

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 30, 2025

NEW ISSUE—Book-Entry-Only

RATINGS†\*: S&P Global Ratings: AA / A  
Michigan School Bond Qualification and Loan Program / Underlying

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the School District, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "APPENDIX E- FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the tax treatment of interest on the Bonds for certain Bondholders.

\$15,555,000\*\*



EASTPOINTE COMMUNITY SCHOOLS  
COUNTY OF MACOMB, STATE OF MICHIGAN  
2025 SCHOOL BUILDING AND SITE BONDS  
(UNLIMITED TAX GENERAL OBLIGATION)

Dated: Date of Delivery

Due: May 1, as shown below

On August 8, 2023, the qualified electors of Eastpointe Community Schools, County of Macomb, State of Michigan (the "School District") approved a proposal authorizing the issuance of bonds not to exceed an aggregate amount of not to exceed \$36,415,000, to be issued in one or more series. Proceeds of the 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of \$15,555,000\*\*, representing the second and final series of bonds under the 2023 authorization, will be used for school building and site purposes. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on July 28, 2025 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are expected to be fully qualified as of the date of delivery for participation in the Michigan School Bond Qualification and Loan Program pursuant to Act 92, Public Acts of Michigan, 2005, as amended, enacted pursuant to Article IX, Section 16 of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal of and interest on the Bonds when due, the School District shall borrow and the State of Michigan shall lend to it an amount sufficient to enable the School District to make the payment. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," herein.

The Bonds are issuable only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Bonds (the "Beneficial Owners") will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System" herein.

Principal of and interest on the Bonds will be paid by the corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing November 1, 2026, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

(Base CUSIP\$: \_\_\_\_\_)

Maturity**	Amount**	Interest Rate	Yield	CUSIP\$	Maturity**	Amount**	Interest Rate	Yield	CUSIP\$
2030	\$190,000				2041	\$ 620,000			
2031	390,000				2042	650,000			
2032	410,000				2043	680,000			
2033	430,000				2044	715,000			
2034	450,000				2045	750,000			
2035	475,000				2046	785,000			
2036	495,000				2047	820,000			
2037	515,000				2048	855,000			
2038	545,000				2049	2,260,000			
2039	570,000				2050	2,355,000			
2040	595,000								

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2036\*\* ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2035\*\*, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Dykema Gossett PLLC, Lansing, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about November \_\_, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

STIFEL

The date of this Official Statement is October \_\_, 2025.

† For an explanation of the ratings, see "RATINGS" herein.

\* As of date of delivery.

\*\* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Information herein has been obtained from the School District, The Depository Trust Company and other sources believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriter).

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the School District and the Department of Treasury of the State of Michigan, approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE SCHOOL DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT**  
relating to

**\$15,555,000<sup>1</sup>**

**EASTPOINTE COMMUNITY SCHOOLS  
COUNTY OF MACOMB, STATE OF MICHIGAN  
2025 SCHOOL BUILDING AND SITE BONDS  
(UNLIMITED TAX GENERAL OBLIGATION)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the Eastpointe Community Schools, County of Macomb, State of Michigan (the "School District") of its 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of \$15,555,000<sup>1</sup>.

**PURPOSE AND SECURITY**

On August 8, 2023 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$36,415,000, to be issued in one or more series. Proceeds of the Bonds, in the principal amount of \$15,555,000<sup>1</sup>, representing the second and final series of bonds under the 2023 authorization are being issued for the purpose of remodeling school buildings for safety by equipping and re-equipping (including equipping and re-equipping for technology) school buildings with security and safety features including the construction of secure vestibules at the Middle and High School properties; improving sites for constructing thereon of parking lots, drives and drainage, including traffic flow renovations and pick-up and drop-off lanes; preparing, developing and improving sites, including sites for school district buildings; preparing, developing and improving sites and remodeling and equipping thereon of playgrounds, playfields and athletic fields and renovating the High School track and facilities; remodeling, equipping and re-equipping (including equipping and re-equipping for technology) all school district buildings including the culinary arts facility; and paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolution of the Board of Education of the School District adopted on July 28, 2025 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

**QUALIFICATION BY THE STATE OF MICHIGAN**

An application will be submitted to the Michigan Department of Treasury to obtain, and it is the School District's expectation that the Bonds will receive, final qualification as of the date of delivery to participate in the Michigan School Bond Qualification and Loan Program pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School District to make the payment. Article IX, Section 16 of the State Constitution as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided under such section.

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<sup>1</sup> Preliminary, subject to change.

Loans to school districts for such purposes are made from the proceeds of such State borrowing. See APPENDIX A, "State Qualification," in this Official Statement.

Complete financial statements of all of the State's funds as included in the State's Annual Comprehensive Financial Report ("ACFR") prepared by the State's Office of the State Budget are available from the Budget website: [www.michigan.gov/budget](http://www.michigan.gov/budget). The State has agreed to file its ACFR with the Municipal Securities Rulemaking Board (as described in Rule 15c2-12(b)(5) of the Securities and Exchange Commission) annually, so long as any bonds qualified for participation in the Michigan School Bond Qualification and Loan Program remain outstanding.

## **ESTIMATED SOURCES AND USES OF FUNDS**

### **SOURCES**

- Par Amount of the Bonds
- Original Issue Premium
- Original Issue Discount
- Total Sources

### **USES**

- Capital Projects Fund
- Underwriter's Discount
- Costs of Issuance for the Bonds
- Total Uses

## **THE BONDS**

### **Description and Form of the Bonds**

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity or early redemption, commencing November 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan, will serve as the transfer agent (the "Transfer Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers and exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

### **Book-Entry-Only System**

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the School District, the Transfer Agent or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Transfer Agent or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the School District or Transfer Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Transfer Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the School District or Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

### **Transfer Outside Book-Entry-Only System**

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

### **Optional Redemption<sup>1</sup>**

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2036<sup>1</sup>, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2035<sup>1</sup>, at par plus accrued interest to the date fixed for redemption.

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<sup>1</sup> Preliminary, subject to change.



## **Notice of Redemption and Manner of Selection**

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Transfer Agent to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Transfer Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

## **TAX PROCEDURES**

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local board of review, the Michigan Tax Tribunal, and ultimately to the Michigan appellate courts.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the

spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted. Under limited circumstances, other State laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

## **LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES**

The Resolution authorizing the issuance of the Bonds and State law obligate the School District to levy a tax annually in an amount sufficient so that the estimated collections therefrom, together with other amounts, if any, to be borrowed from the School Loan Revolving Fund for the Bonds, will be sufficient to pay promptly when due the principal of and interest on the Bonds becoming due prior to the time of the next tax levy. The tax levy shall not be subject to limitation as to rate or amount. Taxes for the payment of the principal of or interest on the Bonds are certified for collection each year with the school tax levies. In the event of the failure of the proper officials to certify taxes for the payment of the principal and interest requirements, a timely action in the nature of mandamus could compel certification and collection of adequate taxes or could compel the School District to make application to borrow the necessary funds from the School Loan Revolving Fund and thus prevent a default. However, if a paying agent for any bonds of the School District qualified for State loans as provided in Article IX, Section 16, of the State Constitution notifies the State Treasurer that the School District has failed to deposit sufficient funds to pay principal and interest on the qualified bonds when due or if a bondholder notifies the State Treasurer that the School District has failed to pay principal or interest on such qualified bonds when due, whether or not the School District has filed a draw request with the State Treasurer, the State Treasurer shall promptly pay the principal or interest on the qualified bonds when due.

If sufficient funds for full payment of debt service on the Bonds do not reach the Transfer Agent five business days prior to the debt service payment due date, the Transfer Agent will notify the School District of the amount of insufficient funds four business days prior to the due date. In the event that the School District does not immediately resolve the insufficient funds situation, the Transfer Agent will notify the Michigan Department of Treasury of the deficiency three business days before the payment due date and the State Treasurer shall make the payment.

Any amount paid by the State Treasurer as described in the preceding paragraphs shall be deemed a loan made to the School District pursuant to the requirements of said Article IX, Section 16, of the State Constitution. Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases. See APPENDIX A, "State Qualification," in this Official Statement.

## **SOURCES OF SCHOOL OPERATING REVENUE**

### **State School Aid**

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts.

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994-95. In 2021 the Legislature eliminated the foundation allowance range in the 2021/22 fiscal year that had been in place since the passage of school finance reform legislation in 1994. In 2024 the Legislature established a base foundation allowance for fiscal year 2024/25 of \$9,608 per pupil.

The base foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the School Aid Act. The revenues for the State's contribution to the base foundation allowance are derived from a mix of taxing sources, including but not limited to, a statewide property tax of 6 mills on all taxable property<sup>1</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead property<sup>2</sup> in order for the school district to receive its full base foundation allowance. Furthermore, school districts whose budgeted foundation allowance in 2024/25 calculates to an amount in excess of the \$9,608 base foundation allowance are authorized to levy additional millage to obtain this budgeted foundation allowance, first by levying such amount of the 18 mills against homestead property<sup>3</sup> as is necessary to obtain the budgeted foundation allowance and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the budgeted foundation allowance.

The School District's 2024/25 per pupil budgeted foundation allowance does not exceed \$9,608 and accordingly the School District does not levy additional mills on homestead property.

The School District may also receive various categorical grants for specific expenditures such as special education, "at-risk" students, meal programs, early education, vocational-technical programs, bilingual programs and other instructional and non-instructional programs. The type and amount of these categorical grants are determined by the State pursuant to the annual amendments to the School Aid Act. For further information regarding the type and amount of categorical grants received by the School District see the Audited Financial Statements in APPENDIX D.

The appropriation of funds by the Legislature to establish the base foundation allowance and the categorical grants under the School Aid Act may be adjusted annually as part of the State's budgeting process. State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State School Aid Fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts.

### **Regional Enhancement Millage: Macomb Intermediate School District**

The Revised School Code provides that an intermediate school district may seek voter approval for up to 3 enhancement mills for distribution to local constituent school districts on a per pupil basis to be used to enhance its operations ("Enhancement Millage"). Proceeds of the Enhancement Millage are not counted toward the foundation allowance. The School District is serviced by the Macomb Intermediate School District ("Macomb ISD") which is the intermediate school district for constituent school districts located in Macomb County. On March 10, 2020 the voters in Macomb County approved a county-wide Enhancement Millage which authorized the levy of 1.9 mills for 10 years being the years 2020 through 2029. From the

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<sup>1</sup> "Taxable property" in this context does not include industrial personal property. See also "MICHIGAN PROPERTY TAX REFORM" herein regarding recent amendments exempting certain types of personal property from school operating taxes.

<sup>2</sup> "Non-homestead property" includes all taxable property other than principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, and industrial personal property. Commercial personal property, to the extent not otherwise exempt, is exempt from the first 12 mills of not more than 18 mills levied by school districts.

<sup>3</sup> "Homestead property," in this context, means principal residence, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy, certain industrial personal property and certain commercial personal property, to the extent not otherwise exempt.

levy of this Enhancement Millage the School District will receive additional operating revenues of approximately \$557 per student for the 2024/25 school year and anticipates receiving similar amounts for each school year through and including the 2029/30 school year.

THE SOURCES OF THE SCHOOL DISTRICT'S OPERATING REVENUE DO NOT IMPACT THE TAXING AUTHORITY OF THE SCHOOL DISTRICT FOR PAYMENT OF UNLIMITED TAX GENERAL OBLIGATION SCHOOL BONDS AND DO NOT AFFECT THE OBLIGATION OF THE SCHOOL DISTRICT TO LEVY TAXES FOR PAYMENT OF DEBT SERVICE ON UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE SCHOOL DISTRICT, INCLUDING THE BONDS OFFERED HEREIN.

### **MICHIGAN PROPERTY TAX REFORM**

On March 28 and April 1, 2014, the Governor of Michigan signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014, with such exemption increasing to \$180,000 beginning in 2023. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the 2014 legislation also included a formula to reimburse school districts for lost personal property tax revenue for 100% of lost debt millage revenue associated with bonds approved by voters prior to January 1, 2013, and lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduced the State use tax and created a Local Community Stabilization Authority that levies a local use tax component and distributes that revenue from such local component to qualifying local units.<sup>1</sup> While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, school districts will be reimbursed for debt millage calculated pursuant to a statutory formula.

### **LITIGATION**

The School District has not been served with any litigation, administrative action or proceeding, and to the knowledge of the appropriate officials of the School District no litigation or administrative action or proceeding has been threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriter at the time of the original delivery of the Bonds.

### **TAX MATTERS**

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., ("Bond Counsel"), under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

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<sup>1</sup> Reimbursement for the School District's operating millage loss will come, in part from the State use tax, which is deposited into the State School Aid Fund. A school district that increases its millage rate to replace debt millage revenue loss is not eligible to receive reimbursement distributions. Further, much of the foregone revenue is deposited into and disbursed to the State School Aid Fund; in the future the legislature may choose to change the funding formulas in the State School Aid Act of 1979 (Act 94) or appropriate funds therein for other purposes.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the School District contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal and State of Michigan income tax purposes. The School District has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal and State of Michigan income tax purposes, and not to take any actions that would adversely affect that exclusion. Bond Counsel's opinion assumes the accuracy of the School District's certifications and representations and the continuing compliance with the School District's covenants. Noncompliance with these covenants by the School District may cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal and State of Michigan income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not a guarantee of that conclusion. The Federal income tax opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

#### **Tax Treatment of Accruals on Original Issue Discount**

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of OID Bonds who purchase such OID Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such OID Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

All holders of the OID Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition of an OID Bond to the extent such loss is attributable to accrued original issue discount.

### **Amortizable Bond Premium**

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

### **Market Discount**

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

### **Future Developments**

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the School District in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the School District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT

DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE COURSE OR RESULT OF ANY EXAMINATION OF THE BONDS, OR OTHER BONDS WHICH PRESENT SIMILAR TAX ISSUES, WILL NOT AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN LEGISLATION, AND THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT.

### **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX E. Except to the extent necessary to deliver its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, Bond Counsel has not been retained to examine or review any financial statements or other financial, statistical, or quantitative information, projections or estimates and will not express any opinion as to the accuracy or completeness of any such statements, information, projections or estimates. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

Miller, Canfield, Paddock and Stone, P.L.C. is currently representing Stifel, Nicolaus & Company, Incorporated in certain matters unrelated to the issuance of the Bonds. Both the School District and Stifel, Nicolaus & Company, Incorporated have consented to these unrelated representations.

Certain legal matters will be passed upon for the Underwriter by its counsel, Dykema Gossett PLLC, Lansing, Michigan.

### **APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY**

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

### **RATINGS**

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P"), will assign, as of the date of delivery of the Bonds, its municipal bond rating of "AA" to the Bonds based upon the fact that each Bond will be fully qualified for participation in the Michigan School Bond Qualification and Loan Program as of its date of delivery. See "QUALIFICATION BY THE STATE OF MICHIGAN," "LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES" and APPENDIX A, "State Qualification," herein.

S&P will also assign, as of the date of delivery of the Bonds, its underlying municipal bond rating of "A" to the Bonds without regard to qualification of the Bonds for participation in the Michigan School Bond Qualification and Loan Program.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone: (212) 438-1000.

## **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter" or "Stifel") has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals \_\_\_\_\_ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State of Michigan and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading "TAX MATTERS" herein), and (ii) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement further provides that the School District will provide to the Underwriter, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

## **MUNICIPAL ADVISOR'S OBLIGATION**

The School District has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing portions of the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such



information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the School District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds. PFM Financial Advisors LLC is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the School District should be addressed to PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

### **CONTINUING DISCLOSURE**

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Undertaking for the Bonds (the "Undertaking") for the benefit of the Bondholders (as defined in the Undertaking) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

A failure by the School District to comply with the Undertaking will not constitute an event of default under the Resolution and Bondholders are limited to the remedies described in the Undertaking. A failure by the School District to comply with the Undertaking must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The School District has not, in the previous five years, failed to comply in any material respect with any previous continuing disclosure agreements or undertaking executed by the School District pursuant to the Rule.

### **OTHER MATTERS**

All information contained in this Official Statement, in all respects, is subject to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The School District certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the School District and its economic and financial condition, is true and correct as of the date of this Official Statement, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading.

EASTPOINTE COMMUNITY SCHOOLS  
COUNTY OF MACOMB  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent of Schools

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**APPENDIX A  
STATE QUALIFICATION**

**ARTICLE IX, SECTION 16 OF THE  
1963 STATE OF MICHIGAN CONSTITUTION**

**State loans to school districts.**

Sec. 16. The state, in addition to any other borrowing power, may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.

**Amount of loans.**

If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for the payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.

**Qualified bonds.**

The term "qualified bonds" means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section.

**Repayment of loans, tax levy by school district.**

After a school district has received loans from the state, each year thereafter it shall levy for debt service, exclusive of levies for nonqualified bonds, not less than 13 mill or such lower millage as the legislature may prescribe, until the amount loaned has been repaid, and any tax collections therefrom in any year over and above the minimum requirements for principal and interest on qualified bonds shall be used toward the repayment of state loans. In any year when such levy would produce an amount in excess of the requirements and the amount due to the state, the levy may be reduced by the amount of the excess.

**Bonds, state loans, repayment.**

Subject to the foregoing provisions, the legislature shall have the power to prescribe and to limit the procedure, terms and conditions for the qualification of bonds, for obtaining and making state loans, and for the repayment of loans.

**Power to tax unlimited.**

The power to tax for the payment of principal and interest on bonds hereafter issued which are the general obligations of any school district, including refunding bonds, and for repayment of any state loans made to school districts, shall be without limitations as to rate or amount.

**Rights and obligations to remain unimpaired.**

All rights acquired under Sections 27 and 28 of Article X of the Constitution of 1908, by holders of bonds heretofore issued, and all obligations assumed by the state or any school district under these sections, shall remain unimpaired.

## SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN ACT

### Act 92 of 2005

AN ACT to prescribe the procedures, terms, and conditions for the qualification or approval of school bonds and other bonds; to authorize this state to make loans to certain school districts for the payment of certain bonds and to authorize schools to borrow from this state for that purpose; to prescribe the terms and conditions of certain loans to school districts; to prescribe the powers and duties of certain state agencies and certain state and local officials; to provide for certain fees; to prescribe certain penalties; and to repeal acts and parts of acts.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

*The People of the State of Michigan enact:*

#### **388.1921 Short title.**

Sec. 1. This act shall be known and may be cited as the "school bond qualification, approval, and loan act".

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

#### **388.1922 Purpose of act.**

Sec. 2. The purpose of this act is to implement section 16 of article IX of the state constitution of 1963 and to provide for loans to school districts.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

#### **388.1923 Definitions.**

Sec. 3. As used in this act:

(a) "Computed millage" means the number of mills in any year, not less than 7 mills and not more than 13 mills, determined on the date of issuance of the order qualifying the bonds or on a later date if requested by the school district and approved by the state treasurer, that, if levied by the school district, will generate sufficient annual proceeds to pay principal and interest on all the school district's qualified bonds plus principal and interest on all qualified loans related to those qualified bonds no later than the final mandatory repayment date. Based on changes of circumstances, including, but not limited to, additional bond qualification, refundings, changes in qualified loan interest rates, changes in taxable values, and assumptions contained in any then currently effective guidelines issued by the state treasurer pursuant to section 5(2)(c), the school district shall not less than annually, beginning on October 1, 2013, using methods prescribed in this act, recalculate the computed millage necessary to generate sufficient annual levy proceeds to pay principal and interest on all of the school district's qualified bonds and principal and interest on all qualified loans related to those qualified bonds not later than the final mandatory repayment date. If the school district determines that the recalculated computed millage is lower than its current millage levy rate, the school district shall promptly notify the state treasurer in writing of the recalculated computed millage. Immediately thereafter, the school district shall decrease its millage levy rate to the recalculated computed millage, but not below the computed millage established pursuant to the most recent order qualifying bonds for that school district, or to the minimum levy prescribed by law for receipt of qualified loans, whichever rate is higher. If the school district determines that the recalculated computed millage is higher than its current millage levy rate, the school district shall promptly notify the state treasurer in writing of the recalculated computed millage. Immediately thereafter, the school district shall increase its millage levy rate to the recalculated computed millage, subject to 1 of the following exceptions, and subject to any maximum millage levy rate otherwise prescribed for by law:

(i) For each school district's first recalculated computed millage required as of October 1, 2013, increase its millage levy by a percentage amount equal to the equivalent percentage of taxable value change for that school district over the immediately preceding 5 years, but not higher than the recalculated computed millage.

(ii) For each school district's subsequent recalculated computed millage beginning October 1, 2014 and each year thereafter, increase its millage levy by a percentage amount equal to the percentage of taxable value decline for the immediately preceding year ending September 30, but not to a rate higher than the recalculated computed millage.

(iii) If it is determined that a district's current computed millage is sufficient to pay all qualified loans by the mandatory final loan repayment date, no recalculation of the computed millage is required.

(b) "Final mandatory repayment date" means the final mandatory repayment date determined by the state treasurer under section 9.

(c) "Michigan finance authority" means the Michigan finance authority created under Executive

Reorganization Order No. 2010-2, MCL 12.194.

(d) "Qualified bond" means a bond that is qualified under this act for state loans as provided in section 16 of article IX of the state constitution of 1963. A qualified bond includes the interest amount required for payment of a school district's net interest obligation under an interest rate exchange or swap, hedge, or other agreement entered into pursuant to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, but does not include a termination payment or similar payment related to the termination or cancellation of an interest rate exchange or swap, hedge, or other similar agreement. A qualified bond may include a bond issued to refund loans owed to the state under this act.

(e) "Qualified loan" means a loan made under this act or former 1961 PA 108 from this state to a school district to pay debt service on a qualified bond.

(f) "Revolving loan fund" means the school loan revolving fund created under section 16c of the shared credit rating act, 1985 PA 227, MCL 141.1066c.

(g) "School district" means a general powers school district organized under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, or a school district of the first class as described in the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, having the power to levy ad valorem property taxes.

(h) "State treasurer" means the state treasurer or his or her duly authorized designee.

(i) "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1924 Qualification of new bonds; terms and conditions applicable to outstanding qualified bonds; application for prequalification.**

Sec. 4. (1) A school district may issue and market bonds as qualified bonds if the state treasurer has issued an order granting qualification under this act.

(2) Except with regard to qualification of new bonds, nothing in this act shall be construed to alter the terms and conditions applicable to outstanding qualified bonds issued in accordance with former 1961 PA 108. Unless otherwise amended as permitted by this act, outstanding qualified loans incurred in association with outstanding qualified bonds described in this subsection shall bear interest as provided in section 9(8) but otherwise shall be due and payable as provided in the repayment agreements entered into between the school district and the state before the effective date of this act.

(3) The state treasurer may qualify bonds for which the state treasurer has received an application for prequalification on or before May 25, 2005 without regard to the requirements of section 5(2)(f) if the electors of the school district approve the bonds at an election held during 2005.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1925 Preliminary qualification; application.**

Sec. 5. (1) A school district may apply to the state treasurer for preliminary qualification of a proposed school bond issue by filing an application in the form and containing the information required by this act.

(2) An application for preliminary qualification of a school bond shall contain all of the following information:

(a) The proposed ballot language to be submitted to the electors.

(b) A description of the project or projects proposed to be financed.

(c) A pro forma debt service projection showing the estimated mills the school district will levy to provide revenue the school district will use to pay the qualified bonds, any outstanding qualified bonds, and any outstanding or projected qualified loans of the school district. For the purpose of the pro forma debt service projection, the school district may assume for the first 5 years following the date of the application the average growth or decline in taxable value for the 5 years or such other period of time requested by the school district if approved by the state treasurer preceding the date of the application and the average growth or decline rate for the 20 years immediately preceding the date of the application but not more than 3% or less than 0% growth rate, for the remaining term of the proposed bonds.

(d) Evidence that the rate of utilization of each project to be financed will be at least 85% for new buildings and 60% for renovated facilities. If the projected enrollment of the district would not otherwise support utilization at the rates described in this subsection, the school district may include an explanation of the actions the school district intends to take to address the underutilization, including, if applicable, actions to close school buildings or other actions designed to assure continued assured use of the facilities being financed.

(e) Evidence that the cost per square foot of the project or projects will be reasonable in light of economic conditions applicable to the geographic area in which the school district is located.

(f) Evidence that the school district will repay all outstanding qualified bonds, the proposed qualified bonds, all outstanding qualified loans, and all qualified loans expected to be incurred with respect to all qualified bonds of the school district, including the proposed qualified bond issue, not later than the applicable final mandatory repayment date.

(g) The overall utilization rate of all school buildings in the school district, excluding special education purposes.

(h) The total bonded debt outstanding of the school district and the total taxable value of property in the school district for the school district fiscal year in which the application is filed.

(i) A statement describing any environmental or usability problems to be addressed by the project or projects.

(j) An architect's analysis of the overall condition of the facilities to be renovated or replaced as a part of the project or projects.

(k) An amortization schedule demonstrating that the weighted average maturity of the qualified bond issue does not exceed 120% of the average reasonably expected useful life of the facilities, excluding land and site improvements, being financed or refinanced with the proceeds of the qualified bonds, determined as of the later of the date on which the qualified bonds will be issued or the date on which each facility is expected to be placed in service.

(l) An agreement that the school district will keep books and records detailing the investment and expenditure of the proceeds of the qualified bonds and, at the request of the state treasurer, the school district will promptly, but not later than the date specified in the request, which date shall be not less than 5 business days after the date of the request, submit information requested by the state treasurer related to the detailed information maintained by the school district as to the investment and expenditure of the proceeds of its qualified bonds.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1926 Prequalification of bonds; determination by state treasurer.**

Sec. 6. The state treasurer shall prequalify bonds of a school district if the state treasurer determines all of the following:

(a) The issuance of additional qualified bonds will not prevent the school district from repaying its outstanding qualified bonds, the proposed bonds, all outstanding qualified loans, and all qualified loans expected to be incurred with respect to all qualified bonds of the school district, including the proposed bond issue, not later than the applicable final mandatory repayment date.

(b) The form and language of the ballot conforms with the requirements of this act.

(c) The school district has filed an application complying with the requirements of section 5.

(d) If the proposed bond issue is approved by the voters after September 30, 2012 and will result in additional qualified loans, the outstanding balance of all qualified loans on the most recent May 1 or November 1 did not exceed \$1,800,000,000.00. The \$1,800,000,000.00 limitation described in the immediately preceding sentence does not apply after June 30, 2016.

(e) The issuance of additional qualified bonds approved by voters after September 30, 2012 will not have an adverse financial impact on the school district, this state, or the school loan revolving fund. In making this determination, the state treasurer shall consider relevant factors, including, but not limited to, whether the issuance of the proposed bond issue will cause the aggregate outstanding amount of qualified and nonqualified bonds, including the proposed bond issue, and currently outstanding qualified loans of the school district to exceed 25% of the taxable value of the school district at the time the proposed bonds are issued.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1927 Qualification of bonds; determination by state treasurer; order; specifications; loan agreement; reapplication; qualification of refunding bonds; requirements.**

Sec. 7. (1) The state treasurer shall qualify bonds of a school district if the state treasurer determines all of the following:

(a) A majority of the school district electors have approved the bonds.

(b) The terms of the bond issue comply with applicable provisions of the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

(c) The school district is in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(d) The weighted average maturity of the qualified bond issue does not exceed 120% of the average reasonably expected useful life of the facilities, excluding land and site improvements, being financed or refinanced with the proceeds of the bonds, determined as of the later of the date on which the qualified bonds

will be issued or the date on which each facility is expected to be placed in service.

(e) The school district has filed any information necessary to update the contents of the original application to reflect changes in any of the information approved in the preliminary qualification process.

(f) The school district has agreed that the school district will keep books and records detailing the investment and expenditure of the proceeds of the qualified bonds and, at the request of the state treasurer, the school district will promptly, but not later than the date specified in the request, which date shall be not less than 5 business days after the date of the request, submit information requested by the state treasurer related to the detailed information maintained by the school district as to the investment and expenditure of the proceeds of its qualified bonds.

(2) An order qualifying bonds shall specify the principal and interest payment dates for all the bonds, the maximum principal amount of and maximum interest rate on the bonds, the computed millage, if any, the final mandatory repayment date, and other matters as the state treasurer shall determine or as are required by this act.

(3) If the application for prequalification demonstrates that the school district will borrow from this state in accordance with this act, the state treasurer and the school district shall enter into a loan agreement setting forth the terms and conditions of any qualified loans to be made to the school district under this act.

(4) If a school district does not issue its qualified bonds within 180 days after the date of the order qualifying bonds, the order shall no longer be effective. However, the school district may reapply for qualification by filing an application and information necessary to update the contents of the original application for prequalification or qualification.

(5) The state treasurer shall qualify refunding bonds issued to refund qualified loans or qualified bonds if the state treasurer finds that all of the following are met:

(a) The refunding bonds comply with the provisions of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(b) That the school district will repay all outstanding qualified bonds, the proposed qualified bonds, all outstanding qualified loans, and all qualified loans expected to be incurred with respect to all qualified bonds of the school district, including the proposed qualified bond issue, not later than the applicable final mandatory repayment date.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1928 Submission of ballot to electors; ballot.**

Sec. 8. A ballot submitted to the school electors of a school district after November 8, 2005 requesting authorization to issue unlimited tax general obligations that will be guaranteed by this state in accordance with section 16 of article IX of the state constitution of 1963 shall inform the electors that if the school district expects to borrow from this state to pay debt service on the bonds, the estimated total amount of the principal of that borrowing and the interest to be paid on that borrowing, the estimated duration of the millage levy, and the estimated computed millage rate for that levy. The ballot shall also inform the electors of the total amount of qualified bond and loan debt currently outstanding and that the estimated computed millage rate may change based on changes in certain circumstances.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1929 Amount of borrowing; limitation; payment date for outstanding qualified loans; order; maintenance of separate accounts for each school district; duration of millage levy; amended and restated repayment agreements; waiver of portion of millage levy; findings; interest; final or later mandatory repayment date.**

Sec. 9. (1) Except as otherwise provided in this act, a school district may borrow from the state an amount not greater than the difference between the proceeds of the school district's computed millage and the amount necessary to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies.

(2) For school districts having qualified loans outstanding as of July 20, 2005, the state treasurer shall review information relating to each school district regarding the taxable value of the school district and the actual debt service of outstanding qualified bonds as of July 20, 2005 and shall issue an order establishing the payment date for all those outstanding qualified loans and any additional qualified loans expected to be incurred by those school districts related to qualified bonds issued before July 20, 2005. The payment date shall be not later than 72 months after the date on which the qualified bonds most recently issued by the school district are due and payable. The payment date established pursuant to this subsection for a school district is a final mandatory repayment date.

(3) For qualified loans related to qualified bonds issued after July 20, 2005, the qualified loans shall be due



72 months after the date on which the qualified bonds for which the school borrowed from this state are due and payable. The due date determined pursuant to this subsection for a school district is a final mandatory repayment date. This section does not preclude early repayment of qualified bonds or qualified loans.

(4) The state treasurer shall maintain separate accounts for each school district on the books and accounts of this state noting the qualified bond, the related qualified loans, the final payment date of the bonds, the final mandatory repayment date of the qualified loans, and the interest rate accrued on the loans.

(5) For qualified loans relating to qualified bonds issued after July 20, 2005, a school district shall continue to levy the computed millage until it has completely repaid all principal and interest on its qualified loans.

(6) For qualified loans relating to qualified bonds issued before July 20, 2005, a school district shall continue to comply with the levy and repayment requirements imposed before July 20, 2005. Not less than 90 days after July 20, 2005, the state treasurer and the school district shall enter into amended and restated repayment agreements to incorporate the levy and repayment requirements applicable to qualified loans issued before July 20, 2005.

(7) Upon the request of a school district made before June 1 of any year, the state treasurer annually may waive all or a portion of the millage required to be levied by a school district to pay principal and interest on its qualified bonds or qualified loans under this section if the state treasurer finds all of the following:

(a) The school board of the school district has applied to the state treasurer for permission to levy less than the millage required to be levied to pay the principal and interest on its qualified bonds or qualified loans under subsection (1).

(b) The application specifies the number of mills the school district requests permission to levy.

(c) The waiver will be financially beneficial to this state, the school district, or both.

(d) The waiver will not reduce the millage levied by the school district to pay principal and interest on qualified bonds or qualified loans under this act to less than 7 mills.

(e) The board of the school district, by resolution, has agreed to comply with all conditions that the state treasurer considers necessary.

(8) All qualified loans shall bear interest at 1 of the following rates:

(a) The greater of 3% or the average annual cost of funds used to make qualified loans plus 0.125%, but not less than the cost of funds on outstanding qualified notes and bonds issued by the Michigan finance authority to finance loans computed by the state treasurer not less often than annually.

(b) A lesser rate determined by the state treasurer to be necessary to maintain the exemption from federal income tax of interest on any bonds or notes issued to fund qualified loans.

(c) A higher rate determined by the state treasurer to be necessary to prevent the impairment of any contract of this state or the Michigan finance authority in existence on the effective date of the amendatory act that added this subdivision.

(9) A payment date determined under subsection (2) or a due date determined under subsection (3) is a final mandatory repayment date. Once established for a school district as provided in this section, a final mandatory repayment date shall apply to all qualified loans of the school district, whenever made, until 30 days after the date the school district has no outstanding qualified loans and no outstanding debt incurred to refund qualified loans. Notwithstanding this subsection, the state treasurer may determine a later mandatory repayment date for a school district that agrees to levy a higher millage, acceptable to the state treasurer, not to exceed 13 mills, than its existing computed millage.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2006, Act 71, Imd. Eff. Mar. 20, 2006;—Am. 2009, Act 50, Imd. Eff. June 18, 2009;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1930 Certificates of qualification or approval; file; delivery.**

Sec. 10. The state treasurer shall keep all certificates of qualification or approval in a permanent file and shall deliver copies of the certificates to the school district.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

### **388.1931 Rules; bulletins.**

Sec. 11. The state treasurer may promulgate rules to implement this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and may issue bulletins as authorized by this act.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1932 Failure to apply for prequalification, qualification, or approval of bond before issuance.**

Sec. 12. If a school district does not apply for prequalification or qualification or approval of a bond issue



before the issuance of those bonds, the state treasurer shall not approve or qualify those bonds as qualified bonds under this act.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

**388.1933 School district owing revolving loan fund; filing annual loan activity application required; borrowing for debt service on qualified bonds; draw request; duties of state treasurer upon receipt of qualified loan confirmation; notification of no need to borrow by school district; invoice for repayment amount; remittance.**

Sec. 13. (1) If a school district owes a balance due to the revolving loan fund or has been identified as a potential borrower, the school district shall file an annual loan activity application with the state treasurer no less than 60 days before certifying its annual tax levy. The annual loan activity application shall be submitted in a format prescribed by the state treasurer and shall provide the taxable value, debt service, and any other information necessary to determine the proper required millage levy required under this act. The application shall contain a resolution passed by the local school board authorizing a designated school district official to complete all necessary documents to obtain a loan from the revolving loan fund or for making repayment to the revolving loan fund for the year.

(2) If a school district is eligible to borrow for debt service on qualified bonds, the school district shall file a draw request with the state treasurer not less than 30 days before each date on which the school district owes the debt service. The draw request shall include all of the following:

- (a) A statement of the debt service owed in the next 6 months.
- (b) A copy of the most recent bank statement showing the amount on hand in the debt service accounts for all qualified bonds.
- (c) A statement of any revenue received for payment of the debt service since the date of the bank statement.
- (d) A statement of any withdrawals made from the debt service account since the date of the bank statement.

(3) Not more than 7 days before the date established by the state treasurer for making qualified loans, the school district shall confirm in writing the final qualified loan amount to be drawn on a certificate in the form prescribed by the state treasurer.

(4) Upon receipt of a qualified loan confirmation described in subsection (3), the state treasurer shall determine the amount of the draw, which shall be the difference between the funds on hand in all debt service accounts and the amount of the debt service, and shall make a qualified loan in that amount to the school district no later than 6 days before the date the debt service is due.

(5) When a school district's current computed millage levy is sufficient to pay principal and interest on its qualified bonds, a school district shall notify the state treasurer in writing of no need to borrow no later than 30 days before the date set for payment of the qualified bonds.

(6) Within 30 days after receipt of the annual activity application under subsection (1), the state treasurer shall send an invoice to the school district for the amount of repayment the school district owes on its outstanding qualified loans, which shall be the difference between the debt service payable or paid to bondholders and the funds on hand at the school district, less a reasonable amount of funds on hand, as determined by the state treasurer, to cover minimum balance requirements or potential tax disputes. The school district shall remit the amount specified in the invoice within 30 days after the dated date of the invoice.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

**388.1934 Failure of school district to pay principal and interest due on qualified bonds; notice; payment by state treasurer; billing of school district for amount paid; remittance.**

Sec. 14. (1) If any paying agent for a school district's qualified bonds notifies the state treasurer that the school district has failed to deposit sufficient funds to pay principal and interest due on the qualified bonds when due, or if a bondholder notifies the state treasurer that the school district has failed to pay principal or interest on qualified bonds when due, whether or not the school district has filed a draw request with the state treasurer, the state treasurer shall promptly pay the principal or interest on the qualified bond when due.

(2) If the state treasurer pays any amount described in this section, the state treasurer shall bill the school district for the amount paid and the school district shall immediately remit the amount to the state treasurer. If the school district would have been eligible to borrow the debt service in accordance with the terms of this act, the school district shall enter into a loan agreement establishing the terms of the qualified loan as provided in this act. If the state treasurer directs the Michigan municipal bond authority to pay any amount described in this section, the state treasurer shall cause the Michigan municipal bond authority to bill the

school district for the amount paid and the school district shall immediately remit the amount to the Michigan municipal bond authority.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

### **388.1935 Default; repayment.**

Sec. 15. (1) If a school district that owes this state loan repayments relating to qualified bonds fails to levy at least the computed millage upon its taxable value for debt retirement purposes for qualified bonds and for repayment of a qualified loan made under this act while any part of the qualified loan is unpaid or defaults in its agreement to repay a qualified loan or any installment of a qualified loan, the school district shall increase its debt levy in the next succeeding year to obtain the amount necessary to repay this state the amount of the default plus a late charge of 3% and shall pay that amount to this state together with any other amounts owed during the next tax year. The school district may use other funds to repay this state including a transfer of general funds of the school district, if approved by the state treasurer. The state treasurer shall not disburse state school aid to the school district until the school district has made satisfactory arrangements with the state treasurer for the payment of the amount in default.

(2) If a school district fails to process any report, application, confirmation, or repayment as required under this act, the state treasurer may withhold a school district's state aid funds until the school district complies with the requirements under this act.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

### **388.1936 Charging and disposition of fees.**

Sec. 16. (1) The state treasurer may charge a prequalification application fee, a qualification application fee, and an annual loan activity fee in the amounts determined by the state treasurer to be required to pay the estimated administrative expenses incurred under this act for the fiscal year in which the state treasurer imposes the fee.

(2) The state treasurer shall deposit all fees collected under this act into a separate fund established within the state treasury, and shall use the proceeds of the fees solely for the purpose of administering and enforcing this act. The unexpended and unobligated balance of this fund at the end of each state fiscal year shall be carried forward over to the succeeding state fiscal year and shall not lapse to the general fund but shall be available for reappropriation for the next state fiscal year.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1937 False statement or unauthorized use of proceeds; violation as felony; penalty.**

Sec. 17. A person who knowingly makes a false statement or conceals material information for the purpose of obtaining qualification of a bond issue under this act or for the purpose of obtaining a qualified loan under this act, or who knowingly uses all or part of the proceeds of a qualified loan obtained under this act for any purpose not authorized by this act, is guilty of a felony punishable by imprisonment for not more than 4 years or a fine of not more than \$5,000.00, or both.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

### **388.1938 Use of remaining proceeds.**

Sec. 18. If a school district has completed the projects approved by the school electors of the school district to be funded from proceeds of qualified bonds, a school district may use any remaining proceeds of the qualified bonds as follows:

(a) To pay debt service on the qualified bonds.

(b) To repay this state.

(c) If in the opinion of the school district's bond counsel use of the remaining proceeds for the purposes described in subdivisions (a) and (b) would adversely affect the federal tax treatment of interest on the qualified bonds, to pay for enhancements to the projects approved by the school electors as described in the ballot language proposing the qualified bonds.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005;—Am. 2012, Act 437, Eff. Mar. 28, 2013.

### **388.1939 Actions by designee.**

Sec. 19. The state treasurer may designate in writing a person or persons to take any actions required to be taken by the state treasurer under this act. The signature of any designee shall have the same force and effect as the signature of the state treasurer for all purposes of this act.

**History:** 2005, Act 92, Imd. Eff. July 20, 2005.

**OPINION #4422 OF THE ATTORNEY GENERAL, STATE OF MICHIGAN  
DATED MARCH 12, 1965**

CONSTITUTIONAL LAW:  
SCHOOL BONDS:  
MUNICIPAL FINANCE COMMISSION:

Article 9, § 16, Michigan Constitution of 1963, requires school districts to borrow and State to lend sufficient sum to cover debt service payments on qualified bonds of school districts. Although this is not a pledge of full faith and credit of the State, the Municipal Finance Commission may and must enforce the duty of the district to borrow and the State to lend such sum.

No. 4422

March 12, 1965.

Hon. Sanford A. Brown  
State Treasurer  
Lansing, Michigan

You have asked in your letter of February 5 whether Article IX, § 16 of the Michigan Constitution of 1963 pledges the full faith and credit of the State to the payment of principal and interest of qualified school bonds.

Article IX, § 16 of the Michigan Constitution of 1963 provides in pertinent part as follows:

"The state \* \* \* may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.

"If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.

"The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

Thus, the school district is required to borrow and the State to lend an amount sufficient to enable the school district to make payments of principal and interest due on qualified bonds, and the state is empowered to borrow and to issue its notes or bonds for the purpose of making such loans, and to pledge its full faith and credit for such state bonds or notes.

The constitutional provision quoted does not pledge the full faith and credit of the state to all qualified bonds. The state is not primarily liable on qualified bonds of a school district. Rather, the state is required to lend whatever the school district needs, from time to time, to meet debt service requirements on such bonds.

You ask what remedies are available to enforce the obligation of the state.

The quoted language makes it mandatory upon the school district to borrow and upon the state to lend "an amount necessary to enable the school district to make the payment." Under Chapter II, Section 2(f) of the Municipal Finance Act [C.L. 1948 § 132.2; M.S.A. 1958 Rev. Vol. § 5.3188(4)f], the Municipal Finance Commission has power to enforce compliance with any law by, inter alia, the "institution of appropriate proceedings in the courts of the state, including those for writs of mandamus and injunction."

The Commission could and indeed must enforce the duty of the district to borrow and the state to lend. The bondholders also would have an action to enforce the duty of the district to borrow and of the state to lend.

Thus the bondholders are assured of the availability of state funds where needed to meet debt service requirements on qualified bonds. This is not a pledge of full faith and credit, but gives the bondholders as much or more protection as would such a pledge.

FRANK J. KELLEY,  
Attorney General

**OPINION #4508 OF THE ATTORNEY GENERAL, STATE OF MICHIGAN  
DATED AUGUST 29, 1966**

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

STATE TREASURER: Payment of principal and interest on qualified school district bonds.

Authority of State Treasurer and procedures to be followed in paying from the School Bond Loan Fund principal and interest on qualified school bonds upon presentment by a bondholder.

No. 4508      Hon. Allison Green  
                    State Treasurer  
                    Capitol Building  
                    Lansing, Michigan

August 29, 1966.

You have requested my opinion on what procedures should be followed by the state treasurer preparatory to making loans to local school districts which are unable to make payments on principal and interest of qualified school district bonds.<sup>1</sup>

Loans to bonded school districts are authorized by Article IX, Section 16, Constitution of 1963, which in part contains pertinent language:

"If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for the payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.

"The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

Article IX, Section 16, Constitution of 1963, is a continuation with minor revisions of the provisions relating to school bond financing which appeared in Sections 27 and 28 of Article X, Constitution of 1908. Section 27, Article X, Constitution of 1908, was proposed by joint resolution of the legislature in 1955 and approved by the people at the regular election of April 4, 1955. The loan provisions of Section 27 ceased to have effectiveness after July 1, 1962, and were replaced by the provisions of Section 28, Article X, Constitution of 1908, which was proposed by joint resolution of the legislature in 1960 and approved by the people at the general election of November 8, 1960. Section 28 by its own terms took effect on July 1, 1962.

Section 28, Article X, Constitution of 1908, was implemented by the legislature by the enactment of Act 108, P.A. 1961, which took effect September 8, 1961. The first section of Act 108, P.A. 1961, stated that the purpose of the act was to implement Section 28 of Article X of the Constitution of 1908. The Constitution of 1963 took effect on January 1, 1964. In anticipation of the effectiveness of that Constitution, the legislature passed Act 33, P.A. 1963, Second Extra Session, such act to take effect on January 1, 1964. Act 33, P.A. 1963, Second Extra Session, amended Sections 1, 3, 8 and 9 of Act 108, P.A. 1961, and further amended section 7 of Act 108, P.A. 1961, as amended by Act 131, P.A. 1962. The first section of amendatory Act 33 stated that the act's purpose was to implement Section 16 of Article IX of the Constitution of 1963. Subsequent amendment has been made to Sections 2, 4, 6, 9 and 10 of Act 108, P.A. 1961, by Act 169, P.A. 1964, which act also added a new Section 4a.<sup>2</sup>

<sup>1</sup>In your letter of request you stated that you were familiar with Opinion No. 4422 issued by me on March 12, 1965, in which it was ruled that Article IX, Section 16, Constitution of 1963, requires school districts to borrow and the state to lend sufficient sums to cover debt service payments on qualified bonds of school districts but that this requirement is not a pledge of the full faith and credit of the state; the Municipal Finance Commission however may and must enforce the duty of the school district to borrow and have the state to lend the necessary amounts.

<sup>2</sup>Act 108, P.A. 1961, in its present amended form appears in M.S.A. 1965 Cum. Supp. § S 3.424(111) et seq.

Answer to your question is to be found in amended Sections 6, 7 and 8 of the act. These sections present two situations in which you may become involved as state treasurer. The first situation is where a loan is to be made to the school district to permit the district to meet the principal and interest requirements on its bonds without a default in payment; the second is where the principal or interest on the bonds has not been paid when due upon proper presentation because of inadequate funds resulting in a default in payment.

Under amended Section 6 of the act, in any school district where the amount necessary to be levied in any year for principal and interest on qualified bonds exceeds 7 mills on each dollar of the assessed valuation of the school district as last equalized by the state, such school district on or before 60 days prior to the time of certification of its tax levy to the assessing officer shall file with the superintendent of public instruction<sup>3</sup> a preliminary application for a loan from the state in the amount of any part of such excess over 7 mills which the school district does not propose to levy in such year.<sup>4</sup> Amended Section 6 specifies the information to be supplied in the application. The superintendent of public instruction if he finds the application in proper form shall approve or deny the application in whole or in part and notify the school district of his action. Amended Section 7 of the act provides that if a loan from the state shall become necessary for the payment of principal and interest on qualified bonds in accordance with an approved preliminary application to the superintendent of public instruction or by virtue of a supplemental application, it shall be the duty of the superintendent of public instruction after audit to forward to the state treasurer a statement setting forth the amount to be loaned to the school district for the payment of principal and interest and the date on or before which loan shall be made.<sup>5</sup> The superintendent shall prepare a voucher as a basis for the issuance of a warrant and upon receipt of such statement and warrant, it shall be the duty of the state treasurer to loan to the school district from the school bond loan fund the amount set forth in the statement of the superintendent of public instruction on or before the date specified therein. The state treasurer upon making such loan shall obtain from the school district a receipt for the amount so loaned which receipt shall specify the terms of repayment in accordance with the provisions of Section 16 of Article IX, Constitution of 1963 and the act. The school district treasurer upon receipt of the loan is required to deposit the same in the debt retirement fund to be used solely for the payment of principal and interest on qualified bonds.

The foregoing summaries of the procedures prescribed by amended Section 6 and 7 relate to the first situation above-described where the loan to the school district is to be made before the school district has defaulted in the payment of the principal or interest on its bonds.

The second situation described above is covered by amended Section 8 of the act which prescribes that in the event the principal or interest on any qualified bond is not paid when due, upon proper presentation of the bond or interest coupon to the agent or officer charged with making payment thereof, the state treasurer shall forthwith pay such principal or interest upon presentation of the bond or coupon to him. Any amount so paid by the state treasurer shall be deemed a loan to the school district made pursuant to the requirements of Section 16, Article IX, Constitution of 1963, and the act and the school district shall give a receipt therefor and repay the loan in the manner provided in the act for the repayment of loans.

The method of processing loans to school districts under amended Sections 6 and 7 before default in payment of principal or interest is adequately spelled out in those sections and no additional comment from me is necessary. Your real concern is in regard to the applicable procedures which you should follow in the situation where the school district has defaulted in the payment of principal or interest on its bonds and the bond or bonds and the interest coupons have not been paid when due by the paying agent because of lack of funds. In the event of such a happening it is assumed for the purposes of this opinion that the holder of the bond or of the interest coupon will make demand on you as state treasurer for the prompt payment of the obligation thereunder. Should such demand be made on you as state treasurer, you would be entitled to take the following action before making payment:

- a. Ascertaining from the superintendent of public instruction or from the records in your own office that the bonds involved are duly qualified bonds as defined and described in amended Section 3 of the act;
- b. Requiring proof reasonably satisfactory to you that the bond or bonds or the interest coupons have been properly presented for payment to the paying agent or officer charged with the responsibility for making payment thereof and that payment has been refused because sufficient monies had not been deposited by the school district for that purpose; such proof of nonpayment may be furnished you in the form of a certificate from the paying agent.

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<sup>3</sup>Article VIII, Section 3, Constitution of 1963 requires the state board of education to appoint a superintendent of public instruction who shall be the principal executive officer of the department of education and who shall have powers and duties provided by law. Section 14 of Act 287, P.A. 1964 (M.S.A. 1965 Cum. Supp. § 15.1023(14)) specifies that after June 30, 1965, a reference in any law to the powers and duties of the superintendent of public instruction shall be deemed to be made to the state board of education, subject to exceptions not pertinent here, and that the state board of education may delegate any of its functions to the superintendent. Section 300 of Act 380, P.A. 1965, creates a department of education. Section 301 of that act provides that the head of the department of education is the state board of education. Section 303 of that act transfers by a Type III transfer all powers, duties and functions then vested by law in the superintendent of public instruction to the department of education. Section 305 of the act specifies that the principal executive officer of the department of education is the superintendent of public instruction. Act 380 appears in M.S.A. 1965 Cum. Supp. at § 3.29(1) et seq. Act 380, P.A. 1965, was amended without regard to the sections involved here by Act 407, P.A. 1965. Without doubt, under the foregoing provisions the state board of education could delegate to the superintendent of public instruction the performance of all of the functions and duties imposed on the board in connection with the School Bond Loan Fund.

<sup>4</sup>Other details set forth in amended Section 6 have been omitted.

<sup>5</sup>Other details set forth in amended Section 7 have been omitted.

c. Notification to the school district given by you or your designee of the action taken by paying agent in refusing payment of the bonds or interest coupons on presentment because of the failure of the school district to have deposited funds with the paying agent for that purpose and verification from the school district of the fact of such failure to supply the required funds; notification to the school district by you or your designee that payment of the required amounts were to be made from the school bond loan fund by you as state treasurer and that such payment would be in the form of a loan to the school district which the school district would be required to be repay to the school bond loan fund in the manner required by law; the school district will be required to furnish you as state treasurer with a receipt evidencing the loan and specifying the terms of repayment, as required by law.

Upon the fulfillment of the above conditions in a manner reasonably acceptable to you, you would be authorized to make payment of the amounts due on the bonds and interest coupons and thereupon to demand their surrender and delivery to you as state treasurer.

Because of the safeguards built into the Michigan Constitution and statutes there should be no default of Michigan qualified school bonds. The School Loan Fund Program will have afforded the school district access to loan funds prior to the due date of the principle [sic] and interest on such bonds. In order to advise of the procedures in the remote possibility of nonpayment, however, I have set forth the foregoing guide lines [sic].

FRANK J. KELLEY,  
Attorney General

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## APPENDIX B<sup>1</sup>

### EASTPOINTE COMMUNITY SCHOOLS

#### GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

##### LOCATION AND AREA

Eastpointe Community Schools (the "School District") encompasses an area of approximately 4.5 square miles. The School District includes portions of the Cities of Eastpointe and Warren in the County of Macomb.

##### POPULATION

The U.S. Census reported and 2023 estimated populations for the School District, the City of Eastpointe and the County of Macomb are as follows:

	School District	City of Eastpointe	County of Macomb
2023 Estimate	39,842	34,003	877,624
2020 U.S. Census	39,762	34,318	881,217
2010 U.S. Census	38,049	32,442	840,978

Source: U.S. Census Bureau via [data.census.gov](https://data.census.gov) website

##### BOARD OF EDUCATION

The Board of Education (the "Board") consists of seven members who are elected at large and serve four year overlapping terms. The Board annually elects a President, Vice President, Treasurer and Secretary. The Board is responsible for the selection and appointment of the Superintendent of Schools. The Board meets as a single body to set or amend policy, develop long-range educational goals and act upon recommendations of the Superintendent of Schools. The Board is also responsible for adopting and periodically amending the operating budget and evaluating school programs in accordance with governing laws.

##### ENROLLMENT

###### Historical Enrollment

Historical fall enrollment for the School District is as follows:

School Year End 30-Jun	Full-time Equivalent	Change	School Year End 30-Jun	Full-time Equivalent	Change
2025	2,217	1.42%	2020	2,470	-7.63%
2024	2,186	-0.91	2019	2,674	-7.25
2023	2,206	-5.93	2018	2,883	-2.11
2022	2,345	0.34	2017	2,945	-7.74
2021	2,337	-5.38	2016	3,192	--

###### 2024/2025 Fall Count

PreK	92	6 <sup>th</sup>	151
Kindergarten	187	7 <sup>th</sup>	146
1 <sup>st</sup>	187	8 <sup>th</sup>	156
2 <sup>nd</sup>	180	9 <sup>th</sup>	209
3 <sup>rd</sup>	177	10 <sup>th</sup>	164
4 <sup>th</sup>	175	11 <sup>th</sup>	100
5 <sup>th</sup>	162	12 <sup>th</sup>	131
		Total	<u>2,217</u>

Source: School District and Michigan Department of Education via website

<sup>1</sup>Information included in APPENDIX B of this Official Statement was obtained from the School District unless otherwise noted.

## SCHOOL DISTRICT FACILITIES

The following is a table showing the existing School District facilities.

Facility	Grades Served	Year Built	Last Remodel/Addition	Type of Construction
<i>Elementary Schools:</i>				
Bellview	K - 5	1960	2025	Masonry-Brick
Crescentwood	K - 5	1954	2025	Masonry-Brick
Forest Park	K - 5	1957	2025	Masonry-Brick
Pleasantview	K - 5	1953	2025	Masonry-Brick
Early Learning Center	Pre - K	1953	1997	Masonry-Brick
<i>Middle School:</i>				
Eastpointe	6 - 7	1965	2008	Masonry-Brick
<i>High School:</i>				
Eastpointe	8 - 12	1929	2008	Masonry-Brick
<i>Additional Facilities:</i>				
Transportation / Maintenance	--	1988	1996	Masonry-Brick
Eastpointe Alternative Facility				Masonry-Brick

## OTHER SCHOOLS

The following private, charter, or parochial schools are located within the School District's boundaries:

Name of School	Grades Served	Approximate Enrollment
St. Peter's Lutheran School	P-8	195
Eaton Academy	P-8	346
Macomb Montessori Academy	K-6	201
		742

Source: 2025 Michigan Education Directory

## STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 120 of 2024 set the target foundation allowance at \$9,608 for fiscal year 2024/25. As of September 30, 2025, the Michigan Legislature has not passed a State budget bill for fiscal year 2025/26. Accordingly, the fiscal year 2025/26 per-pupil foundation allowance is unknown. The Michigan Senate, House of Representatives, and the Governor are continuing negotiations to enact the State budget. Based on information available, the School District assumed a \$392 increase to the foundation allowance for the 2025/26 fiscal year when adopting its general fund budget.

In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide. The State may reduce State School Aid appropriations at any time if the State's revenues do not meet budget expectations. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

The following table shows a five-year history of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance, which reflects the changes in sources of school operating revenue described herein:

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments <sup>1</sup>	Blended Pupil Count	Amount Received per Pupil <sup>2</sup>
2025	\$9,608	\$24,182,361	2,156.77	\$11,212
2024	9,608	26,027,743	2,193.07	11,868
2023	9,150	22,916,895	2,202.03	10,407
2022	8,700	19,419,171	2,343.88	8,285
2021	8,343	19,851,845 <sup>3</sup>	2,454.87	8,087 <sup>3</sup>

<sup>1</sup>Includes payments received for MPSERS UAAL rate stabilization. See "RETIREMENT PLAN - Contribution to MPSERS" herein.

<sup>2</sup>Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".

<sup>3</sup>Public Act 165 of 2020 restored the State school aid reductions contained in Public Act 146 of 2020 for the 2020/21 fiscal year, added a onetime \$65 per pupil payment and added other appropriations for qualifying school districts.

Source: Michigan Department of Education via website [www.michigan.gov](http://www.michigan.gov)

## PROPERTY VALUATIONS

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. **Since 1994, ad valorem property taxes are assessed on the basis of Taxable Value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.** See "TAX PROCEDURES" herein for further information.

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

## History of Valuations

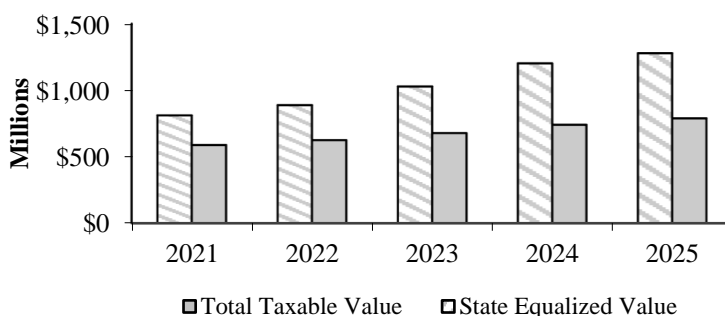
A history of the property valuations in the School District is shown below:

Year	Principal Residence <sup>1</sup>	Non- Principal Residence <sup>1</sup>	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2025	\$432,470,553	\$356,213,926	\$788,684,479	6.58%	\$1,280,138,103	6.51%
2024	401,387,038	338,608,768	739,995,806	9.20	1,201,925,755	16.94
2023	360,901,636	316,749,726	677,651,362	8.54	1,027,830,435	15.80
2022	320,747,944	303,610,592	624,358,536	6.29	887,600,991	9.49
2021	291,105,874	296,303,401	587,409,275	----	810,664,505	----

<sup>1</sup>All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2025, industrial personal property had a taxable value of \$815,400 and commercial personal property had a taxable value of \$10,777,310 in the School District.

Source: Macomb County Equalization Department

History of Valuations



## Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$788,684,479
Less: 2025 Disabled Veterans Exemption Taxable Value <sup>1</sup>	(2,185,441)
Net 2025 Annual Equivalent Valuation	<u>\$786,499,038</u>

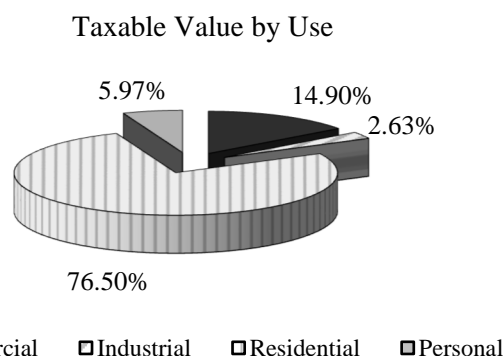
<sup>1</sup>Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.

Source: Macomb County Equalization Department

## Tax Base Composition

A breakdown of the School District's 2025 Taxable Value by class and use is as follows:

	2025 Taxable Value	Percent of Total
<b>By Class:</b>		
Real Property	\$741,589,837	94.03%
Personal Property	47,094,642	5.97
<b>TOTAL</b>	<u>\$788,684,479</u>	<u>100.00%</u>
<b>By Use:</b>		
Commercial	\$117,540,045	14.90
Industrial	20,706,765	2.63
Residential	603,343,027	76.50
Personal	47,094,642	5.97
<b>TOTAL</b>	<u>\$788,684,479</u>	<u>100.00%</u>



A breakdown of the School District's 2025 Taxable Value by municipality is as follows:

Municipality	2025 Taxable Value	Percent of Total
<i>County of Macomb</i>		
City of Eastpointe	\$629,120,018	79.77%
City of Warren	159,564,461	20.23
<b>TOTAL</b>	<u>\$788,684,479</u>	<u>100.00%</u>

Source: Macomb County Equalization Department

## TAX INCREMENT AUTHORITIES

Act 57 of the Public Acts of Michigan, 2018, as amended (the "Recodified Tax Increment Financing Act") and Act 381 of the Public Acts of Michigan, 1996, as amended (the "Brownfield Act") (together the "TIF Acts") authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts, Corridor Improvement Authority ("CIA") Districts or Brownfield Redevelopment Authority ("BRDA") Districts, which are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

The City of Eastpointe has one DDA district within the School District's boundaries. The DDA district does not capture the School District's operating or debt millage levies.

Source: Macomb County Equalization Department

## MAJOR TAXPAYERS

Shown below are the ten largest taxpayers in the School District based on their 2025 total valuation subject to taxation.

Taxpayer	Product/Service	2025 Taxable Value
Consumers Energy	Utility	\$18,100,972
Detroit Edison Co.	Utility	11,579,729
International Transmission Co.	Utility	5,858,121
Prime Storage Center, LLC	Storage Facility	5,069,000
NSA HHF JV, LLC	Storage Facility	2,817,972
LML Investment LLC	Investors	2,254,302
East Brook Commons, Ltd.	Shopping Center	1,948,839
Cavalier Manor Eastpointe, LLC	Apartments	1,840,962
Thompson Orville	Steel Manufacturer	1,726,834
Triple 9 Eastpointe LLC	Storage Facility	1,590,350
<b>TOTALS</b>		<b>\$52,787,081</b>
Total 2025 Taxable Value		\$788,684,479
Top 10 Taxpayers as a % of 2025 Total Taxable Value		6.69%

Source: Macomb County Equalization Department

## CONSTITUTIONAL MILLAGE ROLLBACK

Article IX, Section 31 of the Michigan Constitution (also referred to as the “Headlee Amendment”) requires that if the total value of existing taxable property (Taxable Valuation) in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction Fraction unless new millage is authorized by a vote of the electorate of the local taxing unit.

## SCHOOL DISTRICT TAX RATES - (Per \$1,000 of Valuation)

The following table shows the total School District tax rates for the past four years and current year.

	2025	2024	2023	2022	2021
Operating – Voted	16.0205	16.4027	16.8979	16.8979	17.1309
Debt	3.5000	3.5000	3.5000	3.5000	3.5000
Sinking Fund	2.6554	2.7216	2.8099	2.8249	2.8434
Total Non-Principal Residence	22.1759	22.6243	23.2078	23.2228	23.4743
Total Principal Residence	6.1554	6.2216	6.3099	6.3249	6.3434

The School District levies voted operating millage on non-principal residence property and sinking fund millage and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2028 levy. The sinking fund millage expires with the 2029 levy.

## OTHER JURISDICTIONS' TAX RATES - (Per \$1,000 of Valuation)

The following table provides the 2024 and 2023 tax rates for select units of government that overlap with the School District's boundaries.

	2024	2023
State Education Tax	6.0000	6.0000
City of Eastpointe	23.8241	24.4686
City of Warren	27.4030	27.0913
Macomb County	4.3595	4.3890
Macomb ISD <sup>1</sup>	4.3897	4.7100
Macomb Community College	1.3982	1.4077

<sup>1</sup>Includes a voter approved enhancement millage of 1.8305 mills. The School District received approximately \$1,354,000 in fiscal year 2024/25 from the regional enhancement millage based on its pupil membership count.

Source: Macomb County Equalization Department

## TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due July 1 of each fiscal year and are payable without interest on or before the following September 14, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1<sup>st</sup> of the year following the levy are turned over to the County Treasurer for collection. Macomb County (the "County") annually pay from its Tax Payment Funds delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection.

A history of tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025	\$5,733,569*	N/A		N/A	
2024	5,500,770	\$4,962,216	90.21%	\$5,497,562	99.94%
2023	5,495,052	4,780,638	87.00	5,429,444	98.81
2022	5,191,091	4,528,637	87.24	5,079,065	97.84
2021	5,315,341	4,493,741	84.54	5,051,358	95.03
2020	5,055,600	4,465,945	88.34	5,042,463	99.74

\*Estimated.

## RETIREMENT PLAN

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS"), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

MPERS is a cost-sharing, multi-employer, statewide plan. Pension benefits, and retiree health benefits, are established by law and funded through employer contributions. The cost of retiree health benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided below. Further information regarding MPERS, including retiree health benefits, can be found at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Public Act 75 of 2010 ("Act 75") significantly modified MPERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution structure. Public Act 92 of 2017 ("Act 92") further modified MPERS for all employees hired on or after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018 to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing.

### Contribution to MPERS

The School District's estimated annual contribution to MPERS for the 2024-25 fiscal year and the previous four fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPERS Direct Offset Payments <sup>2</sup>
2025 <sup>1</sup>	\$5,252,564	\$135,851	\$5,388,415	\$1,694,080
2024	4,957,757	1,024,406	5,982,163	2,515,170
2023	4,631,025	983,569	5,614,594	3,446,050
2022	4,329,820	975,247	5,305,067	1,999,768
2021	3,882,880	906,136	4,789,016	1,757,783

<sup>1</sup>Estimated.

<sup>2</sup>Represents the amount the School District received in state aid categorical revenue (Section 147c MPERS UAAL Rate Stabilization and One-Time Deposits) to directly pay for a portion of the School District's MPERS unfunded liability. This amount is included in the Total Amount shown in the table above.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2024 financial statements, the School District reported a proportionate share of the net pension liability of \$40,838,150 as of September 30, 2023.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2024 financial statements, the School District reported a proportionate share of the net OPEB asset of \$711,905 as of September 30, 2023.

For additional information regarding the Pension Plan and Postemployment Benefits Other than Pensions (OPEB), see the Notes to the Financial Statements in the School District's audited financial statements in APPENDIX C.

*Source: Audited Financial Statements and School District*

## LABOR RELATIONS

The School District has labor agreements with the following employee groups. The agreements all provide for complete and comprehensive salary, wage, fringe benefit and working conditions provisions. The number of employees and duration of the agreements are as follows:

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrators	9	Eastpointe Community Schools Administrators Assoc.	01/31/28
Teachers	134	Eastpointe Federation of Educators	08/18/28
Paraprofessionals	56	Eastpointe Federation of Educators	08/18/28
Administrative Assistants	18	Eastpointe Educational Secretaries Assoc.	01/31/28
Food Service	17	AFSCME - Local 120	09/30/27
Other Staff	21	Non-Union	N/A
<b>TOTAL</b>	<b>255</b>		

The School District has not experienced a strike by any of its bargaining units within the past ten years.

## DEBT STATEMENT\* - (As of 09/30/25 – including the Bonds described herein)

### DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
05/03/11	Building & Site. MFA	UTQ	05/01/26	\$765,000
03/20/19	Refunding	UTQ	05/01/30	3,570,000
02/28/24	Building & Site	UTQ	05/01/48	17,250,000
___/___/25	Building & Site	UTQ	05/01/50	15,555,000*
<b>NET DIRECT DEBT</b>				<b>\$37,140,000*</b>

### OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
88.90%	City of Eastpointe	\$11,388,609	\$10,124,473
3.22	City of Warren	199,558,918	6,425,797
1.95	Macomb County	197,954,985	3,860,122
1.91	Macomb ISD	90,595,000	1,730,365
1.95	Macomb Community College	0	0

<b>TOTAL OVERLAPPING DEBT</b>	<b>22,140,757</b>
<b>NET DIRECT AND OVERLAPPING DEBT</b>	<b>\$59,280,757*</b>

\*Preliminary, subject to change.

*Source: Municipal Advisory Council of Michigan*

## SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of September 30, 2025.

### OTHER DEBT

The School District has the following short-term borrowing outstanding:

<u>Dated Date</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
04/22/19	Lease	3.48%	04/22/35	\$1,875,322

### DEBT HISTORY

The School District has no record of default on its obligations.

### FUTURE FINANCING

The School District does not have plans for any additional capital financings in the next 12 months.

### DEBT RATIOS\*

Estimated School District Population	39,842
2025 Taxable Value	\$788,684,479
2025 State Equalized Value (SEV)	\$1,280,138,103
2025 True Cash Value (TCV)	\$2,560,276,206
Per Capita 2025 Taxable Value	\$19,795.30
Per Capita 2025 State Equalized Value	\$32,130.37
Per Capita 2025 True Cash Value	\$64,260.74
Per Capita Net Direct Debt	\$932.18
Per Capita Net Direct and Overlapping Debt	\$1,487.90
Percent of Net Direct Debt of 2025 Taxable Value	4.71%
Percent of Net Direct and Overlapping Debt of 2025 Taxable Value	7.52%
Percent of Net Direct Debt of 2025 SEV	2.90%
Percent of Net Direct and Overlapping Debt of 2025 SEV	4.63%
Percent of Net Direct Debt of 2025 TCV	1.45%
Percent of Net Direct and Overlapping Debt of 2025 TCV	2.32%

\*Preliminary, subject to change.

### LEGAL DEBT MARGIN\* - (As of 09/30/25 – including the Bonds described herein)

2025 State Equalized Value		\$1,280,138,103
Legal Debt Limit - 15% of SEV		\$192,020,715
Total Bonded Debt Outstanding	\$37,140,000	
Less: SLRF Qualified Bonds <sup>1</sup>	<u>(37,140,000)</u>	
Net Amount Subject to Legal Debt Limit		<u>0</u>
LEGAL DEBT MARGIN AVAILABLE		<u><u>\$192,020,715</u></u>

\*Preliminary, subject to change.

<sup>1</sup>Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that the bonded indebtedness of a school district shall not exceed 15% of the total assessed valuation of the district. Bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16 of the Michigan Constitution of 1963, and (2) deficit budget bonds as authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.



## EMPLOYMENT CHARACTERISTICS

Listed below are the largest employers that are located within the School District and Macomb County:

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Eastpointe Community Schools	Education	255
Olive Garden	Restaurant	231
City of Eastpointe	Government	173
McCoy maintenance	Janitorial Services	167
Kem-Tec	Surveying & Engineering	100
Genesis Cheverlot	Dealership	72
Taco Bell	Restaurant	72
Pep Boys	Automotive Parts	66
Ace Real Estate	Real Estate	65
Cloverleaf Bar & Restaurant	Restaurant	65
<i>Within the County of Macomb (1,200+ Employees)</i>		
General Motors Corporation	Automotive	23,500
Stellantis NV (f/k/a FCA US LLC)	Automotive	14,614
U.S. Government (TACOM)	Government/Tank Manufacturing	7,800
Henry Ford Health System (incl. Ascension Health)	Healthcare	4,578
Ford Motor Company	Automotive	3,785
Macomb County	Government	2,596
Utica Community Schools	Education	2,456
General Dynamics Land Systems	Military Equipment	2,116
Walmart	Retail	1,950
McLaren Health Care	Healthcare	1,907
State of Michigan	Government	1,628
Warren Consolidated School District	Education	1,552
Chippewa Valley Schools	Education	1,493
Amazon.com Inc.	Retail/E-commerce	1,255
L'Anse Creuse Public Schools	Education	1,233

Source: Crain's Detroit Business Book of Lists 2025 edition, MEDC website via [www.michiganbusiness.org](http://www.michiganbusiness.org), and individual employers.

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2019-2023 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Eastpointe and the County of Macomb as follows:

PERSONS BY OCCUPATION	City of Eastpointe		County of Macomb	
	Number	Percent	Number	Percent
	14,714	100.00%	431,936	100.00%
Management, Business, Science & Arts	3,366	22.88	162,190	37.54
Service	3,215	21.85	69,218	16.03
Sales & Office	3,496	23.75	93,467	21.64
Natural Resources, Construction & Maintenance	1,262	8.58	33,285	7.71
Production, Transportation & Material Moving	3,375	22.94	73,776	17.08

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Eastpointe and the County of Macomb as follows:

	City of Eastpointe		County of Macomb	
	Number	Percent	Number	Percent
<b>PERSONS BY INDUSTRY</b>	14,714	100.00%	431,936	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	0	0.00	1,567	0.37
Construction	757	5.14	26,368	6.10
Manufacturing	2,982	20.26	89,672	20.76
Wholesale Trade	222	1.51	8,593	1.99
Retail Trade	1,524	10.36	49,474	11.45
Transportation, Warehousing & Utilities	819	5.57	19,889	4.60
Information	188	1.28	4,590	1.07
Finance, Insurance & Real Estate	828	5.63	27,554	6.38
Professional, Scientific & Management Services	1,559	10.60	44,203	10.23
Educational, Health & Social Services	2,787	18.93	88,681	20.53
Arts, Entertainment, Recreation & Food Services	2,072	14.08	37,359	8.65
Other Services except Public Administration	504	3.43	18,927	4.38
Public Administration	472	3.21	15,059	3.49

## UNEMPLOYMENT

The U.S. Department of Labor, Bureau of Labor Market Statistics, reports unemployment averages for the City of Eastpointe and the County of Macomb as compared to the State of Michigan as follows:

Annual Average	City of Eastpointe	County of Macomb	State of Michigan
July, 2025	13.0%	5.6%	6.0%
2024	10.5	4.5	4.7
2023	8.4	3.5	3.9
2022	9.0	3.8	4.2
2021	13.4	5.8	5.7

## POPULATION BY AGE

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of population by age for the City of Eastpointe and the County of Macomb as follows:

	City of Eastpointe		County of Macomb	
	Number	Percent	Number	Percent
Total Population	34,003	100.00%	877,624	100.00%
0 through 19 years	8,796	25.87	200,579	22.85
20 through 64 years	20,709	60.90	520,507	59.31
65 years and over	4,498	13.23	156,538	17.84
Median Age	36.4 years		41.1 years	

## INCOME

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of household income for the City of Eastpointe and the County of Macomb as follows:

	City of Eastpointe		County of Macomb	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	13,400	100.00%	356,426	100.00%
Less than \$ 10,000	1,145	8.54	14,791	4.15
\$ 10,000 to \$ 14,999	406	3.04	9,882	2.78
\$ 15,000 to \$ 24,999	906	6.76	23,184	6.50
\$ 25,000 to \$ 34,999	1,175	8.77	24,595	6.90
\$ 35,000 to \$ 49,999	2,186	16.31	41,927	11.76
\$ 50,000 to \$ 74,999	2,711	20.23	60,984	17.11
\$ 75,000 to \$ 99,999	1,790	13.36	49,999	14.03
\$100,000 to \$149,999	2,249	16.78	67,154	18.84
\$150,000 to \$199,999	495	3.69	34,681	9.73
\$200,000 or MORE	337	2.52	29,229	8.20
Median Income	\$58,196		\$76,399	

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# APPENDIX C

## GENERAL FUND BUDGET SUMMARIES AND COMPARATIVE FINANCIAL STATEMENTS

### Eastpointe Community Schools General Fund Budget Summaries

	Final Amended 2024/25	As Adopted 2025/26
<b>Revenue:</b>		
Local Sources	\$5,813,287	\$6,184,810
State Sources	26,485,404	24,641,092
Federal Sources	5,458,339	4,699,068
Interdistrict	2,119,472	2,140,043
Incoming Transfers & Other Transactions	62,147	120,000
<b>Total Revenue</b>	<u>\$39,938,649</u>	<u>\$37,785,013</u>
<b>Expenditures:</b>		
Instructional Services		
Basic Program	\$10,994,306	\$12,567,542
Added Needs	6,172,870	6,477,650
Support:		
Pupil	3,094,026	3,350,588
Instructional Staff	4,460,192	4,654,297
General Administration	774,754	750,042
School Administration	1,964,980	1,911,352
Business Services	421,493	717,334
Operation & Maintenance	4,925,070	5,481,965
Transportation	1,645,516	1,741,969
Central Services	2,026,018	2,204,439
Athletics	349,232	530,881
Community Services	176,688	119,360
Capital Outlay	1,429,587	463,290
Debt Service	80,866	80,866
<b>Total Expenditures</b>	<u>\$38,515,598</u>	<u>\$41,051,575</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>\$1,423,051</u>	<u>(\$3,266,562)</u>
<b>Beginning Fund Balance - July 1</b>	<u>\$16,036,531</u>	<u>\$17,459,582</u>
<b>Projected Fund Balance - June 30</b>	<u><u>\$17,459,582</u></u>	<u><u>\$14,193,020</u></u>

Source: School District

**Eastpointe Community Schools  
General Fund**

**Comparative Balance Sheet**

	For Fiscal Years Ended June 30th		
	2022	2023	2024
<b>Assets:</b>			
Cash	\$6,104,149	\$10,190,455	\$16,414,993
Accounts Receivable	89,415	131,984	53,514
Taxes Receivable	184,939	13,202	--
Due from Other Funds	163,107	453,110	4,491,830
Due from Other Governmental Units	11,705,052	8,526,842	6,693,415
Prepaid Items	245,712	368,897	46,857
<b>Total Assets</b>	<b>\$18,492,374</b>	<b>\$19,684,490</b>	<b>\$27,700,609</b>
<b>Liabilities:</b>			
Accounts Payable	\$1,029,637	\$1,782,908	\$2,258,790
State Aid Anticipation Note Payable	2,600,000	--	--
Due to Other Funds	497,865	613,774	1,482,868
Due to Other Governmental Units	361,930	396,133	457,509
Payroll deductions and withholdings	40,973	42,694	814,996
Accrued Expenditures	188,157	351,193	223,256
Accrued Salaries Payable	2,106,545	2,738,783	2,991,869
Unearned Revenue	392,697	790,920	3,334,292
<b>Total Liabilities</b>	<b>\$7,217,804</b>	<b>\$6,716,405</b>	<b>\$11,563,580</b>
<b>Deferred Inflows of Resources</b>			
Grants Received	\$32,716	\$333,663	\$100,498
<b>Fund Balance:</b>			
Nonspendable	\$245,712	\$368,897	\$46,857
Assigned for 2023-24 expenditures in excess of revenues	--	7,055	--
Unassigned	10,996,142	12,258,470	15,989,674
<b>Total Fund Balance</b>	<b>\$11,241,854</b>	<b>\$12,634,422</b>	<b>\$16,036,531</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$18,492,374</b>	<b>\$19,684,490</b>	<b>\$27,700,609</b>

Source: Audited Financial Statements

# Eastpointe Community Schools General Fund

## Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

	For Fiscal Years Ended June 30th		
	2022	2023	2024
<b>Revenue:</b>			
Local Sources	\$5,294,180	\$5,364,125	\$5,781,978
State Sources	20,530,660	23,649,565	25,198,063
Federal Sources	10,667,298	15,841,242	14,342,441
Interdistrict Sources	1,647,353	1,465,817	1,235,749
<b>Total Revenue</b>	<u>\$38,139,491</u>	<u>\$46,320,749</u>	<u>\$46,558,231</u>
<b>Expenditures:</b>			
Current:			
Instruction	\$16,885,389	\$18,736,719	\$19,073,466
Supporting Services	16,034,878	20,326,160	20,585,723
Community Service	71,021	111,477	112,392
Capital Outlay	2,495,530	5,817,223	3,419,073
Debt Service			
Principal	--	57,328	47,918
Interest and Other Expenditures	--	37,974	31,201
<b>Total Expenditures</b>	<u>\$35,486,818</u>	<u>\$45,086,881</u>	<u>\$43,269,773</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>\$2,652,673</u>	<u>\$1,233,868</u>	<u>\$3,288,458</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	\$24,478	\$119,403	\$132,221
Operating Transfers Out	--	--	(18,570)
Proceeds from Sale of Capital Assets	--	39,297	--
<b>Total Other Financing Sources (Uses):</b>	<u>\$24,478</u>	<u>\$158,700</u>	<u>\$113,651</u>
<b>Excess of Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<u>\$2,677,151</u>	<u>\$1,392,568</u>	<u>\$3,402,109</u>
<b>Fund Balance - Beginning</b>	<u>\$8,564,703</u>	<u>\$11,241,854</u>	<u>\$12,634,422</u>
<b>Fund Balance - Ending</b>	<u><u>\$11,241,854</u></u>	<u><u>\$12,634,422</u></u>	<u><u>\$16,036,531</u></u>

Source: Audited Financial Statements

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## **APPENDIX D**

### **AUDITED FINANCIAL STATEMENTS**

The auditor was not requested to examine or review and therefore has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly has not conducted any post-audit review procedures and will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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## Independent Auditors' Report

Management and the Board of Education  
Eastpointe Community Schools  
Eastpointe, MI

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastpointe Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Eastpointe Community Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eastpointe Community Schools, as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastpointe Community Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastpointe Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eastpointe Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastpointe Community Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastpointe Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of Eastpointe Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 an opinion on the effectiveness of Eastpointe Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastpointe Community Schools' internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*  
 Flint, MI  
 October 31, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

This section of Eastpointe Community Schools' (School District) annual financial report presents discussion and analysis of the School District's financial performance during the year ended June 30, 2024. It should be read in conjunction with the School District's financial statements, which immediately follow this section. The School District is required to implement the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) in its financial statement presentation. This accounting standard requires the reporting of two types of financial statements: District-wide Financial Statements and Fund Financial Statements.

The financial report is only one measure of a school district's viability. A school district's goal is to provide services to students, not to generate profits as commercial entities do. Consideration should also be given to other non-financial factors, such as the quality of the education provided and safety of the schools, in the assessment of the overall health of a school district.

**District-wide Financial Statements**

The District-wide Financial Statements provide information about the activities of the School District as a whole, presenting both an aggregate view of the School District's finances and a long-term view of those finances. District-wide statements are presented on a full accrual basis, which is the primary accounting method used in private industry. The Statement of Net Position reports all the School District's assets regardless of whether they are available for current use or legally restricted, and all of its liabilities, both short-term and long-term. The Statement of Activities reports all of the School District revenues and expenses by type of activity.

**Fund Financial Statements**

The School District segregates resources and activities in separate funds (or entities); each used for a specific purpose, to facilitate accountability for those resources. The Fund Financial Statements provide a detailed short-term view of the operations of the School District's various fiscal components, not a long-term view of the School District as a whole. It provides information as to the amount of financial resources that can be spent in the near future to finance programs. It also provides information about the School District's most significant funds, the General Fund (the School District's principal operating Fund) and the Debt Retirement Fund, and its non-major funds, which are grouped together and presented as Other Governmental Funds. The School District's non-major funds are Food Service and Capital Projects. Fund Financial Statements are presented on a modified accrual basis. Only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they can be paid using current financial resources. For further information on the attributes of the modified accrual basis and the full accrual basis of accounting, please refer to Note 1 – Summary of Significant Accounting Policies in the Notes to Financial Statement section of this report.

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**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

**The School District as a Whole**

As discussed above, the statement of net position provides information of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2024:

	Governmental Activities (in millions)	
	2024	2023
<b>Assets</b>		
Current and other assets	\$ 44.9	\$ 22.4
Capital assets - net of accumulated depreciation	47.8	38.1
<b>Total assets</b>	<b>92.7</b>	<b>60.5</b>
Deferred outflows of resources	14.3	17.0
<b>Total assets and deferred outflows of resources</b>	<b>\$ 107.0</b>	<b>\$ 77.5</b>
<b>Liabilities</b>		
Current liabilities	\$ 10.9	\$ 6.3
Long-term liabilities	69.8	61.0
<b>Total liabilities</b>	<b>80.7</b>	<b>67.3</b>
Deferred inflows of resources	14.8	13.2
<b>Total liabilities and deferred inflows of resources</b>	<b>95.5</b>	<b>80.5</b>
<b>Net Position</b>		
Net investment in capital assets	\$ 33.4	\$ 28.2
Restricted	3.9	3.2
Unrestricted (deficit)	(25.8)	(34.4)
<b>Total net position</b>	<b>\$ 11.5</b>	<b>\$ (3.0)</b>

Net position at year-end was \$ 11.5 million. The School District's investment in capital assets, net of related debt, was \$ 33.4 million. The (\$ 25.8) million in unrestricted net position represents the cumulative operating results of the year ended June 30, 2024, and all prior years.

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**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

The School District's net position increased \$14.5 million during the fiscal year ended June 30, 2024. The cost to operate the School District's programs was \$ 38.5 million. Partially funding these programs were grant revenues totaling \$ 25.7 million and charges for services of \$ 0.2 million. The remaining costs of the School District's programs were funded by general revenues, primarily state aid and property tax collections, totaling \$ 27.1 million.

	Governmental Activities (in millions)	
	2024	2023
Revenue		
Program revenue:		
Charges for services	\$ 0.2	\$ 0.2
Grants and contributions	25.7	21.6
General revenue:		
Property taxes	11.0	10.6
State foundation allowances	15.6	19.8
Other	0.5	0.4
Total revenue	<u>53.0</u>	<u>52.6</u>
Function Program Services		
Instruction	17.0	17.5
Support Services	18.6	19.5
Community Services	0.1	0.1
Food Services	1.8	1.6
Interest on long-term debt	1.1	0.3
Total expenses	<u>38.5</u>	<u>39.0</u>
Increase in Net Position	<u>\$ 14.5</u>	<u>\$ 13.6</u>

3-3

**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

Capital Assets

June 30, 2024, the School District had an investment in capital assets, net of accumulated depreciation, of \$47.7 million. This includes land, buildings, improvements, buses, vehicles, furniture, and equipment.

Capital assets increased by \$ 9.6 million during the year due to building improvements at the four elementary schools.

	2024	2023
Land	\$ 0.1	\$ 0.1
Construction in progress	5.0	5.7
Buildings	67.4	56.9
Site improvements	1.9	1.9
Buses and other vehicles	0.7	0.5
Furniture and equipment	15.7	14.8
Subscription Agreements	0.5	-
Total capital assets	91.3	79.9
Less accumulated depreciation	43.6	41.8
Net capital assets	<u>\$ 47.7</u>	<u>\$ 38.1</u>

Debt

At June 30, 2024, the School District had \$ 29.0 million in long-term debt, compared to \$ 10.2 million at the same time last year. Additional information about the School District's long-term debt is presented in the Notes to Financial Statements (note 7).

	2024	2023
General Obligation Bonds (financed with property taxes)	\$ 26.5	\$ 8.1
Other Long-Term Debt	2.5	2.7
	<u>\$ 29.0</u>	<u>\$ 10.8</u>

3-4

**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

**The School District's Funds**

As mentioned above, the School District uses funds to segregate and account for resources and activities that are used for specific purposes. At June 30, 2024, the School District's governmental funds had a combined fund balance of \$ 34.0 million, an increase of \$ 16.0 million from June 30, 2024. The contributions of each individual fund are as follows.

General Fund

The ending fund balance of the General Fund, the principal operating fund of the School District, increased \$ 3.4 million to \$ 16.0 million positive fund balance at June 30, 2024. The fund balance of the General Fund is available to fund costs related to school operations.

Debt Service Fund

The Debt Service Fund equity balance at June 30, 2024 was \$ 2.1 million compared to \$1.6 million last year. Debt millage taxes are levied to pay the interest and principal on the district's outstanding debt on bonds issued for capital projects.

2024 Capital Projects Fund

The 2025 Capital Projects Fund equity balance was \$13.9 million at June 30, 2024. The first series of bonds generating \$20.0 million revenue was sold during the year. Capital expenditures incurred during the year were \$6.3 million. The remainder from this first series of bonds will be spent in fiscal year 2025.

Sinking Fund

The Sinking Fund was established via a voter election in November 2019. It is funded by property taxes which generated approximately \$1.9 million during the year. The spending of this funds is restricted for capital improvements and repairs.

Cafeteria Fund

At June 30, 2024 the Cafeteria Fund equity balance was \$191,743 compared to \$40,533 last year.

General Fund Budget Highlights

State law requires that school districts periodically amend their budgets to ensure that expenditures do not exceed appropriations. During the year, the School District revised its budget in response to and/or in anticipation of changing operating conditions. The School District had one budget amendment during the year. (A schedule showing the School District's original budget, final budget, and actual results for the General Fund is provided in the Required Supplemental Information section of these financial statements.)

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**Eastpointe Community Schools**  
**Administration's Discussion and Analysis**  
**For the fiscal year ended June 30, 2024**

The majority of the School District's revenue is based on student enrollment. For fiscal 2024, it received \$ 9,608 per pupil from the State of Michigan, an increase of \$ 458 per pupil from the prior year.

The original budget reflected certain assumptions for enrollment, grant funding, staffing and other expenditures. The June 2024 final amended budget reflected revenue based on actual enrollment and expenditures based on actual staffing levels.

The fund balance at June 30, 2024 was \$ 16.0 million, a \$ 3.4 million increase from the prior year due primarily to the increase in per pupil funding from the State of Michigan mentioned above and federal coronavirus relief grant funds which were used in place of general operating funds for certain expenditures.

Economic Factors Affecting Next Year's Budgets

The School District's administration and Board of Education (the "Board") consider many factors in the budget process. One of the most important factors affecting the budget is student enrollment. Over 50% of the School District's revenue is derived from the State of Michigan's student enrollment-based funding formula. The formula to allocate revenue to school districts is based on the blending of two official pupil counts and a per-pupil funding allocation (called the "Foundation Allowance").

The 2025 budget was adopted in June 2024 and was based on certain assumptions regarding enrollment and state funding. Once the actual student count and funding levels are known, administration and the Board will implement a plan to adjust expenses and amend the budget accordingly. The 2025 budget will reflect a reduction of federal coronavirus relief funding as that grant will end at September 30, 2024. The district anticipates an operating surplus in 2025.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Department, Eastpointe Community Schools, 24685 Kelly Road, Eastpointe, Michigan, 48021.

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## BASIC FINANCIAL STATEMENTS

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### Eastpointe Community Schools Statement of Net Position June 30, 2024

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	Governmental Activities
<b>Assets</b>	
Cash	\$ 26,761,508
Accounts receivable	53,514
Due from other governmental units	6,693,415
Inventory	36,519
Investments	10,591,008
Prepaid items	56,289
Capital assets not being depreciated	5,013,553
Capital assets - net of accumulated depreciation	42,737,958
Net OPEB asset	<u>711,905</u>
Total assets	<u>92,655,669</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount on debt refunding	331,196
Deferred amount relating to the net pension liability	11,519,927
Deferred amount relating to the net OPEB asset	<u>2,505,676</u>
Total deferred outflows of resources	<u>14,356,799</u>

See Accompanying Notes to the Financial Statements

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**Eastpointe Community Schools**  
**Statement of Net Position**  
**June 30, 2024**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	2,258,790
Due to other governmental units	457,509
Payroll deductions and withholdings	814,996
Accrued expenditures	1,055,627
Accrued salaries payable	2,991,869
Unearned revenue	3,334,611
Long-term liabilities	
Net pension liability	40,838,150
Due within one year	2,658,950
Due in more than one year	26,341,315
Total liabilities	<u>80,751,817</u>
<b>Deferred Inflows of Resources</b>	
Deferred amount relating to the net pension liability	8,361,909
Deferred amount relating to the net OPEB asset	6,441,980
Total deferred inflows of resources	<u>14,803,889</u>
<b>Net Position</b>	
Net investment in capital assets	33,425,480
Restricted for:	
Food service	191,743
Debt service	1,431,246
Capital projects - sinking fund	1,577,529
Net OPEB asset	711,905
Unrestricted	<u>(25,881,141)</u>
Total net position	<u>\$ 11,456,762</u>

See Accompanying Notes to the Financial Statements  
4 - 2

**Eastpointe Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 17,024,522	\$ 14,825	\$ 14,140,424	\$ (2,869,273)
Supporting services	18,575,320	179,852	9,484,617	(8,910,851)
Food services	1,835,195	47,090	1,977,121	189,016
Community services	117,223	-	112,392	(4,831)
Interest and fiscal charges on long-term debt	<u>1,056,089</u>	-	-	<u>(1,056,089)</u>
Total governmental activities	<u>\$ 38,608,349</u>	<u>\$ 241,767</u>	<u>\$ 25,714,554</u>	<u>(12,652,028)</u>
General revenues				
Property taxes, levied for general purposes				8,586,865
Property taxes, levied for debt service				2,372,774
State aid - unrestricted				15,631,939
Interest and investment earnings				270,614
Other				<u>247,373</u>
Total general revenues				<u>27,109,565</u>
Change in net position				14,457,537
Net position - beginning				<u>(3,000,775)</u>
Net position - ending				<u>\$ 11,456,762</u>

See Accompanying Notes to the Financial Statements  
4 - 3

**Eastpointe Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Debt Service Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 16,414,993	\$ 1,102,457	\$ 7,318,749	\$ 1,925,309	\$ 26,761,508
Accounts receivable	53,514	-	-	-	53,514
Due from other funds	4,491,830	1,014,860	-	468,008	5,974,698
Due from other governmental units	6,693,415	-	-	-	6,693,415
Inventory	-	-	-	36,519	36,519
Investments	-	-	10,591,008	-	10,591,008
Prepaid items	46,857	-	-	9,432	56,289
<b>Total assets</b>	<b>\$ 27,700,609</b>	<b>\$ 2,117,317</b>	<b>\$ 17,909,757</b>	<b>\$ 2,439,268</b>	<b>\$ 50,166,951</b>
<b>Liabilities</b>					
Accounts payable	\$ 2,258,790	\$ -	\$ -	\$ -	\$ 2,258,790
Due to other funds	1,482,868	-	4,021,940	469,890	5,974,698
Due to other governmental units	457,509	-	-	-	457,509
Payroll deductions and withholdings	814,996	-	-	-	814,996
Accrued expenditures	223,256	-	-	15,300	238,556
Accrued salaries payable	2,991,869	-	-	-	2,991,869
Unearned revenue	3,334,292	-	-	319	3,334,611
<b>Total liabilities</b>	<b>11,563,580</b>	<b>-</b>	<b>4,021,940</b>	<b>485,509</b>	<b>16,071,029</b>

See Accompanying Notes to the Financial Statements  
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**Eastpointe Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Debt Service Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Grants received	100,498	-	-	-	100,498
<b>Fund Balances</b>					
Non-spendable					
Inventory	-	-	-	36,519	36,519
Prepaid items	46,857	-	-	9,432	56,289
Restricted for					
Cafeteria	-	-	-	145,792	145,792
Debt service	-	2,117,317	-	-	2,117,317
Capital projects	-	-	13,887,817	1,577,529	15,465,346
Committed					
Student activities	-	-	-	184,487	184,487
Unassigned	15,989,674	-	-	-	15,989,674
<b>Total fund balances</b>	<b>16,036,531</b>	<b>2,117,317</b>	<b>13,887,817</b>	<b>1,953,759</b>	<b>33,995,424</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,700,609</b>	<b>\$ 2,117,317</b>	<b>\$ 17,909,757</b>	<b>\$ 2,439,268</b>	<b>\$ 50,166,951</b>

See Accompanying Notes to the Financial Statements  
4 - 5

**Eastpointe Community Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2024**

<b>Total fund balances for governmental funds</b>	<b>\$ 33,995,424</b>
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	100,498
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	5,013,553
Capital assets - net of accumulated depreciation	42,737,958
Net OPEB asset is not recorded as an asset in the governmental funds	711,905
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	331,196
Deferred outflows of resources resulting from the net pension liability	11,519,927
Deferred outflows of resources resulting from the net OPEB asset	2,505,676
Deferred inflows of resources resulting from the net pension liability	(8,361,909)
Deferred inflows of resources resulting from the net OPEB asset	(6,441,980)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(686,071)
Incurred but not reported benefit claims	(131,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(40,838,150)
Compensated absences	(455,221)
Bonds payable	(26,535,772)
Other loans payable and liabilities	<u>(2,009,272)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 11,456,762</u></b>

See Accompanying Notes to the Financial Statements  
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**Eastpointe Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Debt Service Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 5,781,978	\$ 2,382,852	\$ 208,719	\$ 2,134,195	\$ 10,507,744
State sources	25,198,063	20,862	-	54,388	25,273,313
Federal sources	14,342,441	-	-	1,939,804	16,282,245
Interdistrict sources	<u>1,235,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,235,749</u>
Total revenues	<u>46,558,231</u>	<u>2,403,714</u>	<u>208,719</u>	<u>4,128,387</u>	<u>53,299,051</u>
<b>Expenditures</b>					
Current					
Education					
Instruction	19,073,466	-	-	-	19,073,466
Supporting services	20,585,723	-	-	154,461	20,740,184
Food services	-	-	-	1,759,559	1,759,559
Community services	112,392	-	-	-	112,392
Facilities acquisition	-	-	6,247,195	1,801,533	8,048,728
Capital outlay	3,419,073	-	-	-	3,419,073
Debt service					
Principal	47,918	1,575,000	-	75,700	1,698,618
Interest and other expenditures	<u>31,201</u>	<u>289,430</u>	<u>149,649</u>	<u>42,978</u>	<u>513,258</u>
Total expenditures	<u>43,269,773</u>	<u>1,864,430</u>	<u>6,396,844</u>	<u>3,834,231</u>	<u>55,365,278</u>
Excess (deficiency) of revenues over expenditures	<u>3,288,458</u>	<u>539,284</u>	<u>(6,188,125)</u>	<u>294,156</u>	<u>(2,066,227)</u>

See Accompanying Notes to the Financial Statements  
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**Eastpointe Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**

	General Fund	Debt Service Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of bonds	-	-	20,075,942	-	20,075,942
Transfers in	132,221	-	-	18,570	150,791
Transfers out	(18,570)	-	-	(132,221)	(150,791)
<b>Total other financing sources (uses)</b>	<b>113,651</b>	<b>-</b>	<b>20,075,942</b>	<b>(113,651)</b>	<b>20,075,942</b>
<b>Net change in fund balances</b>	<b>3,402,109</b>	<b>539,284</b>	<b>13,887,817</b>	<b>180,505</b>	<b>18,009,715</b>
Fund balances - beginning	12,634,422	1,578,033	-	1,773,254	15,985,709
Fund balances - ending	<u>\$ 16,036,531</u>	<u>\$ 2,117,317</u>	<u>\$ 13,887,817</u>	<u>\$ 1,953,759</u>	<u>\$ 33,995,424</u>

See Accompanying Notes to the Financial Statements  
4 - 8

**Eastpointe Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2024**

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 18,009,715</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(233,165)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(1,791,881)
Capital outlay	11,440,201
Expenses are recorded when incurred in the statement of activities.	
Interest	(583,512)
Benefit claims	(18,000)
Compensated absences	65,543
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	6,701,422
Net change in deferrals of resources related to the net pension liability	(3,649,791)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	3,379,526
Net change in deferrals of resources related to the net OPEB asset	(525,878)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(20,075,942)
Repayments of long-term debt	1,698,618
Deferred amount on debt refunding	(61,627)
Amortization of premiums	102,308
<b>Change in net position of governmental activities</b>	<b>\$ 14,457,537</b>

See Accompanying Notes to the Financial Statements  
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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Eastpointe Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**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. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

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

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

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

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

The School District reports the following major governmental funds:

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

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

2024 Capital Projects Fund - The 2024 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Cafeteria Fund and Student Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Energy Capital Projects Fund - The Energy Capital Projects Fund is used for purchasing equipment that will make the district more

energy efficient. The Energy Capital Projects Fund was established in fiscal year 2019 and was funded with a loan.

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

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

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 collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	16.8979
Commercial personal property	4.8979
Debt Service Funds	
	3.5000
Sinking Fund	
	2.8099

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. All of the School District's tax roll lies within Macomb County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property

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taxes uncollected as of March 1 are purchased by the County of Macomb and remitted to the School District by May 15.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

**Capital Assets** - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and site improvements	20 - 50 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

**Deferred Outflows of Resources** - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB

liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

**Compensated Absences** - Sick days are earned by employees at various rates depending on employee classification and years of service. Unlimited unused sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick and vacation days to a maximum number of days and at a rate determined by their bargaining agreement.

Full-time employees earn sick days at the rate of 10, 12, or 13 per year depending on whether they are a 52 week or less than 52 week employee, respectively. There is no maximum on sick days accumulated.

Teachers, administrators, professional or technical employees are paid \$400 per year of service and secretarial and clerical employees \$250 per year of service upon retirement if any of the following conditions are met:

- The employee is eligible for retirement and makes application to the Michigan School Employees Retirement System.
- Secretarial and clerical employees must have worked for minimum five (5) years in Eastpointe Community Schools.

The liability for compensated absences reported in the district-wide financial statements consist of unpaid, accumulated vacation pay balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are 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. The amount reported is salary related and

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**Eastpointe Community Schools**  
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includes no fringe benefits, since the amount of said benefits would be immaterial.

**Long-term Obligations** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts 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. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

**Pension** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions** - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources** - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

**Fund Balance** - In the fund financial statements, governmental funds report fund balances in the following categories:

**Non-spendable** - amounts that are not available in a spendable form.

**Restricted** - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

**Committed** - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

**Assigned** - amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the Superintendent the authority to

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**Eastpointe Community Schools**  
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assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will

result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

**Upcoming Accounting and Reporting Changes**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
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**Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Pupil transportation services	\$ 1,386,480	\$ 1,451,210	\$ 64,730
Athletic activities	408,623	456,653	48,030
Other	-	24,429	24,429
Capital outlay	3,169,268	3,419,073	249,805
Transfers out	-	18,570	18,570

**Compliance - Bond Proceeds**

**2024 Capital Projects**

The 2024 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

The following table is a summary of the revenue and expenditures in the 2024 Capital Projects funds from the inception of the funds through the current fiscal year:

	2024 Building & Site Bond
Revenues	\$ 20,284,661
Expenditures	6,396,844

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**Eastpointe Community Schools**  
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**Compliance - Sinking Funds**

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

**Note 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	\$ 26,761,508
Investments	<u>10,591,008</u>
	<u>\$ 37,352,516</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$26,759,481
Investments in securities, mutual funds, and similar vehicles	10,591,008
Petty cash and cash on hand	<u>2,027</u>
Total	<u>\$37,352,516</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
U.S. Treasury Notes	\$ 2,929,102	1 - 2 years	AA+	S&P
Federal Home Loan Mortgage Corporation	2,890,850	1 - 2 years	AA+	S&P
Federal National Mortgage Corporation	1,062,223	1 - 2 years	AA+	S&P
Federal Farm Credit Banks	<u>3,708,833</u>	1 - 2 years	AA+	S&P
	<u>\$10,591,008</u>			

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - 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 an office 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 has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this 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 does not have a deposit policy for custodial credit risk. As of year end, \$19,389,330 of the School District's bank balance of \$21,118,808 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
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**Note 4 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2024:

- U.S. Treasury securities of \$ 2.9 million are valued using quoted market prices (Level 1 inputs)
- FMCC, FNMA, and FFCB securities of \$ 7.7 million are valued using a matrix pricing model (Level 2 inputs).

**Note 5 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Construction-in-progress	<u>5,647,950</u>	<u>4,963,553</u>	<u>5,647,950</u>	<u>4,963,553</u>
Total capital assets not being depreciated	<u>5,697,950</u>	<u>4,963,553</u>	<u>5,647,950</u>	<u>5,013,553</u>
Capital assets being depreciated				
Buildings and additions	56,914,694	10,506,924	-	67,421,618
Site improvements	1,936,502	-	-	1,936,502
Equipment and furniture	14,793,271	951,873	-	15,745,144
Buses and other vehicles	563,384	161,142	-	724,526
Right to use asset - subscription arrangements	-	504,659	-	504,659
Total capital assets being depreciated	<u>74,207,851</u>	<u>12,124,598</u>	<u>-</u>	<u>86,332,449</u>
Less accumulated depreciation for				
Buildings and additions	26,607,242	1,350,222	-	27,957,464
Site improvements	1,317,673	96,825	-	1,414,498
Equipment and furniture	13,349,417	242,831	-	13,592,248
Buses and other vehicles	528,278	17,893	-	546,171
Right to use asset - subscription arrangements	-	84,110	-	84,110
Total accumulated depreciation	<u>41,802,610</u>	<u>1,791,881</u>	<u>-</u>	<u>43,594,491</u>
Net capital assets being depreciated	<u>32,405,241</u>	<u>10,332,717</u>	<u>-</u>	<u>42,737,958</u>
Net capital assets	<u>\$38,103,191</u>	<u>\$15,296,270</u>	<u>\$5,647,950</u>	<u>\$47,751,511</u>

Depreciation and amortization expense of capital assets were charged to activities of the School District as follows:

<b>Governmental activities</b>	
Instruction	\$ 819,885
Supporting services	891,529
Food services	75,636
Community services	<u>4,831</u>
Total governmental activities	<u>\$ 1,791,881</u>

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
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**Construction Contracts**

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$ 9.7 million.

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

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Debt Service Fund	\$ 1,014,860
General Fund	Nonmajor governmental funds	468,008
2024 Capital Projects Fund	General Fund	4,021,940
Nonmajor governmental funds	General Fund	<u>469,890</u>
		<u>\$ 5,974,698</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	\$ -	\$ 132,221	\$ 132,221
Nonmajor governmental funds	<u>18,750</u>	<u>-</u>	<u>18,750</u>
	<u>\$ 18,750</u>	<u>\$ 132,221</u>	<u>\$ 150,971</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities and to reimburse it for indirect costs incurred.

**Note 7 - Unearned Revenue**

governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 3,334,292
Student meals	<u>319</u>
Total	<u>\$ 3,334,611</u>

**Note 8 - Subscription Based Information Technology**

During the 2024 fiscal year, the School District entered into a 5 year subscription arrangement for the use of curriculum software, beginning August 2023 and ending July 2028. The entire subscription was paid for in full at the start of the agreement. The value of the right-to-use asset as of the end of the current fiscal year was \$504,659 and had accumulated amortization of \$84,110.

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**Eastpointe Community Schools**  
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**Note 9 - Long-Term Debt**

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 7,485,000	\$ 18,130,000	\$ 1,575,000	\$ 24,040,000	\$ 2,455,000
Premium on bonds	<u>652,138</u>	<u>1,945,942</u>	<u>102,308</u>	<u>2,495,772</u>	-
Total bonds payable	8,137,138	20,075,942	1,677,308	26,535,772	2,455,000
Notes from direct borrowings and direct placements					
Other loan payable	<u>2,132,890</u>	<u>-</u>	<u>123,618</u>	<u>2,009,272</u>	<u>133,950</u>
Other liabilities					
Compensated absences	<u>520,764</u>	<u>70,000</u>	<u>135,543</u>	<u>455,221</u>	<u>70,000</u>
Total	<u>\$10,790,792</u>	<u>\$20,145,942</u>	<u>\$1,936,469</u>	<u>\$29,000,265</u>	<u>\$2,658,950</u>

For governmental activities, compensated absences are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following:

2019 Refunding Bonds, \$ 9,090,000 due in annual installments of \$ 380,000 to \$ 810,000 through May 1, 2030, interest at 5.00%	\$ 4,380,000
2011 Building and Site Bonds, \$ 7,710,000 due in annual installments of \$ 760,000 to \$ 765,000 through May 1, 2026, interest at 6.50%	1,530,000
2024 Building and Site Bonds, \$ 18,130,000 due in annual installments of \$ 120,000 to \$ 1,315,000 through May 1, 2048, interest at 5.00%	<u>18,130,000</u>
Total general obligation bonded debt	<u>\$24,040,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 2,455,000	\$ 1,383,588	\$ 3,838,588
2026	2,025,000	1,090,726	3,115,726
2027	800,000	978,000	1,778,000
2028	915,000	938,000	1,853,000
2029	950,000	892,250	1,842,250
2030-2034	3,245,000	3,892,250	7,137,250
2034-2038	3,845,000	3,046,750	6,891,750
2039-2043	4,915,000	1,983,500	6,898,500
2044-2048	<u>4,890,000</u>	<u>626,250</u>	<u>5,516,250</u>
Total	<u>\$ 24,040,000</u>	<u>\$ 14,831,314</u>	<u>\$ 38,871,314</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$2,117,317 to pay this debt. Future debt and interest will be payable from future tax levies.

**Energy Conservation Improvement Bonds**

The 2019 Energy Conservation Improvement Bonds are due May 1, 2035. The bonds are issued under the Qualified Zone Academy Bond program. Interest is eliminated through a tax credit.

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Future principal and interest requirements for the energy bond is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 133,950	\$ 68,266	\$ 202,216
2026	144,826	63,458	208,284
2027	156,273	58,264	214,537
2028	168,313	52,663	220,976
2029	180,974	46,635	227,609
2030-2035	1,224,936	137,794	1,362,730
Total	<u>\$ 2,009,272</u>	<u>\$ 427,080</u>	<u>\$ 2,436,352</u>

**Compensated Absences**

Accrued compensated absences at year end, consist of \$86,062 of vacation hours earned and vested. The School District offers a severance incentive plan to employees based on years of services to be paid to individuals retiring from the district that are eligible for retirement benefits according to the rules of the State Retirement System and who are presently at the maximum step of their appropriate track on the salary schedule. The balance as of year end was \$369,159. The amounts anticipated to be paid out over the next year is included within the amounts listed as due within one year.

**Deferred Amount on Refunding**

The advance refunding for the 2009 and 2010 bond refunding issuances resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2030. The balance as of June 30, 2024 was \$331,196.

**Note 10 - Risk Management**

The School District is self-insured for health insurance, including prescription and dental coverage. The School District has contracted with an independent administrator to process these claims and perform other administrative duties. Claims are administered by Blue Cross Blue Shield. The liability is calculated each quarter based upon claims already incurred and reported. Estimated liabilities for the years ended June 30, 2024 and 2023 are \$131,000 and \$113,000, respectively.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2024	2023
Estimated liability at the beginning of the year	\$ 113,000	\$ 165,000
Estimated claims incurred including changes in estimates	2,616,996	2,656,436
Claim payments	<u>(2,598,996)</u>	<u>(2,708,436)</u>
Estimated liability end of year	<u>\$ 131,000</u>	<u>\$ 113,000</u>

The School District participates in a public entity risk pool through the School Employers Group. With the exception of workers compensation and prescription and dental health coverage, as described above, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements for the year ended June 30, 2024.

**Eastpointe Community Schools**  
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**Note 11 - Pension Plan**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over an a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

**Eastpointe Community Schools**  
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Required contributions to the pension plan from the School District were \$4,547,517 for the year ending September 30, 2023.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the School District reported a liability of \$40,838,150 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was .1262 percent, which was a decrease of .0002 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$3,000,647 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$4,957,757.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,289,136	\$ (62,558)	\$ 1,226,578
Changes of assumptions	5,533,755	(3,190,637)	2,343,118
Net difference between projected and actual earnings on pension plan investments	-	(835,681)	(835,681)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	-	(1,986,743)	(1,986,743)
Total to be recognized in future	6,822,891	(6,075,619)	747,272
School District contributions subsequent to the measurement date	4,697,036	(2,286,290)	2,410,746
Total	\$ 11,519,927	\$ (8,361,909)	\$ 3,158,018

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2024	\$ (434,071)
2025	103,994
2026	1,678,609
2027	(601,260)
	<u>\$ 747,272</u>

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members

• Mortality:

- Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.7% inflation.

**Rate of Return**

For the plan year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions

will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
\$ 55,172,220	\$ 40,838,150	\$ 28,904,517

**Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Michigan Public School Employees' Retirement System (MPERS)**

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Note 12 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State

Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the

premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over an a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$980,329 for the year ended September 30, 2023.

**OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2024, the School District reported an asset of \$711,905 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was .1258 percent, which was a decrease of .0001 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(1,831,947) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$1,024,406.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(5,379,519)	\$(5,379,519)
Changes of assumptions	1,584,825	(190,843)	1,393,982
Net difference between projected and actual earnings on OPEB plan investments	2,171	-	2,171
Changes in proportion and differences between the School District contributions and proportionate share of contributions	6,680	(871,618)	(864,938)
Total to be recognized in future	1,593,676	(6,441,980)	(4,848,304)
School District contributions subsequent to the measurement date	912,000	-	912,000
Total	\$ 2,505,676	\$(6,441,980)	\$(3,936,304)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	\$(1,746,974)
2025	(1,504,180)
2026	(583,290)
2027	(477,063)
2028	(355,856)
Thereafter	(180,941)
	<u>\$(4,848,304)</u>

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions:**

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15
- Mortality:

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

- Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

**Other Assumptions:**

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.5099.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

\*Long-term rates of return are net of administrative expenses and 2.7% inflation.

**Rate of Return**

For the plan year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

**Discount Rate**

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ 738,032	\$ (711,905)	\$ (1,957,983)

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate**

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (1,961,090)	\$ (711,905)	\$ 640,123

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 13 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

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**Eastpointe Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**Note 14 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Warren. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the School District's property tax revenues were not reduced under these programs.

There are no significant abatements made by the School District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 5,505,210	\$ 5,107,982	\$ 5,781,978	673,996
State sources	24,513,464	27,193,206	25,198,063	(1,995,143)
Federal sources	14,182,859	15,815,177	14,342,441	(1,472,736)
Interdistrict sources	<u>1,622,964</u>	<u>1,255,019</u>	<u>1,235,749</u>	<u>(19,270)</u>
Total revenues	<u>45,824,497</u>	<u>49,371,384</u>	<u>46,558,231</u>	<u>(2,813,153)</u>
<b>Expenditures</b>				
Instruction				
Basic programs	14,396,684	14,205,110	13,519,444	(685,666)
Added needs	4,812,628	6,543,833	5,554,022	(989,811)
Supporting services				
Pupil	4,435,146	4,681,303	4,008,252	(673,051)
Instructional staff	4,837,271	5,496,104	4,732,987	(763,117)
General administration	542,899	885,860	865,684	(20,176)
School administration	2,526,125	2,856,318	2,271,777	(584,541)
Business	728,563	577,105	496,966	(80,139)
Operations and maintenance	5,291,946	5,055,035	4,842,943	(212,092)
Pupil transportation services	1,266,802	1,386,480	1,451,210	64,730
Central	1,509,082	2,286,853	1,434,822	(852,031)
Athletic activities	264,454	408,623	456,653	48,030
Other	-	-	24,429	24,429
Community services	197,492	164,660	112,392	(52,268)
Capital outlay	5,011,790	3,169,268	3,419,073	249,805
Debt service				
Principal	57,127	47,918	47,918	-
Interest and fiscal charges	<u>38,543</u>	<u>31,201</u>	<u>31,201</u>	<u>-</u>
Total expenditures	<u>45,916,552</u>	<u>47,795,671</u>	<u>43,269,773</u>	<u>(4,525,898)</u>
Excess (deficiency) of revenues over expenditures	<u>(92,055)</u>	<u>1,575,713</u>	<u>3,288,458</u>	<u>1,712,745</u>

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Other Financing Sources (Uses)</b>				
Transfers in	85,000	120,000	132,221	12,221
Transfers out	<u>-</u>	<u>-</u>	<u>(18,570)</u>	<u>(18,570)</u>
Total other financing sources (uses)	<u>85,000</u>	<u>120,000</u>	<u>113,651</u>	<u>(6,349)</u>
Net change in fund balances	(7,055)	1,695,713	3,402,109	1,706,396
Fund balance - beginning	<u>12,634,422</u>	<u>12,634,422</u>	<u>12,634,422</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,627,367</u>	<u>\$ 14,330,135</u>	<u>\$ 16,036,531</u>	<u>\$ 1,706,396</u>

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of net pension liability (%)	0.1262%	0.1264%	0.1297%	0.1394%	0.1537%	0.1650%	0.1700%	0.1759%	0.1777%	0.1830%
B. School District's proportionate share of net pension liability	\$ 40,838,150	\$ 47,539,572	\$ 30,704,907	\$ 47,880,999	\$ 50,897,279	\$ 49,589,692	\$ 44,067,008	\$ 43,884,256	\$ 43,414,642	\$ 40,300,003
C. School District's covered payroll	\$ 12,733,647	\$ 12,360,510	\$ 11,508,169	\$ 11,982,414	\$ 12,938,764	\$ 13,784,943	\$ 14,015,092	\$ 14,803,566	\$ 14,945,500	\$ 15,876,831
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	320.71%	384.61%	266.81%	399.59%	393.37%	359.74%	314.43%	296.44%	290.49%	253.83%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 4,957,757	\$ 4,631,025	\$ 4,329,820	\$ 3,822,880	\$ 3,555,819	\$ 3,977,851	\$ 4,054,564	\$ 4,713,577	\$ 2,790,350	\$ 3,337,518
B. Contributions in relation to statutorily required contributions	<u>4,957,757</u>	<u>4,631,025</u>	<u>4,329,820</u>	<u>3,822,880</u>	<u>3,555,819</u>	<u>3,977,851</u>	<u>4,054,564</u>	<u>4,713,577</u>	<u>2,790,350</u>	<u>3,337,518</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 13,202,354	\$ 12,653,617	\$ 12,249,965	\$ 11,339,783	\$ 12,349,848	\$ 13,142,271	\$ 13,883,229	\$ 13,974,306	\$ 14,952,201	\$ 15,130,964
E. Contributions as a percentage of covered payroll	37.55%	36.60%	35.35%	33.71%	28.79%	30.27%	29.20%	33.73%	18.66%	22.06%

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.1258%	0.1259%	0.1266%	0.1346%	0.1478%	0.1619%	0.1703%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (711,905)	\$ 2,667,621	\$ 1,931,752	\$ 7,213,195	\$ 10,611,291	\$ 12,869,010	\$ 15,077,231			
C. School District's covered payroll	\$ 12,733,647	\$ 12,360,510	\$ 11,508,169	\$ 11,982,414	\$ 12,938,764	\$ 13,784,943	\$ 14,015,092			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.59%	21.58%	16.79%	60.20%	82.01%	93.36%	107.58%			
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%			

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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**Eastpointe Community Schools**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 1,024,406	\$ 983,569	\$ 975,247	\$ 906,136	\$ 965,866	\$ 960,405	\$ 820,543			
B. Contributions in relation to statutorily required contributions	<u>1,024,406</u>	<u>983,569</u>	<u>975,247</u>	<u>906,136</u>	<u>965,866</u>	<u>960,405</u>	<u>820,543</u>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School District's covered payroll	\$ 13,202,364	\$ 12,653,617	\$ 12,249,965	\$ 11,339,783	\$ 12,349,848	\$ 13,142,271	\$ 13,883,229			
E. Contributions as a percentage of covered payroll	7.76%	7.77%	7.96%	7.99%	7.82%	7.31%	5.91%			

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**APPENDIX E**  
**FORM OF APPROVING OPINION**

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Founded in 1852  
by Sidney Davy Miller



**Miller, Canfield, Paddock and Stone, P.L.C.**  
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Detroit, Michigan 48226  
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UKRAINE  
QATAR

## FORM OF APPROVING OPINION

### **Eastpointe Community Schools**

County of Macomb  
State of Michigan

We have acted as bond counsel to the Eastpointe Community Schools, County of Macomb, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$\_\_\_\_\_ designated 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of \_\_\_\_\_, 2025, payable as to principal and interest as provided in the Bonds. The Bonds are subject to redemption prior to maturity as set forth in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. All taxable property within the boundaries of the Issuer is subject to taxation for payment of the Bonds, without limitation as to rate or amount.
3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and

State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

4. The Bonds have been qualified by the State Treasurer under Article IX, Section 16 of the Michigan Constitution of 1963 and Act 92, Public Acts of Michigan, 2005, as amended. As a result of such qualification, if for any reason the Issuer will be or is unable to pay the principal of and interest on the Bonds when due, then the Issuer shall borrow, and the State of Michigan shall loan to the Issuer, an amount sufficient to enable the Issuer to make the payment.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or State tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

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## **FORM OF CONTINUING DISCLOSURE UNDERTAKING**

\$ \_\_\_\_\_

**EASTPOINTE COMMUNITY SCHOOLS  
COUNTY OF MACOMB, STATE OF MICHIGAN  
2025 SCHOOL BUILDING AND SITE BONDS  
(UNLIMITED TAX GENERAL OBLIGATION)**

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Eastpointe Community Schools, County of Macomb, State of Michigan (the “Issuer”) in connection with the issuance of its 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the Issuer prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system or such other system, Internet Web Site, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA on or before the last day of the sixth month after the end of its fiscal year the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2025, in an electronic format as prescribed by the MSRB:

(1) Certain annual financial information and operating data reasonably available to the Issuer in form and substance similar to the information contained in the official statement of the Issuer relating to the Bonds (the “Official Statement”) appearing in the tables or under the headings in the Official Statement as described below:

- a. ENROLLMENT – Historical Enrollment;
- b. STATE AID PAYMENTS;
- c. PROPERTY VALUATIONS – History of Valuations;
- d. MAJOR TAXPAYERS;
- e. SCHOOL DISTRICT TAX RATES – (per \$1,000 of Valuation);
- f. TAX LEVIES AND COLLECTIONS;
- g. RETIREMENT PLAN – Contribution to MPSERS;
- h. LABOR RELATIONS;
- i. DEBT STATEMENT – DIRECT DEBT;
- j. SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM, if any balance; and
- k. GENERAL FUND BUDGET SUMMARY, current year only, in Appendix C.

(2) The Audited Financial Statements. Provided, however, that if the audited financial statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the audited financial statements will be filed as soon as possible.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the School District or related public entities.

If the fiscal year of the Issuer is changed, the Issuer shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the Issuer to provide the annual financial information with respect to the Issuer described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The Issuer agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

#### CONTINUING DISCLOSURE UNDERTAKING

Eastpointe Community Schools 2025 School Building and Site Bonds

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

#### CONTINUING DISCLOSURE UNDERTAKING

Eastpointe Community Schools 2025 School Building and Site Bonds

(e) *Materiality Determined Under Federal Securities Laws.* The Issuer agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Termination of Reporting Obligation.* The obligation of the Issuer to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the Issuer no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(g) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(h) *Benefit of Bondholders.* The Issuer agrees that its undertaking pursuant to the Rule, set forth in this Undertaking, is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the Issuer’s obligations hereunder and any failure by the Issuer to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the Issuer, provided that the Issuer agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the Issuer (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the Issuer in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed by its authorized officer.

**EASTPOINTE COMMUNITY SCHOOLS**

County of Macomb

State of Michigan

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_, 2025

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