PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2026

NEW ISSUE—Book-Entry-Only

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

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

$117,810,000**
UTICA COMMUNITY SCHOOLS
COUNTY OF MACOMB, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

Dated: Date of Delivery **Due: May 1, as shown below**

On May 2, 2023, the qualified electors of the Utica Community Schools, County of Macomb, State of Michigan (the "School District") approved the issuance of bonds in the amount of not to exceed $550,000,000 to be issued in one or more series. Proceeds of the 2026 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of $117,810,000**, representing the second 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 January 12, 2026 (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 UMB Bank, N.A., 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 November 1, 2026, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

(Base CUSIP§: ______)

Maturity**	Amount**	Interest Rate	Yield	CUSIP§	Maturity**	Amount**	Interest Rate	Yield	CUSIP§
2027	$4,500,000				2035	$ 7,100,000			
2028	4,650,000				2036	7,455,000			
2029	5,750,000				2037	7,830,000			
2030	2,000,000				2038	9,080,000			
2031	3,000,000				2039	10,080,000			
2032	5,000,000				2040	18,880,000			
2033	6,100,000				2041	19,785,000			
2034	6,600,000								

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2037** ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2036**, 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 Underwriters 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 Underwriters 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 June __, 2026.

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

Huntington Capital Markets

The date of this Official Statement is May __, 2026.

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† 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 Underwriters. 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 Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriters).

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 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.

UTICA COMMUNITY SCHOOLS
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OFFICIAL STATEMENT
relating to

$117,810,000[1]
UTICA COMMUNITY SCHOOLS
COUNTY OF MACOMB, STATE OF MICHIGAN
2026 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 Utica Community Schools, County of Macomb, State of Michigan (the "School District") of its 2026 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of $117,810,000[1].

PURPOSE AND SECURITY

On May 2, 2023 the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed $550,000,000. Proceeds of the Bonds in the principal amount of $117,810,000[1], representing the second series of bonds issued pursuant to the 2023 authorization, will be used for the purpose of rebuilding and constructing additions to School District buildings creating a safe and secure modern learning environment for students; constructing replacement elementary school buildings and other facilities, remodeling School District buildings, structures and other facilities, and equipping, furnishing, reequipping and refurnishing School District buildings, athletic fields, playgrounds and other facilities; acquiring and installing technology equipment and technology infrastructure in School District buildings and other facilities, including for health, safety and security; acquiring, preparing, developing, or improving sites for School District buildings, structures, athletic fields, playgrounds, or other facilities and purchasing school buses; 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 January 12, 2026 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

QUALIFICATION BY THE STATE OF MICHIGAN

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

[1] Preliminary, subject to change.

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

Complete financial statements of all of the State's funds as included in the State's Annual Comprehensive Financial Report ("ACFR") prepared by the State's Office of the State Budget are available from the Budget website: www.michigan.gov/budget. 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
- Underwriters' Discount
- Costs of Issuance for the Bonds
  - Total Uses

THE BONDS

Description and Form of the Bonds

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

The corporate trust office of UMB Bank, N.A., 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 Underwriters 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 Underwriters 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 Redemption[1]

The Bonds or portions of the Bonds in multiples of $5,000 maturing on or after May 1, 2037[1], 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, 2036[1], at par plus accrued interest to the date fixed for redemption.

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[1] Preliminary, subject to change.

Notice of Redemption and Manner of Selection

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

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

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

TAX PROCEDURES

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

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

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

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

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

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

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

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

State School Aid

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994-95. In 2021 the Legislature eliminated the foundation allowance range in the 2021/22 fiscal year that had been in place since the passage of school finance reform legislation in 1994. In 2025 the Legislature established a base foundation allowance for fiscal year 2025/26 of $10,050 per pupil.

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

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead property[2] in order for the school district to receive its full base foundation allowance. Furthermore, school districts whose budgeted foundation allowance in 2025/26 calculates to an amount in excess of the $10,050 base foundation allowance are authorized to levy additional millage to obtain this budgeted foundation allowance, first by levying such amount of the 18 mills against homestead property[3] 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 2025/26 per pupil budgeted foundation allowance does not exceed $10,050 and accordingly the School District does not levy additional mills on homestead property.

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

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

Regional Enhancement Millage: Macomb Intermediate School District

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

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[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.

levy of this Enhancement Millage the School District will receive additional operating revenues of approximately $638 per student for the 2025/26 school year and anticipate receiving similar amounts for each school year through and including the 2029/30 school year.

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

MICHIGAN PROPERTY TAX REFORM

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

Pursuant to voter approval in August 2014, the 2014 legislation also included a formula to reimburse school districts for lost personal property tax revenue for 100% of lost debt millage revenue associated with bonds approved by voters prior to January 1, 2013, and lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduced the State use tax and created a Local Community Stabilization Authority that levies a local use tax component and distributes that revenue from such local component to qualifying local units.[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 Underwriters at the time of the original delivery of the Bonds.

TAX MATTERS

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

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

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

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

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

Tax Treatment of Accruals on Original Issue Discount

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

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

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

Amortizable Bond Premium

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

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

Market Discount

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

Information Reporting and Backup Withholding

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

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

Future Developments

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

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

Certain legal matters will be passed upon for the Underwriters by their 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, Act No. 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATINGS

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

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated ("Stifel") and Huntington Securities, Inc., dba Huntington Capital Markets (collectively, the "Underwriters"), have 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 Underwriters, 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 Underwriters have 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 Underwriters 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 Underwriters. 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 Underwriters 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 Underwriters, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriters to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

The School District has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing portions of the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the

Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the School District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

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

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

CONTINUING DISCLOSURE

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

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

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

OTHER MATTERS

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

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

UTICA COMMUNITY SCHOOLS
COUNTY OF MACOMB
STATE OF MICHIGAN

By: ______________________________

Its: Assistant Superintendent for Business and Employee Services

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APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN ACT
Act 92 of 2005

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

(c) A pro forma debt service projection showing the estimated mills the school district will levy to provide revenue the school district will use to pay the qualified bonds, any outstanding qualified bonds, and any outstanding or projected qualified loans of the school district. For the purpose of the pro forma debt service projection, the school district may assume for the first 5 years following the date of the application the average growth or decline in taxable value for the 5 years or such other period of time requested by the school district if approved by the state treasurer preceding the date of the application and the average growth or decline rate for the 20 years immediately preceeding 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 August 29, 1966.
State Treasurer
Capitol Building
Lansing, Michigan

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].

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

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

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

Under amended Section 6 of the act, in any school district where the amount necessary to be levied in any year for principal and interest on qualified bonds exceeds 7 mills on each dollar of the assessed valuation of the school district as last equalized by the state, such school district on or before 60 days prior to the time of certification of its tax levy to the assessing officer shall file with the superintendent of public instruction[3] 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.

---

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

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

[5]Other details set forth in amended Section 7 have been omitted.

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

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

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

FRANK J. KELLEY,
Attorney General

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APPENDIX B[1]

UTICA COMMUNITY SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Utica Community Schools (the "School District") occupies an area of approximately 70 square miles in northwestern Macomb County in southeastern Michigan. The School District includes all of the City of Utica, a portion of the City of Sterling Heights, virtually all of Shelby Township and portions of Macomb, Ray and Washington Townships. Utica Community Schools is the State's second largest school district by enrollment. Just 20 miles outside the City of Detroit, the School District is minutes away from shopping, world class cultural and entertainment opportunities and miles of lakeshore. Utica Community Schools is comprised largely of residential neighborhoods, diverse recreational choices and educational services, making the School District's communities desirable places to live and work.

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

11 miles east of the City of Pontiac
20 miles north of the City of Detroit
60 miles northeast of the City of Ann Arbor
80 miles southeast of the City of Lansing

POPULATION

The U.S. Census reported and 2024 estimated populations for the School District and the City of Utica, City of Sterling Heights, Township of Shelby and County of Macomb are as follows:

	School District	City of Utica	City of Sterling Heights	Township of Shelby	County of Macomb
2024 Estimate	192,514	5,180	133,573	79,641	879,853
2020 U.S. Census	191,137	5,245	134,346	79,408	881,217
2010 U.S. Census	179,914	4,757	129,699	73,804	840,978

Source: U.S. Census Bureau via data.census.gov website

BOARD OF EDUCATION

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

[1]Information included in APPENDIX B of this Official Statement was obtained from the School District unless otherwise noted.

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

School Year End 30-Jun	Full-time Equivalent	Change	School Year End 30-Jun	Full-time Equivalent	Change
2026	24,726	-1.81%	2021	25,677	-3.47%
2025	25,181	-0.73	2020	26,599	-1.04
2024	25,365	-0.99	2019	26,878	-1.79
2023	25,619	-0.79	2018	27,369	-2.11
2022	25,822	0.56	2017	27,960	--

2025/2026 Fall Count

Kindergarten	1,777	7th	1,892
1st	1,695	8th	1,885
2nd	1,725	9th	1,992
3rd	1,741	10th	1,921
4th	1,844	11th	1,938
5th	1,826	12th	1,905
6th	1,890	Subtotal	24,031
		Special Ed.	695
		Total	24,726

Source: School District and Michigan Department of Education via website www.michigan.gov

SCHOOL DISTRICT FACILITIES

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

Facility	Grades Served	Year Built	Last Remodel/Addition	Type of Construction	Pupil Capacity
Elementary Schools:					
Beacon Tree	K-6	2005	--	Brick	1,056
Beck Centennial	K-6	1997	--	Brick	792
W.B. Browning	K-6	1959	2005	Brick	620
Burr	K-6	1952	2006	Brick	676
Collins	K-6	1968	2004	Brick	448
Crissman	K-6	1969	2004	Brick	762
DeKeyser	K-6	1971	2025	Brick	504
Dresden	K-6	1957	2006	Brick	650
Duncan	K-6	2002	--	Brick	792
Ebeling	K-6	1978	2005	Brick	706
Flickinger	K-6	1964	2005	Brick	620
Graebner	K-6	1972	2005	Brick	762
Harvey	K-6	1962	2006	Brick	620
Havel	K-6	1972	2005	Brick	706
Messmore	K-6	1966	2004	Brick	530
Monfort	K-6	1968	2004	Brick	762
Morgan	K-6	1966	2004	Brick	762
Oakbrook	K-6	1971	2004	Brick	504
Plumbrook	K-6	1962	2006	Brick	590
Roberts	K-6	1971	2004	Brick	762
Schuchard	K-6	1978	2006	Brick	822
Schwarzkoff	K-6	1966	2004	Brick	792
Switzer	K-6	1963	2006	Brick	762
West Utica	K-6	1958	2005	Brick	792
Wiley	K-6	1951	2004	Brick	676
Middle Schools:					
Bemis	7-8	1959	2005	Brick	1,734
Davis	7-9	1968	2000	Brick	1,190
Eppler	7-9	1929	2004	Brick	1,700
Heritage	7-9	1977	2000	Brick	1,258
Jeannette	7-9	1981	2000	Brick	1,122
Malow	7-9	1969	2000	Brick	1,530
Shelby	7-9	1963	2002	Brick	1,666
High Schools:					
Dwight D. Eisenhower	10-12	1972	2006	Brick	2,550
Henry Ford II	9-12	1973	2006	Brick	2,550
Adlai Stevenson	10-12	1967	2006	Brick	2,754
Utica	10-12	1955	2007	Brick	2,210
Additional Facilities:					
Administrative Center	PK	1968	2002	Brick	--
Auxiliary Service Facility	--	2005	--	Steel	--
Transportation Center/Maintenance & Grounds	--	1976	--	--	--
Warehouse	--	1970	--	--	--
Swinehart Stadium	--	1956	--	--	--
Runkel Stadium	--	1971	--	--	--
Joan C. Sergent Instructional Resource Center	--	2001	--	Brick	--
Training and Development Center	--	2001	--	Brick	--
Rose Kidd	--	1966	--	Brick	--
Walsh Communication Center	--	1969	2004	Brick	--

OTHER SCHOOLS

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

Name of School	Grades Served	Approximate Enrollment
Huron Academy	PK-8	575
Lutheran High North	9-12	631
Parkway Christian School	PK-12	565
Peace Lutheran School	PK-8	296
St. Lawrence Catholic School	PK-8	727
St. Peter Lutheran School	PK-8	729
Trinity Lutheran School	PK-8	489
		4,012

Source: 2026 Michigan Education Directory

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 15 of 2025 set the target foundation allowance at $10,050 for fiscal year 2025/2026.

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

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

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments[1]	Blended Pupil Count	Amount Received per Pupil[2]
2026	$10,050	$293,960,257[3]	24,831.81[3]	$11,838[3]
2025	9,608	297,964,617	25,304.27	11,775
2024	9,608	306,759,754	25,529.22	12,016
2023	9,150	284,190,387	25,769.95	11,028
2022	8,700	240,575,508	25,880.52	9,296
2021	8,242	230,304,664[4]	26,470.96	8,700[4]

[1]Includes payments received for MPSERS UAAL rate stabilization. See "RETIREMENT PLAN - Contribution to MPSERS" herein.
[2]Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".
[3]Preliminary estimate, subject to change.
[4]Public Act 165 of 2020 restored the State school aid reductions contained in Public Act 146 of 2020 for the 2020/21 fiscal year, added a onetime $65 per pupil payment and added other appropriations for qualifying school districts.
Source: Michigan Department of Education via website www.michigan.gov

PROPERTY VALUATIONS

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

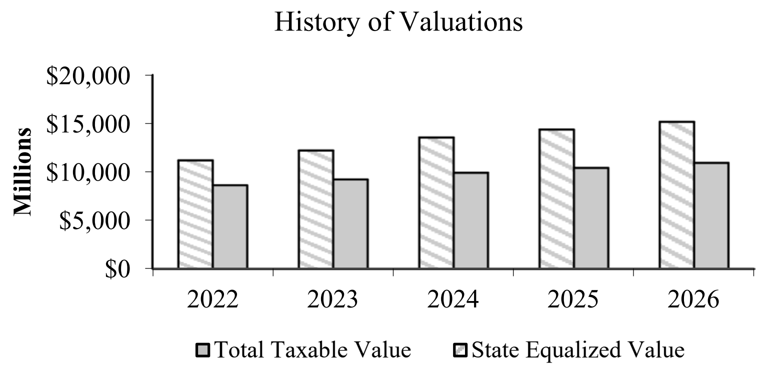
Taxable property in the School District is assessed by the local municipal assessor and is subject to review by the County Equalization Department.

History of Valuations

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

Year	Principal Residence[1]	Non- Principal Residence[1]	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2026	$8,217,821,829	$2,712,083,387	$10,929,905,216	4.97%	$15,178,627,000[2]	5.59%
2025	7,844,384,005	2,568,319,348	10,412,703,353	5.02	14,375,019,089	6.03
2024	7,477,474,936	2,437,827,724	9,915,302,660	7.46	13,557,236,970	11.01
2023	6,930,854,381	2,296,394,710	9,227,249,091	6.94	12,212,854,850	9.11
2022	6,475,856,344	2,152,818,721	8,628,675,065	----	11,193,066,129	----

[1]All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2026, industrial personal property had a taxable value of $21,745,900 and commercial personal property had a taxable value of $135,228,900 in the School District.
[2]As equalized by the County. Subject to final equalization by the State.
Source: Macomb County Equalization Department



Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

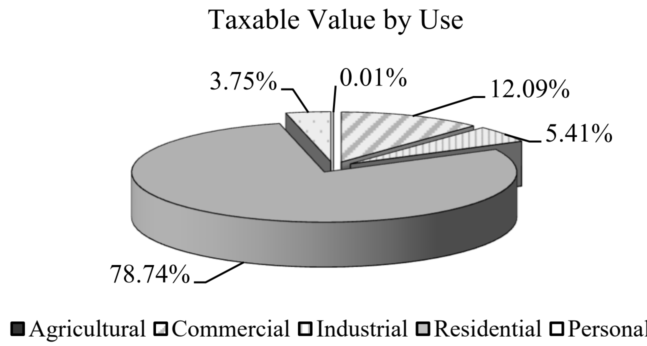
2026 Taxable Value	$10,929,905,216
Plus: 2026 Equivalent IFT Taxable Value[1]	132,290,237
Total 2026 Equivalent Taxable Value	$11,062,195,453
Less: 2026 Disabled Veterans Exemption Taxable Value[2]	(83,987,044)
Net 2026 Annual Equivalent Valuation	$10,978,208,409

[1]See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.
[2]Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.
Source: Macomb County Equalization Department

Tax Base Composition

A breakdown of the School District's 2026 Taxable Value by class and use is as follows:

By Class:	2026 Taxable Value	Percent of Total
Real Property	$10,520,273,016	96.25%
Personal Property	409,632,200	3.75
TOTAL	$10,929,905,216	100.00%
By Use:		
Agricultural	$584,152	0.01%
Commercial	1,321,284,492	12.09
Industrial	592,290,557	5.41
Residential	8,606,113,815	78.74
Personal	409,632,200	3.75
TOTAL	$10,929,905,216	100.00%



A breakdown of the School District's 2026 Taxable Value by municipality is as follows:

Municipality	2026 Taxable Value	Percent of Total
County of Macomb		
Macomb Township	$1,476,900,180	13.51%
Ray Township	5,096,311	0.05
Shelby Township	5,041,723,203	46.13
Washington Township	285,835,094	2.62
City of Sterling Heights	3,841,243,286	35.14
City of Utica	279,107,142	2.55
TOTAL	$10,929,905,216	100.00%

Source: Macomb County Equalization Department

INDUSTRIAL FACILITY TAX ABATEMENTS

Under the provisions of Act 198 of the Public Acts of Michigan, 1974 ("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 area. An industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, on such facilities for a period of 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 2026 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is $236,609,380 for new facility IFT's, all of which is taxed at half rate and $13,985,547 for rehab IFT's which remains frozen. For purposes of computing "Equivalent" Taxable Value, new facility IFT's have been shown at 50% of the Taxable Value and rehab IFT's have been shown at 100% of the Taxable Value, for a total "Equivalent" taxable value of $132,290,237.

Source: Macomb County Equalization Department

MAJOR TAXPAYERS

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

Taxpayer	Product/Service	2025 Taxable Value	"Equivalent" IFT Value[1]	2025 Total Valuation
Detroit Edison	Utility	$113,387,527	$0	$113,387,527
Consumers Energy	Utility	80,804,370	0	80,804,370
Stellantis NV (formerly FCA US LLC)	Automotive	50,383,900	12,753,604[2]	63,137,504
International Transmission	Utility	45,492,636	0	45,492,636
Sun Properties	Manufactured Home Community	40,113,122	0	40,113,122
Ford Motor Co.	Automotive	30,624,868	0	30,624,868
Amazon.com Inc.	Retail/E-commerce	1,160,850	22,725,799	23,886,649
Chalk Spade Investments (USA) I	Financial	15,687,071	5,299,800	20,986,871
Meijer, Inc.	Retail & Grocery	19,233,928	0	19,233,928
Kroger	Grocery	18,535,244	0	18,535,244
TOTALS		$415,423,516	$40,779,203	$456,202,719
Total 2025 Values		$10,412,703,353		$10,535,241,537
Top 10 Taxpayers as a % of 2025 Total Values		3.99%		4.33%

[1]Represents 50% of the actual Taxable Value.
[2]Includes a rehab IFT amount of $8,398,718 which is shown at 100% of the actual Taxable Value.
Source: Cities of Sterling Heights and Utica and Townships of Macomb, Ray, Shelby and Washington

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

The following table shows the total School District tax rates for the past five years.

	2025	2024	2023	2022	2021
Operating – Voted	18.0000	18.0000	18.0000	16.7508	16.9183
Debt	3.5000	3.5000	3.5000	3.5000	3.5000
Total Non-Principal Residence	21.5000	21.5000	21.5000	20.2508	20.4183
Total Principal Residence	3.5000	3.5000	3.5000	3.5000	3.5000

The School District levies voted operating millage on non-principal residence property and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2042 levy.

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

The following table provides the 2025 and 2024 tax rates for select units of government that overlap with the School District's boundaries.

	2025	2024
State Education Tax	6.0000	6.0000
Macomb County - Operating	4.3336	4.3595
SMART	0.9380	0.9436
Huron-Clinton Metro Authority	0.2050	0.2062
City of Sterling Heights	17.5323	16.5823
City of Utica	19.2513	19.2513
Macomb Township	2.8106	2.8824
Ray Township	4.5735	4.5735
Shelby Township	9.2999	9.2999
Washington Township	3.1952	1.5773
Macomb ISD[1]	4.7427	4.7697
Macomb Community College	1.3899	1.3982

[1]Includes a voter approved enhancement millage of 1.8198 mills, which was rolled back from the original authorization levy of 1.90 mills, see "CONSTITUTIONAL MILLAGE ROLLBACK". The School District expects to receive approximately $15,766,000 in fiscal year 2025/26 from the regional enhancement millage based on its pupil membership count.
Source: Macomb County Equalization Department

TAX LEVIES AND COLLECTIONS

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

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025	$45,719,584*	$43,196,271	94.45%	N/A	
2024	42,621,144	41,408,166	97.15	$42,621,144	100.00%
2023	40,852,502	39,107,267	95.73	40,465,598	99.05
2022	35,366,577	34,237,296	96.81	35,366,577	100.00
2021	33,822,862	32,675,393	96.61	33,773,337	99.85
2020	32,819,570	31,239,393	95.19	32,429,376	98.81

*Estimated.

RETIREMENT PLAN

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPSERS"), 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.

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 health benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided below. Further information regarding MPSERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

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

Contribution to MPSERS

The School District's estimated annual contribution to MPSERS for the 2025-26 fiscal year and the previous four fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPSERS Direct Offset Payments[2]
2026[1]	$79,519,524	$11,393,434	$90,912,958	$26,957,245
2025	74,173,526	5,442,449	79,615,975	22,873,488
2024	73,493,313	14,607,996	88,101,309	34,269,805
2023	79,264,602	13,763,615	93,028,217	45,129,668
2022	57,288,242	12,927,693	70,215,935	25,786,232

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

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net pension liability of $429,152,294 as of September 30, 2024.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net OPEB asset of $74,341,943 as of September 30, 2024.

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

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrators	39	Non-Affiliated	N/A
Building Administrators	65	Non-Affiliated	N/A
Teachers/Interns	1,478	MEA/NEA - Utica Education Assoc.	06/30/28
Secretaries	157	UAW - Technical Office Professional	06/30/26*
Paraprofessionals	270	MEA/NEA - Utica Paraprofessional Assoc.	06/30/28
Maintenance	22	TPOAM - Utica Skilled Trades	06/30/27
Transportation	166	UTEA - Utica Transportation Employees Assoc.	06/30/26*
Mechanics	8	AFSCME - Utica Mechanics Employee Assoc.	06/30/27
Food Service	93	AFSCME - Utica Food & Nutrition Services	06/30/27
Adult Education	23	UAAE - Utica Alternative & Adult Educators	06/30/26*
Technology	14	MEA/NEA - Utica Technology Assoc.	06/30/29
Other	144	Non-Affiliated	N/A
TOTAL	2,479		

*In negotiations.

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

DEBT STATEMENT* - (As of 05/02/26 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
02/23/17	Building & Site & Refunding	UTQ	05/01/32	$4,435,000
03/12/19	Building & Site & Refunding	UTQ	05/01/34	55,250,000
06/25/20	Building & Site	UTQ	05/01/30	3,400,000
05/10/22	Building & Site	UTQ	05/01/37	10,900,000
04/04/23	Building & Site	UTQ	05/01/38	11,505,000
06/18/24	Building & Site	UTQ	05/01/39	93,965,000
03/12/26	Refunding	UTQ	05/01/31	21,800,000
__/__/26	Building & Site	UTQ	05/01/41	117,810,000*
NET DIRECT DEBT				$319,065,000*

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share	
61.50%	City of Sterling Heights	$209,383,289	$128,770,723	
100.00	City of Utica	3,561,496	3,561,496	
26.37	Township of Macomb	37,547,715	9,901,332	
1.64	Township of Ray	5,175,000	84,870	
97.54	Township of Shelby	19,879,350	19,390,318	
12.14	Township of Washington	54,336,887	6,596,498	
26.09	County of Macomb	178,846,840	46,661,141	
25.54	Macomb ISD	88,570,000	22,620,778	
26.09	Macomb Comm. Coll.	0	0	
15.18	Clinton-Macomb Library	30,380,000	4,611,684	
8.99	Romeo District Library	0	0	
TOTAL OVERLAPPING DEBT				242,198,840
NET DIRECT AND OVERLAPPING DEBT				$561,263,840*

*Preliminary, subject to change.
Source: Municipal Advisory Council of Michigan

SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of May 2, 2026.

OTHER DEBT

The School District has no short-term borrowing outstanding.

DEBT HISTORY

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

FUTURE FINANCING

The School District anticipates issuing the balance of the 2023 voter authorized bonds in the approximate amount of $290,000,000 in multiple series over the next nine years.

DEBT RATIOS[1]

Estimated School District Population	192,514
2026 Taxable Value	$10,929,905,216
2026 State Equalized Value (SEV)	$15,178,627,000[2]
2026 True Cash Value (TCV)	$30,357,254,000
Per Capita 2026 Taxable Value	$56,774.60
Per Capita 2026 State Equalized Value	$78,844.28
Per Capita 2026 True Cash Value	$157,688.55
Per Capita Net Direct Debt	$1,657.36
Per Capita Net Direct and Overlapping Debt	$2,915.44
Percent of Net Direct Debt of 2026 Taxable Value	2.92%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	5.14%
Percent of Net Direct Debt of 2026 SEV	2.10%
Percent of Net Direct and Overlapping Debt of 2026 SEV	3.70%
Percent of Net Direct Debt of 2026 TCV	1.05%
Percent of Net Direct and Overlapping Debt of 2026 TCV	1.85%

[1]Preliminary, subject to change.
[2] As equalized by the County. Subject to final equalization by the State.

LEGAL DEBT MARGIN[1,2] - (As of 05/02/26 – including the Bonds described herein)

2025 State Equalized Value		$14,375,019,089
Legal Debt Limit - 15% of SEV		$2,156,252,863
Total Bonded Debt Outstanding	$319,065,000	
Less: SLRF Qualified Bonds[3]	(319,065,000)	
Net Amount Subject to Legal Debt Limit		0
LEGAL DEBT MARGIN AVAILABLE		$2,156,252,863

[1]Preliminary, subject to change.
[2]The 2026 SEV values are subject to final equalization by the State. Until they are finalized, 2025 SEV values will be used.
[3]Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that the bonded indebtedness of a school district shall not exceed 15% of the total assessed valuation of the district. Bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16 of the Michigan Constitution of 1963, and (2) deficit budget bonds as authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
Within the School District		
Utica Community Schools	Education	2,479
Ford Motor Company, Sterling Heights Axle Plant	Automotive	1,420
Stellantis NV (formerly FCA US LLC), Sterling Heights Assembly Plt.	Automotive	1,200
MNP Corp. (HQ)	Cold-Form Fasteners	1,200
NJT Enterprises, LLC	Plastic Injection Molding	700
E & R Industrial Sales, Inc.	Industrial Equipment Supplier	350
Meijer, Inc.	Retail & Grocery	307
J.G. Kern Enterprises, Inc.	Automotive Parts	300
The Home Depot	Home Improvement	280
Amazon.com Inc.	Retail/E-commerce	250
Kroger	Grocery	244
US Farathane Corp.	Automotive Plastic Injection Molding	235
Shuert Industries	Shipping Containers	230
*Within the County of Macomb**		
General Motors Corporation	Automotive	23,500
Stellantis NV (formerly FCA US LLC)	Automotive Manufacturer	13,844
Henry Ford Health System (incl. Ascension Health)	Healthcare	8,457
U.S. Government	Government	7,053
Ford Motor Company	Automotive	3,163
Macomb County	Government	2,625
Walmart	Retail & Grocery	2,250
General Dynamics Land Systems	Military Equipment	1,926
McLaren Health Care	Healthcare	1,786
State of Michigan	Government	1,655
Warren Consolidated School District	Education	1,593
Chippewa Valley Schools	Education	1,512
Amazon.com Inc.	Retail/E-commerce	1,255
L'Anse Creuse Public Schools	Education	1,240
Macomb ISD	Education	1,208
Paslin Company (HQ) - 3 locations	Automotive Welding Systems	1,200

*Includes the employers within the School District.
Source: 2025 Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists 2026 edition, MEDC website via www.michiganbusiness.org, and individual employers.

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2020-2024 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Sterling Heights and the County of Macomb as follows:

	City of Sterling Heights		County of Macomb	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	63,874	100.00%	432,955	100.00%
Management, Business, Science & Arts	25,455	39.85	166,413	38.44
Service	9,994	15.65	69,030	15.94
Sales & Office	13,215	20.69	93,205	21.53
Natural Resources, Construction & Maintenance	4,336	6.79	32,853	7.59
Production, Transportation & Material Moving	10,874	17.02	71,454	16.50

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Sterling Heights and the County of Macomb as follows:

	City of Sterling Heights		County of Macomb	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	63,874	100.00%	432,955	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	470	0.75	1,830	0.43
Construction	3,247	5.08	25,517	5.89
Manufacturing	13,760	21.54	88,701	20.49
Wholesale Trade	1,028	1.61	7,936	1.83
Retail Trade	7,520	11.77	49,257	11.38
Transportation, Warehousing & Utilities	3,879	6.07	20,715	4.78
Information	794	1.24	4,790	1.11
Finance, Insurance & Real Estate	3,856	6.04	28,266	6.53
Professional, Scientific & Management Services	6,053	9.48	45,691	10.55
Educational, Health & Social Services	12,571	19.68	88,456	20.43
Arts, Entertainment, Recreation & Food Services	5,512	8.63	37,465	8.65
Other Services except Public Administration	3,152	4.93	19,187	4.43
Public Administration	2,032	3.18	15,144	3.50

UNEMPLOYMENT

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

Annual Average	City of Sterling Heights	County of Macomb	State of Michigan
2025*	4.9%	4.6%	5.2%
2024	4.8	4.5	4.7
2023	3.8	3.5	3.9
2022	4.0	3.8	4.2
2021	6.2	5.8	5.7

*The rates shown for the City of Sterling Heights and County of Macomb are for December 2025; the annual rates are not yet available.

POPULATION BY AGE

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of population by age for the City of Sterling Heights and the County of Macomb as follows:

	City of Sterling Heights		County of Macomb	
	Number	Percent	Number	Percent
Total Population	133,573	100.00%	879,853	100.00%
0 through 19 years	28,819	21.57	199,226	22.64
20 through 64 years	79,020	59.16	519,759	59.07
65 years and over	25,734	19.27	160,868	18.29
Median Age	41.7 years		41.3 years	

INCOME

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of household income for the City of Sterling Heights and the County of Macomb as follows:

	City of Sterling Heights		County of Macomb	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	51,736	100.00%	358,668	100.00%
Less than $ 10,000	2,351	4.54	15,354	4.29
$ 10,000 to $ 14,999	1,456	2.82	10,228	2.85
$ 15,000 to $ 24,999	3,092	5.98	22,542	6.28
$ 25,000 to $ 34,999	3,875	7.49	24,442	6.81
$ 35,000 to $ 49,999	5,293	10.23	40,250	11.22
$ 50,000 to $ 74,999	8,332	16.10	60,774	16.94
$ 75,000 to $ 99,999	7,395	14.29	48,781	13.60
$100,000 to $149,999	10,781	20.84	68,569	19.12
$150,000 to $199,999	5,229	10.11	36,433	10.16
$200,000 or MORE	3,932	7.60	31,295	8.73
Median Income	$79,909		$77,837	

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APPENDIX C

GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

Utica Community Schools
General Fund Budget Summary

	As Amended 2025/26
Revenues	
Local Sources	$51,084,241
State Sources	313,966,479
Federal Sources	8,726,081
Incoming Transfers & Other Transactions	28,440,417
Total Revenues	$402,217,218
Expenditures	
Instructional Services	
Basic Program	$211,164,922
Added Needs	54,241,066
Adult/Continuing Education	436,180
Support	
Pupil	24,887,403
Instructional Staff	22,351,000
General Administration	1,712,454
School Administration	19,422,051
Business Services	2,369,377
Operation & Maintenance	40,903,370
Transportation	16,506,910
Central Services	7,495,039
Other Support Services	120,880
Athletics	4,388,382
Community Services	838,016
Other Governmental	90,925
Building Improvements/Other Governmental	750,000
Debt Services	4,220,251
Total Expenditures	$411,898,226
Excess of Expenditures (over) under Revenues	($9,681,008)
Other Financing Sources (Uses)	
Proceeds from Sale of Capital Assets	$105,119
Face Value of Debt Issued - SBITAS	4,000,000
Transfers In	1,100,000
Total Other Financing Sources (Uses)	$5,205,119
Net Change in Fund Balance	($4,475,889)
Beginning Fund Balance	$52,210,609
Projected Fund Balance	$47,734,720

Source: School District

Utica Community Schools
General Fund

Composite Balance Sheet

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash and Cash Equivalents	$3,970,896	$5,649,634	$2,126,259
Investments	50,566,201	42,652,070	50,167,681
Receivables	62,630,037	72,490,402	62,996,014
Due from Other Funds	40,379	4,431,075	1,068,912
Inventories	1,317,220	1,408,043	1,284,556
Prepaid Costs	3,259,296	1,590,838	3,192,852
Total Assets	$121,784,029	$128,222,062	$120,836,274
Liabilities			
Accounts Payable	$16,927,600	$19,011,936	$14,991,921
Accrued Payroll and Other Liabilities	33,406,246	31,499,224	32,480,547
Due to Other Governmental Units	182,463	157,287	233,727
Due to Other Funds	4,234,862	7,127,556	10,451,924
Unearned Revenue	10,840,959	18,765,454	10,111,527
Total Liabilities	$65,592,130	$76,561,457	$68,269,646
Deferred Inflows of Resources			
Unavailable Revenue	$805,760	$336,753	$356,019
Total Liabilities & Deferred Inflows of Resources	$66,397,890	$76,898,210	$68,625,665
Fund Balances			
Nonspendable			
Inventories	$1,317,220	$1,408,043	$1,284,556
Prepaid Costs	3,259,296	1,590,838	3,192,852
Assigned			
Budgeted use of fund balance in subsequent year	8,943,125	3,828,764	--
MPSERS Hard Cap Contingency	--	--	1,128,346
Unassigned	41,866,498	44,496,207	46,604,855
Total Fund Balances	$55,386,139	$51,323,852	$52,210,609
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$121,784,029	$128,222,062	$120,836,274

Source: Audited Financial Statements

Utica Community Schools
General Fund

Composite Statement of Revenues, Expenditures and Changes in Fund Balance

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Revenues			
Local Sources	$40,626,958	$45,134,823	$46,918,511
State Sources	277,474,329	298,826,713	307,943,046
Federal Sources	23,441,640	27,805,578	13,018,611
Interdistrict Sources	20,187,101	21,059,789	20,611,417
Total Revenues	$361,730,028	$392,826,903	$388,491,585
Expenditures			
Current			
Instruction	$238,607,279	$238,555,376	$238,289,451
Supporting Services	112,073,261	117,143,129	123,176,210
Athletics	3,331,389	3,538,553	3,833,423
Community Service	381,536	362,901	481,852
Capital Outlay	11,302,129	22,324,749	20,660,593
Building Improvements/Interdistrict Payments	47,175	144,932	88,488
Debt Service			
Principal	1,123,468	2,759,161	2,215,033
Interest and Other Expenditures	137,768	113,003	100,034
Total Expenditures	$367,004,005	$384,941,804	$388,845,084
Excess of Revenues Over (Under) Expenditures	($5,273,977)	$7,885,099	($353,499)
Other Financing Sources (Uses)			
Sale of District Assets	$92,813	--	$105,119
Leases Entered Into	--	--	621,024
Subscriptions Entered Into	4,775,561	$1,563,262	1,114,113
Operating Transfers Out	(5,835,150)	(13,510,648)	(600,000)
Total Other Financing Sources (Uses)	($966,776)	($11,947,386)	$1,240,256
Net Change in Fund Balance	($6,240,753)	($4,062,287)	$886,757
Fund Balance - Beginning	$61,626,892	$55,386,139	$51,323,852
Fund Balance - Ending	$55,386,139	$51,323,852	$52,210,609

Source: Audited Financial Statements

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APPENDIX D

AUDITED FINANCIAL STATEMENTS

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

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Independent Auditor's Report

To the Board of Education
Utica Community Schools

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 Utica Community Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the basic financial statements, which collectively comprise the School 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 School District as of June 30, 2025 and the respective changes in its financial position and, where applicable, its cash flows 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the School District adopted the provisions of Government Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 School 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.

Auditor's 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 auditor's 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 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 School 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School 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 other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

To the Board of Education
Utica Community Schools

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 10, 2025

Utica Community Schools

Management's Discussion and Analysis

This section of the annual financial report for Utica Community Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Utica Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District’s operations in more detail than the government-wide financial statements by providing information about the School District’s most significant funds - the General Fund and the 2023 Bond - Series I with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Schedule of OPEB Contributions

Other Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, “As a whole, what is the School District’s financial condition as a result of the year’s activities?” The statement of net position and the statement of activities, which appear first in the School District’s financial statements, report information on the School District as a whole, and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

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

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, food services, enrichment, student stores, debt service and internal service. Property taxes, unrestricted state aid (foundation allowance revenue) and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Proprietary Funds - Internal Service Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost reimbursement basis. The specific services represent workers' compensation, sick leave, accrued vacation and unemployment liabilities.

Utica Community Schools
Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in thousands)	
Assets		
Current and other assets	$ 363,573	$ 359,199
Capital assets	423,246	361,152
Total assets	786,819	720,351
Deferred Outflows of Resources	155,431	206,808
Liabilities		
Current liabilities	72,503	80,763
Noncurrent liabilities	264,739	288,851
Net pension liability	429,152	559,081
Total liabilities	766,394	928,695
Deferred Inflows of Resources	243,728	179,851
Net Position		
Net investment in capital assets	255,886	230,783
Restricted	102,685	30,425
Unrestricted	(426,443)	(442,595)
Total net position	**$ (67,872)**	**$ (181,387)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $(67.9) million at June 30, 2025. Net investment in capital assets totaling $255.9 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position $(426.4) million was unrestricted.

The $(426.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance, excluding pension and OPEB obligations, enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ending June 30, 2025 and 2024.

	Governmental Activities	
	2025	2024
	(in thousands)	
Revenue		
Program revenue:		
Charges for services	$ 6,999	$ 7,072
Operating Grants	164,644	164,585
General revenue:		
Taxes	78,218	73,381
State aid not restricted to specific purposes	203,648	208,365
Other	15,208	11,622
Total revenue	468,717	465,025
Expenses		
Instruction	190,423	212,638
Support services	113,009	117,018
Bookstore activities	733	808
Athletics	3,347	3,310
Food services	10,904	10,970
Community services	3,189	3,805
Debt service	11,152	7,214
Depreciation expense and amortization (unallocated, excluding direct program charges)	19,827	17,564
Other	1,707	47
Total expenses	354,291	373,374
Change in Net position	114,426	91,651
Net Position - Beginning of year, as previously reported	(181,387)	(273,038)
Cumulative Effect of Change in Accounting	(911)	-
Net Position - Beginning of year, as restated	(182,298)	(273,038)
Net Position - End of Year	$ (67,872)	$ (181,387)

As reported in the statement of activities, the cost of all governmental activities this year was $354.3 million. Certain activities were partially funded from those who benefited from the programs of $7.0 million or by other governments and organizations that subsidized certain programs with grants and contributions of $164.6 million. The District funded the remaining "public benefit" portion of governmental activities with $78.2 million in taxes, $203.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $114.4 million. The change in net position was mainly attributable to a $79.1 million net decrease in the School District's proportionate share of the MPSERS pension and OPEB liabilities as well as the related deferred inflows and outflows, $62.1 million increase in net capital outlay, a decrease in cash and receivables of $7.4 million, offset by an increase in accounts payable and unearned revenue of $9.5 million, and the $24.9 million net decrease of available bond funds offset by a decrease in debt obligations based on scheduled bond repayments.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $213.8 million, which is a decrease of $52.7 million from last year. The primary reason for this decrease, was the continued spending of bond funds to complete construction projects which was offset by small increases in the various other funds

In the General Fund, our principal operating fund, the fund balance increased $0.9 million to $52.2 million. The change is mainly due to an increase in state categorical funding including MPSERS retirement adjustments, At-risk, Professional Development and Mental Health/Safety grants, offset by negotiated wage compensation.

The fund balance in the special revenue funds increased $2.1 million to $25.2 million this year as a result of expanded childcare services that yielded an improvement of $1.1 million, and a $0.9 million increase in Food Service fund balance due to continued free meals for all students resulting in higher participation.

The fund balance of our debt service funds increased $1.2 million to $5.4 million due to increased property values plus the related tax collections and the scheduled debt repayments. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds decreased $56.9 million. Fund balances decreased as the result continued spending of existing bond dollars to complete construction projects throughout the district, primarily within the 2023 Series I fund.

Budgetary Highlights

The School District revises its budget throughout the year to reflect changes between the assumptions made during budget development and the actual data as it becomes available. State law requires that the budget be amended to ensure expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements. The overall impact of budget adjustments for all funds during the 2024-2025 school year was an overall fund balance decrease of $1.1 million.

Revisions were made to the 2024-2025 General Fund revenue budget to increase the total amount by $21.6 million primarily due to increased funding for categoricals, including transportation, special education, At-risk, pension (MPSERS), MI Kids on Track, mental health, and professional development grants. Budgeted expenditures increased by $21.6 million primarily due to increased funding for state and federal categoricals, including pension (MPSERS), At-risk, Filter First, Great-start Readiness, and special education grants.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the School District had $423.2 million and $361.2 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment. This represents a net increase (including additions, disposals and depreciation) of approximately $62.1 million from 2024 to 2025.

	Governmental Activities	
	2025	2024
Land	$ 20,590,812	$ 20,107,428
Construction in progress	37,783,477	13,942,905
Buildings and improvements	524,903,379	498,978,159
Furniture and equipment	71,583,059	57,733,751
Buses and other vehicles	22,897,999	24,073,644
Land improvements	82,698,538	65,522,440
Lease assets	621,024	631,189
Subscription assets	7,510,195	7,345,740
Total capital assets	768,588,483	688,335,256
Less - Accumulated depreciation and amortization	345,341,762	327,183,140
Total capital assets- Net of accumulated depreciation and amortization	**$ 423,246,721**	**$ 361,152,116**

This year's additions of $50.4 million included building renovations, parking lots and bus loops, playgrounds, athletic fields, technology, and kitchen and cafeteria improvements. More detailed information about our capital assets is in the notes to the financial statements.

Debt

At the end of this year, the School District had $229.3 million in bonds outstanding versus $253.0 million in the previous year.

The School District's general obligation bond rating is AA/A+ with a stable outlook. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries, or $2.0 billion. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan) as is the case for Utica Community Schools, such obligations are not subject to this debt limit.

Other obligations include accrued vacation pay, sick leave, workers' compensation, arbitrage liability and unemployment liabilities. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Utica Community Schools continues to have good General Fund reserves. The total available fund balance is 13.4 percent of 2025 expenditures, which is a slight improvement from the 11.5 percent budgeted. General Fund revenue (including other financing sources) decreased $4.1 million, or 1.0 percent, in 2024-2025, as compared to the 2023-2024 fiscal year. The decrease was primarily due to a reduction in federal grant funding of $14.8 million, which included the completion of the federal pandemic ESSER III grants. This was offset by an increased in state categoricals of $9.1 million; which included state grants and MPSERS retirement funding; and an increase in local revenue of $1.8 million; which includes property tax collections and interest earnings.

Expenditures (including other financing uses) decreased by $9.0 million or 2.3 percent in 2024-2025 as compared to the 2023-2024 fiscal year. The decrease in expenditures is primarily due to the reduction of federal grants of $14.3 million; which includes the completion of federal pandemic ESSER III grants; and by a reduction in transfers to the building and site fund of $12.9 million. This was offset by an increase in state categorical fundings of $14.8 million; which includes state grants and MPSERS retirement funding; and other expenses of $3.4 million including negotiated contract expenses.

The State of Michigan did not adopt their budget by the mandated July 1 deadline, which has led to uncertainty for schools that rely on timely state funding for programs, staff and student services like free meals and mental health support. Despite the state's school budget not being complete, the Utica Community Schools Board of Education adopted the 2025-2026 budget in June, as required.

As part of the district's budgeting process for revenue, the foundation allowance, which accounts for over 60 percent of the General Fund revenue, and projected student counts are taken into consideration. The foundation allowance is made up of both state source and local source revenue. To receive the full per student funding, districts must levy a local non-homestead millage. UCS replaced its existing millage in May of 2023 for 20 years at the full 18 mills. The replacement millage included two additional un-levied mills totaling 20 mills to offset potential future Headlee rollbacks..

For the 2025-2026 school year, Utica Community Schools assumptions included the decrease of 321 students comparing the 2025 projected count, based on the enrollment projections report prepared by Plante Moran Realpoint, and the 2024 actual blended count. The foundation allowance is multiplied by the blended student count which is 90 percent of the October count and 10 percent of the February count from the previous fiscal year. The district also used the governor's plan of a $392 projected increase in foundation allowance from $9,608 to $10,000 per pupil. The decrease of students, coupled with the $392 projected increase in the per pupil foundation allowance, estimates a net revenue gain of $5.6 million. This increase in budgeted revenue was offset by a net decrease of $3.9 million, which includes an estimated decrease in state categorical grant funding and MPSERS adjustments. Revenue in 2025-2026 is projected to increase 0.4 percent or $1.7 million when compared to the prior year actuals

Utica Community Schools

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 107,691,911
Receivables (Note 5)	63,662,423
Inventories	1,610,383
Prepaid expenses and other assets	3,242,852
Restricted assets (Notes 4 and 10)	113,022,801
Net OPEB asset (Note 12)	74,341,943
Capital assets: (Note 7)	
Assets not subject to depreciation	58,374,289
Assets subject to depreciation - Net	364,872,432
Total assets	786,819,034
Deferred Outflows of Resources	
Deferred pension costs (Note 12)	133,961,937
Deferred OPEB costs (Note 12)	21,469,187
Total deferred outflows of resources	155,431,124
Liabilities	
Accounts payable	26,404,230
Due to other governmental units	233,727
Accrued liabilities and other	35,315,646
Unearned revenue (Note 6)	10,507,245
Noncurrent liabilities:	
Due within one year (Note 9)	32,247,059
Due in more than one year (Note 9)	232,533,937
Net pension liability (Note 12)	429,152,294
Total liabilities	766,394,138
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	22,873,487
Deferred pension cost reductions (Note 12)	123,525,968
Deferred OPEB cost reductions (Note 12)	97,328,626
Total deferred inflows of resources	243,728,081
Net Position (Deficit)	
Net investment in capital assets	255,886,311
Restricted:	
Debt service	3,539,126
Capital project	12,170,087
Food service	12,633,664
Net OPEB asset	74,341,943
Unrestricted	(426,443,192)
Total net position (deficit)	$ (67,872,061)

See notes to financial statements.

Utica Community Schools

Statement of Activities

Year Ended June 30, 2025

		Program Revenue		Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 190,423,513	$ -	$ 96,596,495	$ (93,827,018)
Support services	113,006,990	-	54,246,828	(58,760,162)
Bookstore activities	732,988	716,571	-	(16,417)
Athletics	3,347,396	780,729	-	(2,566,667)
Food services	10,904,486	1,104,329	13,664,793	3,864,636
Community services	3,188,729	4,397,050	135,882	1,344,203
Building improvements/Interdistrict payments	88,488	-	-	(88,488)
Interest	11,152,317	-	-	(11,152,317)
Debt issuance costs	4,200	-	-	(4,200)
Depreciation and amortization expense (unallocated, excluding direct program charges)	19,826,971	-	-	(19,826,971)
Total primary government	$ 352,676,078	$ 6,998,679	$ 164,643,998	(181,033,401)
General revenue (expense):				
Taxes:				
Property taxes levied for general purposes				43,099,425
Property taxes levied for debt service				35,119,145
State aid not restricted to specific purposes				203,648,270
Interest and investment earnings				9,208,858
Loss on disposal of capital assets				(1,614,543)
Other:				
Student activities				4,564,310
Other				1,434,623
Total general revenue (expense)				295,460,088
Change in Net Position				114,426,687
Net Position (Deficit) - Beginning of year, as previously reported				(181,387,343)
Cumulative Effect of Change in Accounting (Note 2)				(911,405)
Net Position (Deficit) - Beginning of year, as restated				(182,298,748)
Net Position (Deficit) - End of year				$ (67,872,061)

See notes to financial statements.

Utica Community Schools

Governmental Funds
Balance Sheet

June 30, 2025

	Combined General Fund	Bond 2023 Series I Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	$ 2,126,259	$ -	$ 24,735,732	$ 26,861,991
Investments (Note 4)	50,167,681	-	26,420,560	76,588,241
Receivables (Note 5)	62,996,014	-	666,409	63,662,423
Due from other funds (Note 8)	1,068,912	2,494,962	9,817,525	13,381,399
Inventories	1,284,556	-	325,827	1,610,383
Prepaid expenses and other assets	3,192,852	50,000	-	3,242,852
Restricted assets (Note 10)	-	84,750,073	28,272,728	113,022,801
Total assets	$ 120,836,274	$ 87,295,035	$ 90,238,781	$ 298,370,090
Liabilities				
Accounts payable:				
Accounts payable	$ 14,991,921	$ 6,594,129	$ 1,217,971	$ 22,804,021
Retainage payable	-	2,909,965	690,244	3,600,209
Due to other governmental units	233,727	-	-	233,727
Due to other funds (Note 8)	10,451,924	-	3,816,798	14,268,722
Accrued liabilities and other	32,480,547	-	6,245	32,486,792
Unearned revenue (Note 6)	10,111,527	-	395,718	10,507,245
Arbitrage liability (Note 9)	-	-	41,226	41,226
Total liabilities	68,269,646	9,504,094	6,168,202	83,941,942
Deferred Inflows of Resources - Unavailable revenue (Note 6)	356,019	-	313,598	669,617
Total liabilities and deferred inflows of resources	68,625,665	9,504,094	6,481,800	84,611,559
Fund Balances				
Nonspendable:				
Inventory	1,284,556	-	325,827	1,610,383
Prepaids	3,192,852	50,000	-	3,242,852
Restricted:				
Debt service	-	-	5,412,164	5,412,164
Capital projects	-	77,740,941	26,854,374	104,595,315
Food service	-	-	12,376,140	12,376,140
Committed:				
Enrichment	-	-	8,931,279	8,931,279
Bookstore	-	-	100,198	100,198
Student activities	-	-	3,466,200	3,466,200
Assigned:				
Capital projects	-	-	26,290,799	26,290,799
MPSERS hard cap contingency	1,128,346	-	-	1,128,346
Unassigned	46,604,855	-	-	46,604,855
Total fund balances	52,210,609	77,790,941	83,756,981	213,758,531
Total liabilities, deferred inflows of resources, and fund balances	$ 120,836,274	$ 87,295,035	$ 90,238,781	$ 298,370,090

See notes to financial statements.

Utica Community Schools

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	$ 213,758,531
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-of-use assets) are not financial resources and are not reported in the funds:	
Cost of assets	768,588,483
Accumulated depreciation and amortization	(345,341,762)
Net capital assets (including right-of-use assets) used in governmental activities	423,246,721
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	669,617
Bonds payable, lease liabilities, and subscription liabilities are not due and payable in the current period and are not reported in the funds	(258,608,471)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,873,038)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(418,716,325)
Retiree health care benefits	(1,517,496)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(22,873,487)
Other long-term liabilities, such as arbitrage liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(2,990,119)
Internal service funds are included as part of governmental activities	1,032,006
Net Position (Deficit) of Governmental Activities	**$ (67,872,061)**

See notes to financial statements.

Utica Community Schools

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	Combined General Fund	Bond 2023 Series I Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	$ 46,918,511	$ 5,121,572	$ 48,175,545	$ 100,215,628
State sources	307,943,046	-	5,467,515	313,410,561
Federal sources	13,018,611	-	9,855,361	22,873,972
Interdistrict sources	20,611,417	-	-	20,611,417
Total revenue	388,491,585	5,121,572	63,498,421	457,111,578
Expenditures				
Current:				
Instruction	238,289,451	-	-	238,289,451
Support services	123,176,210	-	4,478,736	127,654,946
Bookstore activities	-	-	732,988	732,988
Athletics	3,833,423	-	-	3,833,423
Food services	-	-	12,014,537	12,014,537
Community services	481,852	-	3,448,224	3,930,076
Debt service:				
Principal	2,215,033	-	23,730,000	25,945,033
Interest	100,034	-	11,594,747	11,694,781
Debt issuance costs	-	-	4,200	4,200
Capital outlay	20,660,593	53,902,445	12,871,455	87,434,493
Building improvements/Interdistrict payments	88,488	-	-	88,488
Total expenditures	388,845,084	53,902,445	68,874,887	511,622,416
Excess of Expenditures Over Revenue	(353,499)	(48,780,873)	(5,376,466)	(54,510,838)
Other Financing Sources (Uses)				
Leases entered into	621,024	-	-	621,024
Proceeds from sale of capital assets	105,119	-	8,919	114,038
Transfers in	-	-	600,000	600,000
Transfers out	(600,000)	-	-	(600,000)
Subscriptions entered into	1,114,113	-	-	1,114,113
Total other financing sources	1,240,256	-	608,919	1,849,175
Net Change in Fund Balances	886,757	(48,780,873)	(4,767,547)	(52,661,663)
Fund Balances - Beginning of year	51,323,852	126,571,814	88,524,528	266,420,194
Fund Balances - End of year	**$ 52,210,609**	**$ 77,790,941**	**$ 83,756,981**	**$ 213,758,531**

See notes to financial statements.

Utica Community Schools

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	$ (52,661,663)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	87,149,034
Depreciation and amortization expense	(23,325,848)
Net book value of assets disposed of	(1,728,581)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	24,130
Revenue in support of pension contributions made subsequent to the measurement date	11,396,318
Issuing debt and entering into leases and subscription liabilities provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(1,735,137)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	28,730,272
Interest expense is recognized in the government-wide statements as it accrues	(70,097)
Gain on extinguishment of SBITA liability	185,282
Net pension liability	129,929,138
Net OPEB asset	64,412,552
Deferred pension cost reductions	(58,892,359)
Deferred OPEB cost reductions	(16,380,271)
Deferred pension costs	(35,577,197)
Deferred OPEB costs	(15,799,654)
Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(2,172,678)
Internal service funds are included as part of governmental activities	943,446
Change in Net Position of Governmental Activities	**$ 114,426,687**

See notes to financial statements.

Utica Community Schools

Proprietary Fund - Internal Service Fund
Statement of Net Position

		June 30, 2025
Assets		
Current assets:		
Cash and investments (Note 4)	$	4,241,679
Due from other funds (Note 8)		887,323
Total assets		5,129,002
Liabilities		
Current liabilities:		
Accrued liabilities and other		955,816
Compensated absences (Note 9)		1,075,183
Workers' compensation (Note 11)		384,647
Total current liabilities		2,415,646
Noncurrent liabilities:		
Compensated absences (Note 9)		868,076
Workers' compensation (Note 11)		813,274
Total noncurrent liabilities		1,681,350
Total liabilities		4,096,996
Net Position - Unrestricted	**$**	**1,032,006**

See notes to financial statements.

Utica Community Schools

Proprietary Fund - Internal Service Fund
Statement of Revenue, Expenses, and Changes in Net Position

		Year Ended June 30, 2025
Operating Revenue - Charges to other governmental funds		
Workers' compensation	$	485,648
Sick leave		908,939
Vacation		87,980
Total operating revenue		1,482,567
Operating Expenses		
Workers' compensation		509,553
Vacation		81,728
FICA		3,786
Experience adjustment		132,133
Total operating expenses		727,200
Operating Income		755,367
Nonoperating Revenue - Interest income		188,079
Change in Net Position		943,446
Net Position - Beginning of year, as previously reported		999,965
Cumulative Effect of Change in Accounting (Note 2)		(911,405)
Net Position - Beginning of year, as restated		88,560
Net Position - End of year	**$**	**1,032,006**

See notes to financial statements.

Proprietary Fund - Internal Service Fund
Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from other funds	$ 629,167
Payments for services	(689,872)
Net cash used in operating activities	(60,705)
Cash Flows Provided by Investing Activities - Interest received on investments	188,079
Net Increase in Cash and Investments	127,374
Cash and Investments - Beginning of year	4,114,305
Cash and Investments - End of year	**$ 4,241,679**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 755,367
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:	
Due to and from other funds	(853,400)
Accrued and other liabilities	37,328
Net cash used in operating activities	**$ (60,705)**

See notes to financial statements.

Notes to the Basic Financial Statements

June 30, 2025

Note 1 - Nature of Business

Utica Community Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity and which organizations are legally separate component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. 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 and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond 2023 Series I Fund is used used to record bond revenue from bond issuance and disbursements of invoices specifically designed for remodeling or additions at current school buildings, making safety and security improvements, acquiring and installing technology equipment and infrastructure, and acquiring school buses. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Enrichment, Food Services, Bookstore, and Student Activities funds. The Enrichment Fund accounts for activities offered to students and the community to enhance education and includes fees charged to participants. The Food Services Fund accounts for the activities associated with providing meals to students and accounts for the proceeds of sales to students and dedicated grants from state and federal sources. The Bookstore Fund accounts for activities related to the student stores located at each high school building and includes merchandise sales. The Student Activities Fund accounts for activities related to the transactions of student groups for school and school-related purposes and includes fundraising revenue and donations earned by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

The Internal Service Fund is used to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is for self-insured workers' compensation, unemployment, sick leave, and accrued vacation. It is funded through charges primarily to the General Fund in amounts equal to the normal estimated cost of the benefits that are administered through this fund for the fiscal year. There are 10 bargaining units covering substantially all employees of the School District, each with unique vesting and payout provisions. Compensated absences are limited to amounts stipulated in each bargaining unit contract.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases

Note 2 - Significant Accounting Policies (Continued)

- Unspent property taxes levied held in the debt service fund required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 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 value at the date of donation. Costs of improvements to sites or buildings in excess of $20,000 and that extend the useful life of the capital asset at least five years are capitalized. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

	Depreciable/ Amortizable Life - Years
Land improvements	20
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets - Copiers	3
Subscription assets	7

Long-term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions. The other deferred inflows reported related to unavailable revenue, which arises only under the modified accrual basis of accounting and is, therefore, reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became available.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 2 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the Board of Education or superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 for approximately 50 percent of the taxes that are due on September 14 and on December 1 for the remainder of the property taxes that are due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

The liability for compensated absences reported in the government-wide and propriety fund statements consists of unpaid, accumulated annual balances for employee excess sick leave days and accrued vacation. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to governmental funds to provide employee benefits and services. Operating expenses for these funds include the cost of benefits and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Leases

The School District is a lessee for noncancelable leases of copiers and printers. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of $5,000 or more.

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

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. The School District recognizes a subscription liability and an intangible right-of-use subscription asset in the applicable governmental column in the government-wide financial statements.

At the commencement of a subscription, the School 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 School District determines the (1) discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

Note 2 - Significant Accounting Policies (Continued)

The School District uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 101, *Compensated Absences*. The new accounting standard impacted the measurement of the compensated absences liability that is included in the statement of net position. The standard was required to be adopted retroactively, and, as such, the School District's compensated absences liability and net position as of July 1, 2025 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	June 30, 2024 As Previously Reported	Adoption of New Accounting Pronouncement	June 30, 2024 As Restated
Government-wide - Governmental activities	$ (181,387,343)	$ (911,405)	$ (182,298,748)
Proprietary funds - Internal Service Fund	$ 999,965	$ (911,405)	$ 88,560

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 10, 2025, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances outstanding at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The capital project funds, except the Building and Site Fund, include capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The Bond 2018 Series III, Bond 2018 Series IV, and the Bond 2023 Series I funds are not yet considered substantially complete, and a subsequent year audit is expected.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy and corresponding rules and regulations require that financial institutions be evaluated and only those with an acceptable risk level be used for deposits. At year end, the School District had bank deposits totaling $73,317,499 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy and corresponding rules and regulations for custodial credit risk state that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy and corresponding rules and regulations. At June 30, 2025, the School District does not hold any investment securities that were unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy and corresponding rules and regulations do not further limit its investment choices. As of year end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Value	Rating	Rating Organization
MILAF - Cash management and MAX Classes	$ 107,320,679	AAAm	Standard & Poor's
First American Funds - Bank investment pool	43,288,242	AAA-mf	Moody's

Foreign Currency Risk

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

Note 5 - Receivables

Receivables as of June 30, 2025 for the School District's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Property taxes receivable	$ 356,019	$ 313,597	$ 669,616
Other receivables	584,601	-	584,601
Due from other governments	62,055,394	352,812	62,408,206
Net receivables	$ 62,996,014	$ 666,409	$ 63,662,423

Amounts due from other governmental units include approximately $53,900,000 from the State of Michigan for state aid payments and approximately $2,600,000 related to reimbursement for expenditures of federal awards.

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2025, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	$ 669,617	$ -
Tuition/Fees not yet earned and grant/categorical aid payment received prior to meeting all eligibility requirements	-	10,507,245
Total	$ 669,617	$ 10,507,245

Note 7 - Capital Assets

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

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	$ 20,107,428	$ (17,372)	$ 500,756	$ -	$ 20,590,812
Construction in progress	13,942,905	(12,322,584)	36,209,566	(46,410)	37,783,477
Subtotal	34,050,333	(12,339,956)	36,710,322	(46,410)	58,374,289
Capital assets being depreciated or amortized:					
Buildings and improvements	498,978,159	10,195,854	16,582,389	(853,023)	524,903,379
Furniture and equipment	57,733,751	-	14,276,832	(427,524)	71,583,059
Buses and other vehicles	24,073,644	-	2,688,953	(3,864,598)	22,897,999
Land improvements	65,522,440	2,144,102	15,155,402	(123,406)	82,698,538
Right-of-use lease assets	631,189	-	621,024	(631,189)	621,024
Right-of-use subscription assets	7,345,740	-	1,114,112	(949,657)	7,510,195
Subtotal	654,284,923	12,339,956	50,438,712	(6,849,397)	710,214,194
Accumulated depreciation and amortization:					
Buildings and improvements	229,671,460	-	11,312,003	-	240,983,463
Furniture and equipment	39,746,375	-	6,007,527	(284,709)	45,469,193
Buses and other vehicles	16,156,603	-	1,296,011	(3,475,686)	13,976,928
Land improvements	39,310,892	-	2,495,273	-	41,806,165
Accumulated amortization - Right-of-use lease assets	613,655	-	201,420	(631,189)	183,886
Accumulated amortization - Right-of-use subscription assets	1,684,155	-	2,013,614	(775,642)	2,922,127
Subtotal	327,183,140	-	23,325,848	(5,167,226)	345,341,762
Net capital assets being depreciated and amortized	327,101,783	12,339,956	27,112,864	(1,682,171)	364,872,432
Net governmental activities capital assets	$ 361,152,116	$ -	$ 63,823,186	$ (1,728,581)	$ 423,246,721

Depreciation and amortization expense was charged to programs of the primary government as follows:

Governmental activities:	
Support services	$ 3,498,877
Unallocated	19,826,971
Total governmental activities	$ 23,325,848

Note 7 - Capital Assets (Continued)

Construction Commitments

For each bond issue and project listed below, the School District's cumulative expenditures and remaining commitments with contractors as of June 30, 2025 are as follows:

	Cumulative Expenditures through June 30, 2025	Commitments at June 30, 2025
Bond 2018 Series III	$ 10,138,195	$ 3,779,760
Bond 2018 Series IV	6,529,316	4,708,725
Bond 2023 Series I	57,863,815	87,543,705
Total	$ 74,531,326	$ 96,032,190

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From: General Fund	Fund Due From: Nonmajor Funds	Total
General Fund	$ -	$ 1,068,912	$ 1,068,912
Bond 2023 Series I Fund	-	2,494,962	2,494,962
Nonmajor funds	9,591,616	225,909	9,817,525
Internal Service Fund	860,308	27,015	887,323
Total	$ 10,451,924	$ 3,816,798	$ 14,268,722

Outstanding balances between funds are the result of the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. All interfund balances are expected to be repaid within one year. Interfund balances are routine and temporary cash flow assistance to or from the General Fund and the Student Activities Fund and amounts owed to the Internal Service Fund to finance workers' compensation, sick leave, accrued vacation, and unemployment liabilities. In addition, the General Fund has amounts due to the capital project funds, Student Activities Fund, and Food Services Fund to cover cash outlay. All amounts are expected to be paid within one year.

During the year, the General Fund transferred funds to the Building and Site Fund for future capital improvements.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations:	$ 252,985,000	$ -	$ (23,730,000)	$ 229,255,000	$ 26,715,000
Unamortized bond premiums	29,912,942	-	(2,785,239)	27,127,703	2,785,239
Total bonds payable	282,897,942	-	(26,515,239)	256,382,703	29,500,239
Leases (Note 14)	18,550	621,024	(201,419)	438,155	205,428
Self-insured liabilities (Note 11)	1,113,691	356,518	(272,288)	1,197,921	384,647
Compensated absences	2,042,771	-	(99,512)	1,943,259	1,075,183
Arbitrage liability	817,441	2,213,904	-	3,031,345	41,226
Subscriptions (Note 15)	2,872,396	1,114,113	(2,198,896)	1,787,613	1,040,336
Total governmental activities long-term debt	$ 289,762,791	$ 4,305,559	$ (29,287,354)	$ 264,780,996	$ 32,247,059

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's bonds are all qualified bonds that are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
$18,440,000 Bond Issue 2018 Series IV Building and Site Bonds	$715,000 - $1,140,000	5.00	2038	$ 12,220,000
$18,100,000 Bond Issue 2018 Series III Building and Site Bonds	$800,000 - $1,125,000	5.00	2037	11,700,000
$8,770,000 Bond Issue 2018 Series II Building and Site Bonds	$850,000	4.00	2030	4,250,000
$95,020,000 Bond Issue 2018 Series I Building and Site and Refunding Bonds	$5,925,000 - $7,500,000	4.00 - 5.00	2034	61,175,000
$18,765,000 Bond Issue 2009 Series VIII Building and Site and Refunding Bonds	$675,000 - $810,000	3.50 - 4.00	2032	5,110,000
$25,375,000 Bond Issue 2009 Series VII Building and Site and Refunding Bonds	$2,050,000 - $2,560,000	2.00 - 5.00	2031	13,860,000
$25,105,000 Bond Issue 2009 Series VI Building and Site and Refunding Bonds	$1,875,000 - $2,225,000	3.00 - 5.00	2030	10,300,000
$9,115,000 Bond Issue 2009 Series V Building and Site Bonds	$925,000 - $950,000	4.00	2029	3,775,000
$117,365,000 Bond 2023-Series 2024 Building and Site Bonds	$5,500,000 - $12,900,000	5.00	2039	106,865,000
Total governmental activities				$ 229,255,000

Note 9 - Long-term Debt (Continued)

Other Long-term Liabilities

As discussed in Note 2, the beginning of year compensated absence liability was restated in order to adopt GASB Statement No. 101. The table above discloses the net change in the compensated absence liability of the School District. The net pension liability and the net OPEB asset, as applicable, will be liquidated from the funds from which the individual employees' salaries are paid, generally the General Fund and the Food Services Fund.

The arbitrage liability attributable to the governmental activities will be liquidated from the Bond 2018 Series I, Bond 2018 Series II, Bond 2018 Series III, Bond 2018 Series IV, and Bond 2023 Series I funds when payable to the Internal Revenue Service.

See Notes 14 and 15 for further information on lease and subscription liabilities, respectively.

Debt Service Requirements to Maturity

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

	Governmental Activities		
Years Ending June 30	Principal	Interest	Total
2026	$ 26,715,000	$ 11,238,226	$ 37,953,226
2027	19,825,000	9,975,600	29,800,600
2028	20,625,000	9,028,850	29,653,850
2029	21,435,000	8,043,350	29,478,350
2030	21,260,000	6,996,850	28,256,850
2031-2035	79,440,000	20,984,750	100,424,750
2036-2039	39,955,000	4,879,750	44,834,750
Total	$ 229,255,000	$ 71,147,376	$ 300,402,376

Note 10 - Restricted Assets

At June 30, 2025, restricted assets are composed of the following:

	Governmental Activities
Unspent bond proceeds and related interest	$ 107,636,176
Property tax collections for repayment of bonded indebtedness	5,386,625
Total	$ 113,022,801

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to certain employees. The School District is self-insured for workers' compensation claims. The School District has purchased commercial insurance for health claims for employees. The School District participates in the Metropolitan Association for Improved School Legislation (MAISL) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 11 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported and those that have not yet been reported. Changes in estimates are the result of adjusting the estimated liability based on an actuarial valuation triennially. These estimates are recorded in the Internal Service Fund.

Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	$ 1,113,691	$ 1,241,757
Estimated claims incurred, including changes in estimates	356,518	279,150
Claim payments	(272,288)	(407,216)
Estimated liability - End of year	$ 1,197,921	$ 1,113,691

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member’s date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member’s date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2023 September 30, 2024	13.90% - 23.03%	7.06% - 8.131%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were $75,554,916, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of $18,637,182 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as $4,236,305 of a one-time state payment received and remitted to the System for the purpose of contribution additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were $6,383,988, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of $429,152,294 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 1.75 and 1.72 percent, respectively, representing a change of 1.48 percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of $74,341,943 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District’s proportion was 1.73 and 1.76 percent, respectively, representing a change of (1.60) percent.

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

For 2025, the School District recognized pension expense of $36,946,169, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,643,204	$ (4,662,798)
Changes in assumptions	44,741,670	(31,443,290)
Net difference between projected and actual earnings on pension plan investments	-	(81,900,449)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	13,802,270	(5,519,431)
The School District's contributions to the plan subsequent to the measurement date	63,774,793	-
Total	$ 133,961,937	$ (123,525,968)

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The $22,873,487 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	$ (11,317,810)
2027	5,991,440
2028	(27,480,657)
2029	(20,531,797)
Total	$ (53,338,824)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the School District recognized OPEB recovery of $27,261,489.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (78,779,756)
Changes in assumptions	16,237,350	(1,866,349)
Net difference between projected and actual earnings on OPEB plan investments	-	(14,073,782)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,569,628	(2,608,739)
Employer contributions to the plan subsequent to the measurement date	1,662,209	-
Total	$ 21,469,187	$ (97,328,626)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2026	$ (25,285,468)
2027	(15,051,570)
2028	(15,097,190)
2029	(13,380,212)
2030	(7,282,886)
Thereafter	(1,424,322)
Total	$ (77,521,648)

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation as of September 30, 2023 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.25%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee MortalityTables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation The total pension liability and OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 629,141,873	$ 429,152,294	$ 262,622,490

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ (57,452,066)	$ (74,341,943)	$ (88,945,025)

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ (88,945,184)	$ (74,341,943)	$ (58,680,046)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of $10,616,411 and $262,433 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by $2,811,364 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received $2,353,700 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Note 14 - Leases

The School District leases certain assets from a third party. The assets leased include copiers and printers. Payments are generally fixed monthly. Lease asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	$ 205,428	$ 14,823	$ 220,251
2027	214,437	5,814	220,251
2028	18,290	66	18,356
Total	$ 438,155	$ 20,703	$ 458,858

Note 15 - Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Note 15 - Subscriptions (Continued)

Subscription asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District's subscription liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	$ 1,040,336	$ 149,222	$ 1,189,558
2027	626,283	9,471	635,754
2028	67,849	4,497	72,346
2029	53,145	1,136	54,281
Total	$ 1,787,613	$ 164,326	$ 1,951,939

Required Supplementary Information

Utica Community Schools

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 48,747,625	$ 46,330,139	$ 46,918,511	$ 588,372
State sources	300,007,152	318,791,546	307,943,046	(10,848,500)
Federal sources	11,959,009	16,883,758	13,018,611	(3,865,147)
Interdistrict and other financing sources	21,074,983	21,345,717	20,611,417	(734,300)
Total revenue	381,788,769	403,351,160	388,491,585	(14,859,575)
Expenditures				
Current:				
Instruction:				
Basic programs	197,533,783	207,215,258	196,596,735	(10,618,523)
Added needs	54,406,803	52,611,733	50,435,957	(2,175,776)
Adult/Continuing education	707,080	627,070	500,844	(126,226)
Total instruction	252,647,666	260,454,061	247,533,536	(12,920,525)
Support services:				
Pupil	24,072,216	27,904,286	26,029,238	(1,875,048)
Instructional staff	20,598,075	21,742,625	19,568,219	(2,174,406)
General administration	1,455,495	1,576,810	1,566,954	(9,856)
School administration	19,282,554	20,087,915	19,248,295	(839,620)
Business	2,223,336	2,228,694	2,113,719	(114,975)
Operations and maintenance	38,316,236	44,769,809	43,685,307	(1,084,502)
Pupil transportation services	15,199,090	15,910,355	14,820,510	(1,089,845)
Central	7,533,686	7,670,065	7,430,922	(239,143)
Other	91,162	70,671	49,969	(20,702)
Total support services	128,771,850	141,961,230	134,513,133	(7,448,097)
Athletics	3,831,429	3,935,934	3,913,008	(22,926)
Community services	782,320	848,357	481,852	(366,505)
Debt service	4,207,518	4,220,508	2,315,067	(1,905,441)
Building improvements/Interdistrict payments	238,448	88,488	88,488	-
Total expenditures	390,479,231	411,508,578	388,845,084	(22,663,494)
Other Financing Sources (Uses)				
Leases entered into	611,698	621,024	621,024	-
Proceeds from sale of capital assets	50,000	105,119	105,119	-
Subscriptions entered into	4,000,000	4,000,000	1,114,113	(2,885,887)
Transfers in	200,000	200,000	-	(200,000)
Transfers out	-	(600,000)	(600,000)	-
Total other financing sources	4,861,698	4,326,143	1,240,256	(3,085,887)
Net Change in Fund Balance	(3,828,764)	(3,831,275)	886,757	4,718,032
Fund Balance - Beginning of year	51,323,852	51,323,852	51,323,852	-
Fund Balance - End of year	**$ 47,495,088**	**$ 47,492,577**	**$ 52,210,609**	**$ 4,718,032**

See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Ten Plan Years

Plan Years Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	1.75293 %	1.72737 %	1.68286 %	1.72113 %	1.71224 %	1.73074 %	1.79690 %	1.84111 %	1.84223 %	1.85626 %
School District's proportionate share of the net pension liability	$429,152,294	$559,081,432	$632,902,413	$407,483,890	$588,174,701	$573,161,685	$540,179,541	$477,110,473	$459,621,052	$453,392,480
School District's covered payroll	$178,918,764	$173,182,536	$161,090,638	$154,184,158	$149,447,302	$148,295,843	$148,773,678	$153,939,251	$154,483,113	$154,382,798
School District's proportionate share of the net pension liability as a percentage of its covered payroll	239.86 %	322.83 %	392.89 %	264.28 %	393.57 %	386.50 %	363.09 %	309.93 %	297.52 %	293.68 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	73.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Ten Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 74,173,526	$ 73,493,313	$ 79,264,602	$ 57,288,242	$ 51,420,295	$ 46,956,608	$ 45,947,441	$ 45,989,781	$ 43,284,088	$ 42,923,597
Contributions in relation to the statutorily required contribution	74,173,526	73,493,313	79,264,602	57,288,242	51,420,295	46,956,608	45,947,441	45,989,781	43,284,088	42,923,597
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 182,785,856	$ 177,811,813	$ 170,993,575	$ 158,637,567	$ 151,248,955	$ 149,173,763	$ 147,860,427	$ 149,911,269	$ 154,853,474	$ 154,110,579
Contributions as a Percentage of Covered Payroll	40.58 %	41.33 %	46.36 %	36.11 %	34.00 %	31.48 %	31.07 %	30.68 %	27.95 %	27.85 %

See notes to required supplementary information.

Utica Community Schools

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees' Retirement System

Last Eight Plan Years
Plan Years Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	1.72712 %	1.75524 %	1.67859 %	1.72578 %	1.69674 %	1.70352 %	1.75217 %	1.83775 %
School District's proportionate share of the net OPEB (asset) liability	$ (74,341,943)	$ (9,929,391)	$ 35,553,553	$ 26,341,885	$ 90,898,846	$122,274,471	$139,728,841	$162,741,529
School District's covered payroll	$178,918,764	$173,182,536	$161,090,638	$154,184,158	$149,447,302	$148,295,843	$148,773,678	$153,939,251
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(41.55)%	(5.73)%	22.07 %	17.08 %	60.82 %	82.45 %	93.92 %	105.72 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	35.53 %

See notes to required supplementary information.

Utica Community Schools

Required Supplementary Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Eight Fiscal Years
Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 5,442,449	$ 14,607,996	$ 13,763,615	$ 12,927,693	$ 12,586,560	$ 11,987,007	$ 11,614,474	$ 10,827,679
Contributions in relation to the statutorily required contribution	5,442,449	14,607,996	13,763,615	12,927,693	12,586,560	11,987,007	11,614,474	10,827,679
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$182,785,856	$177,811,813	$170,993,575	$158,637,567	$151,248,955	$149,173,763	$147,860,427	$149,911,269
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, which is the legal level at which expenditures may not legally exceed appropriations. The statement of revenue, expenditures, and changes in fund balances presents capital outlay and other financing sources separately, as required by generally accepted accounting principles. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits districts to amend their budgets during the year. There were no significant amendments during the year, except for adjustments to state and federal awards and the corresponding expenditures for federal grants and state categoricals.

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of $4,236,305, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 - The discount rate used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018 - The discount rate used in September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.

2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

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APPENDIX E

FORM OF APPROVING OPINION

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Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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FORM OF APPROVING OPINION

Utica Community Schools
County of Macomb
State of Michigan

We have acted as bond counsel to the Utica Community Schools, County of Macomb, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of ___________ designated 2026 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 June____, 2026, payable as to principal and interest as provided in the Bonds, with the option of redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

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

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.

2. All taxable property within the boundaries of the Issuer is subject to taxation for payment of the Bonds, without limitation as to rate or amount.

3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and

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

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

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

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

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

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

$___________
UTICA COMMUNITY SCHOOLS
COUNTY OF MACOMB, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Utica Community Schools, County of Macomb, State of Michigan (the "Issuer") in connection with the issuance of its 2026 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds"). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

"SEC" means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA on or before the last day of the sixth month after the end of the fiscal year of the Issuer the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2026 in an electronic format as prescribed by the MSRB:

(1) Certain annual financial information and operating data reasonably available to the School District in the 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 in the Official Statement as described below:

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

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

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

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

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

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

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

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

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

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

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

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

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

UTICA COMMUNITY SCHOOLS
County of Macomb
State of Michigan

By: ________________________________

Its: ________________________________

Dated: __________, 2026

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UTICA COMMUNITY SCHOOLS

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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