of operations. At June 30, 1997, the District has recorded an estimated liability for pending litigation aggregating \$17,265,500 of which \$200,982 is recorded in the General Fund and \$17,064,518 is recorded in the General Long-Term Debt Account Group.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS

(Continued)

Changes in the liability in fiscal year 1997 was:

<u>Balance at July 1, 1996</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at June 30, 1997</u>
\$10,795,893	\$8,004,499	\$(1,534,892)	\$17,265,500

Workers' Compensation

Due to the costs of available coverage, the District is self-insured for workers' compensation and certain medical benefits. The total estimated accrual of \$35,246,000 is reflected as \$1,583,333 in the General Fund and \$33,662,667 in the General Long-Term Debt Account Group. The liability for claims and judgements is reported in the general long-term account group to the extent that liability is not expected to be liquidated with expendable available financial resources. The liability includes an estimate of incurred but not reported claims as of June 30, 1997.

Changes in the liability in fiscal year 1997 was:

<u>Balance at July 1, 1996</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at June 30, 1997</u>
\$38,430,000	\$6,416,000	\$(9,600,000)	\$35,246,000

Currently, the District has purchased general liability insurance for the automobile fleet, special events, data processing equipment and the Central Distribution Center property and warehouse.

(6) WAYNE COUNTY REGIONAL EDUCATIONAL SERVICE AGENCY ("WCRESA") CHARGEBACK LIABILITY

The operations of WCRESA generated a cumulative deficit of \$45,000,000 in fiscal years 1992 through 1995. The District, along with other Wayne County school districts in the program, is obligated to pay a chargeback to WCRESA, which provides funds to the program. The District's chargeback was determined by comparing the District's special education enrollment to total special education enrollment for all programs in Wayne County.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's chargeback liability at June 30, 1997 was \$9,291,816, which will be offset against future special education funding to be received from WCRESA, according to the following summary schedule approved by WCRESA:

<u>Fiscal Year</u>	<u>Amount</u>
1998	\$3,841,366
1999	3,841,366
2000	1,609,084

	\$9,291,816
	=====

(7) DEBT SERVICE PRINCIPAL REQUIREMENTS

The following represents the debt service principal requirements of the school bus purchase notes and special purpose, deficit funding and school building and site bonds of the District recorded in the General Long-Term Debt Account Group:

	<u>School Bus Purchase Notes</u>	<u>Deficit Funding Bonds</u>	<u>School Building and Site Bonds</u>
1998	\$1,984,000	\$19,045,300	\$ 14,270,000
1999	2,094,422	20,423,100	12,120,000
2000	1,515,000	15,079,500	9,510,000
2001	1,605,120	-	10,170,000
2002	-	-	10,680,000
Thereafter	-	-	184,145,000
	-----	-----	-----
	\$7,198,542	\$54,547,900	\$240,895,000
	=====	=====	=====

In prior years, the District defeased various bond issues by creating a separate irrevocable trust fund. New debt was issued and a portion of the proceeds were used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial statement purposes, the debt has been considered defeased, and therefore, removed as a liability from the District's General Long-Term Debt Account Group. As of June 30, 1997, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group amounted to \$31,180,000.

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(8) BUILDING AND SITE BONDS

The 1986 Bond Capital Improvement Program (the "Program") was made the subject of a limited review by an independent accounting firm retained by the Michigan Department of Treasury. The bonds for this Program were issued by the District in the years 1987 through 1993 in the aggregate principal amount of \$162 million as authorized by the electors of the District on November 4, 1986. Such bonds were qualified for participation in the Michigan School Bond Loan Fund pursuant to Section 16 of Article 9 of the Constitution of the State of Michigan of 1963, as amended, and Act 108, Public Acts of Michigan, 1961, as amended.

In addition, the District retained another independent accounting firm to perform a more comprehensive review of the Program's financial activities. While all of the findings resulting from these reviews have not been resolved, the District's management believes that these findings will not have a material adverse effect upon the District's financial position or results of operations.

(9) LEASE OBLIGATIONS

The District has a lease with Honeywell Inc. for certain equipment. The District also has an additional lease with IBM for certain equipment. The capital lease obligation associated with these leases can be found in capital leases and other liabilities in the General Long-Term Debt Account Group. As of June 30, 1997, the future minimum lease payments under non-cancelable capital leases are as follows:

	<u>Capital Leases</u>
1998	\$ 7,199,666
1999	7,114,483
2000	5,067,284
2001	4,463,315
2002	4,290,186
Thereafter	11,151,502

Total minimum lease payments	39,286,436

Less- Amount representing interest	7,213,247

Capital lease obligations	\$32,073,189
	=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS
(Continued)

(10) OTHER CONTINGENT LIABILITIES

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

(11) RESERVED AND DESIGNATED FUND BALANCES

The General Fund balance of \$25,497,008 has been designated as a result of encumbrances as of year end for purchased services, inventories and supplies. The Capital Projects Fund balance of \$109,866,919 represents funds restricted for capital projects associated with the improvement and maintenance of District facilities and for specific programs. The Debt Retirement Fund balance of \$24,838,636 has been reserved as a result of contractual arrangements or agreements with third parties.

(12) INTERFUND TRANSFER

During 1997, the District transferred \$11,490,780 of revenues from matching state school aid related to a 1.5 mill special operating debt retirement tax levy from the General Fund to the Debt Retirement Fund for debt service as required by the Deficit Funding Bond agreement.

(13) PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Substantially all District employees participate in the Michigan Public School Employees' Retirement System ("MPSERS"), under which employees are entitled to certain defined benefits established by state statute. School districts are required by state statute to contribute a certain percent of eligible wages (14.56 percent July 1, 1996 through September 30, 1996 and 15.17 percent October 1, 1996 through June 30, 1997) to the plan, which for the District totaled \$121,903,332 for the year ended June 30, 1997.

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

SCHOOL DISTRICT OF THE CITY OF DETROIT

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

Benefit provisions provided to MPSERS' members vary among six options available to all members. These options permit retirees to choose specified levels of post-retirement benefits and post-death benefits paid to designated beneficiaries. The election of an option is made at the time of retirement and, once made, is irrevocable. Specific provisions of these options are explained in greater detail in the MPSERS Annual Report for the year ended September 30, 1996.

MPSERS does not make separate measurements of assets and the pension benefit obligation for individual employers. The pension benefit obligation for MPSERS as a whole at September 30, 1996 (the date of the most recent actuarial valuation) is approximately \$28.7 billion, and the net assets available for benefits at that date (valued at amortized cost) were approximately \$19.7 billion. The District's contributions were nearly 15 percent of total employer contributions of approximately \$830 million to MPSERS for the year ended September 30, 1996. Based on this measurement, the system is 68.6 percent funded.

Ten-year historical trend information showing the MPSERS progress in accumulating sufficient assets to pay benefits when due is presented in the MPSERS September 30, 1996 component unit financial statements.

In addition to the pension benefits described above, the District provides postemployment benefits to its retirees, which include hospitalization and dental care. The costs of benefits are financed on a pay-as-you-go basis.

(14) SUBSEQUENT EVENTS

Subsequent to year end, the Detroit Board of Education terminated its employment agreement with the District's general superintendent. The liability resulting from his termination has yet to be determined by the District's management, however, the District's management believes the resulting liability will not have a material adverse effect upon the District's financial position or results of operations.

Subsequent to year end, the Detroit Board of Education approved an early retirement plan for certain employees. The District's management offered this option to those employees who were eligible under the plan. Under the plan, the District will pay \$2,142,729 each year for fiscal years 1998 through 2002, for the 284 employees who opted to retire under the plan, for a total expenditure of \$10,713,645.

SCHOOL DISTRICT OF THE CITY OF DETROIT

DEBT RETIREMENT FUNDS

COMBINING BALANCE SHEET

AS OF JUNE 30, 1997

<u>ASSETS</u>	<u>School Building and Site Bonds</u>	<u>Deficit Funding Bonds</u>	<u>Total</u>
CASH	\$ -	\$ -	\$ -
INVESTMENTS	5,792,288	13,026,189	18,818,477
INTEREST RECEIVABLE	14,438	76,320	90,758
PROPERTY TAXES RECEIVABLE:			
Current	1,307,049	655,934	1,962,983
Delinquent	12,373,055	4,206,701	16,579,756
DUE FROM OTHER FUNDS	39,169	3,927,249	3,966,418
	-----	-----	-----
	\$19,525,999	\$21,892,393	\$41,418,392
	=====	=====	=====

LIABILITIES AND FUND BALANCES

LIABILITIES -			
Deferred revenue, delinquent property taxes	\$12,373,055	\$ 4,206,701	\$16,579,756
	-----	-----	-----
FUND BALANCES, RESERVED FOR DEBT SERVICE	7,152,944	17,685,692	24,838,636
	-----	-----	-----
	\$19,525,999	\$21,892,393	\$41,418,392
	=====	=====	=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1997

	<u>School Building and Site Bonds</u>	<u>Deficit Funding Bonds</u>	<u>Total</u>
REVENUES:			
Property taxes	\$30,156,746	\$12,342,414	\$42,499,160
Interest from investments	593,235	741,744	1,334,979
	-----	-----	-----
Total revenues	30,749,981	13,084,158	43,834,139
	-----	-----	-----
EXPENDITURES:			
Principal retirement	12,515,000	17,760,800	30,275,800
Payment of interest and agent fees	15,876,479	4,995,026	20,871,505
	-----	-----	-----
Total expenditures	28,391,479	22,755,826	51,147,305
	-----	-----	-----
Excess of revenues over (under) expenditures	2,358,502	(9,671,668)	(7,313,166)
	-----	-----	-----
OTHER FINANCING SOURCES, TRANSFER FROM GENERAL FUND			
	-	11,490,780	11,490,780
	-----	-----	-----
Excess of revenues and other financing sources over expenditures	2,358,502	1,819,112	4,177,614
	-----	-----	-----
FUND BALANCES, beginning of year	4,794,442	15,866,580	20,661,022
	-----	-----	-----
FUND BALANCES, end of year	\$ 7,152,944	\$17,685,692	\$24,838,636
	=====	=====	=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

SCHOOL BUILDING AND SITE BONDS DEBT RETIREMENT FUND - STATEMENT OF
REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
REVENUES:			
Property taxes	\$28,648,483	\$30,156,746	\$ 1,508,263
Interest from investments	650,000	593,235	(56,765)
	-----	-----	-----
Total revenues	29,298,483	30,749,981	1,451,498
EXPENDITURES:			
Principal retirement	12,515,000	12,515,000	-
Payment of interest and agent fees	18,783,483	15,876,479	(2,907,004)
	-----	-----	-----
Total expenditures	31,298,483	28,391,479	(2,907,004)
	-----	-----	-----
Excess of revenues over (under) expenditures	(2,000,000)	2,358,502	4,358,502
	-----	-----	-----
OTHER FINANCING SOURCES, TRANSFER FROM GENERAL FUND	2,000,000	-	(2,000,000)
	-----	-----	-----
Excess of revenues and other financing sources over expenditures	\$ -	2,358,502	\$ 2,358,502
	=====	-----	=====
FUND BALANCE, beginning of year		4,794,442	

FUND BALANCE, end of year		\$ 7,152,944	
		=====	

SCHOOL DISTRICT OF THE CITY OF DETROIT

DEFICIT FUNDING BONDS DEBT RETIREMENT FUND - STATEMENT OF REVENUES,

EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1997

	Budget	Actual	Actual Over (Under) Budget
REVENUES:			
Property taxes	\$ 11,276,528	\$12,342,414	\$1,065,886
Interest from investments	-	741,744	741,744
	-----	-----	-----
Total revenues	11,276,528	13,084,158	1,807,630
	-----	-----	-----
EXPENDITURES:			
Principal retirement	17,760,800	17,760,800	-
Payment of interest and agent fees	5,004,526	4,995,026	(9,500)
	-----	-----	-----
Total expenditures	22,765,326	22,755,826	(9,500)
	-----	-----	-----
Excess of expenditures over revenues	(11,488,798)	(9,671,668)	1,817,130
	-----	-----	-----
OTHER FINANCING SOURCES, TRANSFER FROM GENERAL FUND			
	11,488,798	11,490,780	1,982
	-----	-----	-----
Excess of revenues and other financing sources over expenditures	\$ -	1,819,112	\$1,819,112
	=====	-----	=====
FUND BALANCE, beginning of year		15,866,580	

FUND BALANCE, end of year		\$17,685,692	
		=====	

SCHOOL DISTRICT OF THE CITY OF DETROIT

TRUST AND AGENCY FUNDS

COMBINING BALANCE SHEET

AS OF JUNE 30, 1997

<u>ASSETS</u>	Agency Funds ----- Payroll Deductions	Trust Fund ----- Scholarships	Total -----
CASH	\$ 121,733	\$ 121	\$ 121,854
INVESTMENTS	2,250,000	291,934	2,541,934
DUE FROM OTHER FUNDS	931,599	-	931,599
	-----	-----	-----
	\$3,303,332	\$ 292,055	\$3,595,387
	=====	=====	=====
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	\$3,011,804	\$ 36,947	\$3,048,751
DEFERRED REVENUE, UNEXPENDED RESTRICTED FUNDS	-	255,108	255,108
OTHER LIABILITIES	291,528	-	291,528
	-----	-----	-----
	\$3,303,332	\$ 292,055	\$3,595,387
	=====	=====	=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

PAYROLL DEDUCTIONS FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 1997

<u>ASSETS</u>	<u>Balance</u> <u>July 1, 1996</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 1997</u>
CASH	\$ 1,551,209	\$ -	\$1,429,476	\$ 121,733
INVESTMENTS	4,833,854	-	2,583,854	2,250,000
OTHER ASSETS	234,317	-	234,317	-
DUE (TO) FROM OTHER FUNDS	(2,587,740)	3,519,339	-	931,599
	-----	-----	-----	-----
	\$ 4,031,640	\$3,519,339	\$4,247,647	\$3,303,332
	=====	=====	=====	=====
 <u>LIABILITIES</u>				
ACCOUNTS PAYABLE	\$ 3,729,044	\$ -	\$ 717,240	\$3,011,804
DEFERRED REVENUE, UNEXPENDED RESTRICTED FUNDS	823	-	823	-
OTHER LIABILITIES	301,773	-	10,245	291,528
	-----	-----	-----	-----
	\$ 4,031,640	\$ -	\$ 728,308	\$3,303,332
	=====	=====	=====	=====

SCHOOL DISTRICT OF THE CITY OF DETROIT

SCHOLARSHIPS FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 1997

<u>ASSETS</u>	<u>Balance</u> <u>July 1, 1996</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 1997</u>
CASH	\$ 123	\$ -	\$ 2	\$ 121
INVESTMENTS	311,114	-	19,180	291,934
	-----	-----	-----	-----
	\$311,237	\$ -	\$19,182	\$292,055
	=====	=====	=====	=====
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE	\$ 28,935	\$8,012	\$ -	\$ 36,947
DEFERRED REVENUE, UNEXPENDED RESTRICTED FUNDS	282,302	-	27,194	255,108
	-----	-----	-----	-----
	\$311,237	\$8,012	\$27,194	\$292,055
	=====	=====	=====	=====

GENERAL FUND: Property taxes levied- 1992 and prior 1993 1994 1995 1996 1997	Mills Levied	Original Levy	Collectors and Adjustments Amount	Percent Collected To Date	Receivable
					Balance June 30, 1997
	40.90	\$ 229,648,108	\$ 221,996,486	96.67	\$23,646,502
	41.08	235,175,244	224,812,620	95.59	7,551,622
	18.00	67,860,260	63,196,537	93.13	10,362,624
	18.00	66,729,828	61,337,960	91.92	4,663,723
	18.00	70,220,814	62,694,454	89.28	5,391,868
					7,526,360
					\$59,242,699

Property taxes receivable, delinquent

Property taxes receivable, current

Penalty and interest on current property taxes receivable

Property taxes collected by the City of Detroit and not remitted to the District at year-end

Property taxes receivable, current

SCHOOL BUILDING AND SITE BONDS FUND: Property taxes levied- 1992 and prior 1993 1994 1995 1996 1997	Mills Levied	Original Levy	Collectors and Adjustments Amount	Percent Collected To Date	Receivable
					Balance June 30, 1997
	6.00	\$ 34,224,755	\$ 32,992,610	96.40	\$ 2,978,499
	4.80	27,913,976	26,683,906	95.59	1,232,145
	2.62	15,446,954	14,385,337	93.13	1,230,070
	5.00	29,436,618	27,058,096	91.92	1,061,597
	5.30	32,582,375	29,090,153	89.28	2,378,522
					3,492,222
					\$12,373,055

Property taxes receivable, delinquent

Property taxes receivable, current

Penalty and interest on current property taxes receivable

Property taxes collected by the City of Detroit and not remitted to the District at year-end

Property taxes receivable, current

DEFICIT FUNDING BONDS FUND: Property taxes levied- 1992 and prior 1993 1994 1995 1996 1997	Mills Levied	Original Levy	Collectors and Adjustments Amount	Percent Collected To Date	Receivable
					Balance June 30, 1997
	1.50	\$ 8,556,189	\$ 8,248,156	96.40	\$ 395,880
	1.00	5,815,412	5,559,250	95.60	308,033
	2.04	12,027,384	11,200,797	93.13	256,162
	2.04	12,010,140	11,039,703	91.92	826,587
	2.20	13,524,759	12,075,157	89.28	970,437
					1,449,602
					\$ 4,206,701

Property taxes receivable, delinquent

Property taxes receivable, current

Penalty and interest on current property taxes receivable

CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 1997

Description	Effective Date of Issue	Years of Maturity	Serial Interest Rates of Outstanding	Amount of Original Issue	Balance July 1, 1996	Net	
						Additions (Retirements)	Balance June 30, 1997
SCHOOL BUILDING AND SITE BONDS:							
Series XX-A (refunding bonds)	8/1/87	1998	7.15%	\$ 16,610,000	\$ 5,870,000	\$ (2,845,000)	\$ 3,025,000
Series XX-B (refunding bonds)	8/1/87	1999	7.15%-7.30%	15,000,000	5,265,000	(2,530,000)	2,735,000
Series XXI	8/6/87	2007	7.00%-7.75%	26,600,000	21,500,000	(1,300,000)	20,200,000
Series XXII	9/29/88	2009	9.350%-9.375%	20,000,000	17,425,000	(725,000)	16,700,000
Series XXIII	10/1/90	2010	7.00%-7.75%	14,000,000	2,405,000	(540,000)	1,865,000
Series 1991	6/1/91	2011	6.10%-7.15%	30,280,000	6,225,000	(1,050,000)	5,175,000
Series 1992	7/1/92	2012	5.00%-6.25%	33,000,000	29,775,000	(1,200,000)	28,575,000
Series 1993	10/1/93	2013	4.55%-5.125%	79,730,000	75,945,000	(1,880,000)	74,065,000
Series 1996 A	3/1/96	2025	4.20%-6.50%	89,000,000	89,000,000	(445,000)	88,555,000
				324,220,000	253,410,000	(12,515,000)	240,895,000
DEFICIT FUNDING BONDS:							
Series 1989	11/13/89	1999	7.20%	103,170,000	41,205,000	(12,795,000)	28,410,000
Series 1990-B	4/4/90	2000	7.04%-7.05%	56,404,900	31,103,700	(4,965,800)	26,137,900
				159,574,900	72,308,700	(17,760,800)	54,547,900
Total bonds payable				\$483,794,900	\$325,718,700	\$(30,275,800)	\$295,442,900
SCHOOL BUS PURCHASE NOTES - 1994							
	2/15/94	1998	4.875%	\$ 3,030,422	\$ 1,903,422	\$ (605,000)	\$ 1,298,422
SCHOOL BUS PURCHASE NOTES - 1995							
	12/15/95	2001	5.80%	7,180,120	7,180,120	(1,280,000)	5,900,120
Total notes payable				\$ 10,210,542	\$ 9,083,542	\$(1,885,000)	\$ 7,198,542
OTHER LIABILITIES:							
Compensated absences payable					\$ 71,897,154	\$ (7,124,263)	\$ 64,772,891
Claims and judgments payable					\$ 38,520,000	\$ 12,207,185	\$ 50,727,185
WCRESA chargeback liability					\$ 10,122,780	\$ (830,964)	\$ 9,291,816
Capital leases payable and other						\$ 29,918,472	\$ 29,918,472

SCHOOL DISTRICT OF THE CITY OF DETROIT

DEPT SERVICE REQUIREMENTS

AS OF JUNE 30, 1997

Year	School Bus Purchase Notes			Deficit Funding Bonds			School Building and Site Bonds		
	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
1998	\$2,334,901	\$1,984,000	\$350,901	\$22,745,649	\$19,045,300	\$3,700,349	\$ 28,864,576	\$ 14,270,000	\$ 14,594,576
1999	2,333,054	2,094,422	238,632	22,746,160	20,423,100	2,323,060	25,796,139	12,120,000	13,676,139
2000	1,552,032	1,515,000	137,032	15,611,052	15,079,500	531,552	22,455,168	9,510,000	12,945,168
2001	1,651,668	1,605,120	46,548	-	-	-	22,517,998	10,170,000	12,347,998
2002	-	-	-	-	-	-	22,393,526	10,680,000	11,713,526
2003	-	-	-	-	-	-	22,392,513	11,325,000	11,067,513
2004	-	-	-	-	-	-	22,408,986	12,025,000	10,383,986
2005	-	-	-	-	-	-	22,439,746	12,810,000	9,629,746
2006	-	-	-	-	-	-	22,460,243	13,650,000	8,810,243
2007	-	-	-	-	-	-	22,468,958	14,530,000	7,938,958
2008	-	-	-	-	-	-	19,801,070	12,810,000	6,991,070
2009	-	-	-	-	-	-	19,771,813	13,575,000	6,196,813
2010	-	-	-	-	-	-	17,405,570	12,055,000	5,350,570
2011	-	-	-	-	-	-	15,892,340	11,225,000	4,667,340
2012	-	-	-	-	-	-	12,660,563	8,640,000	4,020,563
2013	-	-	-	-	-	-	9,696,945	6,180,000	3,516,945
2014	-	-	-	-	-	-	6,494,095	3,325,000	3,169,095
2015	-	-	-	-	-	-	6,494,583	3,520,000	2,974,583
2016	-	-	-	-	-	-	6,493,663	3,725,000	2,768,663
2017	-	-	-	-	-	-	6,495,750	3,945,000	2,550,750
2018	-	-	-	-	-	-	6,495,885	4,170,000	2,325,885
2019	-	-	-	-	-	-	6,493,195	4,405,000	2,088,195
2020	-	-	-	-	-	-	6,492,110	4,655,000	1,837,110
2021	-	-	-	-	-	-	6,491,775	4,920,000	1,571,775
2022	-	-	-	-	-	-	6,491,335	5,200,000	1,291,335
2023	-	-	-	-	-	-	6,494,935	5,500,000	994,935
2024	-	-	-	-	-	-	6,491,435	5,810,000	681,435
2025	-	-	-	-	-	-	6,495,265	6,145,000	350,265
	\$7,971,655	\$7,198,542	\$773,113	\$61,102,861	\$54,547,900	\$6,554,961	\$407,350,180	\$240,895,000	\$166,455,180