

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 26, 2026

NEW ISSUE – Book-Entry-Only

S&P GLOBAL RATINGS†: AA/BBB+
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.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR PURPOSES OF DEDUCTION OF INTEREST EXPENSE BY FINANCIAL INSTITUTIONS PURSUANT TO SECTION 265(B)(3) OF THE CODE.

**SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW, STATE OF MICHIGAN
\$10,470,000* 2026 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)**

Dated: Date of Delivery

Due: As shown on inside cover page

The 2026 Refunding Bonds (Unlimited Tax General Obligation) (the "2026 Bonds") were authorized by the Board of Education of the School District of the City of Saginaw, County of Saginaw, State of Michigan (the "School District") by resolution adopted on December 10, 2025 (the "Resolution"). The Bonds are being issued for the purpose of currently refunding all or a portion of a prior bond issue of the School District. 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.

**THE BONDS WILL MATURE ON THE DATES AND
IN THE AMOUNTS AS SHOWN ON THE INSIDE FRONT COVER.**

THE BONDS ARE NOT SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY. See "THE BONDS – No Optional Redemption" herein.

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



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

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

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

**SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW, STATE OF MICHIGAN
\$10,470,000* 2026 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)**

MATURITY SCHEDULE FOR THE 2026 BONDS

(Base CUSIP§: _____)

Maturity		Interest		
<u>May 1*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP§</u>
2027	\$ 805,000			
2028	890,000			
2029	935,000			
2030	985,000			
2031	1,030,000			
2032	1,085,000			
2033	1,125,000			
2034	1,185,000			
2035	1,155,000			
2036	1,275,000			

§ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the School District, the Underwriter or its agents or counsel assume responsibility for the accuracy of such numbers.

* Preliminary, subject to change.

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

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

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

SCHOOL DISTRICT OF THE CITY OF SAGINAW
550 Millard Street
Saginaw, Michigan 48607
(989) 399-6500

BOARD OF EDUCATION

Charles H. Coleman, President
Janet H. Nash, Vice President
Ruth Ann Knapp, Treasurer
Vera G. Harrison, Secretary
Janae Bady, Trustee
Jasmine S. Calhoun, Trustee
Joyce J. Seals, Trustee

ADMINISTRATIVE STAFF

Dr. Ramont M. Roberts, Superintendent of Schools
Tamara M. Johnson, Deputy Superintendent, Fiscal Services and Operations

BOND COUNSEL

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

MUNICIPAL ADVISOR

Sudsina & Associates, LLC
Grosse Pointe Park, Michigan

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
PURPOSE AND SECURITY	1
QUALIFICATION BY THE STATE OF MICHIGAN	1
PLAN OF REFUNDING	2
ESTIMATED SOURCES AND USES OF FUNDS	2
THE BONDS	2
Description and Form of the Bonds	2
Book-Entry-Only System	3
Transfer Outside Book-Entry-Only System	5
No Redemption	5
TAX PROCEDURES	5
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES	6
SOURCES OF SCHOOL OPERATING REVENUE	6
State School Aid	6
MICHIGAN PROPERTY TAX REFORM	7
LITIGATION	8
TAX MATTERS	8
Tax Treatment of Accruals on Original Issue Discount	9
Amortizable Bond Premium	9
Market Discount	10
Information Reporting and Backup Withholding	10
Future Developments	10
APPROVAL OF LEGAL PROCEEDINGS	11
APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY	11
RATINGS	11
UNDERWRITING	11
MUNICIPAL ADVISOR'S OBLIGATION	12
CONTINUING DISCLOSURE	12
OTHER MATTERS	13
APPENDIX A: State Qualification	
APPENDIX B: General Financial, Economic and School Information	
APPENDIX C: General Fund Budget Summary and Comparative Financial Statements	
APPENDIX D: Audited Financial Statements and Notes to Financial Statements of the School District for the Fiscal Year Ended June 30, 2025	
APPENDIX E: Form of Approving Opinion	
APPENDIX F: Form of Continuing Disclosure Undertaking	

THIS PAGE INTENTIONALLY LEFT BLANK

OFFICIAL STATEMENT
relating to
\$10,470,000¹
SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW, STATE OF MICHIGAN
2026 REFUNDING 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 School District of the City of Saginaw, County of Saginaw, State of Michigan (the "School District") of its 2026 Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of \$10,470,000¹.

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of currently refunding all or a portion of the School District's outstanding 2016 Refunding Bonds, dated March 24, 2016, which are due and payable May 1, 2027 through May 1, 2036, inclusive (the "Prior Bonds"); 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 December 10, 2025 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

QUALIFICATION BY THE STATE OF MICHIGAN

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

¹ Preliminary, subject to change.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and, together with other available funds of the School District, to establish an escrow fund (the "Escrow Fund") composed of cash and non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing. The Escrow Fund will be held by the corporate trust office of UMB Bank, N.A., Grand Rapids, Michigan, as escrow agent (the "Escrow Agent") and will be used to pay the principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Escrow Agent to make the payment of principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be such that the cash and the principal of and interest payments received on investments will be sufficient, without reinvestment except as provided in the Escrow Agreement, to pay the principal of and interest on the Prior Bonds as they are called for early redemption, as set forth in the following table.

**Principal of and Interest on the
Prior Bonds to be paid from the Escrow Fund¹**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/2026	\$11,475,000.00	\$286,875.00	\$11,761,875.00

The accuracy of the mathematical computations of the adequacy of the cash and certain obligations to be held in the Escrow Fund and used, together with the earnings thereon, to pay the principal of and interest on the Prior Bonds at call for redemption, and supporting the conclusion of Bond Counsel that the interest on the Bonds is excluded from gross income for federal tax purposes as indicated under the caption "TAX MATTERS" herein, will be verified by Robert Thomas CPA, LLC, Overland Park, Kansas (the "Verification Agent"). Such verification of accuracy of the computations shall be based upon information supplied by the Underwriter and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

- Par Amount of the Bonds
- Original Issue Premium
- Original Issue Discount
- Contribution from Prior Bonds Debt Retirement Fund
- Total Sources

USES

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

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity, commencing November 1, 2026. Interest on the Bonds shall be computed using a

¹ Preliminary, subject to change.

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

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

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

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

made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; 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.

No Redemption

The Bonds are not subject to redemption at the option of the School District prior to maturity.

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 of Michigan 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 property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead property² in order for the school district to receive its full base foundation allowance. Furthermore, school districts whose budgeted foundation allowance in 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 property³ as is necessary to obtain the budgeted foundation allowance and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the budgeted foundation allowance.

The School District's 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.

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

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.

became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect.

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

LITIGATION

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

TAX MATTERS

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

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

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not

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.

a guarantee of that conclusion. The Federal income tax opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give and has not given any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

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

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

Tax Treatment of Accruals on Original Issue Discount

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

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

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

Amortizable Bond Premium

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

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

Market Discount

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

Information Reporting and Backup Withholding

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

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

Future Developments

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

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS WHICH COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE HOLDERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. BOND COUNSEL EXPRESSES NO OPINION REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

Certain legal matters will be passed upon for the Underwriter by its counsel, 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 "BBB+" to the Bonds without regard to qualification of the Bonds for participation in the Michigan School Bond Qualification and Loan Program.

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

UNDERWRITING

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

offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

The School District has retained Sudsina & Associates, LLC (the "Municipal Advisor"), to provide financial advice in connection with the School District's issuance of the Bonds and the refunding of the Prior Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. 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.

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 agreement 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.

SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

THIS PAGE INTENTIONALLY LEFT BLANK

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, other than an order qualifying refunding 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 ;-- Am. 2015, Act 96, Imd. Eff. June 30, 2015

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

Sec. 4.

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

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

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

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

388.1925 Preliminary qualification; application.

Sec. 5.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

Sec. 6.

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

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

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

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

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

(e) The issuance of additional qualified bonds approved by voters after September 30, 2012 will not have an adverse financial impact on the school district, this state, or the school loan revolving fund. In making this determination, the state treasurer shall consider relevant

factors, including, but not limited to, whether the issuance of the proposed bond issue will cause the aggregate outstanding amount of qualified and nonqualified bonds, including the proposed bond issue, and currently outstanding qualified loans of the school district to exceed 25% of the taxable value of the school district at the time the proposed bonds are issued.

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

388.1927 Qualification of bonds; determination by state treasurer; order; specifications; loan agreement; failure to issue bonds within certain time; reapplication; qualification of refunding bonds.

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

History: 2005, Act 92, Imd. Eff. July 20, 2005 ;-- Am. 2012, Act 437, Eff. Mar. 28, 2013 ;-- Am. 2015, Act 97, Imd. Eff. June 30, 2015

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 average annual cost of funds used to make qualified loans plus 0.125%, 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 March 28, 2013.

(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 ;-- Am. 2022, Act 51, Imd. Eff. Mar. 29, 2022

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. A-9

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

FRANK J. KELLEY,
Attorney General

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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

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

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

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

August 29, 1966.

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

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

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

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

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

Section 28, Article X, Constitution of 1908, was implemented by the legislature by the enactment of Act 108, P.A. 1961, which took effect September 8, 1961. The first section of Act 108, P.A. 1961, stated that the purpose of the act was to implement Section 28 of Article X of the Constitution of 1908. The Constitution of 1963 took effect on January 1, 1964. In anticipation of the effectiveness of that Constitution, the legislature passed Act 33, P.A. 1963, Second Extra Session, such act to take effect on January 1, 1964. Act 33, P.A. 1963, Second Extra Session, amended Sections 1, 3, 8 and 9 of Act 108, P.A. 1961, and further amended section 7 of Act 108, P.A. 1961, as amended by Act 131, P.A. 1962. The first section of amendatory Act 33 stated that the act's purpose was to implement Section 16 of Article IX of the Constitution of 1963. Subsequent

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.

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.²²

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

Under amended Section 6 of the act, in any school district where the amount necessary to be levied in any year for principal and interest on qualified bonds exceeds 7 mills on each dollar of the assessed valuation of the school district as last equalized by the state, such school district on or before 60 days prior to the time of certification of its tax levy to the assessing officer shall file with the superintendent of public instruction³ a preliminary application for a loan from the state in the amount of any part of such excess over 7 mills which the school district does not propose to levy in such year.⁴ Amended Section 6 specifies the information to be supplied in the application. The superintendent of public instruction if he finds the application in proper form shall approve or deny the application in whole or in part and notify the school district of his action. Amended Section 7 of the act provides that if a loan from the state shall become necessary for the payment of principal and interest on qualified bonds in accordance with an approved preliminary application to the superintendent of public instruction or by virtue of a supplemental application, it shall be the duty of the superintendent of public instruction after audit to forward to the state treasurer a statement setting forth the amount to be loaned to the school district for the payment of principal and interest and the date on or before which loan shall be made.⁵ The superintendent shall prepare a voucher as a basis for the issuance of a warrant and upon receipt of such statement and warrant, it shall be the duty of the state treasurer to loan to the school district from the school bond loan fund the amount set forth in the statement of the superintendent of public instruction on or before the date specified therein. The state treasurer upon making such loan shall obtain from the school district a receipt for the amount so loaned which receipt shall specify the terms of repayment in accordance with the provisions of Section 16 of Article IX, Constitution of 1963 and the act. The school district treasurer upon receipt of the loan is required to deposit the same in the debt retirement fund to be used solely for the payment of principal and interest on qualified bonds.

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

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

The method of processing loans to school districts under amended Sections 6 and 7 before default in payment of principal or interest is adequately spelled out in those sections and no additional comment from me is necessary. Your real concern is in regard to the applicable procedures which you should follow in the situation where the school district has defaulted in the payment of principal or interest on its bonds and the bond or bonds and the interest coupons have not been paid when due by the paying agent because of lack of funds. In the event of such a happening it is assumed for the purposes of this opinion

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.

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.

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.

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

APPENDIX B
GENERAL FINANCIAL, ECONOMIC
AND SCHOOL INFORMATION

APPENDIX B*

SCHOOL DISTRICT OF THE CITY OF SAGINAW GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

The School District encompasses an area of 49 square miles in the mid-eastern portion of the lower peninsula of Michigan. Located entirely within Saginaw County, the School District includes all of the cities of Saginaw and Zilwaukee and a portion of Kochville Township. It also includes a portion of Buena Vista Township in the area that was part of the former Buena Vista School District.

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

30 miles northwest of Flint
60 miles northeast of Lansing
70 miles north of Ann Arbor
85 miles northwest of Detroit

POPULATION

The U.S. Census reported populations for the School District and the cities of Saginaw and Zilwaukee and the township of Kochville are as follows:

	<u>School District</u>	<u>City of Saginaw</u>	<u>City of Zilwaukee</u>	<u>Township of Kochville</u>
2020 U.S. Census	52,902	44,202	1,534	4,911
2010 U.S. Census	57,712 ¹	51,508	1,658	5,078
2000 U.S. Census	66,499 ¹	61,799	1,799	3,241

¹Based upon an extrapolation of the figures of the local units within the School District.
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.

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>	<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>
2026*	4,995	.66%	2021	5,031	-3.44%
2025	4,966	4.88	2020	5,210	-4.77
2024	5,223	-0.47	2019	5,471	-6.24
2023	5,248	4.50	2018	5,835	-4.75
2022	5,022	-0.18	2017	6,126	---

*Unaudited.

*Information included in Appendix B of this Official Statement was obtained from the School District unless otherwise noted.

2025/2026 Fall Count*

Early Childhood	33	6 th	370
Kindergarten	414	7 th	353
1 st	449	8 th	305
2 nd	449	9 th	360
3 rd	465	10 th	316
4 th	434	11 th	335
5 th	387	12 th	325
		Total	<u>4,995</u>

*Unaudited.

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.

<u>Facility</u>	<u>Grades Served</u>	<u>Year Built</u>	<u>Last Remodel/Addition</u>	<u>Type of Construction</u>
<i>PreK/Early Childhood:</i>				
Henry Doerr Early Childhood	PK	1958	--	Masonry
<i>Elementary Schools:</i>				
Arthur Eddy Academy	K-6	1955	2003	Masonry
Chester Miller	K-6	1963	1989	Masonry
Jessie Rouse	K-6	1955	1985	Masonry
Kempton	K-6	1962	2006	Masonry
Handley*	K-6	2023	--	Masonry
Herig	K-6	1973	2006	Masonry
Loomis MST Academy	K-6	2006	--	Masonry
Merrill Park	K-6	1960	1992	Masonry
Stone	K-6	1970	2006	Masonry
Zilwaukee School	K-8	1954	2010	Masonry
<i>Middle School:</i>				
Saginaw	6-7	1954	2023	Masonry
Thompson	6-8	2008	--	Masonry
<i>High Schools:</i>				
Saginaw Arts & Sciences Academy*	9-12	1965	2010	Masonry
Saginaw Career Complex	9-12	1972	--	Masonry
Saginaw United*	9-12	2023	2023	Masonry
Success Academy	Alt Ed	1956	--	Masonry
<i>Additional Facilities:</i>				
Administration Center	--	1966	--	Masonry
Bus Garage	--	1930	--	Steel Frame
Service Center II	--	1985	--	Steel Frame

*The proceeds of the School District's 2021 School Building and Site Bonds were used in part to construct a new central high school, and a new Handley elementary building, and to convert Arthur Hill for use as Saginaw Arts and Science Academy and the existing Saginaw High School as a middle school.

OTHER SCHOOLS

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

Name of School	Grades Served	Approximate Enrollment
Bethlehem Lutheran	P-8	140
Community Baptist Christian	K-12	65
Francis Reh Academy	P-8	504
Gethsemane Lutheran	P-8	19
Holy Cross Lutheran	P-8	101
Michigan Lutheran Seminary	9-12	194
North Saginaw Charter Academy	K-8	685
Saginaw Covenant Academy	9-12	249
Saginaw Preparatory Academy	P-8	376
St. Paul Lutheran	P-8	<u>96</u>
		<u>2,429</u>

Source: Michigan Department of Education Website and Telephone Survey

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 has 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 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	Blended Pupil Count	Amount Received per Pupil ¹
2026	\$10,050 ²	\$61,611,695	5,005.22	\$12,109
2025	9,608	61,842,072	4,978.40	12,422
2024	9,608	66,405,020	5,219.04	12,736
2023	9,150	57,302,465 ⁴	5,229.27	10,958 ³
2022	8,700	46,882,980	5,021.97	9,336
2021	8,111	44,051,008 ⁵	5,183.54	8,498 ⁴

¹Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".

²Public Act 15 of 2025 increased the foundation allowance to \$10,050 per pupil in 2025/2026. See "SOURCES OF SCHOOL OPERATING REVENUE" herein.

³Fiscal year 2023 State Aid Payments includes \$3,341,071 of non-recurring revenue that was paid to the Michigan Public School Employees Retirement System toward the pension system's unfunded accrued liability.

⁴Public 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
2025	\$408,124,750	\$600,592,592	\$1,008,717,342*	4.85%	\$1,274,612,869	7.04%
2024	389,680,418	572,382,015	962,062,433	6.04	1,190,757,158	10.46
2023	364,286,116	543,004,816	907,290,932	7.75	1,077,991,370	12.25
2022	352,807,693	489,212,571	842,020,264	3.66	960,373,812	6.85
2021	344,898,635	467,377,287	812,275,922	2.79	898,798,692	4.68
2020	334,129,664	456,108,069	790,237,733	1.09	858,583,900	2.39
2019	333,671,805	448,022,675	781,694,480	----	838,549,700	----

¹All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2025, industrial personal property had a taxable value of \$5,329,600 and commercial personal property had a taxable value of \$61,489,200 in the School District.

* Includes Disabled Veterans Exemption in the amount of \$3,840,877.

Source: Saginaw County Equalization Department

A summary of the 2025 valuation subject to the debt millage is as follows:

2025 Taxable Value	\$1,008,717,342
Plus: 2025 Equivalent IFT Taxable Value ¹	5,627,095
Total 2025 Equivalent Taxable Value	<u>\$1,014,344,437</u>

¹See “INDUSTRIAL FACILITY TAX ABATEMENTS” herein.

Source: Saginaw County Equalization Department

Tax Base Composition

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

By Class:	2025 Taxable Value	Percent of Total
Real Property	\$832,230,042	82.50%
Personal Property	176,487,300	17.50
TOTAL	<u>\$1,008,717,342</u>	<u>100.00%</u>
By Use:		
Agricultural	\$13,462,848	1.33%
Commercial	264,534,026	26.22
Industrial	82,881,988	8.22
Residential	471,351,180	46.71
Personal	176,487,300	17.52
TOTAL	<u>\$1,008,717,342</u>	<u>100.00%</u>

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

Municipality	Total Taxable Value	Percent of Total
<i>County of Saginaw</i>		
City of Saginaw	\$604,239,468	59.90%
City of Zilwaukee	53,462,419	5.30
Kochville Township	207,161,775	20.54
Buena Vista Township	143,853,680	14.26
TOTAL	<u>\$1,008,717,342</u>	<u>100.00%</u>

Source: Saginaw 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 2025 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is \$9,263,511 for new facility IFT's, all of which is taxed at half rate and \$995,340 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 \$5,627,095.

Source: Saginaw County Equalization Department

RENAISSANCE ZONE

Act 376, Public Acts of Michigan, 1996 ("Act 376") authorized the creation of six urban, three rural and two ex- military facilities for designation as "renaissance zones." The purpose of a renaissance zone is to foster economic development and stimulate industrial, commercial and residential improvements by, in part, providing certain tax credits or exemptions within the zone. One of the subzones lies within the School District's boundaries. Property within this subzone has a 2025 Taxable Value of \$4,624,304. The properties within the renaissance zone are exempt from all millages except debt millages, school sinking fund and intermediate school district enhancement millages.

Source: Saginaw County Equalization Department

TAX INCREMENT AUTHORITIES

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

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

The City of Saginaw has one DDA District and several BRDA Districts within the School District’s boundaries. While four of the BRDA Districts capture School District operating taxes, neither the DDA District nor any of the BRDA Districts capture for School District debt. The School District is made whole for any captured operating tax revenues through State school aid distributions.

Source: City of Saginaw Finance Director

MAJOR TAXPAYERS

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

<u>Taxpayer</u>	<u>Product/Service</u>	<u>2025 Taxable Value</u>	<u>"Equivalent" IFT Value¹</u>	<u>2025 Total Valuation</u>
Consumers Energy	Utility	\$99,209,819	\$0	\$99,209,819
Nexteer Automotive	Automotive	15,980,500	0	15,980,500
Michigan Electric Trans Co	Utility	9,011,900	0	9,011,900
Duro Last Inc.	Roofing	5,618,793	0	5,618,793
Community Hospital Services	Healthcare	4,825,211	0	4,825,211
General Motors	Automotive	4,523,641	944,075 ²	5,467,716
Spectrum Mid America	Healthcare	4,281,900	0	4,281,900
Wal-Mart R E Business Trust	Retail	4,250,000	0	4,250,000
Meijer Inc.	Retail	4,189,344	0	4,189,344
Bay Valley Shopping Center	Strip Mall	3,836,286	0	3,836,286
TOTALS		<u>\$155,727,394</u>	<u>\$944,075</u>	<u>\$156,671,469</u>

Total 2025 Taxable Value \$1,008,717,342

Top 10 Taxpayers as a % of 2025 Total Taxable Value 15.53%

¹Represents 50% of the actual Taxable Value.

²Represents a rehab IFT amount which is shown at 100% of the actual Taxable Value.

Source: Saginaw County Equalization Department

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	18.0000	18.0000
Debt	9.1000	9.1000	9.1000	11.2800	11.2800
Total Non-Principal Residence	27.1000	27.1000	27.1000	29.2800	29.2800
Total Principal Residence	9.1000	9.1000	9.1000	11.2800	11.2800

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 2027 levy.

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

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

	2025	2024
State Education Tax	6.0000	6.0000
Saginaw County	12.9912	10.9210
City of Saginaw	9.5365	7.2279
City of Zilwaukee	11.8423	11.8423
Township of Buena Vista	13.8412	13.8927
Township of Kochville	2.0559	0.9766
Saginaw County ISD	4.6348	4.6438
Delta Community College	2.0559	2.0427

Source: Saginaw County Equalization Department

TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due July 1 of each fiscal year and are payable without interest on or before the following September 14, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Saginaw 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	\$10,700,000*	In Process of Collection		N/A	
2024	10,895,399	\$9,612,927	88.23%	\$10,514,730	96.51%
2023	9,250,000	9,206,112	99.95	9,250,000	100.00
2022	9,312,964	8,466,836	90.91	9,102,194	97.74
2021	8,650,113	8,154,807	94.27	8,732,784	100.96
2020	8,747,830	7,675,157	87.74	8,562,845	97.89

*Estimated.

RETIREMENT PLAN

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

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

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

Contribution to MPERS

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

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPERS Offset
2025	\$15,061,931	\$1,060,296	\$16,122,227	\$5,113,368
2024	15,435,404	3,003,928	18,439,332	7,110,437
2023	12,368,549	2,656,612	15,025,161 ²	9,077,918
2022	11,761,360	2,577,270	14,338,630	5,345,263
2021	9,831,512	2,373,509	12,205,021	4,235,499

¹Estimated.

²In fiscal year end 2023 the School District received a non-recurring State Aid categorical revenue amount (Section 147c(2) MPERS One-Time Deposit) of \$3,341,071 for a payment to the MPERS unfunded liability. This amount is not included in the contribution related to fiscal year end 2023 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 \$90,801,766 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 liability of (\$16,801,766) 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:

<u>Employee Group</u>	<u>No. of Employees</u>	<u>Affiliation</u>	<u>Exp. Date of Contract</u>
Administrators	28	Saginaw Admns. Group	06/30/28
Executive Staff	9	Non-Affiliated	N/A
Teachers	385	Saginaw Ed. Assoc./MEA	06/30/28
Secretaries	27	Saginaw PS Sec. Assoc.	06/30/26
Aides/Campus Patrol & Support	152	Service Empl. Intl. Union	06/30/28
Educational Support Group	82	Non-Affiliated	N/A
Food Service	90	SEIU Local I	06/30/26
Custodial/Maintenance	76	SEIU Local I	06/30/26
TOTAL	849		

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

DEBT STATEMENT - (As of 2/24/2026 – including the Bonds described herein)*

DIRECT DEBT:

<u>Dated Date</u>	<u>Purpose</u>	<u>Bond Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding before Refunding</u>	<u>Refunding (Refunded) Bonds</u>	<u>Principal Outstanding after Refunding</u>
03/24/16 ¹	Refunding	UTQ	05/01/36	\$12,380,000	(\$11,475,000)	\$905,000
05/02/17	Refunding	UTQ	05/01/38	13,225,000	0	13,225,000
02/18/21	Building and Site	UTQ	05/01/50	78,420,000	0	78,420,000
02/08/24 ¹	Refunding	UTQ	05/01/34	7,925,000	0	7,925,000
03/31/26	Refunding	UTQ	05/01/36	0	10,470,000	10,470,000
NET DIRECT DEBT				\$111,950,000	(\$1,005,000)	\$110,945,000

OVERLAPPING DEBT:

<u>Percent Share</u>	<u>Municipality</u>	<u>Net Debt</u>	<u>District's Share</u>
100.00%	City of Saginaw	\$8,456,680	\$8,456,680
100.00	City of Zilwaukee	338,800	338,800
61.45	Buena Vista Township	8,045,193	4,943,771
87.74	Kochville Township	6,308,652	5,535,211
14.17	Saginaw County	123,938,782	17,562,125
12.47	Saginaw ISD	2,475,000	308,663
5.57	Delta Community College	0	0

TOTAL OVERLAPPING DEBT

NET DIRECT AND OVERLAPPING DEBT

37,145,220

\$148,090,220

¹The millage levied for these bonds is based on the District's Taxable Value excluding the portion associated with the former Buena Vista Schools. The portion of the 2025 Taxable Value which funds the debt originally issued prior to 2013 is \$33,530,000 prior to the refunding.

Source: Municipal Advisory Council of Michigan

*Preliminary, Subject To Change.

SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of February 26, 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, except for a delay of less than two hours in the payment of a short-term obligation to a state authority in 2017 caused by an operational problem at the sending bank.

FUTURE FINANCING

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

DEBT RATIOS*

School District Population	52,902
2025 Taxable Value	\$1,008,717,342
2025 State Equalized Value (SEV)	\$1,274,612,869
True Cash Value (TCV)	\$2,549,225,738
Per Capita 2025 Taxable Value	\$19,067
Per Capita 2025 State Equalized Value	\$24,093
Per Capita 2025 True Cash Value	\$48,187
Per Capita Net Direct Debt	\$2,097.18
Per Capita Net Direct and Overlapping Debt	\$2,799.33
Percent of Net Direct Debt of 2025 Taxable Value	10.99%
Percent of Net Direct and Overlapping Debt of 2025 Taxable Value	14.68%
Percent of Net Direct Debt of 2025 SEV	8.70%
Percent of Net Direct and Overlapping Debt of 2025 SEV	11.62%
Percent of Net Direct Debt of 2025 TCV	4.35%
Percent of Net Direct and Overlapping Debt of 2025 TCV	5.80%

*Preliminary, Subject to Change

LEGAL DEBT MARGIN - (As of 2/24/2026 – including the Bonds described herein)*

2025 State Equalized Value		\$1,274,612,869
Legal Debt Limit - 15% of SEV		191,191,930
Total Bonded Debt Outstanding	\$110,945,000	
Less: SLRF Qualified Bonds ¹	<u>110,945,000</u>	
Net Amount Subject to Legal Debt Limit		<u>0</u>
LEGAL DEBT MARGIN AVAILABLE		<u><u>\$191,191,930</u></u>

*Preliminary, Subject To Change.

¹ 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 Saginaw County:

<u>Employer</u>	<u>Product or Service</u>	<u>Approx. No. of Employees</u>
<i>Within the County of Saginaw (500+ employees)</i>		
Nexteer Automotive	Automotive - Steering Systems	5,300
Covenant Health Care	Healthcare	4,800
Morley Companies, Inc.	Interactive Services, Travel	2,148
Meijer (3 stores)	Department Store	1,425
Ascension St. Mary's of Michigan	Healthcare	1,325
Saginaw Valley State University	Higher Education	1,001
Frankenmuth Bavarian Inn	Restaurant/Hotel	1,000
Aleda E. Lutz Vet. Affairs Medical Center	Healthcare	982
School District of the City of Saginaw	Education	849
Means Industries	Auto Stamping	832
Frankenmuth Mutual Insurance	Insurance	747
County of Saginaw	Government	690
Hemlock Semiconductors Corp.	Poly-Silicon	680
Health Source Saginaw	Healthcare	617
Saginaw ISD	Education	597
General Motors Powertrain - SMCO	Automotive	582
Great Lakes Bay Health Centers	Healthcare	568
Holcom Ltd	Roofing Systems	550
Saginaw Township Community Schools	Education	521
Wal-Mart	Retail	505
Zehnder's of Frankenmuth	Restaurant	503

Source: Saginaw Future - List of Top Employers,

EMPLOYMENT BREAKDOWN

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

	City of Saginaw		County of Saginaw	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	16,187	100.00%	86,390	100.00%
Management, Business, Science & Arts	3,601	22.24	33,672	38.98
Service	4,433	27.36	15,961	18.48
Sales & Office	3,507	21.66	15,728	17.68
Natural Resources, Construction & Maintenance	897	5.54	7,318	8.47
Production, Transportation & Material Moving	3,749	23.16	13,711	15.87

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

	City of Saginaw		County of Saginaw	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	16,187	100.00%	86,390	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	38	0.23	587	.68
Construction	570	3.52	6,043	7.00
Manufacturing	2,223	13.73	13,291	15.38
Wholesale Trade	206	1.27	1,770	2.05
Retail Trade	2,143	13.24	8,511	9.85
Transportation, Warehousing & Utilities	1,131	6.99	4,201	4.86
Information	151	.93	1,148	1.33
Finance, Insurance & Real Estate	759	4.69	4,385	5.08
Professional, Scientific & Management Services	1,256	7.76	7,624	8.83
Educational, Health & Social Services	4,715	29.13	23,630	27.35
Arts, Entertainment, Recreation & Food Services	1,840	11.37	7,785	9.01
Other Services except Public Administration	658	4.06	4,329	5.01
Public Administration	497	3.07	3,086	3.57

UNEMPLOYMENT

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

City of Saginaw (1)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Nov <u>2024</u>	Nov <u>2025</u>
Employed	15,224	15,134	15,561	15,829	15,882	16,105	15,659
Unemployed	<u>3,188</u>	<u>2,002</u>	<u>1,616</u>	<u>1,581</u>	<u>1,812</u>	<u>1,769</u>	<u>1,696</u>
Labor Force	<u>18,409</u>	<u>17,136</u>	<u>17,177</u>	<u>17,410</u>	<u>17,694</u>	<u>17,874</u>	<u>17,355</u>
Unemployed as % of Labor Force	17.3%	11.7%	9.4%	9.1%	10.2%	9.9%	9.8%

County of Saginaw (1)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Nov <u>2024</u>	Nov <u>2025</u>
Employed	76,349	76,129	78,570	80,138	80,460	81,587	79,330
Unemployed	<u>8,774</u>	<u>5,530</u>	<u>4,483</u>	<u>4,399</u>	<u>5,042</u>	<u>4,923</u>	<u>4,719</u>
Labor Force	<u>85,123</u>	<u>81,659</u>	<u>83,053</u>	<u>84,587</u>	<u>85,502</u>	<u>86,510</u>	<u>84,049</u>
Unemployed as % of Labor Force	10.3%	6.8%	5.4%	5.2%	5.9%	5.7%	5.6%

State of Michigan (1)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Dec <u>2024</u>	Dec <u>2025</u>
Employed	4,376	4,493	4,653	4,802	4,824	4,802	4,735
Unemployed	<u>487</u>	<u>272</u>	<u>202</u>	<u>196</u>	<u>238</u>	<u>254</u>	<u>238</u>
Labor Force	<u>4,863</u>	<u>4,764</u>	<u>4,855</u>	<u>4,998</u>	<u>5,062</u>	<u>5,056</u>	<u>4,972</u>
Unemployed as % of Labor Force	10.0%	5.7%	4.2%	3.9%	4.7%	5.0%	4.8%

Numbers may not compute due to rounding. State numbers are in thousands and are not seasonally adjusted.

SOURCE: Michigan Department of Labor and Economic Growth, Bureau of Labor Market Information

POPULATION BY AGE

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

	City of Saginaw		County of Saginaw	
	Number	Percent	Number	Percent
Total Population	44,202	100.00%	190,124	100.00%
0 through 19 years	12,816	29.00	47,078	24.76
20 through 64 years	24,994	56.54	104,914	55.18
65 years and over	6,392	14.46	38,132	20.06
Median Age	37.1.1 years		42.8 years	

INCOME

The U.S. Census Bureau, 2024 American Community Survey estimates of household income for the County of Saginaw and City of Saginaw are as follows:

	County of Saginaw	
	Number	Percent
HOUSEHOLDS BY INCOME	79,346	100.00%
Less than \$ 10,000	4,999	6.3
\$ 10,000 to \$ 14,999	3,729	4.7
\$ 15,000 to \$ 24,999	5,872	7.4
\$ 25,000 to \$ 34,999	6,665	8.4
\$ 35,000 to \$ 49,999	10,553	13.3
\$ 50,000 to \$ 74,999	15,155	19.1
\$ 75,000 to \$ 99,999	10,870	13.7
\$100,000 to \$149,999	11,426	14.4
\$150,000 to \$199,999	5,237	6.6
\$200,000 or MORE	4,761	6.0
Median Income	\$61,455	

	City of Saginaw	
	Number	Percent
HOUSEHOLDS BY INCOME	18,846	100.00%
Less than \$ 20,000	5,309	28.2
\$ 20,000 to \$ 39,999	4,318	22.9
\$ 40,000 to \$ 59,999	2,631	14.0
\$ 60,000 to \$ 99,999	3,737	19.8
\$100,000 to \$149,999	2,024	10.7
\$150,000 to \$199,999	519	2.8
\$200,000 or MORE	308	1.6
Median Income	\$39,183	

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX C
2026 GENERAL FUND BUDGET
SUMMARY

APPENDIX C
GENERAL FUND BUDGET SUMMARY

School District of the City of Saginaw
General Fund Budget Summary

	<u>As Amended</u> <u>2025/26</u>
REVENUES	
Local Sources	\$11,033,575
Intermediate Sources	795,000
State Sources	50,552,046
Federal Sources	20,000
Incoming Transfers	898,314
Total Revenues and Transfers	\$63,298,935
 Expenditures	
Instructional Services	
Basic Needs	\$37,146,416
Added Needs	6,366,186
Supporting Services	
Pupil Support	2,439,780
Instructional Staff Support	1,952,003
General/Central Administration	1,177,710
School Bldg. Level Support	5,362,687
Business Services	1,578,326
Building Services	8,926,485
Transportation Services	4,321,149
Other Central Support	3,824,690
Miscellaneous Support (Mostly Athletics)	1,544,624
Community Services	3,614
Facilities Acquisition, Construction	765,000
Total Expenditures	75,408,670
Excess of Expenditures (over) under Revenues	(12,109,735)
 Other Financing Sources (Uses)	
Incoming Transfers & Other Transactions	
Outgoing Transfers & Other Transactions	(7,025,000)
 Net Change in Fund Balance	 (19,134,735)
 Beginning Fund Balance - July 1	 28,307,703
 Projected Fund Balance - June 30	 <u><u>\$9,172,968</u></u>

APPENDIX D

**AUDITED FINANCIAL STATEMENTS AND NOTES
TO FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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.

**School District of the City of Saginaw
Saginaw, Michigan**



**Management's Discussion and Analysis
and
Basic Financial Statements
and
Supplementary Information**

For the Fiscal Year Ended June 30, 2025

**Members of the Board of Education and Administration
of the
School District of the City of Saginaw
Saginaw, Michigan
For the Fiscal Year Ended June 30, 2025**

Board of Education

	Charles Coleman <i>President</i>	
Janet Nash <i>Vice President</i>	Ruth Ann Knapp <i>Treasurer</i>	Kevin Mark Rooker <i>Secretary</i>
Joyce Seals <i>Trustee</i>	Jasmine Calhoun <i>Trustee</i>	Mattie Thompson <i>Trustee</i>

Administration

Ramont M. Roberts, Ph.D.
Superintendent

Tamara M. Johnson
Deputy Superintendent of Fiscal Services and Operations

Table of Contents

	<u>Page Number</u>
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1 - 1
Management Discussion and Analysis	2 - 1
Basic Financial Statements	3 - 1
District-wide Financial Statements	
Statement of Net Position	3 - 2
Statement of Activities	3 - 4
Fund Financial Statements	
Balance Sheet - Governmental Funds	3 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	3 - 7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	3 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 - 10
Fiduciary Funds	
Statement of Fiduciary Net Position	3 - 11
Statement of Changes in Fiduciary Net Position	3 - 12
Notes to the Financial Statements	3 - 13

Table of Contents

(Continued)

	<u>Page Number</u>
Required Supplementary Information	4 - 1
Budgetary Comparison Schedule - General Fund	4 - 2
Schedule of the School District's Proportionate Share of the Net Pension Liability	4 - 4
Schedule of the School District's Pension Contributions	4 - 5
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)	4 - 6
Schedule of the School District's OPEB Contributions	4 - 7
Other Supplementary Information	5 - 1
Combining Balance Sheet - Nonmajor Governmental Funds	5 - 2
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	5 - 3
Special Revenue Funds	6 - 1
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	6 - 2
Capital Projects Fund	7 - 1
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	7 - 2
Debt Service Funds	8 - 1
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	8 - 2
General Fund	9 - 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	9 - 2

Independent Auditors' Report

Management and the Board of Education
The School District of the City of Saginaw
Saginaw, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Saginaw, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District of the City of Saginaw's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Saginaw, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District of the City of Saginaw, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, the School District of the City of Saginaw adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are 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.

1 - 1

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 of the City of Saginaw'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District of the City of Saginaw'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 of the City of Saginaw'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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers

1 - 2

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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of Saginaw'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 other supplementary information, as identified in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2025, on our consideration of the School District of the City of Saginaw's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of the City of Saginaw'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 of the City of Saginaw's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.
Saginaw, Michigan
October 26, 2025



MANAGEMENT'S DISCUSSION and ANALYSIS

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

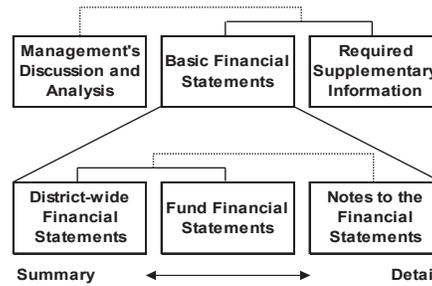
The discussion and analysis of the School District of the City of Saginaw's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to provide, in layman's terms, a look at the district's performance and past and current position. Readers should also review the notes to the financial statements, and financial statements to enhance their understanding of the district's financial performance.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000.

Overview of the Financial Statements

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and required supplementary information. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
School District of the City of Saginaw
Organization of Annual Financial Report**



The basic financial statements include two kinds of statements that present different views of the district.

District-wide Financial Statements

The district-wide financial statements are full accrual basis statements and provide information about the district's *overall* financial status. They are used to help determine whether or not the District is better off or worse off as the result of the year's activities. The *Statement of Net position* reports all of the district's assets and liabilities, both short-term and long-term, regardless if they are "currently available" or not. Capital assets and long-term obligations of the district are reported in this statement. All of the current year's revenues and expenditures are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

The two district-wide statements report the district's *net position* and how they have changed. Net position – the difference between the district's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the district's property tax base, the quality of the education provided, and the condition of District's buildings.

In the district-wide statements, the district's activities are classified as governmental activities. This includes most of the District's basic services, such as regular and special education, food service, athletics, transportation, and administration. Property taxes and state aid payments finance most of these services.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the district's major instructional and instructional support activities are reported in the *General Fund*. Additional activities are reported in their relevant funds including: *Special Revenue Funds for Food Service and Student Activities, Debt Service Funds, Capital Project Funds, and Fiduciary Funds*.

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Financial Analysis of the District as a Whole

The net position of the district at June 30, 2025 amounted to \$0.2 million. Figure A-2 shows a condensed breakdown of the net position.

The largest portions of the District's net position reflect investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding, and the net position relative to the bond issues. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves would not be used to liquidate these liabilities. The remaining net position (deficit) represent resources that are subject to external restrictions on how they may be used.

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

**Figure A-2
Condensed Statement of Net Position
(in millions)**

	June 30, 2025	June 30, 2024	Change
Current assets	\$ 60.4	\$ 112.5	\$ (52.1)
Noncurrent assets	203.2	159.8	43.4
Deferred outflows	38.5	44.9	(6.4)
Total assets and Deferred outflows	302.1	317.2	(15.1)
Current liabilities	33.3	48.3	(15.0)
Noncurrent liabilities	218.2	242.2	(24.0)
Deferred inflows	50.4	34.9	15.5
Total liabilities and Deferred inflows	301.9	325.4	(23.5)
Net position			
Net investment in capital assets	60.4	26.0	34.4
Restricted	16.5	2.2	14.3
Unrestricted	(76.7)	(36.4)	(40.3)
Total net position	\$ 0.2	\$ (8.2)	\$ 8.4

The net position deficit of the District improved by \$8.4 million in the current year due to an excess of revenues over expenses. Additionally, the District had a decrease of \$15.1 million in assets and deferred outflows and a decrease in liabilities and deferred inflows of \$23.5 million.

**Figure A-3
Condensed Statement of Activities
(in millions)**

	June 30, 2025	June 30, 2024	Difference
Revenues			
Program revenues			
Charges for services	\$ 1.0	\$ 0.9	\$ 0.1
Operating grants/contribs	48.0	58.0	(10.0)
General revenues			
Property taxes	19.4	18.4	1.0
State formula aid	43.7	39.1	4.6
Other	0.8	3.4	(2.6)
Total revenues	112.9	119.8	(6.9)
Expenses			
Instruction	50.7	49.8	0.9
Support services	40.1	38.7	1.4
Community services	0.3	0.3	-
Food services	5.4	5.7	(0.3)
Interest on long-term debt	3.4	3.8	(0.4)
Total expenses	99.9	98.3	1.6
Change in net position	12.9	21.5	(8.6)
Net position - July 1, previously presented	(8.2)	(29.7)	21.5
Change in accounting principle	(4.6)	-	(4.6)
Net position - July 1, restated	(12.8)	(29.7)	16.9
Net position - June 30	\$ 0.2	\$ (8.2)	\$ 8.4

2 - 4

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

Figure A-3 shows the breakdown of this change. The Statement of Activities presented later in the district-wide financial statements, provides greater detail on the District's annual activity. The total cost of the District's governmental activities for the year was \$99.9 million. Those activities are primarily funded by grants and contributions which totaled \$48.0 million and \$40.1 million of state aid was also used to fund programs. Direct services charges to the users of activities totaled \$1.0 million. The remaining "public benefit" portion was paid for with other funding sources include property taxes of \$19.4 million and other sources include the effect of temporary losses on investments.

During the current fiscal year, the School District implemented GASB Statement No. 101 – *Compensated Absences*. This implementation led to a restatement of the June 30, 2024, net position. The restatement was for the amount of \$(4.6) million.

A substantial portion (39%) of the District's revenues are received from state formula aid. This means that the financial stability of the District rests primarily with the economic health of the State of Michigan.

51% of the District's resources are spent on instruction and 40% are spent on pupil support services.

Financial Analysis of the District's Funds

The financial performance of the district as a whole is reflected in its governmental funds as well. The combined governmental funds equity decreased by \$35.3 million during the 2024-25 fiscal year. The primary reasons for the decrease in fund balance are:

Factors Decreasing Fund Balance

- ◆ A main contributor to the decrease in fund balance was due to significant spending related to the General Fund. Spending in this funded equaled \$132.5 million, of this amount, roughly \$24.4 million as spent on capital outlay. We had an decrease in fund balance for the General Fund of \$35.2 million.

General Fund Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget periodically during the school year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for the difference in the budgeted expenditure and actual results during the year. Amounts are expressed to the nearest million.

Revenues – There was a \$17.7 million General Fund budget to actual variance for revenues during this fiscal year. Much of this was due to the method used to budget the federal revenues as required by the Michigan Department of Education. Other factors include:

- ◆ *Local sources* of revenues include tax revenues which were more than budgeted amounts by \$0.8 million.
- ◆ The *state source* revenues were \$9.4 million less than budgeted primarily due to deferring several state grants.
- ◆ The *Federal source* revenues were \$8.9 million less than budgeted. This was due to the budgeting of the entire grant which would not have been received by the end of the fiscal year for grants such as Title I, Title II, and Title IV.

Expenditures – Actual expenditures were under budget by \$20.9 million in the total General Fund. The significant changes by functional category are as follows:

- ◆ The *instruction* actual spending was under budget by \$10.6 million due to the method of budgeting used for the federal funds.
- ◆ The *supporting services* expenditures were under budget by \$11.7 million. This is primarily due to the grant budgeting for the instructional staff. In addition, there were some general fund

2 - 5

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

vacancies that could not be filled that account for the differences in other areas such as pupil services and staff services.

- ◆ The *community services* category is under budget by \$482 thousand due to the budgetary method used for grant funds.
- ◆ The *capital outlay* category is over budget by \$1.6 million due to additional costs being incurred for the various construction projects on going at year end.

Budget Changes

Changes from the original and final budget occur due to changes in the funding from state and federal sources. Additional changes in funding also effects the expenditures related to grants and general revenues.

Capital Asset and Debt Administration

Capital Assets – By the end of 2025, the district had invested \$186.9 million (after depreciation) in a broad range of capital assets, including land, buildings and improvements, and other vehicles, and furniture and equipment. More detailed information about capital assets can be found in the Notes to the financial statements.

The District's capital projects funds are used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring major equipment necessary for providing educational programs for all students within the District.

Debt Administration – On August 3, 2004, the taxpayers of the District approved a \$70,000,000 bond for improvement of the District's facilities. The bonds were issued in three series.

- ◆ The first series was issued in October of 2004 for \$22,130,000. In February 2024, the 2004 series was defeased by refunding bonds. This should result in an economic gain to the taxpayers of \$1.6 million over the remaining life of the bond through 2034.
- ◆ The second series was issued in June of 2006 for \$28,160,000. In March 2016, the 2006 series bond was defeased by refunding bonds. This resulted in an economic gain of \$2.7 million over the remaining life of the bond through 2036.
- ◆ In June of 2008, the third series were issued for \$19,540,000. In May 2017, the 2008 series bond was defeased by refunding bonds. This resulted in an economic gain of \$1.9 million over the remaining life of the bond through 2038.

On November 3, 2020, the taxpayers of the District approved a \$99,500,000 bond for construction, renovations and technology to build and revamp several of the district's schools. The projects for this bond issuance are complete and assets are now in service.

More detailed information about the district's long-term debt is presented in the notes to the financial statements.

2 - 6

**School District of the City of Saginaw
Management's Discussion and Analysis
Year Ended June 30, 2025**

Other Considerations

The District conforms to the pronouncements of GASB (Governmental Accounting Standards Board) which apply to all state and local governmental entities. Upcoming pronounces include:

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

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

Economic Factors and Next Year's Budget and Rates

One of the most important factors when setting the District's budget is the uncertainty of the State's financial outlook. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. This blended count is calculated by using 90 percent of the October student count from the current school year and 10 percent of the February student count from the previous school year. The 2025-26 budget was adopted in June 2025 based on anticipated changes to the October 2025 student count and foundation allowance. The budget also includes estimated changes in compensation, related benefits, utilities, and other expenditures. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Deputy Superintendent of Fiscal Services and Operations, School District of the City of Saginaw, 550 Millard Street, Saginaw, Michigan, 48607-1193, (989) 399-6521.

2 - 7



BASIC FINANCIAL STATEMENTS

3 - 1

School District of the City of Saginaw Statement of Net Position June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 39,070,121
Accounts receivable	2,381,741
Due from other governmental units	18,914,670
Inventory	18,336
Capital assets not being depreciated	11,370,325
Capital assets - net of accumulated depreciation	175,494,714
Net OPEB asset	<u>16,372,727</u>
Total assets	<u>263,622,634</u>
Deferred Outflows of Resources	
Deferred amount on debt refunding	646,270
Deferred amount relating to the net pension liability	32,263,755
Deferred amount relating to the net OPEB asset	<u>5,594,510</u>
Total deferred outflows of resources	<u>38,504,535</u>

See Accompanying Notes to the Financial Statements

3 - 2

School District of the City of Saginaw
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	11,049,429
Checks written against future deposits	1,075,651
Due to other governmental units	1,623,161
Accrued expenditures	795,000
Accrued salaries and related payables	6,769,261
Unearned revenue	6,205,542
Long-term liabilities	
Net pension liability	90,801,766
Due within one year	5,775,681
Due in more than one year	127,445,826
Total liabilities	251,541,317
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	29,399,427
Deferred amount relating to the net OPEB asset	21,021,134
Total deferred inflows of resources	50,420,561
Net Position	
Net investment in capital assets	60,373,320
Restricted for:	
Debt service	114,107
Net OPEB asset	16,372,727
Unrestricted	(76,694,863)
Total net position	\$ 165,291

See Accompanying Notes to the Financial Statements
3 - 3

School District of the City of Saginaw
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions		Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
Instruction	\$ 50,769,845	\$ -	\$ 28,929,498	\$	(21,840,347)
Supporting services	40,141,716	934,143	13,410,648	(25,796,925)	
Food services	5,355,593	60,030	5,322,102	26,539	
Community services	299,035	39,838	294,508	35,311	
Interest and fiscal charges on long-term debt	3,372,741	-	-	-	(3,372,741)
Total governmental activities	\$ 99,938,930	\$ 1,034,011	\$ 47,956,756	-	(50,948,163)
General revenues					
Property taxes, levied for general purposes					10,717,376
Property taxes, levied for debt service					8,704,081
State aid - unrestricted					43,714,750
Interest and investment earnings					335,089
Other					426,729
Total general revenues					63,898,025
Change in net position					12,949,862
Net position - beginning, as previously reported					(8,174,865)
Change in accounting principle (GASB 101)					(4,609,706)
Net position - beginning, as restated					(12,784,571)
Net position - ending					\$ 165,291

See Accompanying Notes to the Financial Statements
3 - 4

School District of the City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 37,577,631	\$ 1,492,490	\$ 39,070,121
Accounts receivable	2,381,741	-	2,381,741
Due from other governmental units	18,135,864	778,806	18,914,670
Inventory	18,336	-	18,336
Total assets	<u>\$ 58,113,572</u>	<u>\$ 2,271,296</u>	<u>\$ 60,384,868</u>
Liabilities			
Accounts payable	\$ 10,958,357	\$ 91,072	\$ 11,049,429
Checks written against future deposits	268,688	806,963	1,075,651
Due to other governmental units	1,623,161	-	1,623,161
Accrued salaries and related payables	6,764,139	5,122	6,769,261
Unearned revenue	6,205,542	-	6,205,542
Total liabilities	<u>25,819,887</u>	<u>903,157</u>	<u>26,723,044</u>

See Accompanying Notes to the Financial Statements
3 - 5

School District of the City of Saginaw
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances			
Non-spendable			
Inventory	18,336	-	18,336
Restricted for			
Debt service	-	899,107	899,107
Committed for			
Vocational education	743,243	-	743,243
Student activities	-	467,213	467,213
Assigned for			
Capital projects	4,884,220	1,819	4,886,039
Fiscal year 25-26 budgeted excess expenditures over revenues	16,488,592	-	16,488,592
Unassigned	10,159,294	-	10,159,294
Total fund balances	<u>32,293,685</u>	<u>1,368,139</u>	<u>33,661,824</u>
Total liabilities and fund balances	<u>\$ 58,113,572</u>	<u>\$ 2,271,296</u>	<u>\$ 60,384,868</u>

See Accompanying Notes to the Financial Statements
3 - 6

School District of the City of Saginaw
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 33,661,824
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	11,370,325
Capital assets - net of accumulated depreciation	175,494,714
Net OPEB asset is not recorded as an asset in the governmental funds.	16,372,727
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	646,270
Deferred outflows of resources resulting from the net pension liability	32,263,755
Deferred outflows of resources resulting from the net OPEB asset	5,594,510
Deferred inflows of resources resulting from the net pension liability	(29,399,427)
Deferred inflows of resources resulting from the net OPEB asset	(21,021,134)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(785,000)
Unemployment	(10,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(90,801,766)
Compensated absences	(6,083,518)
Bonds payable	<u>(127,137,989)</u>
Net position of governmental activities	\$ <u>165,291</u>

See Accompanying Notes to the Financial Statements
3 - 7

School District of the City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 11,806,337	\$ 9,410,949	\$ 21,217,286
State sources	65,643,505	179,542	65,823,047
Federal sources	15,084,382	5,142,560	<u>20,226,942</u>
Interdistrict sources	<u>5,621,517</u>	<u>-</u>	<u>5,621,517</u>
Total revenues	<u>98,155,741</u>	<u>14,733,051</u>	<u>112,888,792</u>
Expenditures			
Current			
Education			
Instruction	54,966,696	-	54,966,696
Supporting services	42,853,332	678,149	43,531,481
Food services	-	5,839,845	5,839,845
Community services	299,035	-	299,035
Facilities acquisition	-	373,181	373,181
Capital outlay	34,407,708	-	34,407,708
Debt service			
Principal	-	3,745,000	3,745,000
Interest and other expenditures	<u>-</u>	<u>4,984,401</u>	<u>4,984,401</u>
Total expenditures	<u>132,526,771</u>	<u>15,620,576</u>	<u>148,147,347</u>
Deficiency of revenues over expenditures	<u>(34,371,030)</u>	<u>(887,525)</u>	<u>(35,258,555)</u>

See Accompanying Notes to the Financial Statements
3 - 8

School District of the City of Saginaw
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Transfers in	-	832,204	832,204
Transfers out	<u>(832,204)</u>	<u>-</u>	<u>(832,204)</u>
Total other financing sources (uses)	<u>(832,204)</u>	<u>832,204</u>	<u>-</u>
Net change in fund balances	(35,203,234)	(55,321)	(35,258,555)
Fund balances - beginning	<u>67,496,919</u>	<u>1,423,460</u>	<u>68,920,379</u>
Fund balances - ending	<u>\$ 32,293,685</u>	<u>\$ 1,368,139</u>	<u>\$ 33,661,824</u>

See Accompanying Notes to the Financial Statements
3 - 9

School District of the City of Saginaw
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ (35,258,555)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	(1,907,336)
Capital outlay	30,997,356
Expenses are recorded when incurred in the statement of activities.	
Interest	24,000
Compensated absences	(658,195)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	22,212,287
Net change in deferrals of resources related to the net pension liability	(14,526,443)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	14,327,771
Net change in deferrals of resources related to the net OPEB asset	(7,593,683)
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	3,745,000
Amortization of premiums	765,876
Amortization of deferred amount on debt refunding	856,751
Amortization of bond discount	<u>(34,967)</u>
Change in net position of governmental activities	\$ 12,949,862

See Accompanying Notes to the Financial Statements
3 - 10

School District of the City of Saginaw
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	Private Purpose Trust Funds	Scholarship Custodial Funds	Total Fiduciary Funds
Assets			
Cash	\$ 14,627	\$ 779,212	\$ 793,839
Loans receivable	-	20,122	20,122
Investments	897,529	1,383,502	2,281,031
Total assets	<u>912,156</u>	<u>2,182,836</u>	<u>3,094,992</u>
Net Position			
Restricted for trust purposes	912,156	-	3,094,992
Assets held for scholarships and loans	-	2,182,836	-
Total net position	<u>\$ 912,156</u>	<u>\$ 2,182,836</u>	<u>\$ 3,094,992</u>

See Accompanying Notes to the Financial Statements
3 - 11

School District of the City of Saginaw
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Private Purpose Trust Funds	Scholarship Custodial Funds	Total Fiduciary Funds
Additions			
Local sources	\$ -	\$ 6,750	\$ 6,750
Interest and investment earnings	81,214	8,402	89,616
Total additions	81,214	15,152	96,366
Deductions			
Scholarships and awards	12,065	33,635	45,700
Change in net position	69,149	(18,483)	50,666
Net position - beginning	<u>843,007</u>	<u>2,201,319</u>	<u>3,044,326</u>
Net position - ending	<u>\$ 912,156</u>	<u>\$ 2,182,836</u>	<u>\$ 3,094,992</u>

See Accompanying Notes to the Financial Statements
3 - 12



NOTES TO THE FINANCIAL STATEMENTS

3 - 13

School District of the City of Saginaw Notes to the Financial Statements June 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

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

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

3 - 14

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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

The School District reports the following major governmental funds:

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

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. They are used to segregate the transaction of particular activities from regular revenue and expenditure accounts. The School District maintains full control of these Funds. The special revenue funds maintained by the School District, as mandated by the State of Michigan, are the Food Service Fund and the Student Activity Fund.

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

The following debt service funds were used during the year:

- 2024 Refunding Bond Fund
- 2016 Refunding Bond Fund
- 2017 Refunding Bond Fund
- 2021 Debt Service Fund

Capital Projects Fund - The Capital Projects Fund is to account for general District projects that are funded by transfers from the General Fund.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as a custodian. The fiduciary fund types used by the School District are the Private Purpose Trust Funds and Custodial Funds.

Private Purpose Trust Funds - Private Purpose Trust Funds are those funds held in a qualifying trust that are not required to be reported. These funds are used for specific purposes (such as endowments or scholarship funds) that were originally defined by the person or organization that gave the funds to the government. The Private Purpose Trust Funds include the activity and assets of the Treanor Trust and Louise G. Hill Trust.

Scholarship Custodial Fund - Scholarship Custodial Fund is used to account for funds entrusted to the School District and the funds may only be used for specific purposes. They are accounted for using the accrual basis of accounting. The School District maintains the Scholarship Custodial Fund. The Scholarship Custodial Fund is used to account for funds entrusted to the School District for scholarship loans and awards when the principal and interest of the trust may be spent, and for the receipt of investment earnings may be used for scholarship loans and awards. The Scholarship Fund contains two separate private purpose trust funds which include the General Scholarship Fund, and the Saginaw High School Alumni Memorial Scholarship Fund.

Assets, Liabilities and Net Position or Fund Balance

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

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	
	9.1000
Debt Service Funds (Buena Vista only)	
	4.8700

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 50% of the School District's tax roll lies within the City of Saginaw.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. General Fund inventory consists of various instructional and custodial supplies, furniture, and gasoline.

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

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

Buildings and additions	10 - 50 years
Equipment and furniture	5 - 30 years
Buses and other vehicles	7 - 15 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences - The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated sick leave and vacation balances.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

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

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

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

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

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

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

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

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

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

3 - 17

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

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

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

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

3 - 18

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	\$ 5,592,405	\$ 5,618,465	\$ 26,060
Capital outlay	32,852,875	34,407,708	1,554,833
Transfers out	481,000	832,204	351,204
Food Service Fund	5,712,368	5,839,845	127,477
Student Activity Fund	600,000	678,149	78,149

3 - 19

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Equity Mutual Funds	\$ 555,086	N/A	N/A	N/A
Fixed Income Mutual Funds	317,518	N/A	N/A	N/A
	<u>\$ 872,604</u>			

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

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

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

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$38,747,667 of the School District's bank balance of \$39,282,095 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 39,070,121	\$ 793,839	\$ 39,863,960
Investments	-	2,281,031	2,281,031
	<u>\$ 39,070,121</u>	<u>\$ 3,074,870</u>	<u>\$ 42,144,991</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 41,268,493
Investments in securities, mutual funds, and similar vehicles	872,604
Petty cash and cash on hand	<u>3,894</u>
Total	<u>\$ 42,144,991</u>

securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Certain investments were donated to the School District to be used to generate income to award scholarships to worthy students. Individual scholarship provisions specify how the investments and related income may be used.

Certain endowments and funds raised for scholarships are directly deposited with the Saginaw Community Foundation and the school district has no rights to the principal investments.

Note 4 - Fair Value Measurements

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

The School District has the following recurring fair value measurements as of June 30, 2025:

- Equity and fixed income securities of \$872,604 are valued using quoted market prices (Level 1 inputs)

3 - 20

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 9,191,012	\$ -	\$ -	\$ 9,191,012
Construction-in-progress	99,408,279	21,375,165	118,604,131	2,179,313
Total capital assets not being depreciated	108,599,291	21,375,165	118,604,131	11,370,325
Capital assets being depreciated				
Buildings and additions	100,050,762	127,755,617	-	227,806,379
Equipment and furniture	5,205,908	343,749	-	5,549,657
Buses and other vehicles	1,273,054	126,956	-	1,400,010
Total capital assets being depreciated	106,529,724	128,228,322	-	234,756,046
Less accumulated depreciation for				
Buildings and additions	53,078,998	1,648,261	-	54,727,259
Equipment and furniture	3,465,077	171,290	-	3,636,367
Buses and other vehicles	809,921	87,785	-	897,706
Total accumulated depreciation	57,353,996	1,907,336	-	59,261,332
Net capital assets being depreciated	49,175,728	126,318,986	-	175,494,714
Net capital assets	\$ 157,775,019	\$ 147,694,151	\$ 118,604,131	\$ 186,885,039

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

Governmental activities	
Instruction	\$ 991,815
Supporting services	801,081
Food services	114,440
Total governmental activities	\$ 1,907,336

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$9.2 million.

Note 6 - Transfers

Interfund transfers consist of the following:

	Transfers Out
	General Fund
Transfers in	
Nonmajor Governmental Funds	<u>\$ 832,204</u>

A General Fund transfer of \$375,000 was made to the Capital Project Fund to help fund future capital projects. The General Fund transferred \$457,204 to cover administrative and other costs of the Food Service Fund.

Note 7 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 6,203,555
Other	1,987
Total	\$ 6,205,542

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 116,350,000	\$ -	\$ 4,400,000	\$ 111,950,000	\$ 3,950,000
Premium on bonds	15,953,865	-	765,876	15,187,989	-
Discount on bonds	(34,967)	-	(34,967)	-	-
Total bonds payable	132,268,898	-	5,130,909	127,137,989	3,950,000
Other liabilities					
Compensated absences	5,427,323	656,195	-	6,083,518	1,825,681
Total	\$ 137,696,221	\$ 656,195	\$ 5,130,909	\$ 133,221,507	\$ 5,775,681

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

\$8,585,000 series 2024 refunding bond due in annual installments of \$705,000 to \$1,085,000 through May 1, 2034, interest at 5.00%	\$ 7,925,000
\$18,865,000 series 2016 refunding bond due in annual installments of \$905,000 to \$1,395,000 through May 1, 2036, interest at 5.00%	12,380,000
\$15,735,000 series 2017 refunding bond due in annual installments of \$450,000 to \$2,120,000 through May 1, 2038, interest at 5.00%	13,225,000
\$83,790,000 series 2021 building and site bond due in annual installments of \$1,890,000 to \$4,825,000 through May 1, 2050, interest at 4.00%	78,420,000
Total general obligation bonded debt	\$ 111,950,000

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

Year Ending June 30,	Bonds	
	Principal	Interest
2026	\$ 3,950,000	\$ 4,813,300
2027	4,120,000	4,634,700
2028	4,305,000	4,448,300
2029	4,505,000	4,253,400
2030	4,705,000	4,049,350
2031 - 2035	26,975,000	16,846,300
2036 - 2040	22,690,000	10,694,300
2041 - 2045	18,360,000	6,728,800
2046 - 2050	22,340,000	2,750,800
Total	\$ 111,950,000	\$ 59,219,250

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$899,107 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the Debt Service Funds was \$4,982,700.

Compensated Absences

The compensated absences liability of \$6,083,518 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out. Compensated absences additions and deductions are reported net. Amount due within 1 year is \$1,825,681.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Deferred Amount on Refunding

The advance refunding in previous periods resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2038. Activity in the current year is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance
Deferred amount on refunding	\$ 444,519	\$263,048	\$ 61,297	\$646,270

Deceased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued, and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

The final payment date is May 1, 2034. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2004 Issue refunded	<u>\$ 8,515,000</u>
---------------------	---------------------

Note 9 - Net Investment in Capital Assets

The composition of net investment in capital assets was as follows:

Capital assets	
Capital assets not being depreciated	\$ 11,370,325
Capital assets, net of accumulated depreciation	<u>175,494,714</u>
Total capital assets	<u>186,865,039</u>
Related debt	
General obligation bonds	111,950,000
Unamortized bond premiums	15,187,989
Deferred charge on bond refunding	<u>(646,270)</u>
Total related debt	<u>126,491,719</u>
Net investment in capital assets	<u>\$ 60,373,320</u>

Note 10 - Risk Management

The School District participates in a Municipal Risk Retention Pool Program through the Middle Cities Risk Management Trust. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution and administration costs, including appropriate state assessment. The possibility of additional claims exists but the amount of liability to the School District would be immaterial by the time the aggregate stop-loss coverage is triggered. There also is a possibility of a refund due the School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements. For each of the past three years, there have been no changes to the coverage and there have been no insurance settlements which exceed insurance coverage.

3 - 23

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. In addition, \$10,000 has been accrued in the district-wide financial statements for known claims incurred from January to June 2025 and is payable in fiscal year 2025-26.

Note 11 - Pension Plan

Plan Description

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

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023, valuation will be amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

3 - 24

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$15,506,435 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$90,801,766 for its proportionate share of the MPERS 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 rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .3709 percent, which was an increase of .0217 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$10,205,581 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$15,061,931.

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	Total
Difference between expected and actual experience	\$ 2,463,516	\$ (986,574)	\$ 1,476,942
Changes of assumptions	9,466,622	(6,652,898)	2,813,724
Net difference between projected and actual earnings on pension plan investments	-	(17,328,826)	(17,328,826)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>7,175,647</u>	<u>(264,787)</u>	<u>6,910,860</u>
Total to be recognized in future	19,105,785	(25,233,085)	(6,127,300)
School District contributions subsequent to the measurement date	<u>13,157,970</u>	<u>(4,166,342)</u>	<u>8,991,628</u>
Total	<u>\$32,263,755</u>	<u>\$(29,399,427)</u>	<u>\$ 2,864,328</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026, with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2025	\$ (291,501)
2026	2,709,325
2027	(4,709,094)
2028	<u>(3,836,030)</u>
	<u>\$ (6,127,300)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members

• Mortality:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023, valuation. The total pension liability as of September 30, 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 133,116,364	\$ 90,801,766	\$ 55,566,721

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

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

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Payables to the Pension Plan

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

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

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

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

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023, valuation will be amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$3,161,676 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of \$16,372,727 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset 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 rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by

dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .3804 percent, which was an increase of .0189 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(5,583,162) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$1,060,296.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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	Total
Difference between expected and actual experience	\$ -	\$(17,350,091)	\$(17,350,091)
Changes of assumptions	3,576,039	(411,036)	3,165,003
Net difference between projected and actual earnings on OPEB plan investments	-	(3,099,545)	(3,099,545)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,645,189</u>	<u>(160,462)</u>	<u>1,484,727</u>
Total to be recognized in future	5,221,228	(21,021,134)	(15,799,906)
School District contributions subsequent to the measurement date	<u>373,282</u>	<u>-</u>	<u>373,282</u>
Total	<u>\$5,594,510</u>	<u>\$(21,021,134)</u>	<u>\$(15,426,624)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2026.

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$ (5,211,973)
2026	(2,996,045)
2027	(3,085,420)
2028	(2,758,722)
2029	(1,463,312)
Thereafter	<u>(284,434)</u>
	<u>\$ (15,799,906)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

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

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023, valuation. The total OPEB liability as of September 30, 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

Discount Rate

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ (12,652,978)	\$ (16,372,727)	\$ (19,588,843)

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (19,588,878)	\$ (16,372,727)	\$ (12,923,423)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended June 30, 2025.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Saginaw. Industrial facility

School District of the City of Saginaw
Notes to the Financial Statements
June 30, 2025

exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

There are no significant abatements made by the School District.

Note 15 - Change in Accounting Principle

During the year ended June 30, 2025, the School District restated net position as a result of adopting GASB Statement No. 101, *Compensated Absences*. The following change was necessary to be made in the financial statements:

	<u>Governmental Activities</u>
Net position - June 30, 2024, as previously reported	\$ (8,174,865)
Adjustments:	
Change in accounting principle (GASB 101)	<u>(4,609,706)</u>
Net position - July 1, 2024, as restated	<u>\$ (12,784,571)</u>



**REQUIRED
SUPPLEMENTARY
INFORMATION**

School District of the City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 10,083,704	\$ 11,045,935	\$ 11,806,337	760,402
State sources	71,242,055	75,031,971	65,643,505	(9,388,466)
Federal sources	19,540,184	23,949,466	15,084,382	(8,865,084)
Interdistrict sources	<u>5,150,000</u>	<u>5,813,945</u>	<u>5,621,517</u>	<u>(192,428)</u>
Total revenues	<u>106,015,943</u>	<u>115,841,317</u>	<u>98,155,741</u>	<u>(17,685,576)</u>
Expenditures				
Instruction				
Basic programs	45,082,827	44,093,066	38,366,537	(5,726,529)
Added needs	20,278,543	21,516,674	16,600,159	(4,916,515)
Supporting services				
Pupil	7,346,637	9,171,449	7,092,304	(2,079,145)
Instructional staff	6,940,013	8,807,933	5,260,441	(3,547,492)
General administration	1,039,685	1,165,139	1,146,538	(18,601)
School administration	5,645,210	5,592,405	5,618,465	26,060
Business	1,932,290	2,010,250	1,932,131	(78,119)
Operations and maintenance	11,461,842	15,316,853	11,403,148	(3,913,705)
Pupil transportation services	5,314,550	5,855,891	5,040,378	(815,513)
Central	4,030,759	4,680,215	3,525,525	(1,154,690)
Other	1,383,550	1,908,001	1,834,402	(73,599)
Community services	531,959	781,168	299,035	(482,133)
Capital outlay	<u>-</u>	<u>32,852,875</u>	<u>34,407,708</u>	<u>1,554,833</u>
Total expenditures	<u>110,987,865</u>	<u>153,751,919</u>	<u>132,526,771</u>	<u>(21,225,148)</u>
Deficiency of revenues over expenditures	(4,971,922)	(37,910,602)	(34,371,030)	3,539,572

4 - 2

School District of the City of Saginaw
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Other Financing Uses				
Transfers out	<u>(875,000)</u>	<u>(481,000)</u>	<u>(832,204)</u>	<u>351,204</u>
Net change in fund balances	(5,846,922)	(38,391,602)	(35,203,234)	3,188,368
Fund balance - beginning	<u>67,496,919</u>	<u>67,496,919</u>	<u>67,496,919</u>	<u>-</u>
Fund balance - ending	<u>\$ 61,649,997</u>	<u>\$ 29,105,317</u>	<u>\$ 32,293,685</u>	<u>\$ 3,188,368</u>

4 - 3

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.3709%	0.3492%	0.3406%	0.3360%	0.3291%	0.3299%	0.3407%	0.3472%	0.3376%	0.3320%
B. School District's proportionate share of the net pension liability	\$ 90,801,766	\$ 113,014,053	\$ 128,089,092	\$ 79,541,142	\$ 113,055,819	\$ 109,239,767	\$ 102,410,581	\$ 89,965,907	\$ 84,239,093	\$ 81,388,351
C. School District's covered payroll	\$ 40,014,309	\$ 35,972,658	\$ 32,483,832	\$ 30,656,991	\$ 28,901,371	\$ 28,369,153	\$ 28,206,624	\$ 29,255,816	\$ 28,574,617	\$ 28,692,229
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	226.92%	314.17%	394.32%	259.46%	391.18%	385.07%	363.07%	307.51%	294.80%	283.66%
E. Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

School District of the City of Saginaw
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 15,061,931	\$ 15,435,404	\$ 12,368,549	\$ 11,761,360	\$ 9,831,512	\$ 8,997,498	\$ 8,752,657	\$ 8,142,926	\$ 5,537,476	\$ 5,633,322
B. Contributions in relation to statutorily required contributions	<u>15,061,931</u>	<u>15,435,404</u>	<u>12,368,549</u>	<u>11,761,360</u>	<u>9,831,512</u>	<u>8,997,498</u>	<u>8,752,657</u>	<u>8,142,926</u>	<u>5,537,476</u>	<u>5,633,322</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 41,687,498	\$ 39,833,169	\$ 34,474,219	\$ 33,057,709	\$ 29,163,166	\$ 28,816,966	\$ 28,270,766	\$ 28,381,962	\$ 29,221,665	\$ 28,336,074
E. Contributions as a percentage of covered payroll	36.13%	38.75%	35.88%	35.58%	33.71%	31.22%	30.96%	28.69%	18.95%	19.88%

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.3804%	0.3615%	0.3366%	0.3413%	0.3274%	0.3261%	0.3323%	0.3457%		
B. School District's proportionate share of the net OPEB liability (asset)	\$(16,372,727)	\$(2,044,956)	\$ 7,128,454	\$ 5,209,103	\$ 17,541,053	\$ 23,404,549	\$ 26,414,253	\$ 30,616,815		
C. School District's covered payroll	\$ 40,014,309	\$ 35,972,658	\$ 32,483,832	\$ 30,656,991	\$ 28,901,371	\$ 28,369,153	\$ 28,206,624	\$ 29,255,816		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-40.92%	-5.68%	21.94%	16.99%	60.69%	82.50%	93.65%	104.65%		
E. Plan fiduciary net position as a percentage of total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

School District of the City of Saginaw
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 1,060,296	\$ 3,003,928	\$ 2,656,612	\$ 2,577,270	\$ 2,373,509	\$ 2,278,084	\$ 2,206,619	\$ 2,691,723		
B. Contributions in relation to statutorily required contributions	<u>1,060,296</u>	<u>3,003,928</u>	<u>2,656,612</u>	<u>2,577,270</u>	<u>2,373,509</u>	<u>2,278,084</u>	<u>2,206,619</u>	<u>2,691,723</u>		
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
D. School District's covered payroll	\$ 41,687,498	\$ 39,833,169	\$ 34,474,219	\$ 33,057,709	\$ 29,163,166	\$ 28,816,966	\$ 28,270,766	\$ 28,381,962		
E. Contributions as a percentage of covered payroll	2.54%	7.54%	7.71%	7.80%	8.14%	7.91%	7.81%	9.48%		



**OTHER
SUPPLEMENTARY
INFORMATION**

5 - 1

**School District of the City of Saginaw
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025**

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2021 Debt Service Fund	2017 Refunding Bond Fund	2024 Refunding Bond Fund		
Assets							
Cash	\$ 48,137	\$ 493,312	\$ -	\$ 500	\$ 899,457	\$ -	\$ 1,492,490
Due from other governmental units	<u>778,806</u>	-	-	-	-	-	<u>778,806</u>
Total assets	<u>\$ 826,943</u>	<u>\$ 493,312</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 899,457</u>	<u>\$ -</u>	<u>\$ 2,271,296</u>
Liabilities							
Accounts payable	\$ 14,858	\$ 26,099	\$ -	\$ 500	\$ 350	\$ -	\$ 91,072
Checks written against future deposits	806,963	-	-	-	-	-	806,963
Accrued salaries and related payables	<u>5,122</u>	-	-	-	-	-	<u>5,122</u>
Total liabilities	<u>826,943</u>	<u>26,099</u>	<u>-</u>	<u>500</u>	<u>350</u>	<u>-</u>	<u>903,157</u>
Fund Balances							
Restricted for							
Debt service	-	-	-	-	899,107	-	899,107
Committed for							
Student activities	-	467,213	-	-	-	-	467,213
Assigned for							
Capital projects	-	-	-	-	-	1,819	1,819
Total fund balances	<u>-</u>	<u>467,213</u>	<u>-</u>	<u>-</u>	<u>899,107</u>	<u>1,819</u>	<u>1,368,139</u>
Total liabilities and fund balances	<u>\$ 826,943</u>	<u>\$ 493,312</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 899,457</u>	<u>\$ 51,084</u>	<u>\$ 2,271,296</u>

5 - 2

School District of the City of Saginaw
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds		Debt Service Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2021 Debt Service Fund	2017 Refunding Bond Fund	2024 Refunding Bond Fund	2016 Refunding Bond Fund		
Revenues								
Local sources	\$ 60,539	\$ 641,300	\$ 4,993,551	\$ 1,134,250	\$ 1,069,309	\$ 1,512,000	\$ -	\$ 9,410,949
State sources	179,542	-	-	-	-	-	-	179,542
Federal sources	5,142,560	-	-	-	-	-	-	5,142,560
Total revenues	5,382,641	641,300	4,993,551	1,134,250	1,069,309	1,512,000	-	14,733,051
Expenditures								
Current								
Education								
Supporting services	-	678,149	-	-	-	-	-	678,149
Food services	5,839,845	-	-	-	-	-	-	5,839,845
Facilities acquisition	-	-	-	-	-	-	373,181	373,181
Debt service								
Principal	-	-	1,785,000	450,000	660,000	850,000	-	3,745,000
Interest and other expenditures	-	-	3,208,551	684,250	429,600	662,000	-	4,984,401
Total expenditures	5,839,845	678,149	4,993,551	1,134,250	1,089,600	1,512,000	373,181	15,620,576
Deficiency of revenues over expenditures	(457,204)	(36,849)	-	-	(20,291)	-	(373,181)	(887,525)
Other Financing Sources								
Transfers in	457,204	-	-	-	-	-	375,000	832,204
Net change in fund balances	-	(36,849)	-	-	(20,291)	-	1,819	(55,321)
Fund balances - beginning	-	504,062	-	-	919,398	-	-	1,423,460
Fund balances - ending	\$ -	\$ 467,213	\$ -	\$ -	\$ 899,107	\$ -	\$ 1,819	\$ 1,368,139

5 - 3



SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

Food Service Fund - This fund is used to account for activities related to operation of cafeterias in the district's school buildings, providing nourishing breakfasts, lunches, and snacks to students in all grades.

Student Activity Fund - This fund is used to record the transactions of student groups for school and school-related purposes.

**School District of the City of Saginaw
Special Revenue Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025**

	Nonmajor Fund			Nonmajor Fund		
	Food Service Fund			Student Activity Fund		
	Final Budget	Actual Amounts	Over (Under) Budget	Final Budget	Actual Amounts	Over (Under) Budget
Revenues						
Local sources	\$ 38,909	\$ 60,539	\$ 21,630	\$ 600,000	\$ 641,300	\$ 41,300
State sources	155,784	179,542	23,758	-	-	-
Federal sources	5,631,841	5,142,560	(489,281)	-	-	-
Total revenues	<u>5,826,534</u>	<u>5,382,641</u>	<u>(443,893)</u>	<u>600,000</u>	<u>641,300</u>	<u>41,300</u>
Expenditures						
Salaries	1,799,085	1,821,990	22,905	-	-	-
Employee benefits	1,156,291	817,686	(338,605)	-	-	-
Contracted services	68,434	38,774	(29,660)	-	-	-
Supplies and food costs	2,595,706	3,068,476	472,770	-	-	-
Student activities	-	-	-	600,000	678,149	78,149
Capital outlay	81,607	81,607	-	-	-	-
Other	11,245	11,312	67	-	-	-
Total expenditures	<u>5,712,368</u>	<u>5,839,845</u>	<u>127,477</u>	<u>600,000</u>	<u>678,149</u>	<u>78,149</u>
Excess (deficiency) of revenues over expenditures	114,166	(457,204)	(571,370)	-	(36,849)	(36,849)
Other Financing Sources						
Transfers in	-	457,204	457,204	-	-	-
Net change in fund balances	114,166	-	(114,166)	-	(36,849)	(36,849)
Fund balances - beginning	-	-	-	504,062	504,062	-
Fund balances - ending	<u>\$ 114,166</u>	<u>\$ -</u>	<u>\$ (114,166)</u>	<u>\$ 504,062</u>	<u>\$ 467,213</u>	<u>\$ (36,849)</u>

6 - 2

**School District of the City of Saginaw
Special Revenue Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025**

	Total		
	Final Budget	Actual Amounts	Over (Under) Budget
Revenues			
Local sources	\$ 638,909	\$ 701,839	\$ 62,930
State sources	155,784	179,542	23,758
Federal sources	5,631,841	5,142,560	(489,281)
Total revenues	<u>6,426,534</u>	<u>6,023,941</u>	<u>(402,593)</u>
Expenditures			
Salaries	1,799,085	1,821,990	22,905
Employee benefits	1,156,291	817,686	(338,605)
Contracted services	68,434	38,774	(29,660)
Supplies and food costs	2,595,706	3,068,476	472,770
Student activities	600,000	678,149	78,149
Capital outlay	81,607	81,607	-
Other	11,245	11,312	67
Total expenditures	<u>6,312,368</u>	<u>6,517,994</u>	<u>205,626</u>
Excess (deficiency) of revenues over expenditures	114,166	(494,053)	(608,219)
Other Financing Sources			
Transfers in	-	457,204	457,204
Net change in fund balances	114,166	(36,849)	(151,015)
Fund balances - beginning	504,062	504,062	-
Fund balances - ending	<u>\$ 618,228</u>	<u>\$ 467,213</u>	<u>\$ (151,015)</u>

6 - 3



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by trust funds.

Capital Projects Fund - The Capital Projects Fund is used to account for general District projects that are funded by transfers from the General Fund.

7 - 1

**School District of the City of Saginaw
Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025**

	Nonmajor Fund		
	Capital Projects Fund		
	Final Budget	Actual Amounts	Over (Under) Budget
Revenues			
Local sources	\$ 25,000	\$ -	\$ (25,000)
Expenditures			
Facilities acquisition	375,000	373,181	(1,819)
Deficiency of revenues over expenditures	(350,000)	(373,181)	(26,819)
Other Financing Sources			
Transfers in	375,000	375,000	-
Net change in fund balances	25,000	1,819	26,819
Fund balances - beginning	-	-	-
Fund balances - ending	\$ 25,000	\$ 1,819	\$ 26,819

7 - 2



DEBT SERVICE FUNDS

Debt Service Funds are used to record tax and interest revenue and operating transfers in, and the payment of interest, principal and other expenditures on long-term bonded debt by bond issues.

2024 Refunding Bond Fund - This fund is used to account for the payment of principal and interest on bonds issued to renovate elementary school buildings.

2016 Refunding Bond Fund - This fund is used to account for the payment of principal and interest on bonds issued to renovate school buildings and construct one new middle school.

2017 Refunding Bond Fund - This fund is used to account for the payment of principal and interest on bonds issued for construction of Saginaw Arts and Science Academy and Zilwaukee School and improvements to Arthur Hill High School and Saginaw High School.

2021 Debt Fund - This fund is used to account for the payment of principal and interest on bonds issued for building and site needs within the district including the construction of Saginaw United High School

8 - 1

**School District of the City of Saginaw
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025**

	Nonmajor Fund			Nonmajor Fund		
	2024 Refunding Bond Fund			2016 Refunding Bond Fund		
	Final Budget	Actual Amounts	Over (Under) Budget	Final Budget	Actual Amounts	Over (Under) Budget
Revenues						
Local sources	\$ 1,023,750	\$ 1,069,309	\$ 45,559	\$ 1,512,000	\$ 1,512,000	\$ -
Expenditures						
Debt service						
Principal	660,000	660,000	-	850,000	850,000	-
Interest and other expenditures	429,750	429,600	(150)	662,000	662,000	-
Total expenditures	1,089,750	1,089,600	(150)	1,512,000	1,512,000	-
Net change in fund balances	(66,000)	(20,291)	45,709	-	-	-
Fund balances - beginning	919,398	919,398	-	-	-	-
Fund balances - ending	\$ 853,398	\$ 899,107	\$ 45,709	\$ -	\$ -	\$ -

8 - 2

School District of the City of Saginaw
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	<u>Nonmajor Fund</u>			<u>Nonmajor Fund</u>		
	<u>2017 Refunding Bond Fund</u>			<u>2021 Debt Service Fund</u>		
	Final Budget	Actual Amounts	Over (Under) Budget	Final Budget	Actual Amounts	Over (Under) Budget
Revenues						
Local sources	\$ 1,135,000	\$ 1,134,250	\$ (750)	\$ 4,995,000	\$ 4,993,551	\$ (1,449)
Expenditures						
Debt service						
Principal	450,000	450,000	-	1,785,000	1,785,000	-
Interest and other expenditures	684,250	684,250	-	3,208,550	3,208,551	1
Total expenditures	1,134,250	1,134,250	-	4,993,550	4,993,551	1
Net change in fund balances	750	-	(750)	1,450	-	(1,450)
Fund balances - beginning	-	-	-	-	-	-
Fund balances - ending	\$ 750	\$ -	\$ (750)	\$ 1,450	\$ -	\$ (1,450)

8 - 3

School District of the City of Saginaw
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	<u>Total</u>		
	Final Budget	Actual Amounts	Over (Under) Budget
Revenues			
Local sources	\$ 8,665,750	\$ 8,709,110	\$ 43,360
Expenditures			
Debt service			
Principal	3,745,000	3,745,000	-
Interest and other expenditures	4,984,550	4,984,401	149
Total expenditures	8,729,550	8,729,401	149
Net change in fund balances	(63,800)	(20,291)	43,509
Fund balances - beginning	919,398	919,398	-
Fund balances - ending	\$ 855,598	\$ 899,107	\$ 43,509

8 - 4



General Fund

The General Fund is comprised of various funds that disaggregate into different functions of the district. The disaggregated funds are as follows :

- General Education** - This fund is used to account for the basic operations of the district and unrestricted revenues.
- Grant Funded Education** - This fund is used to account for the basic operations of the district and restricted revenues.
- Vocational Education** - This fund is used to account for vocational education and the related funding sources.
- Capital Savings** - This fund is used to account for capital projects and the funds have been committed by the Board of Education.

9 - 1

**School District of the City of Saginaw
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025**

	General Education	Grant Funded Education	Vocational Education	Capital Savings	Total General Fund
Revenues					
Local sources	\$ 11,630,546	\$ 69,900	\$ -	\$ 105,891	\$ 11,806,337
State sources	52,319,692	12,598,081	315,959	409,773	65,643,505
Federal sources	23,236	15,061,146	-	-	15,084,382
Interdistrict sources	1,014,481	-	4,607,036	-	5,621,517
Total revenues	64,987,955	27,729,127	4,922,995	515,664	98,155,741
Expenditures					
Current					
Education					
Instruction	36,800,216	14,373,044	3,793,436	-	54,966,696
Supporting services	28,872,073	12,665,671	1,109,828	205,760	42,853,332
Community services	4,527	294,508	-	-	299,035
Capital outlay	763,661	-	-	33,644,047	34,407,708
Total expenditures	66,440,477	27,333,223	4,903,264	33,849,807	132,526,771
Excess (deficiency) of revenues over expenditures	(1,452,522)	395,904	19,731	(33,334,143)	(34,371,030)

9 - 2

School District of the City of Saginaw
General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Education	Grant Funded Education	Vocational Education	Capital Savings	Total General Fund
Other Financing Sources (Uses)					
Transfers between General Funds	643,242	(395,904)	(247,338)	-	-
Transfers out	<u>(832,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(832,204)</u>
Total other financing sources (uses)	<u>(188,962)</u>	<u>(395,904)</u>	<u>(247,338)</u>	<u>-</u>	<u>(832,204)</u>
Net change in fund balances	(1,641,484)	-	(227,607)	(33,334,143)	(35,203,234)
Fund balances - beginning	<u>28,307,706</u>	<u>-</u>	<u>970,850</u>	<u>38,218,363</u>	<u>67,496,919</u>
Fund balances - ending	<u>\$ 26,666,222</u>	<u>\$ -</u>	<u>\$ 743,243</u>	<u>\$ 4,884,220</u>	<u>\$ 32,293,685</u>

9 - 3



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

Management and the Board of Education
The School District of the City of Saginaw
Saginaw, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Saginaw, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District of the City of Saginaw's basic financial statements, and have issued our report thereon dated October 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District of the City of Saginaw's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District of the City of Saginaw's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District of the City of Saginaw's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District of the City of Saginaw's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.
Saginaw, Michigan
October 26, 2025

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX E
FORM OF APPROVING OPINION OF BOND COUNSEL



Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
millercanfield.com

MICHIGAN
ILLINOIS
NEW YORK
OHIO
WASHINGTON, D.C.
CALIFORNIA
CANADA
MEXICO
POLAND
UKRAINE
QATAR

FORM OF APPROVING OPINION

School District of the City of Saginaw
County of Saginaw
State of Michigan

We have acted as bond counsel to the School District of the City of Saginaw, County of Saginaw, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$_____ designated 2026 Refunding 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 March __, 2026, payable as to principal and interest as provided in the Bonds, without the option of redemption prior to maturity.

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,

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

FORM OF CONTINUING DISCLOSURE UNDERTAKING

§ _____
SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW, STATE OF MICHIGAN
2026 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the School District of the City of Saginaw, County of Saginaw, State of Michigan (the “Issuer”) in connection with the issuance of its 2026 Refunding Bonds (Unlimited Tax General Obligation) (the “Bonds”). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

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

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

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

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

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

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

(2) Audited Financial Statements, or in the event audited financial statements are not available, the Issuer agrees to provide unaudited financial statements and to provide audited financial statements immediately after they become available.

Such annual financial information and operating data described above are expected to be provided directly by the Issuer by specific reference to documents available to the public through EMMA or filed with the SEC.

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;

CONTINUING DISCLOSURE UNDERTAKING
School District of the City of Saginaw 2026 Refunding Bonds

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

CONTINUING DISCLOSURE UNDERTAKING
School District of the City of Saginaw 2026 Refunding Bonds

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

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

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

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

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

[Remainder of page intentionally left blank]

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

SCHOOL DISTRICT OF THE CITY OF SAGINAW
County of Saginaw
State of Michigan

By: _____

Its: _____

Dated: March ___, 2026

CONTINUING DISCLOSURE UNDERTAKING
School District of the City of Saginaw 2026 Refunding Bonds

THIS PAGE INTENTIONALLY LEFT BLANK

**SCHOOL DISTRICT OF THE CITY OF SAGINAW
COUNTY OF SAGINAW, STATE OF MICHIGAN
\$10,470,000* 2026 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)**



Additional information relative to this Bond issue may be obtained from:

Sudsina & Associates LLC

rochewm@sudsina.com

Phone: (313) 920-2818

* Preliminary subject to change