

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary 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. As of this date, this Preliminary Official Statement has been deemed "final" by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2025

NEW ISSUE—Book-Entry-Only

RATINGS†*: S&P Global Ratings: AA/AA-
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.



\$66,515,000**
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2025 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

Dated: Date of Delivery

Due: May 1, as shown below

On May 6, 2025, the qualified electors of the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District") approved the issuance of bonds in the amount not to exceed \$241,865,000 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 \$66,515,000**, representing the first series of bonds issued under such voter 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 August 11, 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 Argent Institutional Trust Company, Grand Rapids, 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 May 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\$
2026	\$ 90,000				2041	\$2,615,000			
2027	90,000				2042	2,720,000			
2028	95,000				2043	2,820,000			
2029	890,000				2044	2,920,000			
2030	905,000				2045	3,065,000			
2031	75,000				2046	3,215,000			
2032	75,000				2047	3,360,000			
2033	80,000				2048	3,400,000			
2034	85,000				2049	3,455,000			
2035	2,015,000				2050	3,505,000			
2036	2,095,000				2051	3,625,000			
2037	2,190,000				2052	3,780,000			
2038	2,290,000				2053	3,885,000			
2039	2,400,000				2054	4,085,000			
2040	2,505,000				2055	4,185,000			

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 Thrun Law Firm, P.C., East Lansing, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about October __, 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 September __, 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**

\$66,515,000¹

**DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, 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 Dexter Community Schools, Counties of Washtenaw and Livingston, 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 \$66,515,000¹.

PURPOSE AND SECURITY

On May 6, 2025, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$241,865,000 to be issued in one or more series. Proceeds of the Bonds in the principal amount of \$66,515,000¹, representing the first series of bonds under such voter authorization, will be used for the purpose of erecting additions to school buildings and other facilities and remodeling, equipping and reequipping, furnishing and refurnishing school buildings, additions, playgrounds, athletic fields and facilities and other facilities, including for secure entryways, modernizing instructional, fine arts, theater, music, weight and fitness spaces; erecting, equipping and furnishing school facilities, athletic and other facilities, including for an indoor athletic facility and maintenance building; acquiring, preparing, developing and improving sites for school buildings, including athletic fields, playgrounds and other facilities and the purchase of school buses; acquiring and installing technology equipment and technology infrastructure, in school buildings and other facilities, 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 August 11, 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

¹ Preliminary, subject to change.

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. 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. 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 May 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 Argent Institutional Trust Company, Grand Rapids, 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.

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 Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2036¹, 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, 2035¹, at par plus accrued interest to the date fixed for redemption.

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.

¹ Preliminary, subject to change.

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

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 property¹, 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 property² 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 property³ 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

¹ "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.

² "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.

³ "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.

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.

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.¹ 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

¹ 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 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.

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 Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, 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.

Thrun Law Firm, P.C. is currently representing the School District in certain matters unrelated to the issuance of the Bonds. The School District and the Underwriter has consented to these unrelated representations.

Certain legal matters will be passed upon for the Underwriter by its counsel, Thrun Law Firm, P.C., East 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 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 "AA-" 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

Baker Tilly Municipal Advisors, LLC (successor to H.J. Umbaugh & Associates, Certified Public Accountants, LLP) (the "Municipal Advisor" or "Baker Tilly") has been retained by the School District to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by the School District officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor's duties, responsibilities and fees arise solely as municipal advisor to the School District and they have no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds.

Municipal Advisor Registration

Baker Tilly is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Baker Tilly is providing certain specific municipal advisory services to the School District, but is neither a placement agent to the School District nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School District, in the sole discretion of the School District, and under its control and supervision. The School District has agreed that Baker Tilly does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations

Baker Tilly Investment Services, LLC ("BTIS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of Baker Tilly.

Baker Tilly Virchow Krause, LLP ("BTVK") is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTVK and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTVK is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTVK, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of Baker Tilly.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTVK, is a state-registered investment adviser that provides both discretionary and non-discretionary investment advice, investment and pension consulting and portfolio management services to individual and institutional clients. BTF may provide advisory services to the clients of Baker Tilly.

Baker Tilly has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

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.

DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

**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.¹

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.²

¹In 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.

²Act 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 instruction³ 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.⁴ 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.⁵ 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.

³Article 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.

⁴Other details set forth in amended Section 6 have been omitted.

⁵Other 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 B¹ SCHOOL DISTRICT DATA

Location and Area

Dexter Community Schools (the “School District”) encompasses an area of 85 square miles within the Counties of Washtenaw and Livingston. The School District is comprised of all of the City of Dexter, portions of Dexter, Freedom, Lima, Lodi, Northfield, Scio and Webster Townships in Washtenaw County and a portion of Hamburg Township in Livingston County.

Population²

The School District’s historical estimated populations within its boundaries are as follows:

2000	16,155
2010	19,591
2020	21,616

The following is a record of the 2010 and 2020 populations for the municipal units that comprise the School District, without regard to the School District boundaries.

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
Washtenaw County	344,791	372,258	8.0
Dexter Township*	6,042	6,696	10.8
Freedom Township	1,428	1,332	(6.7)
Lima Township	3,307	4,024	21.7
Lodi Township	6,058	6,417	5.9
Northfield Township	8,245	8,550	3.7
Scio Township*	20,081	17,552	(12.6)
Webster Township	6,784	6,575	(3.1)
Livingston County	180,967	193,866	7.1
Hamburg Township	21,165	21,259	0.4

* Includes portions of the population for the City of Dexter which was incorporated in November 2014. The City of Dexter’s 2020 population is 4,500.

Board of Education

The Board of Education consists of seven members who are elected at large for six-year overlapping terms.

¹ Unless otherwise noted, the information contained in Appendix B was provided by the School District.

² Sources: School District figures: 2000, 2010 and 2020 – U.S. Census of Population.

Enrollments

The following tables show total full time equivalent enrollments as of the Fall pupil count day at the School District for the current and past nine years as well as the 2024/2025 enrollment by grade.

Enrollment History

The School District's historical enrollment totals (Fall Pupil Count Day) are as follows:

2024/25	3,314	2019/20	3,628
2023/24	3,364	2018/19	3,647
2022/23	3,378	2017/18	3,628
2021/22	3,417	2016/17	3,587
2020/21	3,387	2015/16	3,550

Projected Pre-K – 12 enrollment for 2025/2026 is 3,310 as estimated by the School District.

2024/25 Enrollment by Grade

Pre-K	71	7 th	278
Kindergarten	224	8 th	243
1 st	209	9 th	252
2 nd	225	10 th	257
3 rd	258	11 th	268
4 th	226	12 th	290
5 th	226	Special Ed.	36
6 th	248	Audit Adj.	<u>3</u>
Total			<u>3,314</u>

School District Facilities

	Grades <u>Served</u>	Year <u>Constructed</u>	Additions/ <u>Remodeling</u>
Anchor Elementary	PreK-2	1995	2019
Beacon Elementary	PreK-2	2019	
Wylie Elementary	3-4	1965	1967, 1972, 1988, 1995, 2002, 2019
Creekside Intermediate	5-6	1956	1973, 1988, 1995, 2000, 2010, 2011
Mill Creek Middle School	7-8	1995	2000, 2009, 2019
Dexter High School	9-12	2002	2009
Louie Ceriani Building	Alt HS	2019	
Bates School Admin. Building		1952	1967, 1988, 1995, 2001, 2019
Jenkins Early Childhood Center		1993	
Athletic Services Bldg.		1979	2002
Transportation Facility*		1988	2002, 2011, 2012
Swimming Pool Facility		1992	2011
Avery House Facility*		1925	
Dalton House Facility*		1948	
Proctor House Facility*		1950	2001, 2002
Jenkins Baby House*		2001	
Naylor House*		1968	
Dexter Senior Center*		2024	
Dexter Wellness Center*		2012	
Thurston Fieldhouse*		2009	
Mill Creek Restroom Building*		2011	
Dexter High School Restroom Building*		2009	

* Not utilized for school district instructional purposes.

Other Schools

There is one non-public school located within the School District's boundaries: Daycroft Montessori School, serving grades PreK-6.

Labor Relations

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expiration Date</u>
Superintendent	1	Non-affiliated	June 30, 2027
Assistant Superintendent	1	Non-affiliated	June 30, 2027
Chief Financial Officer	1	Non-affiliated	June 30, 2026
Executive Director Human Resources	1	Non-affiliated	June 30, 2026
Executive Director Instruction	1	Non-affiliated	June 30, 2026
Administrators	12	Dexter Administrators Association	June 30, 2028
Teachers	249	DEA/MEA/NEA	June 30, 2028
Para-Professionals, Secretarial, Technology, Maintenance, Custodial and Food Service	153	Dexter Educational Support Personnel Association/MEA/NEA	June 30, 2028
Bus Drivers and Bus Monitors	19	West Washtenaw Bus Drivers and Monitors Association	June 30, 2028
Other Non-Affiliated Personnel	<u>31</u>	Non-affiliated	N/A
Total	<u>469</u>		

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

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.

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 benefit 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.

Contributions to MPSERS

The School District's estimated contribution to MPSERS for 2025/26 and the contributions for the previous four years are shown below.

<u>Fiscal Year Ending June 30,</u>	<u>Contribution to MPSERS¹</u>
2026	\$12,905,079* (est.)
2025	12,283,547*
2024	13,871,293*
2023	14,825,534*
2022	11,235,372*

*The contribution to MPSERS above includes supplemental payments that were reimbursed by sections 147a(1), 147a(2), 147(e) and 147c(1) of the State School Aid Act.

Other Post-Employment Benefits

MPSERS 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 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 above. Further information regarding MPSERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

GENERAL FINANCIAL INFORMATION

Assessed Valuations²

Taxable property in the School District is assessed by the respective municipal assessors and is subject to review by the County Equalization Department. Tax levies on property in Michigan are applied against the taxable value of all property on the ad valorem tax roll as finally equalized by the State of Michigan.

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3, of the 1963 Michigan Constitution, the ad valorem state equalized valuation ("SEV") represents 50 percent of true cash value. SEV does not include any value of tax-exempt property (e.g. churches, governmental property and public schools) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. The assessed values of Industrial Facilities Tax (IFT) properties are maintained on a separate tax roll. Beginning in 1994, ad valorem property taxes are levied on the basis of taxable value, which is subject, in the case of some property, to assessment caps.

The following tables show a history of assessed valuations for the School District and an analysis of the 2025 taxable value by class and by municipal unit.

¹ Sources: Audited Financial Statements and the School District.

² See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications and exemptions effective in the 2014 and 2016 tax years.

History of Valuations – State Equalized Valuation and Taxable Valuation^{1,2}

	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2025	\$2,584,623,647	\$1,933,348,761
2024	2,368,689,188	1,807,793,276
2023	2,118,259,575	1,696,406,136
2022	1,981,909,640	1,595,569,505
2021	1,925,018,187	1,517,092,986

2025 Taxable Value by Class^{1,2,3}

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agriculture	\$42,522,538	2.20%
Commercial	107,460,225	5.56
Industrial	60,901,421	3.15
Residential	1,629,424,540	84.28
Commercial Personal	14,595,748	0.75
Industrial Personal	2,252,024	0.12
Utility Personal	76,192,265	3.94
Total	<u>\$1,933,348,761</u>	<u>100.00%</u>

2025 Taxable Valuation by Municipal Unit^{1,3}

<u>Name of Unit</u>	<u>Homestead²</u>	<u>Non-Homestead</u>	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Washtenaw County</i>				
Dexter City	\$230,328,341	\$97,424,162	\$327,752,503	16.95%
Dexter Township	259,111,789	80,949,481	340,061,270	17.59
Freedom Township	636,850	581,635	1,218,485	0.06
Lima Township	134,320,527	20,331,290	154,651,817	8.01
Lodi Township	10,699,630	509,001	11,208,631	0.58
Northfield Township	3,100,952	364,536	3,465,488	0.18
Scio Township	314,016,499	114,888,956	428,905,455	22.18
Webster Township	518,511,366	45,634,610	564,145,976	29.18
<i>Livingston County</i>				
Hamburg Township	<u>91,508,381</u>	<u>10,430,755</u>	<u>101,939,136</u>	<u>5.27</u>
Total	<u>\$1,562,234,335</u>	<u>\$371,114,426</u>	<u>\$1,933,348,761</u>	<u>100.00%</u>

Industrial Facilities Tax (IFT) Valuation^{1,2}

Under the provisions of Act 198 the Public Acts of Michigan, 1974, as amended (“Act 198”), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities to the

¹ Sources: Washtenaw and Livingston County Equalization Departments.

² The School District’s debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

³ Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only.

area. An industrial facilities tax (“IFT”) is paid, at a lesser effective rate and in lieu of an ad valorem property taxes, on such facilities for a period up to 12 years. Qualifying facilities are issued abatement certificates for specific periods.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198. The 2025 Taxable Value for the properties which have been granted IFT abatements within the School District’s boundaries is \$7,625,366 which is taxed at one-half rate of the total IFT valuations.

As part of the phase-out of Michigan’s property tax on personal property, if a facility and personal property within that facility is subject to an industrial facilities exemption on December 31, 2013, that property would continue to be subject to the industrial facilities tax until the expiration of said tax at which time the property tax exemption would remain intact until the “eligible personal property” is exempt under the new law. See “MICHIGAN PROPERTY TAX REFORM” herein.

Tax Increment Authorities¹

Act 450 of the Public Acts of Michigan, 1980, as amended (the “TIFA Act”), Act 197 of the Public Acts of Michigan, 1975, as amended (the “DDA Act”), Act 281 of the Public Acts of Michigan, 1986 (the “LDFA Act”) and Act 381 of the Public Acts of Michigan, 1996 (the “BRDA Act,” and, 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 and Brownfield Redevelopment District Authority (“BRDA”) Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA 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 TIF District and are not passed on to the local taxing jurisdictions. The City of Dexter established a DDA District in 1986 within the School District’s boundaries. The City of Dexter DDA District has a 2025 Taxable Value of \$62,504,791 and a Final Captured Value of \$47,447,323. The City of Dexter DDA does not capture the School District’s millage. Scio Township established a DDA District in 1988. A portion of the DDA is within the School District’s boundaries. The Scio Township DDA does not capture the School District’s millage.

Department of Natural Resources Property Valuation²

Act 451 of the Public Acts of Michigan, 1994, as amended (“Act 451”), provides for the procedures used in the assessment, equalization and taxation of real property owned by the State of Michigan and controlled by the Department of Natural Resources (“DNR”). Such property is valued by the State Tax Commission pursuant to Section 2153 of Act 451 and is classified as agricultural property pursuant to Section 34c of Act 206 of the Public Acts of Michigan, 1893 (the General Property Tax Act). Act 451 provides that such property is subject to an alternative means of taxation in lieu of general ad valorem taxation.

Section 2153(7) of Act 451 provides, in part, that for DNR property valuations established in 2004, the 2004 valuation shall be the valuation of the property for 2004 through 2008. In 2009 and each year after 2009, the valuation of property shall not increase each year by more than the increase in the immediately preceding year in the general price level or 5%, whichever is less. If the property is acquired after 2004, the initial property valuation shall be the valuation for each subsequent year until the next adjustment occurs.

The DNR properties are maintained on a separate tax roll. The 2025 taxable valuation of DNR properties in the School District is \$2,047,855. Pursuant to Act 451, the School District will not receive payment in lieu of taxes for operating purposes, but will receive payment in lieu of taxes for a portion of its debt millage. The exact amount to be received is not known at this time.

¹ Sources: Washtenaw and Livingston County Equalization Departments, the City of Dexter, and Scio Township.

² Sources: Washtenaw and Livingston County Equalization Departments.

Tax Levies and Collections

The School District's fiscal year begins July 1. School District property taxes are levied on December 1 of each fiscal year and are payable without penalty or interest on or before the following February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurer for collection with penalties and interest. On the first Tuesday in May in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

Washtenaw County and Livingston County (the "Counties"), to date, have purchased and paid from their Tax Payment Funds the delinquent taxes on all real property of all taxing units in the Counties. The decision to make such payments is determined on an annual basis by the Counties. There is no guarantee that the payments will continue in future years. If the delinquent taxes which are due and payable to the Counties are not received by the Counties for any reason, the Counties have full rights of recourse against the School District to recover the amount of uncollected delinquent taxes, together with interest thereon, at the rate of one percent per month or fraction of a month until repaid to the Counties by the School District.

March 1 and June 30 tax collections reflect percentages of levies at June 30 of each tax year. A history of the operating tax levies and collections for the School District is as follows:

<u>School Year</u>	<u>Total Tax Levy</u>	<u>Collections To March 1, Each Year</u>	<u>Collections to June 30 Fiscal Year End</u>	<u>Collections Including Tax Payment Fund</u>
2025/2026	\$22,896,370	In Process of Collection	In Process of Collection	In Process of Collection
2024/2025	21,250,486*	\$20,503,864 96.49%	\$21,146,624 99.51%	\$21,134,253 99.45%
2023/2024	20,079,978*	19,543,002 97.48%	20,109,723 100.00%	20,070,980 99.96%
2022/2023	18,996,634*	18,407,230 96.74%	19,017,602 99.95%	18,990,399 99.97%
2021/2022	18,130,230*	17,350,421 95.70%	18,103,512 99.85%	18,037,630 99.74%
2020/2021	17,609,467*	16,875,307 94.87%	17,689,039 99.44%	17,660,516 99.45%

*Total tax levy adjusted in subsequent tax year. March 1 and June 30 tax collections reflect percentages of levies at June 30 of respective tax year.

State Aid Payments

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The base foundation allowance for all school districts in the State of Michigan is \$9,608 per pupil for fiscal year 2024/25. 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. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

The following table shows a history of the School District’s Blended Pupil Count, Foundation Allowance Per Pupil, and Total State Aid Payments including categoricals.

<u>Year</u>	<u>Blended Pupil Count</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>
2025/26	3,310	\$10,008 ¹	\$35,415,810 (Est.)
2024/25	3,314	9,608	39,835,462
2023/24	3,364	9,608	41,686,513
2022/23	3,378	9,150	38,352,927
2021/22 ²	3,411	8,700	32,730,308

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 (State Equalized 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)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating – Extra Voted (Non-Homestead)*	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	<u>8.5000</u>	<u>8.5000</u>	<u>8.50000</u>	<u>8.5000</u>	<u>8.5000</u>
Total Homestead	8.5000	8.5000	8.5000	8.5000	8.5000
Total Non-Homestead	26.5000	26.5000	26.5000	26.5000	26.5000

*Because of the growth in the School District’s tax base, the School District’s millage rates have been “rolled back” by operation of law. Because the School District’s voters authorized an additional “hedge” millage rate that can be levied if the roll back causes the operating tax levy to fall below 18 mills, the hedge allows the School District to continue to levy 18 mills. Both of the School District’s voted operating millages expire in the year 2033.

¹ Preliminary estimate, subject to change. As of September 3, 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 available information, the District assumed a \$400 increase to the foundation allowance for the 2025-2026 school year.

² Public Act 48 of 2021 increased the foundation allowance to \$8,700 per pupil in 2021/22 and eliminated the foundation allowance range that has been in place since the passage of the school finance reform legislation in 1994. See “SOURCES OF SCHOOL OPERATING REVENUE” herein.

Other Tax Rates (Per \$1,000 of Valuation)¹

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
<i>Washtenaw County</i>	7.5495	6.8343	6.8343	6.8767	7.0962
City of Dexter	15.5031	17.0622	15.3062	15.3062	15.3062
Dexter Township	5.0122	5.0154	4.5154	4.5300	4.5611
Freedom Township	1.2462	1.2462	1.2462	1.2462	1.2462
Lima Township	3.1241	0.7773	0.7773	0.7813	0.7869
Lodi Township	1.9278	1.9278	1.9278	1.9278	1.9278
Northfield Township	9.2043	9.2451	7.4353	7.6147	7.7543
Scio Township	2.3970	2.3695	2.3695	2.3884	2.4074
Webster Township	3.8960	3.7635	3.8217	3.8217	3.8332
<i>Livingston County</i>	3.5688	3.5695	3.4925	3.6381	3.6789
Hamburg Township	6.8212	6.2667	6.7428	6.6676	6.7332
Dexter District Library	1.3480	1.4188	1.4388	1.4681	1.5061
Washtenaw Community College	3.3548	3.3548	3.3548	3.3759	3.3538
Washtenaw ISD	5.4889	5.4452	5.2389	5.6417	5.6625

Largest Taxpayers¹

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 4.21% of the School District's 2025 Taxable Valuation of \$1,933,348,761.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Taxable Value</u>	<u>Equivalent IFT*</u>	<u>Total Valuation Subject to Taxation</u>
DTE Energy Company	Utility	\$28,223,046		\$28,223,046
Jackson Road SOBI LLC	Real estate developer	20,522,761		20,522,761
Dexter Fastener	Engine fasteners	6,823,190	\$1,001,800	7,824,990
United Methodist Retirement Community	Retirement developer	6,054,938		6,054,938
NREG US Holdings Ltd.	Self storage facility	5,865,357		5,865,357
Walkabout Creek I & II	Apartments	4,164,741		4,164,741
ARG THAARM001 LLC	Real estate investment trust	2,813,806		2,813,806
HPT TA Properties Trust	Travel center	2,782,745		2,782,745
7155 Jackson Holdings	Real estate	2,456,100		2,456,100
Variety Die & Stamping	Mfg. die stamping	<u>1,628,616</u>	<u>731,050</u>	<u>2,359,666</u>
Total		<u>81,335,300</u>	<u>\$1,732,850</u>	<u>\$83,068,150</u>

*Equivalent IFT Valuation is half of the property's total taxable valuation. The School District collects debt tax revenues at one-half rate of the total IFT valuations.

Debt History

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

Future Financing

The School District does not anticipate issuing additional capital financing bonds in the next twelve months.

¹ Sources: Washtenaw and Livingston County Equalization Departments.

School Bond Qualification and Loan Program¹

As of September 3, 2025, the School District will have an estimated outstanding balance of \$948.06 in the School Loan Revolving Fund.

Direct Debt as of September 3, 2025²

	Principal <u>Outstanding</u>
06/01/1998 1998 School Building and Site Bonds (UTQ)	\$7,875,000
11/28/2017 2017 School Building and Site and Refunding Bonds (UTQ)	51,460,000
03/24/2021 2021 Refunding Bonds (UTQ)	1,515,000
03/23/2023 2023 School Building and Site Bonds (UTQ)	<u>16,470,000</u>

Direct Debt (as of date of sale) \$77,320,000

Plus: 2025 School Building and Site Bonds (UTQ) 66,515,000*

NET DIRECT DEBT (as of date of delivery) \$143,835,000*

Overlapping Debt as of September 3, 2025³

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
100.00	Dexter City	\$17,998,000	\$17,998,000
61.54	Dexter Township	140,303	86,342
6.82	Hamburg Township	6,405,041	436,824
42.41	Lima Township	23,985	10,172
1.90	Lodi Township	41,000	779
0.66	Northfield Township	10,585,000	69,861
22.27	Scio Township	8,159,299	1,817,076
93.93	Webster Township	1,159,170	1,088,808
0.76	Livingston County	19,025,000	149,476
7.29	Washtenaw County	6,252,485	495,323
7.75	Washtenaw I/S/D	24,135,000	1,870,463
7.45	Washtenaw Community College	2,345,000	<u>174,703</u>

Net overlapping debt in the School District \$24,197,827

NET DIRECT AND OVERLAPPING DEBT* \$168,032,827

Debt Ratios*

2025 State Equalized Valuation ("SEV")	\$2,584,623,647
2025 Taxable Valuation	\$1,933,348,761
2020 Population	21,616
Direct Debt (Including New Issue)	\$143,835,000
Direct/Overlapping Debt	\$168,032,827
Direct Debt Per Capita	\$6,654
Direct/Overlapping Debt Per Capita	\$7,773

* Preliminary, subject to change.

¹ Source: Michigan Department of Treasury.

² Source: Municipal Advisory Council of Michigan and the School District.

³ Source: Municipal Advisory Council of Michigan.

Per Capita 2025 SEV	\$119,570
Ratio of Direct Debt to 2025 SEV	5.57%
Ratio of Direct/Overlapping Debt to 2025 SEV	6.50%
Per Capita 2025 Taxable Valuation	\$89,441
Ratio of Direct Debt to 2025 Taxable Valuation	7.44%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	8.69%

Legal Debt Margin*

2025 State Equalized Valuation	\$2,584,623,647
Debt Limit (15% of 2025 State Equalized Valuation)	387,693,547
Debt Outstanding	\$143,385,000
Less bonds not subject to Debt Limit ¹	<u>(143,385,000)</u>
Total Subject to Debt Limit	<u>0</u>
Additional Debt Which Could Be Legally Incurred	<u>\$387,693,547</u>

*Preliminary, subject to change.

ECONOMIC PROFILE

The School District is located the following distances from these commercial and industrial areas:

9	Miles west of Ann Arbor
19	Miles west of Ypsilanti
51	Miles west of Detroit
51	Miles southeast of Lansing
56	Miles southwest of Flint
123	Miles southeast of Grand Rapids

Unemployment²

The following table shows the historical annual average unemployment rates (not seasonally adjusted) for Washtenaw and Livingston Counties and the State of Michigan.

	<u>Washtenaw County</u>	<u>Livingston County</u>	<u>State of Michigan</u>
2025, June	5.2%	3.4%	5.4%
2024	3.8	3.3	4.7
2023	3.2	2.8	3.9
2022	3.4	3.0	4.2
2021	4.1	4.3	5.7
2020	6.6	9.0	10.0

¹ Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that 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 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.

² Source: State of Michigan Office of Labor Market Information.

Major Employers¹

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>Within the Area of the School District (75 or more employees)</i>		
Sweepster Attachments LLC	Machinery Mfg.	1,300
Paladin Brand Groups	Coupler systems and attachment tools	1,300
Dexter Community Schools	Education	469
Dexter Fastener Technologies	Engine fasteners	230
Dapco Industries	Valves and fittings	180
Dexter Automatic Products Company	Motor Vehicle Parts Mfg.	180
The Huron-Clinton Metropolitan Authority	Recreation	141
Trucent Separation Technologies, LLC	Fluid separation technology	131
Colorbok LLC	Wholesale	110
Variety Die & Stamping Company	Metal stampings	75
<i>Washtenaw County (Ann Arbor Area – 900 or more employees)</i>		
University of Michigan	Public university and health system	37,400
St. Joseph Mercy	Health care system	5,500
Ann Arbor Public Schools	Education	2,700
VA Ann Arbor Healthcare System	Medical Center	2,700
IHA Health Services Corporation	Physician	1,600
Washtenaw County	County Government	1,300
Eastern Michigan University	Public University	1,300
Toyota Technical Center	OEM Research	1,200
Domino's Pizza	Corporate Headquarters	1,200
Faurecia Interior Systems	Automotive Components Mfg.	900
RealTruck	Automotive Components Mfg.	900
<i>Livingston County (350 or more employees)</i>		
Howell Public Schools	Education	1,740
Brighton Area Schools	Education	1,100
Antolin Interiors Usa Inc.	Motor Parts Mfg.	720
Hartland Consolidated Schools	Education	650
Pinckney School District	Education	550
Livingston County	County government	500
IHA Hematology Oncology Consultants	Hospitals	411
Livingston Educational Service Agency	Education	411
Citizens Insurance Co. of America	Insurance	400
Tribar Manufacturing LLC	Rubber & Plastic Mfg.	350

¹ Sources: Ann Arbor SPARK, D&B Hoovers, and the School District.

APPENDIX C

DEXTER COMMUNITY SCHOOLS

General Fund Budget Summaries Fiscal Years Ending June 30, 2025 and 2026

	Final Amended <u>2024/25</u>	Adopted <u>2025/26</u>
<u>REVENUES</u>		
Local Sources	\$6,680,120	\$7,205,242
Other Political Subdivisions	0	0
State Sources	37,713,398	35,415,810
Federal Sources	994,250	891,337
Other Financing Transactions	<u>9,335,411</u>	<u>8,146,808</u>
TOTAL REVENUES	<u>\$54,723,179</u>	<u>\$51,659,197</u>
<u>EXPENDITURES</u>		
Instruction		
Basic Programs	\$25,758,493	\$24,328,564
Added Needs	7,703,082	7,635,019
Support Services		
Pupil Support	6,394,796	6,441,905
Instructional	3,609,146	3,027,357
General Administration	1,009,415	851,663
School Administration	2,908,168	2,953,617
Business Services	881,974	873,226
Operations and Maintenance	5,613,381	5,433,677
Transportation	2,103,388	2,079,830
Other Central Support	662,369	683,821
Community Services	290,235	273,928
Other Financing Uses	<u>538,024</u>	<u>1,011,787</u>
TOTAL EXPENDITURES	<u>\$57,472,471</u>	<u>\$55,594,394</u>
Excess of Revenues Over (Under) Expenditures	(\$2,749,292)	(\$3,935,197)
Fund Balance - July 1	<u>\$12,418,184</u>	<u>\$9,668,892</u>
Estimated Fund Balance - June 30	<u>\$9,668,892</u>	<u>\$5,733,695</u>

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The School District has not obtained the written consent of its auditor for the inclusion of the portions of the annual financial report contained in this Official Statement. Therefore, the auditor has not conducted a post-audit review of such information.

Dexter Community Schools	
Year Ended June 30, 2024	Financial Statements and Supplementary Information

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Rehmann

DEXTER COMMUNITY SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 15, 2024

Board of Education
Dexter Community Schools
Dexter, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 the District as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the general fund 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 (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.



2330 East Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

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 the District's 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.

Independent 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 GAAS 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 GAAS 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 consolidated 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 the District's 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's 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 and the schedules for the pension and other postemployment benefit plans, as listed 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are 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 financial statements. The information 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of bonds issued and outstanding but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 15, 2024 on our consideration of the District's 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 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 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 the District's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

As administration of Dexter Community Schools (the "District"), Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

- The liabilities and deferred inflows of resources of the District, as a whole, exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$10,349,405.
- The District's total net position increased by \$18,001,530.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$31,185,549, a decrease of \$5,835,251, in comparison with the prior year, which was largely attributable to construction projects completed in this fiscal year utilizing the remaining 2017 Bond funds.
- The general fund had an increase in fund balance of \$1,590,683. At the end of the current fiscal year, total fund balance for the general fund was \$12,493,997, or 23.41% of total general fund expenditures. The unassigned fund balance of the general fund was \$1,621,140, or 3.04% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including management's discussion and analysis, required schedules for the pension and other postemployment benefits plan, schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements are presented on a full accrual basis, which means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District are recorded, regardless of when related cash is received or paid.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated leave).

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting services, community services, and food services. The District has no business-type activities as of and for the year ended June 30, 2024.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, debt retirement, 2017 capital projects, and capital projects from non-bonded sources. Data from the other governmental funds are combined into a single, aggregated presentation. These funds consist of the special revenue funds (i.e., food service, community service, cooperative activity, and student/school activity). Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement for the general fund has been provided herein to demonstrate compliance.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the Michigan Public School Employee's Retirement System (MPERS) net pension and other postemployment benefits plan immediately following the notes to the financial statements. The schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported a deficit net position of \$10,349,405 at June 30, 2024. This deficit balance is due to the requirement to report the District's proportionate share of the MPERS net pension liability, as well as the related deferrals, on the statement of net position. The District's long-term debt balance also contributes to the District's deficit balance.

A portion of the District's net position reflects its investment in capital assets net of related debt (e.g., land, buildings and improvements, machinery and equipment, vehicles and buses, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to other external restrictions on how they may be used. The remaining balance of unrestricted net position, when available, may be used to meet the District's ongoing obligations to its general programs.

	Net Position	
	2024	2023
Assets		
Current and other assets	\$ 42,334,967	\$ 46,376,804
Capital assets, net	128,989,056	122,043,037
Total assets	<u>171,324,023</u>	<u>168,419,841</u>
Deferred outflows of resources	<u>33,669,400</u>	<u>38,082,512</u>
Liabilities		
Other liabilities	10,169,088	10,081,800
Long-term liabilities	181,549,889	210,092,748
Total liabilities	<u>191,718,977</u>	<u>220,174,548</u>
Deferred inflows of resources	<u>23,623,851</u>	<u>14,678,740</u>

continued...

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

	Net Position	
	2024	2023
Net position		
Net investment in capital assets	\$ 48,490,371	\$ 35,093,504
Restricted	3,529,555	2,091,666
Unrestricted (deficit)	(62,369,331)	(65,536,105)
Total net position (deficit)	\$ (10,349,405)	\$ (28,350,935)
	concluded	
	Change in Net Position	
	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 5,658,303	\$ 5,594,056
Operating grants and contributions	23,384,019	22,110,331
Capital grants and contributions	5,714,425	-
General revenues:		
Property taxes - operations	5,712,871	5,568,259
Property taxes - debt service	14,408,470	13,548,230
Grants and contributions not restricted to specific programs	26,853,553	25,455,173
Unrestricted investment earnings	739,440	538,134
Other revenues	1,664,507	90,376
Total revenues	84,135,588	72,904,559
Expenses		
Instruction	28,707,666	30,610,588
Supporting services	19,751,442	18,370,337
Community services	5,696,962	4,549,044
Food services	2,177,812	1,558,076
Payments to not-for-profit entities	9,600	9,600
Interest on long-term debt	3,140,974	2,864,281
Unallocated depreciation/amortization	6,649,602	5,997,416
Total expenses	66,134,058	63,959,342
Change in net position	18,001,530	8,945,217
Net position, beginning of year (deficit)	(28,350,935)	(37,296,152)
Net position, end of year (deficit)	\$ (10,349,405)	\$ (28,350,935)

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Governmental Activities. The above analysis focuses on the net position of governmental activities. The change in net position of the District's governmental activities is discussed below. Because the focus of the net position of governmental activities and the related changes in net position differ from the fund balances of governmental funds, and their related changes, reconciliations between the equity measures and related activity are included with the basic financial statements.

By far the largest portion of the District's net position reflects its investment in capital assets and capital projects (i.e., land, buildings, vehicles and buses, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

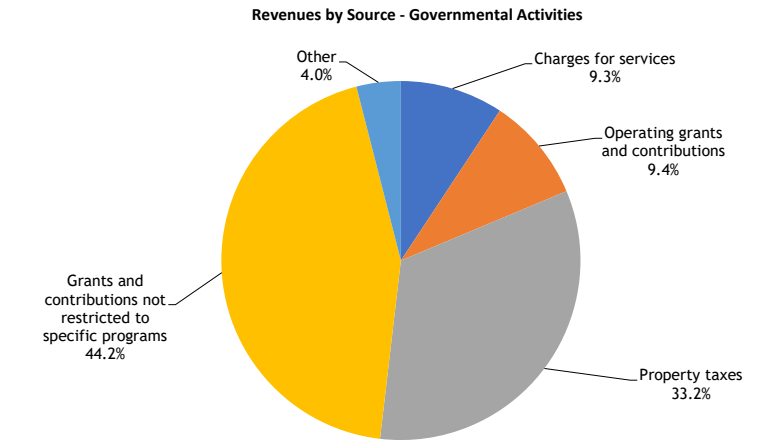
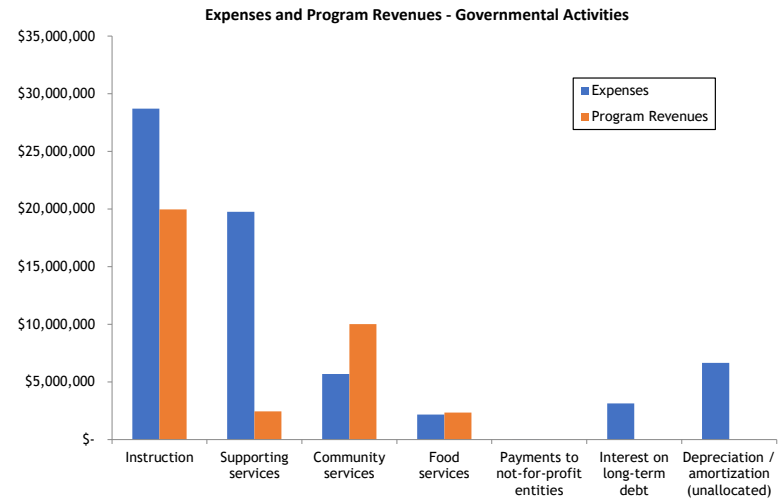
An additional portion of the District's net position, \$3,529,555, represents resources that are subject to external restrictions on how they may be used. In the case of the District, these amounts are restricted for debt service, food service, capital projects, and other postemployment benefits. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the District as a whole are reported in the statement of activities (see table), which shows the changes in net position for the fiscal year. The District's net position increased by \$18,001,530 during the current fiscal year.

The net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State Aid constitute the vast majority of the District's operating revenue sources, the Board of Education and administration must annually evaluate the needs of the District and balance those needs with State-prescribed available unrestricted resources.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis



DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

The District's budgets are prepared according to Michigan law. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal budgeting requirements. The most significant budgeted fund is the general fund.

During the fiscal year ended June 30, 2024, the District amended the budget of the general fund twice. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund, which presents the District's general fund original and final amended budget amounts compared with amounts actually paid and received, is provided in these financial statements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,621,140, while the total fund balance was \$12,493,997. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 3.04% and 23.41%, respectively, of total general fund expenditures.

The fund balance of the District's general fund increased by \$1,590,683, or 14.59%, from the prior year. The largest revenue source in this fund is state revenue which includes primarily state aid. The increase in fund balance was largely attributable to additional categoricals received this fiscal year. Some of the categorical funding could be used to offset normal operating costs.

The debt retirement fund balance decreased by \$498,571 to \$1,100,992. Millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue-related debt service. The debt retirement fund balance is restricted to pay debt service obligations.

The 2017 capital projects fund balance was \$12,749,392, a decrease of \$5,719,338 from the prior year. The decrease was caused by construction projects completed in this fiscal year utilizing the remaining 2017 Bond funds.

The capital projects fund from non-bonded sources fund balance was \$199,112, a decrease of \$890,395 from the prior year. The decrease was attributable to construction costs specifically related to the solar project.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

General Fund Budgetary Highlights

Several major variables are not fully known at the time of budget preparation. Changes in student count, state foundation, and state categorical grants have the largest impact. The original budget is prepared to meet our obligation in good faith. Further information and decisions continue to be made after the budget hearing and original budget adoption. Amendments to the original adopted budget are passed in order to reflect changes in information and circumstances. The changes between the original adopted and final amended budgets were:

- Budgeted revenues were amended for an overall increase of \$5,838,180, or 12.34%, over the original budget. The increase was largely attributable to additional categorical funding received.
- Budgeted expenditures were amended for an overall increase of \$4,093,138. The increase was largely attributable to additional expenditures related to categorical funding, increases in costs related to operations and maintenance and the settlement of labor contracts.

In accordance with State statute, the District is prohibited from amending the budget after year-end. As the District's books are not closed for accounting purposes at that point, a certain level of estimation is required in determining actual need. Some of the more significant differences between the final amended budget and the actual financial results were:

- The general fund actual revenue and other financing sources was \$55,248,880. That amount is more than the final budget estimate of \$53,588,475. The variance was \$1,660,405, or 3.10%. The favorable variance was largely attributable to increased investment earnings and additional restricted state funds to offset the cost of the pension.
- The actual expenditures and other financing uses of the general fund were \$53,658,197, which is less than the final budget estimate of \$54,255,552. The variance was \$597,355, or 1.11%. The variance was attributable to the deferral of grant-funded expenditures, teaching supply expenditures deferred to the following school year, reduced payroll taxes due to increased employee contributions for health coverage, temporary vacancies in instructional positions, and unfilled non-instructional support positions due to the shortage of available labor.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2024 amounted to \$128,989,056 (net of accumulated depreciation/amortization). Additions included renovations to the District's facilities being funded through voter-approved bond issues. Reductions were due to depreciation/amortization. Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation/Amortization)	
	2024	2023
Land	\$ 7,118,492	\$ 5,835,892
Construction in progress	413,277	49,067
Buildings and improvements	113,969,160	109,342,959
Furniture and equipment	6,699,177	5,881,254
Vehicles and buses	788,950	921,473
Subscription assets	-	12,392
Total capital assets, net	\$ 128,989,056	\$ 122,043,037

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt

	Long-term Debt	
	2024	2023
General obligation bonds	\$ 89,675,000	\$ 101,190,000
Unamortized premiums and discounts	3,688,733	4,372,545
School Loan Revolving Fund	1,117	1,070
Compensated absences	1,796,781	1,718,044
	\$ 95,161,631	\$ 107,281,659

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$95,161,631. The District's total debt decreased by \$12,120,028 during the current fiscal year as a result of normal debt service payments.

Additional information on the District's long-term debt can be found in Note 8 of this report.

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2024-2025 fiscal year:

- Foundation Allowance**
The Board of Education and administration agreed to an estimated foundation allowance of \$9,849 per pupil for the 2024-2025 fiscal year, a \$241 per pupil increase from 2023-2024, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards, as well as discussions with local state representatives. The projected increase for the year ended June 30, 2025 was adopted in June 2024 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan. The political debate regarding the funding of public education and the current economic climate in the State of Michigan will affect this estimate before the final foundation allowance is known.
- Pupil Count**
The Board of Education and administration agreed to an estimated pupil count of 3,364 for the 2024-2025 fiscal year, no change from 2023-2024, based on information received from Middle Cities Education Association and the District's own pupil projections. The projected flat enrollment is partially due to construction of new housing developments and expansion of existing subdivisions.
- Retirement Rate**
The Michigan School Employees Retirement System recommends retirement rates to the legislature for approval. The actual rate depends on the Benefit Plan selected by each member. In 2024-2025, the rate for a Basic/MIP with Premium Subsidy member is 31.36% effective October 1, 2024. Additionally, the District will be required to pay 17.02%, for all wages earned October 1, 2024 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Christie Bueche, Chief Financial Officer
Dexter Community Schools
2704 Baker Rd.
Dexter, MI 48130
Telephone: (734) 424-4100
Email: buechec@dexterschools.org

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BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Statement of Net Position June 30, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,070,900
Investments	17,250,552
Receivables	8,259,873
Other assets	191,132
Net other postemployment benefit asset	1,562,510
Capital assets not being depreciated/amortized	7,531,769
Capital assets being depreciated/amortized, net	121,457,287
Total assets	171,324,023
Deferred outflows of resources	
Deferred charge on advance bond refundings, net	115,656
Deferred pension amounts	27,317,793
Deferred other postemployment benefit amounts	6,235,951
Total deferred outflows of resources	33,669,400
Liabilities	
Accounts payable and accrued liabilities	6,740,314
Unearned revenue	3,428,774
Bonds, notes, and other long-term liabilities:	
Due within one year	13,038,812
Due in more than one year	82,122,819
Net pension liability (due in more than one year)	86,388,258
Total liabilities	191,718,977
Deferred inflows of resources	
Deferred pension amounts	10,687,347
Deferred other postemployment benefit amounts	12,936,504
Total deferred inflows of resources	23,623,851
Net position	
Net investment in capital assets	48,490,371
Restricted for:	
Food service operations	1,435,731
Debt service	518,812
Cooperative activities	12,502
Other postemployment benefits	1,562,510
Unrestricted (deficit)	(62,369,331)
Total net position (deficit)	\$ (10,349,405)

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Statement of Activities For the Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 28,707,666	\$ 43,780	\$ 19,912,484	\$ -	\$ (8,751,402)
Supporting services	19,751,442	1,020,081	1,425,232	-	(17,306,129)
Community services	5,696,962	4,242,198	60,230	5,714,425	4,319,891
Food services	2,177,812	352,244	1,986,073	-	160,505
Payments to not-for-profit entities	9,600	-	-	-	(9,600)
Interest on long-term debt	3,140,974	-	-	-	(3,140,974)
Unallocated depreciation/amortization	6,649,602	-	-	-	(6,649,602)
Total governmental activities	\$ 66,134,058	\$ 5,658,303	\$ 23,384,019	\$ 5,714,425	(31,377,311)
General revenues					
Property taxes - operations					5,712,871
Property taxes - debt service					14,408,470
Grants and contributions not restricted to specific programs					26,853,553
Unrestricted investment earnings					739,440
Gain on sale of capital assets					37,108
Other revenues					1,627,399
Total general revenues					49,378,841
Change in net position					18,001,530
Net position, beginning of year (deficit)					(28,350,935)
Net position, end of year (deficit)					\$ (10,349,405)

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Balance Sheet			
Governmental Funds			
June 30, 2024			
	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
Assets			
Cash and cash equivalents	\$ 9,885,362	\$ 381,237	\$ -
Investments	3,500,489	719,755	13,030,308
Accounts receivable	23,176	-	-
Interest receivable	7,209	-	-
Due from other governments	7,738,330	-	-
Due from other funds	80,647	-	-
Inventory	-	-	-
Prepaid items	75,813	-	75,385
Total assets	\$ 21,311,026	\$ 1,100,992	\$ 13,105,693
Liabilities			
Accounts payable	\$ 85,656	\$ -	\$ 356,301
Accrued liabilities	4,573,089	-	-
Due to other governments	980,900	-	-
Due to other funds	892	-	-
Unearned revenue	3,176,492	-	-
Total liabilities	8,817,029	-	356,301
Fund balances			
Nonspendable	75,813	-	75,385
Restricted	-	1,100,992	12,674,007
Committed	8,802,614	-	-
Assigned	1,994,430	-	-
Unassigned	1,621,140	-	-
Total fund balances	12,493,997	1,100,992	12,749,392
Total liabilities and fund balances	\$ 21,311,026	\$ 1,100,992	\$ 13,105,693

Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 208,450	\$ 4,595,851	\$ 15,070,900
-	-	17,250,552
-	44,753	67,929
-	-	7,209
-	446,405	8,184,735
102,372	892	183,911
-	23,094	23,094
-	16,840	168,038
\$ 310,822	\$ 5,127,835	\$ 40,956,368
\$ 111,710	\$ 50,468	\$ 604,135
-	-	4,573,089
-	10	980,910
-	183,019	183,911
-	252,282	3,428,774
111,710	485,779	9,770,819
-	39,934	191,132
-	1,412,410	15,187,409
199,112	1,496,889	10,498,615
-	1,692,823	3,687,253
-	-	1,621,140
199,112	4,642,056	31,185,549
\$ 310,822	\$ 5,127,835	\$ 40,956,368

The accompanying notes are an integral part of these financial statements.

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DEXTER COMMUNITY SCHOOLS

Reconciliation	
Fund Balances of Governmental Funds to Net Position of Governmental Activities June 30, 2024	
Fund balances - total governmental funds	\$ 31,185,549
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated/amortized	7,531,769
Capital assets being depreciated/amortized, net	121,457,287
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, notes, and other long-term liabilities	(89,676,117)
Compensated absences	(1,796,781)
Unamortized bond premiums and discounts, net	(3,688,733)
Unamortized deferred charge on advance bond refunding	115,656
Accrued interest on bonds payable	(582,180)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net other postemployment benefit asset, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(86,388,258)
Deferred outflows related to the net pension liability	27,317,793
Deferred inflows related to the net pension liability	(10,687,347)
Net other postemployment benefit asset	1,562,510
Deferred outflows related to the other postemployment benefit asset	6,235,951
Deferred inflows related to the other postemployment benefit asset	(12,936,504)
Net position of governmental activities	<u>\$ (10,349,405)</u>

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS**Statement of Revenues, Expenditures and Changes in Fund Balances**

Governmental Funds

For the Year Ended June 30, 2024

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund
Revenues			
Local sources	\$ 6,775,416	\$ 14,677,463	\$ 1,040,394
State sources	39,316,356	265,695	-
Federal sources	1,126,005	-	-
Interdistrict sources	6,568,351	-	-
Other sources	1,111,029	-	-
Total revenues	54,897,157	14,943,158	1,040,394
Expenditures			
Current:			
Instruction	31,753,218	-	-
Supporting services	21,292,438	-	-
Community services	301,578	-	-
Food services	-	-	-
Payments to not-for-profit entities	9,600	-	-
Debt service:			
Principal	12,194	11,515,000	-
Interest and fiscal charges	806	3,926,729	-
Capital outlay	-	-	6,759,732
Total expenditures	53,369,834	15,441,729	6,759,732
Revenues over (under) expenditures	1,527,323	(498,571)	(5,719,338)
Other financing sources (uses)			
Transfers in	314,615	-	-
Transfers out	(288,363)	-	-
Proceeds from sale of capital assets	37,108	-	-
Total other financing sources (uses)	63,360	-	-
Net change in fund balances	1,590,683	(498,571)	(5,719,338)
Fund balances, beginning of year	10,903,314	1,599,563	18,468,730
Fund balances, end of year	\$ 12,493,997	\$ 1,100,992	\$ 12,749,392

The accompanying notes are an integral part of these financial statements.

Capital Projects Non-bonded	Nonmajor Governmental Funds	Total Governmental Funds
\$ 226,709	\$ 4,877,722	\$ 27,597,704
-	1,419,203	41,001,254
-	6,471,012	7,597,017
-	223,125	6,791,476
-	-	1,111,029
226,709	12,991,062	84,098,480
-	-	31,753,218
-	-	21,292,438
-	5,498,742	5,800,320
-	2,281,635	2,281,635
-	-	9,600
-	-	11,527,194
-	-	3,927,535
1,117,104	5,502,063	13,378,899
1,117,104	13,282,440	89,970,839
(890,395)	(291,378)	(5,872,359)
-	288,363	602,978
-	(314,615)	(602,978)
-	-	37,108
-	(26,252)	37,108
(890,395)	(317,630)	(5,835,251)
1,089,507	4,959,686	37,020,800
\$ 199,112	\$ 4,642,056	\$ 31,185,549

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DEXTER COMMUNITY SCHOOLS

Reconciliation	
Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities For the Year Ended June 30, 2024	
Net changes in fund balances - total governmental funds	\$ (5,835,251)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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.	
Capital assets purchased/constructed	13,595,621
Depreciation/amortization expense	(6,649,602)
Gain on disposal of capital assets	37,108
Proceeds from sale of capital assets	(37,108)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.	
Principal payments on bonds, notes, and other long-term liabilities	11,527,194
Accrued interest on School Loan Revolving Fund added to principal	(47)
Amortization of bond premiums and discounts, net	683,812
Amortization of deferred charge on advance bond refunding	(40,820)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in the net pension liability and related deferred amounts	(3,664)
Change in the net other postemployment benefit asset and related deferred amounts	4,659,408
Change in accrued interest payable on bonds	143,616
Change in compensated absences payable	(78,737)
Change in net position of governmental activities	<u>\$ 18,001,530</u>

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance				
Budget and Actual - General Fund				
For the Year Ended June 30, 2024				
	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local sources	\$ 6,199,372	\$ 6,487,345	\$ 6,775,416	\$ 288,071
State sources	35,003,796	39,222,796	39,316,356	93,560
Federal sources	970,713	1,099,130	1,126,005	26,875
Interdistrict sources	5,153,869	6,356,659	6,568,351	211,692
Other sources	-	-	1,111,029	1,111,029
Total revenues	47,327,750	53,165,930	54,897,157	1,731,227
Expenditures				
Current:				
Instruction:				
Basic programs	22,714,595	24,971,236	24,926,263	(44,973)
Added needs	6,675,086	6,877,240	6,826,955	(50,285)
Total instruction	29,389,681	31,848,476	31,753,218	(95,258)
Supporting services:				
Student services	5,763,435	6,318,675	6,199,191	(119,484)
Instructional support	2,923,458	2,977,768	2,974,619	(3,149)
General administration	816,644	830,966	778,775	(52,191)
School administration	2,741,758	2,941,349	2,875,488	(65,861)
Business administration	870,309	912,353	870,664	(41,689)
Operation & maintenance of plant	4,634,889	5,356,610	5,255,675	(100,935)
Transportation	1,835,649	1,781,479	1,780,925	(554)
Other support services	645,692	625,288	557,101	(68,187)
Total supporting services	20,231,834	21,744,488	21,292,438	(452,050)
Community services	215,774	327,863	301,578	(26,285)
Payments to not-for-profit entities	-	9,600	9,600	-
Debt service:				
Principal	12,194	12,194	12,194	-
Interest	806	806	806	-
Total debt service	13,000	13,000	13,000	-
Total expenditures	49,850,289	53,943,427	53,369,834	(573,593)
Revenues over (under) expenditures	(2,522,539)	(777,497)	1,527,323	(2,304,820)
Other financing sources (uses)				
Transfers in	413,658	402,545	314,615	(87,930)
Transfers out	(100,000)	(312,125)	(288,363)	(23,762)
Proceeds from sale of capital assets	20,000	20,000	37,108	17,108
Total other financing uses	333,658	110,420	63,360	(47,060)
Net change in fund balance	(2,188,881)	(667,077)	1,590,683	2,257,760
Fund balance, beginning of year	10,903,314	10,903,314	10,903,314	-
Fund balance, end of year	\$ 8,714,433	\$ 10,236,237	\$ 12,493,997	\$ 2,257,760

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Dexter Community Schools (the “District”), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

The District is governed by an elected seven-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Dexter Community Schools. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District’s reporting entity, which includes no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2024.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. 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, are recorded only when payment is due.

Property taxes, State Aid, expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District’s primary operating fund. It accounts for all the financial resources of the District, except those accounted for and reported in another fund.

The *debt retirement fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The *2017 capital projects fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure in connection with the building and site bonds originally issued in 2017 with a second series issued in 2023.

The *capital projects non-bonded fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling, and improvements. The District’s non-bonded fund resulted from the sale of the Copeland property.

Additionally, the District reports the following fund type:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are assigned or committed to expenditure for specified purposes other than debt service or capital projects.

Restricted net position includes assets that are subject to restrictions beyond the District’s control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The District participates in an external investment pool. In accordance with GASB 79, some the District’s shares in that pool are recorded at amortized cost and others are valued at each investment’s net asset value, both of which approximate fair value.

State statutes authorize the District to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that are rated as investment grade by at least one standard rating service at the time of purchase.
- f. Mutual funds registered under the Investment Company Act of 9140 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables and Revenues

The District follows the practice of recording receivables for revenues that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management and no amount has been recorded as a provision for bad debts.

Inventory

Inventories consist of food items. All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	20-50
Furniture and equipment	5-20
Vehicles and buses	5-10

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the deferred charge on advance bond refundings, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and other postemployment benefit asset. A portion of these costs represent contributions to the plans subsequent to the plan measurement date.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for amounts owed to teachers and other District employees who do not work during the summer when school is not in session, but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

It is the District's policy to permit employees to accumulate various earned, but unused vacation, sick pay and severance benefits. These are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to the net pension liability and other postemployment benefit asset.

Unearned Revenue

Unearned revenue consists of revenue received prior to the delivery of goods or services or the incurrence of qualifying expenditures.

Subscription-Based Information Technology Arrangement (SBITA)

The District has a noncancellable subscription-based information technology arrangement. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$25,000 or more.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Discounts and premiums on debt issuances are reported as other financing uses and sources, respectively.

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2023 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within 60 days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Fund Equity

Governmental funds report *nonspendable fund* balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund* balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Board of Education. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District’s policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District. Balances outstanding at year-end are reported as due to/from other funds.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, the net other postemployment benefit (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires administration to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control for the debt service funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.
- 2. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2024. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2024, the District did not incur expenditures in excess of the amounts appropriated.

3. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 72% of the District’s general fund revenue during the 2024 fiscal year.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

Cash and investments are comprised of the following at year-end:

	Governmental Activities
Cash and cash equivalents	\$ 15,070,900
Investments	17,250,552
Total	<u>\$ 32,321,452</u>

Cash and investments are comprised of the following at year-end:

	Governmental Activities
Checking and savings accounts	\$ 15,069,900
Certificates of deposit (due in less than 1 year)	1,000,000
Investments	16,250,552
Cash on hand	1,000
Total	<u>\$ 32,321,452</u>

Cash and cash equivalents are comprised of deposits held with Chelsea State Bank, located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	\$ 2,490	AAAm S&P
MAX class	N/A	<u>16,248,062</u>	AAAm S&P
Total		<u>\$ 16,250,552</u>	

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for the District's investments are indicated in the previous table.

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified in the previous table for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, \$15,573,716 of the District's bank balance of \$15,823,716 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. The District is exposed to no custodial credit risk on its investments because they are held in the name of the District.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Fair Value. The 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 District's investments in the Michigan Liquid Assets Fund (MILAF) are recorded at amortized cost, therefore, fair value is not applicable.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts receivable	\$ 67,929
Interest receivable	7,209
Due from other governments	8,184,735
Totals	\$ 8,259,873

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts payable	\$ 604,135
Accrued liabilities	4,573,089
Due to other governments	980,910
Interest payable on long-term debt	582,180
Totals	\$ 6,740,314

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2024, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 80,647	\$ 892
Capital projects non-bonded	102,372	-
Nonmajor governmental funds	892	183,019
	\$ 183,911	\$ 183,911

The District often reports interfund balances between many of its funds. These interfund balances result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2024, interfund transfers consisted of the following:

	Transfers In		
Transfers Out	General Fund	Nonmajor Governmental Funds	Totals
General fund	\$ -	\$ 288,363	\$ 288,363
Nonmajor governmental funds	314,615	-	314,615
	\$ 314,615	\$ 288,363	\$ 602,978

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) to cover direct and indirect costs paid by general fund on behalf of special revenue funds.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	\$ 5,835,892	\$ 1,282,600	\$ -	\$ -	\$ 7,118,492
Construction in progress	49,067	8,095,621	-	(7,731,411)	413,277
	<u>5,884,959</u>	<u>9,378,221</u>	<u>-</u>	<u>(7,731,411)</u>	<u>7,531,769</u>
Capital assets, being depreciated/amortized:					
Buildings and improvements	192,622,669	4,017,400	-	5,711,640	202,351,709
Furniture and equipment	17,303,449	200,000	-	1,945,994	19,449,443
Vehicles and buses	4,071,596	-	(345,424)	73,777	3,799,949
Subscription assets (Note 9)	24,785	-	-	-	24,785
	<u>214,022,499</u>	<u>4,217,400</u>	<u>(345,424)</u>	<u>7,731,411</u>	<u>225,625,886</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(83,279,710)	(5,102,839)	-	-	(88,382,549)
Furniture and equipment	(11,422,195)	(1,328,071)	-	-	(12,750,266)
Vehicles and buses	(3,150,123)	(206,300)	345,424	-	(3,010,999)
Subscription assets (Note 9)	(12,393)	(12,392)	-	-	(24,785)
	<u>(97,864,421)</u>	<u>(6,649,602)</u>	<u>345,424</u>	<u>-</u>	<u>(104,168,599)</u>
Total capital assets being depreciated/amortized, net	<u>116,158,078</u>	<u>(2,432,202)</u>	<u>-</u>	<u>7,731,411</u>	<u>121,457,287</u>
Governmental activities capital assets, net	<u>\$ 122,043,037</u>	<u>\$ 6,946,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,989,056</u>

Depreciation/amortization expense is reported as unallocated in the statement of activities.

At June 30, 2024, the District has \$7,299,261 in commitments related to the construction in progress reported above.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

8. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds, notes, and other long-term liabilities transactions of the District for the year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 101,190,000	\$ -	\$ (11,515,000)	\$ 89,675,000	\$ 12,355,000
Unamortized premiums and discounts	4,372,545	-	(683,812)	3,688,733	683,812
School Loan Revolving Fund	1,070	47	-	1,117	-
Compensated absences	1,718,044	78,737	-	1,796,781	-
SBITA payable (Note 9)	12,194	-	(12,194)	-	-
Total governmental activities	<u>\$ 107,293,853</u>	<u>\$ 78,784</u>	<u>\$ (12,211,006)</u>	<u>\$ 95,161,631</u>	<u>\$ 13,038,812</u>
General obligation bonds					
\$31,500,000 (original issuance of \$69,900,000 before refunding), 1998 school building and site bonds due in annual installments of \$2,625,000 plus interest at 5.00-5.10% through 2028					
				\$ 10,500,000	
\$50,605,000 2017 school building and site bonds due in amounts ranging from \$760,000 through \$7,835,000 plus interest at 3.00-4.00% through 2034					
				45,940,000	
\$20,010,000, 2017 refunding bonds due in amounts ranging from \$1,280,000 through \$4,010,000 plus interest at 4.00% through 2028					
				10,615,000	
\$15,440,000 2021 refunding bonds due in amounts ranging from \$1,515,000 through \$4,635,000 plus interest at 0.38-0.82% through 2026					
				6,150,000	
\$16,470,000 2023 series 2 school building and site bonds due in amounts ranging from \$3,185,000 through \$6,730,000 plus interest at 5.00% through 2028					
				16,470,000	
Total				<u>\$ 89,675,000</u>	

The District has advance refunded certain bonds payable in previous periods through issuance of refunding bonds. The proceeds from issuance of the refunding bonds were placed in escrow until the related bonds were called. Of the refunding bonds reported in the table above, there are no amounts currently held in escrow, as the original bonds in each instance have already been called and repaid in full.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Future principal and interest payment requirements on outstanding general obligation debt are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 12,355,000	\$ 3,493,074	\$ 15,848,074
2026	12,770,000	3,123,881	15,893,881
2027	12,870,000	2,600,532	15,470,532
2028	13,055,000	1,989,557	15,044,557
2029	6,775,000	1,372,932	8,147,932
2030-2034	31,850,000	2,809,810	34,659,810
Totals	\$ 89,675,000	\$ 15,389,786	\$ 105,064,786

The State of Michigan school loan revolving funds represent amounts borrowed from the State of Michigan school bond loan program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school loan revolving funds for the year ended June 30, 2024 are as follows:

	School Loan Revolving Fund		
	Principal	Interest	Total
Beginning balance	\$ 1,070	\$ -	\$ 1,070
Additions	-	47	47
Ending balance	\$ 1,070	\$ 47	\$ 1,117

Compensated absences are expected to be liquidated by the general fund.

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

The District is involved in one arrangement that qualifies as a long-term SBITA arrangement. Below is a summary of the nature of this arrangement. This agreement qualifies as an intangible, right-to-use subscription asset as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year.

The right-to-use-asset and the related activity is included in Note 7, Capital Assets. The SBITA payable and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

10. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded \$1,601,661 in unearned revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and TIFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of unearned revenue are as follows:

Future State Aid Adjustment	
for Prior Year DDA/TIFA Captures	\$ 1,601,661
Deferred grant revenue from State sources	1,552,066
Prepaid fees	100,745
Prepaid student lunches	55,407
Other	118,895
	\$ 3,428,774

11. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "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 at the ORS website at www.michigan.gov/orsschools.

DEXTER COMMUNITY SCHOOLS**Notes to Financial Statements*****Pension Benefits Provided***

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as 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% to 1.50%. 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 member 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.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

DEXTER COMMUNITY SCHOOLS**Notes to Financial Statements*****Other Postemployment 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 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.

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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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 a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

For the year ended June 30, 2024, required and actual contributions from the District to the pension plan were \$11,216,330, which included \$5,392,522, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

For the year ended June 30, 2024, required and actual contributions from the District to the OPEB plan were \$2,117,642.

The table below summarizes defined contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2024, required and actual contributions from the District for those members with a defined contribution benefit were \$558,472.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

At June 30, 2024, the District reported a liability of \$86,388,258 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 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 District's proportion was 0.26691%, which was an increase of 0.00813% from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$10,942,203. At June 30, 2024, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 2,727,014	\$ 132,333	\$ 2,594,681
Changes in assumptions	11,706,002	6,749,415	4,956,587
Net difference between projected and actual earnings on pension plan investments	-	1,767,783	(1,767,783)
Changes in propor. on and differences between employer contributions and proportionate share of contributions	2,241,152	2,037,816	203,336
	16,674,168	10,687,347	5,986,821
District contributions subsequent to the measurement date	10,643,625	-	10,643,625
Total	\$ 27,317,793	\$ 10,687,347	\$ 16,630,446

DEXTER COMMUNITY SCHOOLS**Notes to Financial Statements**

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2025	\$ 1,879,520
2026	1,163,021
2027	3,986,777
2028	<u>(1,042,497)</u>
Total	\$ 5,986,821

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

At June 30, 2024, the District reported an asset of \$1,562,510 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 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 District's proportion was 0.27621% which was an increase of 0.001764% from its proportion measured as of September 30, 2022.

DEXTER COMMUNITY SCHOOLS**Notes to Financial Statements**

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,622,130. At June 30, 2024, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 11,807,126	\$ (11,807,126)
Changes in assumptions	3,478,419	418,867	3,059,552
Net difference between projected and actual earnings on OPEB plan investments	4,764	-	4,764
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>845,539</u>	<u>710,511</u>	<u>135,028</u>
	4,328,722	12,936,504	(8,607,782)
District contributions subsequent to the measurement date	<u>1,907,229</u>	-	<u>1,907,229</u>
Total	\$ 6,235,951	\$ 12,936,504	\$ (6,700,553)

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset/liability 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:

Year Ended June 30,	Amount
2025	\$ (2,810,470)
2026	(2,642,358)
2027	(1,091,515)
2028	(1,019,971)
2029	(699,553)
Thereafter	<u>(343,915)</u>
Total	\$ (8,607,782)

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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. The total pension and OPEB liabilities in the September 30, 2022 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	Retirees: PubT-2010 Male and Female Retiree 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 Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	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.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Assumption changes as a result of an experience study for the period 2012 through 2017 and 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 and September 30, 2023 valuations, respectively. The total pension and OPEB liabilities as of September 30, 2023, are 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. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and 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 pension/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 pension and OPEB plans' 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	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	<u>100.00%</u>		5.60%
Inflation			2.70%
Risk adjustment			<u>-2.30%</u>
Investment rate of return			<u>6.00%</u>

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates 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 and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the 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 point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 116,710,283	\$ 86,388,258	\$ 61,144,075

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

The following presents the District's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB (asset) liability 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%)
District's proportionate share of the net OPEB (asset) liability	\$ 1,619,854	\$ (1,562,510)	\$ (4,297,439)

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

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

The following presents the District's proportionate share of the net OPEB (asset) liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB (asset) liability 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
District's proportionate share of the net OPEB (asset) liability	\$ (4,304,258)	\$ (1,562,510)	\$ 1,404,960

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of \$1,724,690 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024.

Payable to the OPEB Plan

At June 30, 2024, the District reported a payable of \$197,221 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

12. FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund	Capital Projects Non-bonded	Nonmajor Governmental Funds	Total
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 23,094	\$ 23,094
Prepaid items	75,813	-	75,385	-	16,840	168,038
	<u>75,813</u>	<u>-</u>	<u>75,385</u>	<u>-</u>	<u>39,934</u>	<u>191,132</u>
Restricted						
Debt service	-	1,100,992	-	-	-	1,100,992
Food service program	-	-	-	-	1,399,908	1,399,908
Capital projects	-	-	12,674,007	-	-	12,674,007
Capital projects - Grant funded	-	-	-	-	12,502	12,502
	<u>-</u>	<u>1,100,992</u>	<u>12,674,007</u>	<u>-</u>	<u>1,412,410</u>	<u>15,187,409</u>
Committed						
Unspent supply carryover	157,124	-	-	-	-	157,124
Employee off schedule payment	150,000	-	-	-	-	150,000
Facilities, equipment and maintenance	1,000,000	-	-	-	-	1,000,000
Facilities, athletics	1,125,000	-	-	-	-	1,125,000
Performing arts equipment	170,000	-	-	-	-	170,000
Instructional materials and equipment	1,000,000	-	-	-	-	1,000,000
Technology	1,500,000	-	-	-	-	1,500,000
New programs	2,400,000	-	-	-	-	2,400,000
New buildings and spaces	300,490	-	-	-	-	300,490
Retirement and severance	1,000,000	-	-	-	-	1,000,000
Athletic programs	-	-	-	-	308,918	308,918
Student / school activity	-	-	-	-	1,187,971	1,187,971
Non-bonded capital projects	-	-	-	199,112	-	199,112
	<u>8,802,614</u>	<u>-</u>	<u>-</u>	<u>199,112</u>	<u>1,496,889</u>	<u>10,498,615</u>
Assigned						
Community services	-	-	-	-	1,692,823	1,692,823
Subsequent year expenditures	1,994,430	-	-	-	-	1,994,430
	<u>1,994,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,692,823</u>	<u>3,687,253</u>
Unassigned	<u>1,621,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,621,140</u>
Total fund balances - governmental funds	<u>\$ 12,493,997</u>	<u>\$ 1,100,992</u>	<u>\$ 12,749,392</u>	<u>\$ 199,112</u>	<u>\$ 4,642,056</u>	<u>\$ 31,185,549</u>

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District’s net investment in capital assets as of June 30, 2024, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated/amortized	\$ 7,531,769
Capital assets being depreciated/amortized, net	<u>121,457,287</u>
	<u>128,989,056</u>
Related debt:	
General obligation bonds	89,675,000
Premiums/discounts on bonds payable, net	3,688,733
Deferred charge on advance bond refundings, net	(115,656)
Unexpended bond proceeds	<u>(12,749,392)</u>
	<u>80,498,685</u>
Net investment in capital assets	<u>\$ 48,490,371</u>

14. BONDED CONSTRUCTION COSTS

2017 Capital Projects Fund Compliance

The 2017 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.

15. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in and pays premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The terms of the participation agreement with the pools indicate that, should losses of the pools incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may assess its member districts on a pro-rata basis to cover excess losses. In past years, the loss funds have exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in these pools provide sufficient coverage to protect the District from significant adverse financial impact.

16. DEXTER WELLNESS CENTER MANAGEMENT AGREEMENT

In April 2024, the District entered into a management agreement with the Chelsea Health and Wellness Foundation following the District's purchase of the Dexter Wellness Center at 2810 Baker Road, Dexter, Michigan effective through March 31, 2025. The agreement sets forth that the Foundation will continue to provide all services, duties, and responsibilities for the general administration and day-to-day operation of the Wellness Center.

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REQUIRED SUPPLEMENTARY INFORMATION

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information
MPERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,			
	2024	2023	2022	2021
District's proportionate share of the net pension liability	\$ 86,388,258	\$ 97,322,302	\$ 63,513,923	\$ 91,569,173
District's proportion of the net pension liability	0.26691%	0.25878%	0.26827%	0.26657%
District's covered payroll	\$ 27,586,479	\$ 25,134,639	\$ 24,366,821	\$ 24,033,841
District's proportionate share of the net pension liability as a percentage of its covered payroll	313.15%	387.20%	260.66%	381.00%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%

See notes to required supplementary information.

Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 86,772,214	\$ 78,076,238	\$ 66,388,499	\$ 62,177,767	\$ 61,232,973	\$ 52,543,111
0.26202%	0.25972%	0.25619%	0.24922%	0.25070%	0.23854%
\$ 23,160,721	\$ 22,350,671	\$ 21,844,616	\$ 21,116,479	\$ 21,237,606	\$ 20,490,109
374.65%	349.32%	303.91%	294.45%	288.32%	256.43%
60.31%	62.38%	64.21%	63.27%	63.17%	66.20%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2024	2023	2022	2021
Statutorily required contribution	\$ 11,216,330	\$ 12,212,128	\$ 8,799,078	\$ 7,960,419
Contributions in relation to the statutorily required contribution	<u>(11,216,330)</u>	<u>(12,212,128)</u>	<u>(8,799,078)</u>	<u>(7,960,419)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,723,275	\$ 27,392,729	\$ 24,737,501	\$ 23,838,048
Contributions as a percentage of covered payroll	40.46%	44.58%	35.57%	33.39%

See notes to required supplementary information.

Year Ended June 30,					
2020	2019	2018	2017	2016	2015
\$ 7,319,434	\$ 6,953,030	\$ 6,467,637	\$ 5,956,455	\$ 4,836,283	\$ 3,704,745
<u>(7,319,434)</u>	<u>(6,953,030)</u>	<u>(6,467,637)</u>	<u>(5,956,455)</u>	<u>(4,836,283)</u>	<u>(3,704,745)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,821,083	\$ 21,043,362	\$ 22,283,619	\$ 21,652,765	\$ 20,993,350	\$ 21,188,803
30.73%	33.04%	29.02%	27.51%	23.04%	17.48%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information				
MPSERS Cost-Sharing Multiple-Employer Plan				
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability				
	Year Ended June 30,			
	2024	2023	2022	2021
District's proportionate share of the net OPEB (asset) liability	\$ (1,562,510)	\$ 5,476,593	\$ 4,108,559	\$ 14,508,268
District's proportion of the net OPEB asset/liability	0.27621%	0.25857%	0.26917%	0.27081%
District's covered payroll	\$ 27,586,479	\$ 25,134,639	\$ 24,366,821	\$ 24,033,841
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-5.66%	21.79%	16.86%	60.37%
Plan fiduciary net position as a percentage of the total OPEB liability	105.04%	83.09%	87.33%	59.44%

See notes to required supplementary information.

Year Ended June 30,		
2020	2019	2018
\$ 19,005,006	\$ 20,863,637	\$ 22,742,261
0.26478%	0.26247%	0.25682%
\$ 23,160,721	\$ 22,350,671	\$ 21,844,616
82.06%	93.35%	104.11%
48.46%	42.95%	36.39%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2024	2023	2022	2021
Statutorily required contributions	\$ 2,117,642	\$ 2,153,313	\$ 1,979,501	\$ 1,953,217
Contributions in relation to the statutorily required contributions	<u>(2,117,642)</u>	<u>(2,153,313)</u>	<u>(1,979,501)</u>	<u>(1,953,217)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,723,275	\$ 27,392,729	\$ 24,737,501	\$ 23,838,048
Contributions as a percentage of covered payroll	7.64%	7.86%	8.00%	8.19%

See notes to required supplementary information.

Year Ended June 30,		
2020	2019	2018
\$ 1,914,592	\$ 1,961,551	\$ 1,761,556
<u>(1,914,592)</u>	<u>(1,961,551)</u>	<u>(1,761,556)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,821,083	\$ 21,043,362	\$ 22,283,619
8.04%	9.32%	7.91%

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

DEXTER COMMUNITY SCHOOLS**Schedule of Revenues and Other Financing Sources**

General Fund

For the Year Ended June 30, 2024

Revenues**Local sources**

Property taxes	\$ 5,712,871
Earnings on investments and deposits	636,850
Tuition	43,780
Transportation	134,829
Rentals	124,803
Other local revenues	122,283
Total local sources	<u>6,775,416</u>

State sources

State aid - membership - section 20	26,853,553
At risk	492,498
Special education	3,186,589
Other state grants	8,783,716
Total state sources	<u>39,316,356</u>

Federal sources

Title I	90,987
Title II - Teacher Principal Training	41,842
Title III - Immigrant Students and English Learners	5,507
Elementary and Secondary School Emergency Relief Program	112,000
Special Education	844,765
Special Education - Preschool	20,004
Student Support and Academic Enrichment Program	10,900
Total federal sources	<u>1,126,005</u>

Interdistrict sources

	<u>6,568,351</u>
--	------------------

Other sources

	<u>1,111,029</u>
--	------------------

Total revenues

	54,897,157
--	------------

Other financing sources

Transfers from other funds	314,615
Proceeds from sale of capital assets	37,108
Total other financing sources	<u>351,723</u>

Total revenues and other financing sources

	<u>\$ 55,248,880</u>
--	----------------------

DEXTER COMMUNITY SCHOOLS**Schedule of Expenditures and Other Financing Uses**

General Fund

For the Year Ended June 30, 2024

Instruction**Basic programs****Elementary**

Salaries	\$ 6,872,615
Insurances	1,073,496
FICA, retirement, etc.	3,850,046
Purchased services	464,215
Supplies and materials	159,149
Other	200
Total elementary	<u>12,419,721</u>

Middle/junior high

Salaries	2,399,085
Insurances	376,790
FICA, retirement, etc.	1,380,427
Purchased services	133,260
Supplies and materials	36,306
Other	1,660
Total middle/junior high	<u>4,327,528</u>

High school

Salaries	4,339,617
Insurances	661,114
FICA, retirement, etc.	2,452,976
Purchased services	474,277
Supplies and materials	63,232
Other	187,798
Total high school	<u>8,179,014</u>

Total basic programs

	<u>24,926,263</u>
--	-------------------

Added needs**Special education**

Salaries	3,190,133
Insurances	390,592
FICA, retirement, etc.	1,802,927
Purchased services	91,352
Supplies and materials	53,186
Other	170,354
Total special education	<u>5,698,544</u>

continued...

DEXTER COMMUNITY SCHOOLS**Schedule of Expenditures and Other Financing Uses**

General Fund

For the Year Ended June 30, 2024

Instruction (concluded)**Added needs (concluded)****Compensatory education**

Salaries	\$ 256,978
Insurances	42,490
FICA, retirement, etc.	136,010
Purchased services	2,812
Supplies and materials	271,383
Total compensatory education	<u>709,673</u>

Vocational education

Salaries	87,667
Insurances	5,590
FICA, retirement, etc.	39,845
Purchased services	13,060
Supplies and materials	31,832
Other	240,744
Total vocational education	<u>418,738</u>

Total added needs6,826,955**Total instruction**31,753,218**Supporting services****Student services**

Salaries	3,437,506
Insurances	606,171
FICA, retirement, etc.	1,896,984
Purchased services	249,738
Supplies and materials	8,638
Other	154
Total student services	<u>6,199,191</u>

Instructional staff

Salaries	1,382,648
Insurances	190,517
FICA, retirement, etc.	763,828
Other benefits	25,160
Purchased services	509,767
Supplies and materials	36,711
Other	65,988
Total instructional staff	<u>2,974,619</u>

continued...

DEXTER COMMUNITY SCHOOLS**Schedule of Expenditures and Other Financing Uses**

General Fund

For the Year Ended June 30, 2024

Supporting services (continued)**General administration**

Salaries	\$ 279,460
Insurances	29,890
FICA, retirement, etc.	183,257
Other benefits	53,094
Purchased services	209,599
Supplies and materials	9,414
Other	14,061
Total general administration	<u>778,775</u>

School administration

Salaries	1,553,575
Insurances	294,227
FICA, retirement, etc.	912,986
Other benefits	58,230
Purchased services	37,963
Supplies and materials	14,731
Other	3,776
Total school administration	<u>2,875,488</u>

Business administration

Salaries	393,751
Insurances	73,812
FICA, retirement, etc.	269,188
Other benefits	76,335
Purchased services	27,663
Supplies and materials	1,041
Other	28,874
Total business administration	<u>870,664</u>

Operation and maintenance of plant

Salaries	1,513,857
Insurances	323,791
FICA, retirement, etc.	914,898
Other benefits	743
Purchased services	881,450
Supplies and materials	1,616,832
Other	4,104
Total operation and maintenance of plant	<u>5,255,675</u>

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2024

Supporting services (concluded)

Transportation	
Salaries	\$ 863,766
Insurances	127,365
FICA, retirement, etc.	476,680
Other benefits	2,407
Purchased services	125,950
Supplies and materials	181,208
Other	3,549
Total transportation	<u>1,780,925</u>

Other supporting services

Salaries	239,765
Insurances	45,049
FICA, retirement, etc.	141,578
Other benefits	13,534
Purchased services	111,224
Supplies and materials	749
Other	5,202
Total other supporting services	<u>557,101</u>

Total supporting services	<u>21,292,438</u>
----------------------------------	-------------------

Community services

Salaries	5,574
Insurances	451
FICA, retirement, etc.	2,495
Purchased services	137,449
Supplies and materials	155,609
Total community services	<u>301,578</u>

Payments to not-for-profit entities	<u>9,600</u>
--	--------------

Debt service

Principal	12,194
Interest	806
Total debt service	<u>13,000</u>

Other financing uses

Transfers to other funds	288,363
--------------------------	---------

Total expenditures and other financing uses	<u>\$ 53,658,197</u>
--	----------------------

concluded

DEXTER COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue				Total
	Food Service	Community Service	Student/School Activity	Cooperative Activity	
Assets					
Cash and cash equivalents	\$ 1,180,259	\$ 2,002,981	\$ 1,350,663	\$ 61,948	\$ 4,595,851
Accounts receivable	2,058	5,601	16,522	20,572	44,753
Due from other governments	284,457	119,308	-	42,640	446,405
Due from other funds	-	892	-	-	892
Inventory	23,094	-	-	-	23,094
Prepaid items	12,729	3,251	860	-	16,840
Total assets	<u>\$ 1,502,597</u>	<u>\$ 2,132,033</u>	<u>\$ 1,368,045</u>	<u>\$ 125,160</u>	<u>\$ 5,127,835</u>
Liabilities					
Accounts payable	\$ 1,198	\$ 26,296	\$ 12,688	\$ 10,286	\$ 50,468
Due to other governments	10	-	-	-	10
Due to other funds	10,251	-	70,396	102,372	183,019
Unearned revenue	55,407	100,745	96,130	-	252,282
Total liabilities	<u>66,866</u>	<u>127,041</u>	<u>179,214</u>	<u>112,658</u>	<u>485,779</u>
Fund balances					
Nonspendable	35,823	3,251	860	-	39,934
Restricted	1,399,908	-	-	12,502	1,412,410
Committed	-	308,918	1,187,971	-	1,496,889
Assigned	-	1,692,823	-	-	1,692,823
Total fund balances	<u>1,435,731</u>	<u>2,004,992</u>	<u>1,188,831</u>	<u>12,502</u>	<u>4,642,056</u>
Total liabilities and fund balances	<u>\$ 1,502,597</u>	<u>\$ 2,132,033</u>	<u>\$ 1,368,045</u>	<u>\$ 125,160</u>	<u>\$ 5,127,835</u>

DEXTER COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2024

	Special Revenue				Total
	Food Service	Community Service	Student/ School Activity	Cooperative Activity	
Revenues					
Local sources	\$ 403,353	\$ 2,955,841	\$ 897,081	\$ 621,447	\$ 4,877,722
State sources	1,361,190	58,013	-	-	1,419,203
Federal sources	624,883	165,604	-	5,680,525	6,471,012
Interdistrict sources	223,125	-	-	-	223,125
Total revenues	<u>2,612,551</u>	<u>3,179,458</u>	<u>897,081</u>	<u>6,301,972</u>	<u>12,991,062</u>
Expenditures					
Current:					
Community services	-	3,713,753	997,582	787,407	5,498,742
Food services	2,281,635	-	-	-	2,281,635
Capital outlay	-	-	-	5,502,063	5,502,063
Total expenditures	<u>2,281,635</u>	<u>3,713,753</u>	<u>997,582</u>	<u>6,289,470</u>	<u>13,282,440</u>
Revenues over (under) expenditures	<u>330,916</u>	<u>(534,295)</u>	<u>(100,501)</u>	<u>12,502</u>	<u>(291,378)</u>
Other financing sources (uses)					
Transfers in	-	288,363	-	-	288,363
Transfers out	(113,084)	(201,531)	-	-	(314,615)
Total other financing sources (uses)	<u>(113,084)</u>	<u>86,832</u>	<u>-</u>	<u>-</u>	<u>(26,252)</u>
Net changes in fund balances	<u>217,832</u>	<u>(447,463)</u>	<u>(100,501)</u>	<u>12,502</u>	<u>(317,630)</u>
Fund balances, beginning of year	<u>1,217,899</u>	<u>2,452,455</u>	<u>1,289,332</u>	<u>-</u>	<u>4,959,686</u>
Fund balances, end of year	<u>\$ 1,435,731</u>	<u>\$ 2,004,992</u>	<u>\$ 1,188,831</u>	<u>\$ 12,502</u>	<u>\$ 4,642,056</u>

SCHEDULE OF BONDS ISSUED AND OUTSTANDING (Unaudited)

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

1998 School and Building Site Bonds
June 30, 2024

Issue dated April 20, 1998 in the amount of \$ 69,600,000

Less:

Bonds paid in prior years 56,475,000
Bonds due and paid May 1, 2024 2,625,000

Balance outstanding - June 30, 2024 \$ 10,500,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2024 - 2025	5.10	\$ 2,625,000	\$ 267,750	\$ 267,750	\$ 3,160,500
2025 - 2026	5.10	2,625,000	200,813	200,812	3,026,625
2026 - 2027	5.10	2,625,000	133,875	133,875	2,892,750
2027 - 2028	5.10	<u>2,625,000</u>	<u>66,938</u>	<u>66,937</u>	<u>2,758,875</u>
		<u>\$ 10,500,000</u>	<u>\$ 669,376</u>	<u>\$ 669,374</u>	<u>\$ 11,838,750</u>

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds
June 30, 2024

Issue dated November 28, 2017 in the amount of \$ 50,605,000

Less:

Bonds paid in prior years 3,905,000
Bonds due and paid May 1, 2024 760,000

Balance outstanding - June 30, 2024 \$ 45,940,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2024 - 2025	4.00	\$ 1,190,000	\$ 832,766	\$ 832,765	\$ 2,855,531
2025 - 2026	4.00	1,435,000	808,965	808,966	3,052,931
2026 - 2027	4.00	2,235,000	780,266	780,266	3,795,532
2027 - 2028	4.00	2,455,000	735,565	735,565	3,926,130
2028 - 2029	4.00	6,775,000	686,465	686,466	8,147,931
2029 - 2030	4.00	7,050,000	550,965	550,966	8,151,931
2030 - 2031	4.00	7,340,000	409,966	409,965	8,159,931
2031 - 2032	3.00	7,600,000	263,165	263,166	8,126,331
2032 - 2033	3.00	7,835,000	149,166	149,165	8,133,331
2033 - 2034	3.125	<u>2,025,000</u>	<u>31,641</u>	<u>31,640</u>	<u>2,088,281</u>
		<u>\$ 45,940,000</u>	<u>\$ 5,248,930</u>	<u>\$ 5,248,930</u>	<u>\$ 56,437,860</u>

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)					
2017 Refunding Bonds					
June 30, 2024					
Issue dated November 28, 2017 in the amount of				\$ 20,010,000	
Less:					
Bonds paid in prior years				5,390,000	
Bonds due and paid May 1, 2024				4,005,000	
Balance outstanding - June 30, 2024				\$ 10,615,000	
Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2024 - 2025	4.00	\$ 3,905,000	\$ 212,300	\$ 212,300	\$ 4,329,600
2025 - 2026	4.00	4,010,000	134,200	134,200	4,278,400
2026 - 2027	4.00	1,280,000	54,000	54,000	1,388,000
2027 - 2028	4.00	1,420,000	28,400	28,400	1,476,800
		<u>\$ 10,615,000</u>	<u>\$ 428,900</u>	<u>\$ 428,900</u>	<u>\$ 11,472,800</u>
continued...					

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)					
2021 Refunding Bonds					
June 30, 2024					
Issue dated March 24, 2021 in the amount of				\$ 15,440,000	
Less:					
Bonds paid in prior years				5,165,000	
Bonds due and paid May 1, 2024				4,125,000	
Balance outstanding - June 30, 2024				\$ 6,150,000	
Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2024 - 2025	0.68	\$ 4,635,000	\$ 21,971	\$ 21,970	\$ 4,678,941
2025 - 2026	0.82	1,515,000	6,212	6,211	1,527,423
		<u>\$ 6,150,000</u>	<u>\$ 28,183</u>	<u>\$ 28,181</u>	<u>\$ 6,206,364</u>
continued...					

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)
2023 School Building and Site Bonds
June 30, 2024

Issue dated March 23, 2023 in the amount of	\$ 16,470,000
Less:	
Bonds paid in prior years	-
Bonds due and paid May 1, 2024	-
Balance outstanding - June 30, 2024	\$ 16,470,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2024 - 2025	5.00	\$ -	\$ 411,750	\$ 411,750	\$ 823,500
2025 - 2026	5.00	3,185,000	411,750	411,750	4,008,500
2026 - 2027	5.00	6,730,000	332,125	332,125	7,394,250
2027 - 2028	5.00	6,555,000	163,875	163,875	6,882,750
		<u>\$ 16,470,000</u>	<u>\$ 1,319,500</u>	<u>\$ 1,319,500</u>	<u>\$ 19,109,000</u>

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Founded in 1852
by Sidney Davy Miller



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FORM OF APPROVING OPINION

Dexter Community Schools

Counties of Washtenaw and Livingston
State of Michigan

We have acted as bond counsel to the Dexter Community Schools, Counties of Washtenaw and Livingston, 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 October __, 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

Dexter Community Schools

-2-

October __, 2025

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,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

§ _____
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2025 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the “School District”) in connection with the issuance of its 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the “Bonds”). The School District 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 School District 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 School District 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 6th 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 School District in form and substance similar to the information contained in the official statement of the School District relating to the Bonds (the “Official Statement”) appearing in the tables or under the headings in the Official Statement as described below:

- a. Enrollments – Enrollment History;
- b. Retirement Plan – Contributions to MPSERS;
- c. History of Valuations – State Equalized Valuation and Taxable Valuation;
- d. Tax Levies and Collections;
- e. State Aid Payments;
- f. School District Tax Rates (Per \$1,000 of Valuation);
- g. Largest Taxpayers;
- h. Direct Debt;
- i. Legal Debt Margin; and
- j. 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 School District 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 School District is changed, the School District 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 School District 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 School District to provide the annual financial information with respect to the School District described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The School District 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;
- (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 School District, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District 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 School District, 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 School District;
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, 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 School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other

- similar terms of a Financial Obligation of the School District, 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 School District, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The School District 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 School District to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the School District 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 School District 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 School District’s obligations hereunder and any failure by the School District 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 School District, provided that the School District 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 School District 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 School District (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the School District 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 School District to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

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

DEXTER COMMUNITY SCHOOLS
Counties of Washtenaw and Livingston
State of Michigan

By: _____

Its: _____

Dated: _____, 2025

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