

**ADDENDUM**

**Dated August 11, 2026**

**to**

**PRELIMINARY OFFICIAL STATEMENT**

**Dated August 5, 2026**

**RELATING TO**

**\$13,260,000<sup>1</sup>**

**CROSWELL-LEXINGTON COMMUNITY SCHOOLS**

**COUNTIES OF SANILAC AND ST. CLAIR**

**STATE OF MICHIGAN**

**2026 SCHOOL IMPROVEMENT BONDS**

**(GENERAL OBLIGATION – UNLIMITED TAX)**

PLEASE BE ADVISED that all references to "2026 School Improvement Bonds (General Obligation - Unlimited Tax)" in the Preliminary Official Statement, dated August 5, 2026 (the "Preliminary Official Statement"), including the cover page and all Appendices, is amended and replaced in its entirety as follows:

2026 School Building and Site Bonds (General Obligation - Unlimited Tax)

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

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PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2026

NEW ISSUE—Book-Entry-Only

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

In the opinion of Clark Hill PLC, Bond Counsel, under existing law, (i) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof, (ii) interest on the Bonds is excluded from gross income for federal income tax purposes to the extent and subject to the conditions described herein, and (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax to the extent and subject to the conditions described herein. See "TAX MATTERS" herein.



**\$13,260,000\*\***  
**CROSWELL-LEXINGTON COMMUNITY SCHOOLS**  
**COUNTIES OF SANILAC AND ST. CLAIR**  
**STATE OF MICHIGAN**  
**2026 SCHOOL IMPROVEMENT BONDS**  
**(GENERAL OBLIGATION - UNLIMITED TAX)**

Dated: Date of Delivery

Due: May 1, as shown below

On May 5, 2026, the qualified electors of Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair, State of Michigan (the "School District") approved the issuance of bonds in the aggregate amount of not to exceed \$37,100,000 (the "Bond Proposition"). Proceeds of the 2026 School Improvement Bonds (General Obligation – Unlimited Tax) (the "Bonds") in the principal amount of \$13,260,000\*\*, representing the first series of bonds issued under the Bond Proposition, will be used for school improvement purposes authorized by the Bond Proposition. The Bonds were authorized by the Board of Education of the School District by resolution adopted on June 22, 2026 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

Principal of and interest on the Bonds will be paid by the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2027 to the bondholders of record as of the applicable record dates as stated in the Bonds.

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

| Maturity** | Amount**  | Interest Rate | Yield | CUSIP\$ | Maturity** | Amount**  | Interest Rate | Yield | CUSIP\$ |
|------------|-----------|---------------|-------|---------|------------|-----------|---------------|-------|---------|
| 2030       | \$325,000 |               |       |         | 2041       | \$585,000 |               |       |         |
| 2031       | 400,000   |               |       |         | 2042       | 610,000   |               |       |         |
| 2032       | 445,000   |               |       |         | 2043       | 640,000   |               |       |         |
| 2033       | 465,000   |               |       |         | 2044       | 670,000   |               |       |         |
| 2034       | 480,000   |               |       |         | 2045       | 700,000   |               |       |         |
| 2035       | 485,000   |               |       |         | 2046       | 730,000   |               |       |         |
| 2036       | 500,000   |               |       |         | 2047       | 765,000   |               |       |         |
| 2037       | 510,000   |               |       |         | 2048       | 800,000   |               |       |         |
| 2038       | 515,000   |               |       |         | 2049       | 835,000   |               |       |         |
| 2039       | 535,000   |               |       |         | 2050       | 850,000   |               |       |         |
| 2040       | 560,000   |               |       |         | 2051       | 855,000   |               |       |         |

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2037\*\* ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2036\*\*, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Clark Hill PLC, Birmingham, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Varnum LLP, Grand Rapids, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about September \_\_, 2026.

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

STIFEL

HUNTINGTON CAPITAL MARKETS

The date of this Official Statement is August \_\_, 2026.

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

\* As of date of delivery.

\*\* Preliminary, subject to change.

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

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

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

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

CROSWELL-LEXINGTON COMMUNITY SCHOOLS

5407 Peck Road  
Croswell, Michigan 48422  
(810) 679-1000

BOARD OF EDUCATION

Mike Noll, President  
Dennis Gardner, Vice President  
Tim Niggemeyer, Secretary  
John O'Hair, Treasurer  
Jacob Garza, Trustee  
Mike Kennealy, Trustee  
John Maxey, Trustee

ADMINISTRATIVE STAFF

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PAYING AGENT

Argent Institutional Trust Company  
Grand Rapids, Michigan

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**OFFICIAL STATEMENT**  
**relating to**  
  
**\$13,260,000<sup>1</sup>**  
**CROSWELL-LEXINGTON COMMUNITY SCHOOLS**  
**COUNTIES OF SANILAC AND ST. CLAIR**  
**STATE OF MICHIGAN**  
**2026 SCHOOL IMPROVEMENT BONDS**  
**(GENERAL OBLIGATION – UNLIMITED TAX)**

**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 Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair, State of Michigan (the "School District") of its 2026 School Improvement Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$13,260,000<sup>1</sup>.

**PURPOSE AND SECURITY**

On May 5, 2026, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an amount not to exceed \$37,100,000 to be issued in one or more series (the "Bond Proposition"). Proceeds of the Bonds in the principal amount of \$13,260,000<sup>1</sup>, representing the first series of bonds issued pursuant to the Bond Proposition, are being issued for the purpose of (a) paying the cost of the following projects: (i) erecting, demolishing, remodeling, furnishing and refurbishing, (ii) equipping and re-equipping school buildings, structures, playgrounds, or other facilities, or parts of or additions to those school buildings or other facilities; (iii) acquiring and installing technology equipment and technology infrastructure in school buildings and other facilities; (iv) preparing, equipping, developing and improving sites for school buildings, including playgrounds, play fields and other facilities; and (v) purchasing school buses, including the following projects: (1) erecting, completing, remodeling, furnishing and equipping safety and security improvements to school buildings, facilities and sites; (2) erecting, completing, remodeling, furnishing and equipping school building infrastructure and roofing upgrades; (3) erecting, completing, remodeling and equipping mechanical and HVAC improvements and upgrades to school buildings and facilities; and (4) preparing, developing and improving school sites, including playgrounds, play fields, parking lot and traffic flow upgrades and improvements, and (b) 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 June 22, 2026 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

**QUALIFICATION BY THE STATE OF MICHIGAN**

An application will be submitted to the Michigan Department of Treasury to obtain, and it is the School District's expectation that the Bonds will receive, final qualification as of the date of delivery to participate in the Michigan School Bond Qualification and Loan Program pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School

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

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](http://www.michigan.gov/budget). The State has agreed to file its ACFR with the Municipal Securities Rulemaking Board (as described in Rule 15c2-12(b)(5) of the Securities and Exchange Commission) annually, so long as any bonds qualified for participation in the Michigan School Bond Qualification and Loan Program remain outstanding.

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

### **SOURCES**

Par Amount of the Bonds

Original Issue Premium

Original Issue Discount

Total Sources

### **USES**

Capital Projects Fund

Underwriters' Discount

Costs of Issuance for the Bonds

Total Uses

## **THE BONDS**

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

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity or early redemption, commencing May 1, 2027. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, will serve as the paying agent (the "Paying 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, 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 Paying Agent or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Paying Agent or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.



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

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

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

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

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

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

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

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the School District or Paying 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, Paying 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 Paying 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 Paying 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. Subject to further conditions contained in the Resolution, any Bond may be transferred upon the books required to be kept pursuant to this section by the person in whose name it is registered, in person or by a duly authorized agent, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the book-entry-only agent or the Bond Registrar. Whenever any Bond or Bonds shall be surrendered for transfer, the School District shall furnish or cause to be furnished a sufficient number of executed Bonds and the Paying Agent shall authenticate and deliver a new Bond or Bonds for like aggregate principal amount. The Paying Agent shall require the payment of any tax or other governmental charge required to be paid with respect to the transfer to be made by the bondholder requesting the transfer. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 not exceeding the amount of any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. During the fifteen (15) days immediately preceding each interest payment date on the date of mailing of any notice of redemption and any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

### **Optional Redemption\***

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2037\*, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036\*, at par plus accrued interest to the date fixed for redemption.

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

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

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

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

## **TAX PROCEDURES**

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

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased or reduced 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.

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\* Preliminary, subject to change.

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 the Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, 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 the 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 Paying Agent five business days prior to the debt service payment due date, the Paying 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 Paying Agent will notify the Michigan Department of Treasury of the deficiency three business days before the payment due date and the State Treasurer shall make the payment.

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

## SOURCES OF SCHOOL OPERATING REVENUE

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 25 of 2026 ("PA 25"), the Legislature established a 2026/27 target foundation allowance of \$10,300 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property<sup>1</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties<sup>2</sup> in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2026/27 calculates to an amount in excess of \$10,300 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property<sup>3</sup> as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2026/27 per pupil foundation allowance does not exceed \$10,300, and the School District does not levy such additional millage.

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. See "STATE AID PAYMENTS" in APPENDIX B.

Public Act 15 of 2025 amended the State School Aid Act for the 2025/26 fiscal year, maintaining the School District's foundation allowance from the previous year at \$10,050 per pupil.

PA 25 amended the State School Aid Act for the 2026/27 fiscal year, increasing the School District's foundation allowance to \$10,300 per pupil.

Pursuant to PA 25, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2024/25 fiscal year, see the School District's audited financial statements in APPENDIX D.

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<sup>1</sup> "Taxable property" in this context does not include industrial personal property.

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

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

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

## **MICHIGAN PERSONAL PROPERTY TAX REFORM**

Between 2012 and 2020, the Michigan Legislature enacted a series of statutes reforming personal property taxation in Michigan. Initial legislation passed in 2012 was amended and replaced by a package of bills enacted in 2013 and 2014, both of which were contingent on the passage of a ballot proposition in August 2014. That ballot proposition, which Michigan voters approved, authorized a new municipal entity, the Local Community Stabilization Authority (“LCSA”). Additional legislation in 2015, 2018, and 2020 refined the reimbursement framework, adjusted reporting requirements, and modified calculation methods for tax reimbursements.

The legislation includes two categories of exemptions from the personal property tax. Under the small taxpayer exemption, commercial and industrial personal property owned by taxpayers with a combined true cash value below a specified threshold in a local tax collecting unit is exempt from ad valorem taxes; the threshold was initially set at \$80,000 and has since been increased by the Legislature to \$180,000. Under the eligible manufacturing personal property exemption, personal property used more than 50% of the time in industrial processing or direct integrated support is exempt from taxation provided it meets other statutory eligibility requirements.

The LCSA is a municipal entity created by voter approval in August 2014. The LCSA is authorized to levy a local component of the statewide use tax and distribute that revenue to qualifying local units of government—including school districts, intermediate school districts, counties, cities, villages, townships, community colleges, and tax increment finance authorities—to offset revenue losses caused by the personal property tax exemptions. The LCSA administers the personal property tax reimbursement process, including calculating and distributing reimbursement payments, managing reporting deadlines, processing correction requests, and distributing fire protection services payments. The Michigan Department of Treasury works in coordination with the LCSA to administer these functions.

The legislation provides for reimbursement to school districts for revenue losses resulting from the personal property tax exemptions, including lost revenue from its operating millage, sinking fund millage, and debt service millage. School districts are entitled to reimbursement for lost operating millage revenue, which is funded either from the State use tax component deposited into the State school aid fund or from the LCSA, and reimbursement for lost sinking fund millage revenue, with both calculated pursuant to the applicable statutory formulas. School districts are also reimbursed for lost debt millage revenue pursuant to a statutory formula, and school districts must reduce their debt millage rate to reflect the school debt loss reimbursement that will be received. The Legislature may in the future change the funding formulas for the types and amounts to be reimbursed.

## **LITIGATION**

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

## **TAX MATTERS**

### **State**

In the opinion of Clark Hill PLC, Birmingham, Michigan ("Bond Counsel"), based on its examination of the documents described in its opinion, under existing State of Michigan statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

### **Federal**

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

There are additional federal tax consequences relative to the Bonds and the interest thereon. The following is a general description of some of these consequences but is not intended to be complete or exhaustive and investors should consult with their tax advisors with respect to these matters. Prospective purchasers of the Bonds should be aware that (i) interest on the Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Bonds may be subject to a tax on excess net passive income of certain S Corporations imposed by Section 1375 of the Code, (iii) interest on the Bonds is included in the calculation of modified adjusted gross income for purposes of determining the taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Bonds, (vi) holders of the Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Bonds, and (vii) commercial banks, thrift institutions and other financial institutions may not deduct their costs of carrying certain obligations such as the Bonds.

### **Original Issue Premium**<sup>1</sup>

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, as set forth on the cover of this Official Statement, may be greater than the stated redemption prices at maturity (the "Premium Bonds"), and constitutes for the original purchasers of the Premium Bonds an amortizable bond premium. 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 a 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 on maturity) of such Premium Bonds.

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

## **Original Issue Discount**<sup>1</sup>

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (hereinafter referred to as the "OID Bonds"), and, to the extent properly allocable to each owner of such OID Bond, the original issue discount is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount federal regulations will require them to include, for state and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

## **Future Developments**

No assurance can be given that any future legislation or clarifications or amendments to the Code or to Michigan statutes, 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 income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

Furthermore, no assurance can be given that the impact of any future court decisions will not cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS, INCLUDING THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT, IF ANY.

## **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds are subject to the approving opinion of Clark Hill PLC, Birmingham, Michigan, Bond Counsel. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in 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 will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

Certain legal matters will be passed upon for the Underwriters by their counsel, Varnum LLP, Grand Rapids, 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 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

## **RATINGS**

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

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

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

## **UNDERWRITING**

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

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

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of

these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

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

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

### **MUNICIPAL ADVISOR'S OBLIGATION**

The School District has retained PFM Financial Advisors LLC, of Ann Arbor, Michigan, as municipal financial advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing portions of the Official Statement, the Municipal Advisor has relied upon governmental officials and other sources which have access to relevant data, to provide accurate information for the Official Statement and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor is not a public accounting firm and has not been engaged by the School District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

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

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

### **CONTINUING DISCLOSURE**

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Certificate (the "Certificate") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). 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 Agreement, are set forth in "APPENDIX F: Form of Continuing Disclosure Certificate."

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

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

## **OTHER MATTERS**

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

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

CROSWELL-LEXINGTON COMMUNITY SCHOOLS  
COUNTIES OF SANILAC AND ST. CLAIR

STATE OF MICHIGAN

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

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**APPENDIX A  
STATE QUALIFICATION**

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

**State loans to school districts.**

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

**Amount of loans.**

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

**Qualified bonds.**

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

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

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

**Bonds, state loans, repayment.**

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

**Power to tax unlimited.**

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

**Rights and obligations to remain unimpaired.**

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

## SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN ACT

### Act 92 of 2005

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

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

*The People of the State of Michigan enact:*

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

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

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

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

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

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

#### **388.1923 Definitions.**

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) To repay this state.

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

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

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

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

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

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

CONSTITUTIONAL LAW:  
SCHOOL BONDS:  
MUNICIPAL FINANCE COMMISSION:

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

No. 4422

March 12, 1965.

Hon. Sanford A. Brown  
State Treasurer  
Lansing, Michigan

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,  
Attorney General



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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

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

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

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

August 29, 1966.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

FRANK J. KELLEY,  
Attorney General

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

### CROSWELL-LEXINGTON COMMUNITY SCHOOLS

#### GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

##### LOCATION AND AREA

Croswell-Lexington Community Schools (the “School District”), located in the eastern section of Michigan’s “Thumb,” occupies 165 square miles and includes all of the City of Croswell and all or a portion of seven townships in Sanilac County and three townships in St. Clair County. The eastern border of the School District is the shore of Lake Huron.

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

10 miles north of Port Huron  
60 miles southeast of Saginaw  
65 miles northeast of Flint  
75 miles northeast of Detroit  
110 miles northeast of Ann Arbor

##### POPULATION

The U.S. Census reported and 2024 estimated populations for the School District, the Township of Worth, and the County of Sanilac are as follows:

|                  | School<br>District | Township of<br>Worth* | County of<br>Sanilac |
|------------------|--------------------|-----------------------|----------------------|
| 2024 Estimate    | 13,098             | 3,461                 | 40,462               |
| 2020 U.S. Census | 13,405             | 3,455                 | 40,611               |
| 2010 U.S. Census | 14,438             | 3,894                 | 43,114               |

\*This Township is the municipality with the highest taxable value within the School District’s boundaries.

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

##### BOARD OF EDUCATION

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

##### ENROLLMENT

###### Historical Enrollment

Historical fall enrollment for the School District is as follows:

| School<br>Year End<br>30-Jun | Full-Time<br>Equivalent | Change | School<br>Year End<br>30-Jun | Full-Time<br>Equivalent | Change |
|------------------------------|-------------------------|--------|------------------------------|-------------------------|--------|
| 2026                         | 1,630                   | -4.45% | 2021                         | 1,929                   | -5.95% |
| 2025                         | 1,706                   | -3.12  | 2020                         | 2,051                   | -4.02  |
| 2024                         | 1,761                   | -5.12  | 2019                         | 2,137                   | 0.05   |
| 2023                         | 1,856                   | -4.33  | 2018                         | 2,136                   | 0.14   |
| 2022                         | 1,940                   | 0.57   | 2017                         | 2,133                   | --     |

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

## 2025/2026 Fall Count

|                 |     |                  |       |
|-----------------|-----|------------------|-------|
| Kindergarten    | 110 | 8 <sup>th</sup>  | 131   |
| 1 <sup>st</sup> | 104 | 9 <sup>th</sup>  | 127   |
| 2 <sup>nd</sup> | 90  | 10 <sup>th</sup> | 119   |
| 3 <sup>rd</sup> | 115 | 11 <sup>th</sup> | 122   |
| 4 <sup>th</sup> | 137 | 12 <sup>th</sup> | 112   |
| 5 <sup>th</sup> | 138 | Subtotal         | 1,556 |
| 6 <sup>th</sup> | 127 | Alt. Ed.         | 74    |
| 7 <sup>th</sup> | 124 | Total            | 1,630 |

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

## **SCHOOL DISTRICT FACILITIES**

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

| Facility                                           | Grades Served | Year Built | Last Remodel/Addition | Type of Construction |
|----------------------------------------------------|---------------|------------|-----------------------|----------------------|
| <i>Elementary Schools:</i>                         |               |            |                       |                      |
| Meyer                                              | K-4           | 1954       | 1992                  | Brick                |
| Frostick                                           | K-4           | 1954       | 2002                  | Brick                |
| <i>Middle School:</i>                              |               |            |                       |                      |
| Crosswell-Lexington                                | 5-8           | 1971       | 2002                  | Brick                |
| <i>High School:</i>                                |               |            |                       |                      |
| Crosswell-Lexington                                | 9-12          | 1963       | 2010                  | Brick                |
| <i>Additional Facility:</i>                        |               |            |                       |                      |
| Geiger Early Childhood Center/Pioneer HS (Alt. Ed) | PreK, 6-12    | 1900       | 1992                  | Brick                |

## **OTHER SCHOOLS**

There are no private, charter or parochial schools located within the School District's boundaries.

## **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 25 of 2026 set the target foundation allowance at \$10,300 for fiscal year 2026/2027.

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

The following table shows a five-year history and a current year estimate of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance (including the 2026/27 allowance), which reflects the changes in sources of school operating revenue described herein:

| Fiscal Year End 30-Jun | Foundation Allowance per Pupil | Total State Aid Payments <sup>1</sup> | Blended Pupil Count   | Amount Received per Pupil <sup>2</sup> |
|------------------------|--------------------------------|---------------------------------------|-----------------------|----------------------------------------|
| 2027                   | \$10,300                       | N/A                                   | N/A                   | N/A                                    |
| 2026                   | 10,050                         | \$16,913,520 <sup>3</sup>             | 1,629.69 <sup>3</sup> | \$10,378 <sup>3</sup>                  |
| 2025                   | 9,608                          | 17,849,492                            | 1,710.05              | 10,438                                 |
| 2024                   | 9,608                          | 18,994,996                            | 1,768.29              | 10,742                                 |
| 2023                   | 9,150                          | 18,043,844                            | 1,859.91              | 9,701                                  |
| 2022                   | 8,700                          | 16,081,864                            | 1,938.16              | 8,297                                  |
| 2021                   | 8,111                          | 15,530,235 <sup>4</sup>               | 2,027.06              | 7,661 <sup>4</sup>                     |

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

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

<sup>3</sup>Preliminary estimate, subject to change.

<sup>4</sup>Public Act 165 of 2020 restored the State school aid reductions contained in Public Act 146 of 2020 for the 2020/21 fiscal year, added a onetime \$65 per pupil payment and added other appropriations for qualifying school districts.

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

## PROPERTY VALUATIONS

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

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

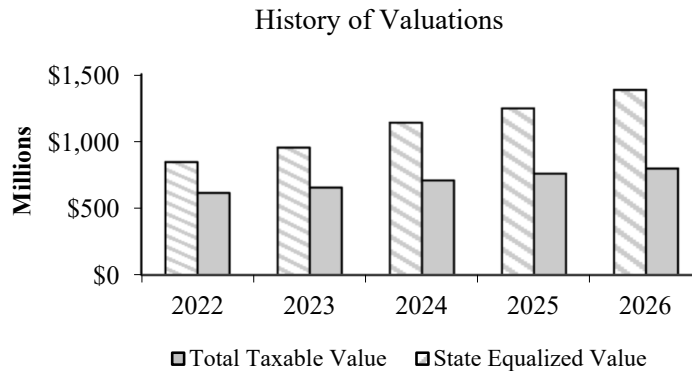
### History of Valuations

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

| Year | Principal Residence <sup>1</sup> | Non- Principal Residence <sup>1</sup> | Total Taxable Value | Percent Change | State Equalized Value | Percent Change |
|------|----------------------------------|---------------------------------------|---------------------|----------------|-----------------------|----------------|
| 2026 | \$483,098,598                    | \$312,646,192                         | \$795,744,790       | 5.07%          | \$1,383,395,800       | 11.10%         |
| 2025 | 467,053,191                      | 290,268,215                           | 757,321,406         | 7.16           | 1,245,180,760         | 9.38           |
| 2024 | 439,517,983                      | 267,194,348                           | 706,712,331         | 8.18           | 1,138,389,681         | 19.61          |
| 2023 | 402,175,390                      | 251,104,118                           | 653,279,508         | 6.59           | 951,721,905           | 12.81          |
| 2022 | 379,119,279                      | 233,757,873                           | 612,877,152         | ----           | 843,656,785           | ----           |

<sup>1</sup>All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2026, industrial personal property had a taxable value of \$2,589,900 and commercial personal property had a taxable value of \$7,857,600 in the School District.

Source: Sanilac and St. Clair Counties Equalization Departments



### Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

|                                                                   |                      |
|-------------------------------------------------------------------|----------------------|
| 2026 Taxable Value                                                | \$795,744,790        |
| Less: 2026 Disabled Veterans Exemption Taxable Value <sup>1</sup> | (7,059,045)          |
| Net 2026 Annual Equivalent Valuation                              | <u>\$788,685,745</u> |

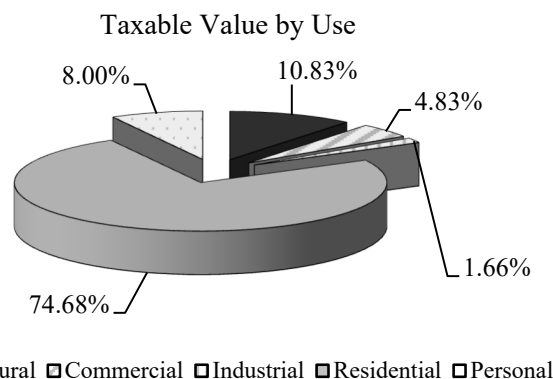
<sup>1</sup>Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or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

Source: Sanilac and St. Clair Counties Equalization Departments

## Tax Base Composition

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

| By Class:         | 2026<br>Taxable Value | Percent<br>of Total |
|-------------------|-----------------------|---------------------|
| Real Property     | \$732,095,390         | 92.00%              |
| Personal Property | 63,649,400            | 8.00                |
| <b>TOTAL</b>      | <b>\$795,744,790</b>  | <b>100.00%</b>      |
| By Use:           |                       |                     |
| Agricultural      | \$86,201,214          | 10.83%              |
| Commercial        | 38,439,742            | 4.83                |
| Industrial        | 13,179,155            | 1.66                |
| Residential       | 594,275,279           | 74.68               |
| Personal          | 63,649,400            | 8.00                |
| <b>TOTAL</b>      | <b>\$795,744,790</b>  | <b>100.00%</b>      |



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

| Municipality            | 2026<br>Taxable Value | Percent<br>of Total |
|-------------------------|-----------------------|---------------------|
| <i>Sanilac County</i>   |                       |                     |
| Buel Township           | \$44,385,233          | 5.58%               |
| Fremont Township        | 51,230,105            | 6.44                |
| Lexington Township      | 248,324,165           | 31.20               |
| Sanilac Township        | 33,629,998            | 4.23                |
| Speaker Township        | 524,286               | 0.07                |
| Washington Township     | 11,442,376            | 1.44                |
| Worth Township          | 251,971,339           | 31.66               |
| City of Croswell        | 56,318,208            | 7.08                |
| <i>St. Clair County</i> |                       |                     |
| Burtchville Township    | 59,952,871            | 7.53                |
| Grant Township          | 35,320,885            | 4.44                |
| Greenwood Township      | 2,645,324             | 0.33                |
| <b>TOTAL</b>            | <b>\$795,744,790</b>  | <b>100.00%</b>      |

Source: Sanilac and St. Clair Counties Equalization Departments

## MAJOR TAXPAYERS

Shown below are the ten largest taxpayers in the School District based on their 2026 total valuation subject to taxation.

| Taxpayer                                             | Product/Service        | 2026<br>Taxable Value |
|------------------------------------------------------|------------------------|-----------------------|
| DTE Energy                                           | Utility                | \$31,671,213          |
| International Transmission                           | Utility                | 17,466,800            |
| Michigan Sugar Co.                                   | Sugar Processing       | 2,891,105             |
| SEMCO Energy                                         | Utility                | 2,467,300             |
| Helena Chemical Co. (d.b.a. Helena Agri-Enterprises) | Agrochemicals Supplier | 2,380,801             |
| Gielow Pickles Inc.                                  | Pickle Manufacturer    | 2,245,485             |
| Foggy, John S. Trust                                 | Residential            | 2,155,056             |
| Larson Land, LLC                                     | Farm                   | 1,930,030             |
| Noll Dairy Farm, Inc.                                | Dairy Farm             | 1,456,899             |
| Cadillac House LLC (d.b.a. The Cadillac House Inn)   | Hotel & Restaurant     | 1,359,203             |
| <b>TOTALS</b>                                        |                        | <b>\$66,023,892</b>   |
| Total 2026 Values                                    |                        | \$795,744,790         |
| Top 10 Taxpayers as a % of 2026 Total Values         |                        | 8.30%                 |

Source: Sanilac and St. Clair Counties Equalization Departments

## CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

|                               | 2026    | 2025    | 2024    | 2023    | 2022    |
|-------------------------------|---------|---------|---------|---------|---------|
| Operating – Voted             | 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| Debt                          | 2.4000  | 2.4000  | 2.4000  | 2.4000  | 2.4000  |
| Sinking Fund                  | 0.8732  | 0.8814  | 0.8895  | 0.8956  | 0.8956  |
| Total Non-Principal Residence | 21.2732 | 21.2814 | 21.2895 | 21.2956 | 21.2956 |
| Total Principal Residence     | 3.2732  | 3.2814  | 3.2895  | 3.2956  | 3.2956  |

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

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

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

|                     | 2025    | 2024    |
|---------------------|---------|---------|
| State Education Tax | 6.0000  | 6.0000  |
| Sanilac County      | 8.1188  | 8.1461  |
| City of Croswell    | 17.4847 | 17.6471 |
| Buel Township       | 1.8016  | 1.8029  |
| Fremont Township    | 2.7996  | 2.7996  |
| Lexington Township  | 3.1001  | 3.1211  |
| Worth Township      | 2.8390  | 2.8844  |
| Sanilac ISD         | 2.5385  | 2.5511  |

Source: Sanilac and St. Clair Counties Equalization Departments

## TAX LEVIES AND COLLECTIONS

The School District’s fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest on or before the following February 14. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurers for collection. Sanilac and St. Clair Counties (the “Counties”) annually pay from their Delinquent Tax Revolving Fund delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers 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      | \$4,985,610        | \$4,604,982                       | 92.37% | \$4,984,804                                    | 99.98% |
| 2024      | 4,742,489          | 4,408,705                         | 92.96  | 4,742,489                                      | 100.00 |
| 2023      | 4,431,128          | 4,142,400                         | 93.48  | 4,431,128                                      | 100.00 |
| 2022      | 4,207,642          | 4,118,927                         | 97.89  | 4,207,642                                      | 100.00 |
| 2021      | 3,937,543          | 3,689,719                         | 93.71  | 3,935,394                                      | 99.95  |

## RETIREMENT PLAN

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

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

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

### Contribution to MPERS

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

| Fiscal Year<br>Ended<br>30-Jun | Pension<br>Amount | Health Care<br>Amount | Total<br>Amount | State Aid<br>MPERS Direct<br>Offset Payments <sup>2</sup> |
|--------------------------------|-------------------|-----------------------|-----------------|-----------------------------------------------------------|
| 2026 <sup>1</sup>              | \$2,920,000       | \$100,000             | \$3,020,000     | \$1,478,769                                               |
| 2025                           | 3,690,721         | 117,556               | 3,808,277       | 1,283,229                                                 |
| 2024                           | 4,105,579         | 796,990               | 4,902,569       | 1,976,731                                                 |
| 2023                           | 4,630,151         | 787,367               | 5,417,518       | 2,691,648                                                 |
| 2022                           | 3,524,578         | 779,474               | 4,304,052       | 1,638,699                                                 |

<sup>1</sup>Estimated.

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

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net pension liability of \$24,329,484 as of September 30, 2024.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net OPEB asset of \$4,160,622 as of September 30, 2024.

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

*Source: Audited Financial Statements and School District*



## LABOR RELATIONS

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

| Employee Group        | No. of Employees | Affiliation                    | Exp. Date of Contract |
|-----------------------|------------------|--------------------------------|-----------------------|
| Administrators        | 6                | Croswell-Lexington Adm. Assoc. | 06/30/27              |
| Teachers              | 95               | Croswell-Lexington MEA         | 06/30/26*             |
| Secretaries/Aides     | 12               | MEA Support Personnel          | 06/30/26*             |
| Custodial/Maintenance | 5                | Non-Affiliated                 | N/A                   |
| Transportation        | 6                | Teamsters-Transportation       | 06/30/27              |
| Other                 | 16               | Teamsters-Food Service         | Varies                |
| <b>TOTAL</b>          | <b>140</b>       |                                |                       |

\*In negotiations.

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

## DEBT STATEMENT\* - (As of 08/05/26 – including the Bonds described herein)

### DIRECT DEBT:

| Dated Date             | Purpose            | Bond Type | Final Maturity | Principal Outstanding |
|------------------------|--------------------|-----------|----------------|-----------------------|
| 10/07/10               | Building & Site    | LTNQ      | 05/01/27       | \$3,500,000           |
| 02/05/19               | Refunding          | UTQ       | 05/01/29       | 3,430,000             |
| / /26                  | School Improvement | UTQ       | 05/01/51       | 13,260,000*           |
| <b>NET DIRECT DEBT</b> |                    |           |                | <b>\$20,190,000*</b>  |

### OVERLAPPING DEBT:

| Percent Share | Municipality         | Net Debt   | District's Share |
|---------------|----------------------|------------|------------------|
| 100.00%       | City of Croswell     | \$0        | \$0              |
| 84.03         | Buel Township        | 0          | 0                |
| 28.54         | Burtchville Township | 854,000    | 243,732          |
| 89.86         | Fremont Township     | 0          | 0                |
| 37.98         | Grant Township       | 0          | 0                |
| 1.34          | Greenwood Township   | 0          | 0                |
| 99.97         | Lexington Township   | 0          | 0                |
| 17.13         | Sanilac Township     | 3,379,663  | 578,936          |
| 0.97          | Speaker Township     | 0          | 0                |
| 17.63         | Washington Township  | 0          | 0                |
| 100.00        | Worth Township       | 25,023,000 | 25,023,000       |
| 100.00        | Village of Applegate | 0          | 0                |
| 100.00        | Village of Lexington | 0          | 0                |
| 31.16         | Sanilac County       | 13,416,469 | 4,180,572        |
| 1.13          | St. Clair County     | 20,019,806 | 226,224          |
| 35.10         | Sanilac ISD          | 0          | 0                |

### TOTAL OVERLAPPING DEBT

30,252,464

### NET DIRECT AND OVERLAPPING DEBT

\$50,442,464\*

\*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

## SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of August 5, 2026.

### OTHER DEBT

The School District has no short-term borrowing outstanding.

### DEBT HISTORY

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

### FUTURE FINANCING

The School District is exploring an energy bond in the range of \$1 to \$3 Million which could be issued over the next 12 months. Following the issuance of the 2026 bonds, described herein, the School District will have approximately \$22,160,000 of remaining voted authorization that is expected to be issued in series over the next two years.

### DEBT RATIOS\*

|                                                                  |                 |
|------------------------------------------------------------------|-----------------|
| Estimated School District Population                             | 13,098          |
| 2026 Taxable Value                                               | \$795,744,790   |
| 2026 State Equalized Value (SEV)                                 | \$1,383,395,800 |
| 2026 True Cash Value (TCV)                                       | \$2,766,791,600 |
| Per Capita 2026 Taxable Value                                    | \$60,753.15     |
| Per Capita 2026 State Equalized Value                            | \$105,618.86    |
| Per Capita 2026 True Cash Value                                  | \$211,237.72    |
| Per Capita Net Direct Debt                                       | \$1,541.46      |
| Per Capita Net Direct and Overlapping Debt                       | \$3,851.16      |
| Percent of Net Direct Debt of 2026 Taxable Value                 | 2.54%           |
| Percent of Net Direct and Overlapping Debt of 2026 Taxable Value | 6.34%           |
| Percent of Net Direct Debt of 2026 SEV                           | 1.46%           |
| Percent of Net Direct and Overlapping Debt of 2026 SEV           | 3.65%           |
| Percent of Net Direct Debt of 2026 TCV                           | 0.73%           |
| Percent of Net Direct and Overlapping Debt of 2026 TCV           | 1.82%           |

\*Preliminary, subject to change.

### LEGAL DEBT MARGIN\* - (As of 08/05/26 – including the Bonds described herein)

|                                         |                             |
|-----------------------------------------|-----------------------------|
| 2026 State Equalized Value              | \$1,383,395,800             |
| Legal Debt Limit - 15% of SEV           | \$207,509,370               |
| Total Bonded Debt Outstanding           | \$20,900,000                |
| Less: SLRF Qualified Bonds <sup>1</sup> | <u>(16,690,000)</u>         |
| Net Amount Subject to Legal Debt Limit  | <u>3,500,000</u>            |
| LEGAL DEBT MARGIN AVAILABLE             | <u><u>\$204,009,370</u></u> |

\*Preliminary, subject to change.

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

## EMPLOYMENT CHARACTERISTICS

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

| Employer                                             | Product or Service               | Approx. No. of Employees |
|------------------------------------------------------|----------------------------------|--------------------------|
| <i>Within the School District</i>                    |                                  |                          |
| Huron, Inc.                                          | Precision Machine Parts          | 450                      |
| Gielow Pickles Inc.                                  | Pickles Manufacturer             | 250                      |
| Cotterman Co.                                        | Steel Rolling Platform Ladders   | 185                      |
| Michigan Sugar Co.                                   | Beet Sugar Manufacturing         | 179                      |
| Material Control, Inc.                               | Conveyor Controls                | 175                      |
| Croswell-Lexington Community Schools                 | Education                        | 140                      |
| Conveyor Components Company                          | Conveyors & Equipment            | 100                      |
| Jay & Kay Manufacturing                              | Metal Fabricating                | 68                       |
| Eastern Michigan Bank*                               | Finance                          | 55                       |
| McDonald's                                           | Fast Food Restaurant             | 44                       |
| Paramount Industries Inc.                            | Lighting Fixtures                | 40                       |
| AMC Mid Michigan Materials LLC                       | Sand & Gravel Supplier           | 35                       |
| Helana Chemical Co. (d.b.a. Helena Agri-Enterprises) | Agrochemicals Supplier           | 30                       |
| <i>Within the County of Sanilac</i>                  |                                  |                          |
| Marlette Regional Hospital                           | Healthcare & Hospital            | 401                      |
| Grupo Antonin North America                          | Automotive Products              | 400                      |
| Walmart                                              | Retail & Grocery                 | 300                      |
| Vibracoustic USA, Inc.                               | Precision Molded Rubber Products | 282                      |
| McKenzie Hospital Campus                             | Healthcare & Hospital            | 229                      |
| Yale Public Schools                                  | Education                        | 216                      |
| Emerson Corp.                                        | Industrial Valves                | 200                      |
| Sanilac County                                       | Government                       | 150                      |
| Sanilac Medical Care Facility                        | Healthcare                       | 150                      |
| Oetiker, Inc.                                        | Clamps                           | 130                      |
| Sanilac County Community Mental Health               | Healthcare, Clinic               | 125                      |
| Midwest Rubber Co.                                   | Plastic Fabrication              | 110                      |
| Sandusky Community Schools                           | Education                        | 109                      |
| AMETEK, Inc.                                         | Sensor Devices                   | 100                      |
| Jensen Bridge & Supply Co.                           | Corrugated Steel Pipe            | 100                      |
| Autumnwood of Deckerville                            | Healthcare, Nursing Home         | 100                      |

\*Mercantile Bank Corporation completed its \$95.8 million acquisition of Eastern Michigan Financial Corporation on December 31, 2025. The banks are operating alongside each other during a transitional phase. Full operational consolidation and brand transition to Mercantile Bank are scheduled for the first quarter of 2027.

Source: 2025 Michigan Manufacturers Directory, MEDC website via [www.michiganbusiness.org](http://www.michiganbusiness.org) and individual employers

## EMPLOYMENT BREAKDOWN

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

| PERSONS BY OCCUPATION                         | Township of Worth |         | County of Sanilac |         |
|-----------------------------------------------|-------------------|---------|-------------------|---------|
|                                               | Number            | Percent | Number            | Percent |
|                                               | 1,527             | 100.00% | 17,053            | 100.00% |
| Management, Business, Science & Arts          | 597               | 39.09   | 5,240             | 30.73   |
| Service                                       | 311               | 20.37   | 2,528             | 14.83   |
| Sales & Office                                | 185               | 12.12   | 3,118             | 18.28   |
| Natural Resources, Construction & Maintenance | 286               | 18.73   | 2,730             | 16.01   |
| Production, Transportation & Material Moving  | 148               | 9.69    | 3,437             | 20.15   |

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

|                                                  | Township of Worth |         | County of Sanilac |         |
|--------------------------------------------------|-------------------|---------|-------------------|---------|
|                                                  | Number            | Percent | Number            | Percent |
| <b>PERSONS BY INDUSTRY</b>                       | 1,527             | 100.00% | 17,053            | 100.00% |
| Agriculture, Forestry, Fishing, Hunting & Mining | 73                | 4.78    | 1,166             | 6.84    |
| Construction                                     | 164               | 10.74   | 1,597             | 9.36    |
| Manufacturing                                    | 338               | 22.13   | 3,704             | 21.72   |
| Wholesale Trade                                  | 19                | 1.25    | 347               | 2.04    |
| Retail Trade                                     | 86                | 5.63    | 1,732             | 10.16   |
| Transportation, Warehousing & Utilities          | 6                 | 0.39    | 693               | 4.06    |
| Information                                      | 17                | 1.11    | 131               | 0.77    |
| Finance, Insurance & Real Estate                 | 98                | 6.42    | 640               | 3.75    |
| Professional, Scientific & Management Services   | 98                | 6.42    | 885               | 5.19    |
| Educational, Health & Social Services            | 342               | 22.40   | 3,517             | 20.62   |
| Arts, Entertainment, Recreation & Food Services  | 145               | 9.50    | 1,094             | 6.42    |
| Other Services except Public Administration      | 49                | 3.21    | 641               | 3.76    |
| Public Administration                            | 92                | 6.02    | 906               | 5.31    |

## UNEMPLOYMENT

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

| Annual<br>Average | County of<br>Sanilac | State of<br>Michigan |
|-------------------|----------------------|----------------------|
| May, 2026         | 6.0%                 | 5.2%                 |
| 2025              | 6.9                  | 5.2                  |
| 2024              | 6.1                  | 4.7                  |
| 2023              | 5.2                  | 3.9                  |
| 2022              | 5.5                  | 4.2                  |

## POPULATION BY AGE

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of population by age for the Township of Worth and the County of Sanilac as follows:

|                     | Township of Worth |         | County of Sanilac |         |
|---------------------|-------------------|---------|-------------------|---------|
|                     | Number            | Percent | Number            | Percent |
| Total Population    | 3,461             | 100.00% | 40,462            | 100.00% |
| 0 through 19 years  | 445               | 12.86   | 9,298             | 22.98   |
| 20 through 64 years | 1,909             | 55.16   | 21,758            | 53.77   |
| 65 years and over   | 1,107             | 31.98   | 9,406             | 23.25   |
| Median Age          | 53.6 years        |         | 45.5 years        |         |

INCOME

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of household income for the Township of Worth and the County of Sanilac as follows:

|                        | Township of Worth |         | County of Sanilac |         |
|------------------------|-------------------|---------|-------------------|---------|
|                        | Number            | Percent | Number            | Percent |
| HOUSEHOLDS BY INCOME   | 1,761             | 100.00% | 17,516            | 100.00% |
| Less than \$ 10,000    | 102               | 5.79    | 7                 | 4.32    |
| \$ 10,000 to \$ 14,999 | 40                | 2.27    | 779               | 4.45    |
| \$ 15,000 to \$ 24,999 | 94                | 5.34    | 1,612             | 9.20    |
| \$ 25,000 to \$ 34,999 | 216               | 12.27   | 1,549             | 8.84    |
| \$ 35,000 to \$ 49,999 | 269               | 15.28   | 2,567             | 14.66   |
| \$ 50,000 to \$ 74,999 | 260               | 14.76   | 3,411             | 19.47   |
| \$ 75,000 to \$ 99,999 | 168               | 9.54    | 2,363             | 13.49   |
| \$100,000 to \$149,999 | 374               | 21.23   | 2,526             | 14.42   |
| \$150,000 to \$199,999 | 134               | 7.61    | 1,115             | 6.37    |
| \$200,000 or MORE      | 104               | 5.91    | 837               | 4.78    |
| Median Income          | \$61,492          |         | \$58,863          |         |

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# APPENDIX C

## GENERAL FUND BUDGET SUMMARIES AND COMPARATIVE FINANCIAL STATEMENTS

### Croswell-Lexington Community Schools General Fund Budget Summaries

|                                         | As Final<br>2025/26       | As Approved<br>2026/27    |
|-----------------------------------------|---------------------------|---------------------------|
| <b>Revenues</b>                         |                           |                           |
| Local Sources                           | \$5,688,621               | \$5,870,999               |
| State Sources                           | 17,413,476                | 17,560,000                |
| Federal Sources                         | 824,490                   | 728,000                   |
| Transfers & Other Transactions          | 307,477                   | 302,000                   |
| <b>Total Revenues</b>                   | <u>\$24,234,064</u>       | <u>\$24,460,999</u>       |
| <b>Expenditures</b>                     |                           |                           |
| Instruction                             |                           |                           |
| Basic Program                           | \$12,573,023              | \$11,893,000              |
| Added Needs                             | 3,043,383                 | 2,943,000                 |
| Support Services                        |                           |                           |
| Pupil                                   | 970,535                   | 970,000                   |
| Instructional Staff                     | 476,868                   | 477,000                   |
| General Administration                  | 770,133                   | 578,000                   |
| School Administration                   | 1,589,663                 | 1,621,000                 |
| Business Services                       | 458,588                   | 425,000                   |
| Operation & Maintenance                 | 2,601,524                 | 2,451,000                 |
| Transportation                          | 1,445,897                 | 1,177,000                 |
| Central Services                        | 481,036                   | 490,000                   |
| Other Support Services (Athletics)      | 637,297                   | 637,000                   |
| Community Services                      | 58,181                    | 55,000                    |
| <b>Total Expenditures</b>               | <u>\$25,106,128</u>       | <u>\$23,717,000</u>       |
| <b>Net Change in Fund Balances</b>      | (\$872,064)               | \$743,999                 |
| <b>Beginning Fund Balance - July 1</b>  | <u>\$4,387,234</u>        | <u>\$3,515,170</u>        |
| <b>Projected Fund Balance - June 30</b> | <u><u>\$3,515,170</u></u> | <u><u>\$4,259,169</u></u> |

Source: School District

**Croswell-Lexington Community Schools  
General Fund**

**Comparative Balance Sheet**

|                                            | For Fiscal Years Ended June 30th |                           |                           |
|--------------------------------------------|----------------------------------|---------------------------|---------------------------|
|                                            | 2023                             | 2024                      | 2025                      |
| <b>Assets</b>                              |                                  |                           |                           |
| Cash and Cash Equivalents                  | \$172,718                        | \$101,992                 | \$3,994,551               |
| Investments                                | 3,312,910                        | 2,940,908                 | --                        |
| Accounts Receivable                        | 10,405                           | 20,916                    | --                        |
| Due from Other Governmental Units          | 3,772,336                        | 4,785,780                 | 3,637,822                 |
| Due from Other Funds                       | 26,312                           | 28,058                    | 29,527                    |
| Prepaid Expenditures                       | 20,900                           | 214,085                   | 20,900                    |
| <b>Total Assets</b>                        | <u>\$7,315,581</u>               | <u>\$8,091,739</u>        | <u>\$7,682,800</u>        |
| <b>Liabilities</b>                         |                                  |                           |                           |
| Accounts Payable                           | \$98,308                         | \$112,034                 | \$171,597                 |
| Accrued Retirement                         | 535,656                          | 583,450                   | --                        |
| Payroll Deductions and Withholdings        | --                               | --                        | 96,099                    |
| Accrued Expenditures                       | --                               | --                        | 444,549                   |
| Accrued Salaries & Related Items           | 1,827,254                        | 1,861,974                 | 1,544,014                 |
| Due to Other Governmental Units            | 484,078                          | 336,924                   | 233,419                   |
| Due to Other Funds                         | --                               | 170,498                   | 340,498                   |
| Unearned Revenue                           | 402,025                          | 496,845                   | 465,390                   |
| <b>Total Liabilities</b>                   | <u>\$3,347,321</u>               | <u>\$3,561,725</u>        | <u>\$3,295,566</u>        |
| <b>Fund Balances</b>                       |                                  |                           |                           |
| Nonspendable                               |                                  |                           |                           |
| Prepays                                    | \$20,900                         | \$214,085                 | \$20,900                  |
| Unassigned                                 | 3,494,640                        | 3,847,599                 | 3,523,161                 |
| Assigned                                   |                                  |                           |                           |
| Subsequent Year Expenditures               | 233,905                          | 258,837                   | 843,173                   |
| Compensated Absences                       | 218,815                          | 209,493                   | --                        |
| <b>Total Fund Balances</b>                 | <u>\$3,968,260</u>               | <u>\$4,530,014</u>        | <u>\$4,387,234</u>        |
| <b>Total Liabilities and Fund Balances</b> | <u><u>\$7,315,581</u></u>        | <u><u>\$8,091,739</u></u> | <u><u>\$7,682,800</u></u> |

Source: Audited Financial Statements



**Croswell-Lexington Community Schools  
General Fund**

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

|                                              | For Fiscal Years Ended June 30th |                           |                           |
|----------------------------------------------|----------------------------------|---------------------------|---------------------------|
|                                              | 2023                             | 2024                      | 2025                      |
| <b>Revenues</b>                              |                                  |                           |                           |
| Local Sources                                | \$4,499,064                      | \$4,895,626               | \$5,176,951               |
| State Sources                                | 18,683,041                       | 19,398,946                | 18,371,903                |
| Federal Sources                              | 3,605,910                        | 751,927                   | 830,956                   |
| Other Transactions                           | 282,737                          | 364,487                   | 269,083                   |
| <b>Total Revenues</b>                        | <u>\$27,070,752</u>              | <u>\$25,410,986</u>       | <u>\$24,648,893</u>       |
| <b>Expenditures</b>                          |                                  |                           |                           |
| Instruction                                  | \$15,820,798                     | \$15,363,738              | \$15,480,857              |
| Supporting Services                          | 9,339,303                        | 9,191,146                 | 8,662,606                 |
| Community Service                            | 136,181                          | 102,572                   | 40,299                    |
| Other Transactions                           | 282,502                          | 41,028                    | --                        |
| Capital Outlay                               | --                               | --                        | 788,713                   |
| Debt Service                                 |                                  |                           |                           |
| Principal                                    | 70,510                           | 27,698                    | 16,113                    |
| Interest                                     | 1,064                            | 329                       | 918                       |
| <b>Total Expenditures</b>                    | <u>\$25,650,358</u>              | <u>\$24,726,511</u>       | <u>\$24,989,506</u>       |
| <b>Excess of Revenue Over (Under)</b>        |                                  |                           |                           |
| <b>Expenditures</b>                          | <u>\$1,420,394</u>               | <u>\$684,475</u>          | <u>(\$340,613)</u>        |
| <b>Other Financing Sources (Uses)</b>        |                                  |                           |                           |
| Transfer from Other Funds                    | \$40,000                         | --                        | --                        |
| Transfer to Other Funds                      | (1,065,140)                      | (\$170,498)               | --                        |
| Reimbursement of Insurance Claims            | 5,117                            | 8,876                     | \$5,719                   |
| Sale of Fixed Assets                         | 16,290                           | 38,901                    | --                        |
| Proceeds from SBITA                          | 49,472                           | --                        | --                        |
| Proceeds from Sale of Capital Assets         | --                               | --                        | 12,421                    |
| Operating Transfers Out                      | --                               | --                        | (170,000)                 |
| <b>Total Other Financing Sources (Uses)</b>  | <u>(\$954,261)</u>               | <u>(\$122,721)</u>        | <u>(\$151,860)</u>        |
| <b>Net Change in Fund Balances</b>           | \$466,133                        | \$561,754                 | (\$492,473)               |
| <b>Fund Balance - Beginning</b>              | <u>\$3,502,127</u>               | <u>\$3,968,260</u>        | <u>\$4,530,014</u>        |
| <b>Adjustments</b>                           | --                               | --                        | \$349,693                 |
| <b>Fund Balance - Beginning, as Restated</b> | --                               | --                        | \$4,879,707               |
| <b>Fund Balance - Ending</b>                 | <u><u>\$3,968,260</u></u>        | <u><u>\$4,530,014</u></u> | <u><u>\$4,387,234</u></u> |

Source: Audited Financial Statements

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## **APPENDIX D**

### **AUDITED FINANCIAL STATEMENTS**

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

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## Independent Auditors' Report

Management and the Board of Education  
Croswell-Lexington Community Schools  
Croswell, 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 Croswell-Lexington Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Croswell-Lexington Community Schools' 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 Croswell-Lexington Community Schools, 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 Croswell-Lexington Community Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Adoption of New Accounting Standard

As discussed in Note 13 to the financial statements, during the year ended June 30, 2025, Croswell-Lexington Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

#### Prior Period Adjustment

We draw attention to Note 13 to the financial statements, which describes the restatement of the financial statements for the year ended June 30, 2025, to correct a material misstatement in the accrual of Unfunded Actuarial Accrued Liability (UAAL) and Michigan Education Special Services Association (MESSA). Our opinion is not modified with respect to this matter.

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### Responsibilities of Management for the Financial Statements

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

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

### 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 Croswell-Lexington Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Croswell-Lexington Community Schools' ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB

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

#### Other Supplementary Information

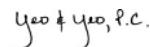
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Croswell-Lexington Community Schools's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional 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, other than the prior year information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other than the prior year information, 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.

#### Prior Year Supplementary Information

Other auditors have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Croswell-Lexington Community Schools' basic financial statements as of and for the year ended June 30, 2024, which are not presented with the accompanying basic financial statements. In their report dated October 30, 2024, the other auditors expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Croswell-Lexington Community Schools' basic financial statements as a whole. The 2024 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 2024 basic financial statements, except for the restatement more fully described in Note 13. The other auditors reported on the 2024 financial statements before the restatement. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In the opinion of the other auditors, the 2024 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived except for the restatement described in Note 13. As part of our audit of the June 30, 2025 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2024 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 29, 2025 on our consideration of Croswell-Lexington Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Croswell-Lexington Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Croswell-Lexington Community Schools' internal control over financial reporting and compliance.

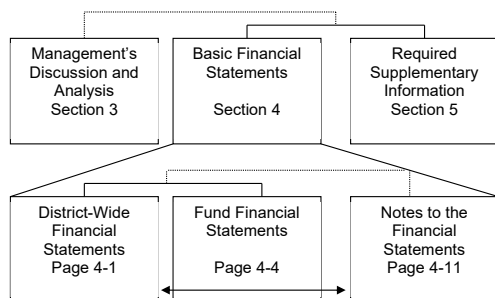
  
Saginaw, Michigan  
October 29, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Croswell-Lexington Community Schools Management's Discussion and Analysis June 30, 2025

This report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 issued in June of 2000. The overall organization of this report is shown in Figure A-1.

**Figure A-1**  
**Croswell-Lexington Community Schools**  
**Organization of Annual Financial Report**



#### District – Wide Financial Statements

The district-wide statements provide a perspective of the School District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two district-wide statements: The Statement of Net Position and the Statement of Activities.

The Statement of Net Position (page 4 - 1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4 - 3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various school district services.

When analyzed together, the two statements help the reader determine whether the School District is financially stronger or weaker as a result of the year's activities.

#### Fund Financial Statements

The fund financial statements focus on individual parts of the school district, reporting the School District's operation 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 *Public School Accounting Manual*. In the State of Michigan, the School District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Croswell-Lexington Community Schools include Debt Service funds, Special Revenue funds for food service and student and school activities, and Capital Project funds.

**Croswell-Lexington Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**Financial Analysis of the School District as a Whole**

**Summary of Net Position**

|                                       | 2025              | 2024              |
|---------------------------------------|-------------------|-------------------|
| <b>Assets</b>                         |                   |                   |
| Current assets                        | \$ 19,277,310     | \$ 16,109,529     |
| Capital assets                        | 42,727,061        | 40,172,193        |
| Less accumulated depreciation         | (19,485,676)      | (18,284,065)      |
| Total assets                          | 42,518,695        | 37,997,657        |
| <b>Deferred outflows of resources</b> | <b>7,914,719</b>  | <b>11,559,332</b> |
| <b>Liabilities</b>                    |                   |                   |
| Current liabilities                   | 3,160,400         | 3,578,924         |
| Long-term liabilities                 | 34,230,884        | 43,316,485        |
| Total liabilities                     | 37,391,284        | 46,895,409        |
| <b>Deferred inflows of resources</b>  | <b>14,393,093</b> | <b>11,001,297</b> |
| <b>Net Position</b>                   |                   |                   |
| Net investment in capital assets      | 14,128,600        | 11,532,670        |
| Restricted                            | 9,492,885         | 5,226,083         |
| Unrestricted (deficit)                | (24,972,448)      | (25,098,470)      |
| Total net position                    | \$ (1,350,963)    | \$ (8,339,717)    |

The *Summary of Net Position* and the *Statement of Net Position from Operating Results* on the next page show the changes in the School District's net position.

Unrestricted net position is similar but not identical to fund balance. A reconciliation of the difference between an increased net position and a decrease in fund balance is on page 4 - 6. Other assets are restricted for debt service, food service and capital project operations. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4 - 9.

The net position for the School District increased by \$7,154,119 during the 2024-2025 year. The *Statement of Net Position from Operating Results* (below) shows the details of this change.

**Statement of Net Position from Operating Results**

|                                    | 2025                | 2024                |
|------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                    |                     |                     |
| Program revenue                    |                     |                     |
| Charges for services               | \$ 90,810           | \$ 115,850          |
| Operating grants and contributions | 8,759,994           | 9,900,230           |
| Capital grants and contributions   | 484,572             | 132,439             |
| General revenue                    |                     |                     |
| Property taxes                     | 7,056,735           | 6,592,452           |
| State foundation allowance         | 12,518,402          | 13,232,952          |
| Other                              | 927,355             | 1,030,418           |
| <b>Total revenues</b>              | <b>29,837,868</b>   | <b>31,004,341</b>   |
| <b>Expenses</b>                    |                     |                     |
| Instruction                        | 12,326,921          | 13,522,304          |
| Support services                   | 6,844,779           | 8,129,294           |
| Food service                       | 1,336,385           | 1,775,809           |
| Community services                 | 40,299              | 102,572             |
| Student/school activities          | 316,298             | 378,765             |
| Other transactions                 | 1,819,067           | 1,744,051           |
| <b>Total expenses</b>              | <b>22,683,749</b>   | <b>25,652,795</b>   |
| <b>Change in net position</b>      | <b>\$ 7,154,119</b> | <b>\$ 5,351,546</b> |

**The School District's Funds**

As the School District completed this year, the governmental funds reported a combined fund balance of \$12,029,270 which is a decrease of \$362,575 from last year. The primary reasons for the decrease are:

- In the General Fund, our principal operating fund, the fund balance decreased by \$492,473. Scheduled curriculum

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**Croswell-Lexington Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2025**

replacement and transfers for debt repayment seaside accounted for most of the losses in the current year.

- In the Non-Bond Capital Improvements Fund, the fund balance decreased by \$443,910 as a result of planned capital expenditures for the playground replacement.
- In the Combined Debt Service Fund, the fund balance increased by \$555,035.
- In the Food Service Fund, the fund balance increased by \$91,878 primarily due to the implementation of a successful summer meal program.
- In the Student and School Activities Fund, the fund balance decreased by \$8,867 which is the change of fundraising net of annual expenses across the District.
- In the Capital Projects Sinking Fund, the fund balance decreased by \$64,238 as a result of a timing difference between planned expenditures for the track improvements and boiler replacements in relation to the property tax levy revenue.

Approximately 66% of the School District's revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 90 percent of the current year's fall count and 10 percent of the prior year's winter count.
3. The amount raised by the School District's non-homestead property tax levy.

**Per Student Foundation Allowance**

Annually, the State of Michigan establishes the per student foundation allowance. The Croswell-Lexington Community Schools' foundation allowance was \$9,608 per student.

**Student Enrollment**

The School District's blended student enrollment for 2024-2025 was 1,710 students. This is a decrease of 58 students from the previous year. The following summarizes blended student enrollment in the past years:

**Enrollment History**

| School Year | Student FTE | FTE Change from Prior Year |
|-------------|-------------|----------------------------|
| 2024/25     | 1,710       | (58)                       |
| 2023/24     | 1,768       | (92)                       |
| 2022/23     | 1,860       | (78)                       |
| 2021/22     | 1,938       | (89)                       |
| 2020/21     | 2,027       | (29)                       |
| 2019/20     | 2,056       | (79)                       |

Preliminary student enrollment projections for 2025-2026 indicate that enrollments will decline approximately 30 students from 2024-2025.

**Property Taxes Levied for General Operations**

The School District levied 18.0000 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value.

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**Croswell-Lexington Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2025**

The following summarizes the current year local tax revenues as a percent of all general fund revenues for the past five years:

**Local Property Tax History**

| School Year | Local Property Tax Revenue | % of General Fund Revenue |
|-------------|----------------------------|---------------------------|
| 2024/25     | \$ 4,742,489               | 15.9%                     |
| 2023/24     | 4,444,321                  | 14.8%                     |
| 2022/23     | 4,147,282                  | 13.4%                     |
| 2021/22     | 3,949,428                  | 14.1%                     |
| 2020/21     | 3,868,465                  | 14.8%                     |

Local revenues in the table include the receipt of delinquent taxes from prior years.

**Capital Assets**

At June 30, 2025, the School District had \$42,727,061 invested in capital assets including land, buildings, furniture, and equipment. The increase in capital assets is in part due to building improvements, new buses and furniture and equipment.

|                               | 2025              | 2024              |
|-------------------------------|-------------------|-------------------|
| Land                          | \$ 1,145,786      | \$ 1,145,786      |
| Buildings and improvements    | 33,232,751        | 32,067,242        |
| Buses and other vehicles      | 1,961,164         | 1,817,587         |
| Furniture and equipment       | 6,038,296         | 5,141,578         |
| Construction in progress      | 349,064           | -                 |
| Subtotal                      | 42,727,061        | 40,172,193        |
| Less accumulated depreciation | (19,485,676)      | (18,284,065)      |
|                               | <u>23,241,385</u> | <u>21,888,128</u> |

**Long-Term Debt**

The long-term debt obligations for the School District decreased from 2023-24 to 2024-25 due to making payments on existing debt. Over the 2024-2025 fiscal year, the long-term debt obligations decreased by \$1,226,298 as follows:

|                               | Restated Beginning Balance | Additions        | Reductions          | Ending Balance      |
|-------------------------------|----------------------------|------------------|---------------------|---------------------|
| Bonds and notes payable       |                            |                  |                     |                     |
| General obligation bonds      | \$ 9,765,000               | \$ -             | \$ 1,140,000        | \$ 8,625,000        |
| Premium on bonds              | 622,147                    | -                | 137,664             | 484,483             |
| Discount on bonds             | (17,451)                   | -                | (6,491)             | (10,960)            |
| Total bonds and notes payable | <u>\$ 10,369,696</u>       | <u>\$ -</u>      | <u>\$ 1,271,173</u> | <u>\$ 9,098,523</u> |
| Other liabilities             |                            |                  |                     |                     |
| Subscriptions                 | \$ 33,451                  | \$ -             | \$ 16,113           | \$ 17,338           |
| Compensated absences          | 724,551                    | 60,988           | -                   | 785,539             |
| Total other liabilities       | <u>\$ 758,002</u>          | <u>\$ 60,988</u> | <u>\$ 16,113</u>    | <u>\$ 802,877</u>   |

**Original versus Revised Budget**

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2024-2025 was approved on June 24, 2024 and June 23, 2025.

**General Fund Revenues**

|                                |                     |
|--------------------------------|---------------------|
| Total revenues revised budget  | \$ 24,497,967       |
| Total revenues original budget | <u>25,293,089</u>   |
|                                | <u>\$ (795,122)</u> |

The School District's actual general fund revenues were more than the revised budget by \$169,066 a variance of 0.7%. The majority of the fluctuation is the result of the Universal Services Administrative Company (USAC) funding that required an accounting adjustment to gross up proceeds and associated costs to match value of services

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**Croswell-Lexington Community Schools**  
**Management's Discussion and Analysis**  
**June 30, 2025**

received. The accounting adjustment for the USAC funding is also the primary reason why expenses in the following section are overbudgeted by 0.6%.

**General Fund Expenditures**

|                                    |                     |
|------------------------------------|---------------------|
| Total expenditures revised budget  | \$ 25,154,819       |
| Total expenditures original budget | <u>25,551,926</u>   |
|                                    | <u>\$ (397,107)</u> |

The School District's actual general fund expenditures were more than the revised budget by \$4,687, a variance of 0.0%.

**Economic Factors and Next Year's Budget and Rates**

Since most of the School District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in late September, State law requires the School District to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Similar reductions remain a possibility for 2025/26 if state revenues fall short of the projections on which the State Aid Act was based.

**Requests for Information**

This financial report is designed to give our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to the Business Office, Croswell-Lexington Community Schools, 5407 E. Peck Road, Croswell, Michigan 48422.

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## BASIC FINANCIAL STATEMENTS

### Croswell-Lexington Community Schools Statement of Net Position June 30, 2025

|                                                       | Governmental<br>Activities |
|-------------------------------------------------------|----------------------------|
| <b>Assets</b>                                         |                            |
| Cash and cash equivalents                             | \$ 11,211,049              |
| Due from other governmental units                     | 3,796,660                  |
| Inventory                                             | 8,079                      |
| Prepaid items                                         | 100,900                    |
| Capital assets not being depreciated                  | 1,494,850                  |
| Capital assets - net of accumulated depreciation      | 21,746,535                 |
| Net OPEB asset                                        | <u>4,160,622</u>           |
| Total assets                                          | <u>42,518,695</u>          |
| <b>Deferred Outflows of Resources</b>                 |                            |
| Deferred amount on debt refunding                     | 33,687                     |
| Deferred amount relating to the net pension liability | 6,810,902                  |
| Deferred amount relating to the net OPEB asset        | <u>1,070,130</u>           |
| Total deferred outflows of resources                  | <u>7,914,719</u>           |
| <b>Liabilities</b>                                    |                            |
| Accounts payable                                      | 288,601                    |
| Due to other governmental units                       | 233,419                    |
| Payroll deductions and withholdings                   | 96,152                     |
| Accrued expenditures                                  | 517,531                    |
| Accrued salaries payable                              | 1,544,711                  |
| Unearned revenue                                      | 479,986                    |
| Long-term liabilities                                 |                            |
| Net pension liability                                 | 24,329,484                 |
| Due within one year                                   | 2,330,887                  |
| Due in more than one year                             | <u>7,570,513</u>           |
| Total liabilities                                     | <u>37,391,284</u>          |

See Accompanying Notes to the Financial Statements

**Croswell-Lexington Community Schools**  
**Statement of Net Position**  
**June 30, 2025**

|                                                       | <u>Governmental<br/>Activities</u> |
|-------------------------------------------------------|------------------------------------|
| <b>Deferred Inflows of Resources</b>                  |                                    |
| Deferred amount relating to the net pension liability | \$ 8,824,285                       |
| Deferred amount relating to the net OPEB asset        | <u>5,568,808</u>                   |
| Total deferred inflows of resources                   | <u>14,393,093</u>                  |
| <b>Net Position</b>                                   |                                    |
| Net investment in capital assets                      | 14,128,600                         |
| Restricted for:                                       |                                    |
| Food service                                          | 176,818                            |
| Debt service                                          | 4,417,990                          |
| Capital projects                                      | 737,455                            |
| Net OPEB asset                                        | 4,160,622                          |
| Unrestricted                                          | <u>(24,972,448)</u>                |
| Total net position                                    | <u>\$ (1,350,963)</u>              |

See Accompanying Notes to the Financial Statements  
4 - 2

**Croswell-Lexington Community Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

|                                                 | <u>Program Revenues</u> |                                 |                                                   |                                                 |                                                                      |
|-------------------------------------------------|-------------------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
|                                                 | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</u> |
| <b>Functions/Programs</b>                       |                         |                                 |                                                   |                                                 |                                                                      |
| Governmental activities                         |                         |                                 |                                                   |                                                 |                                                                      |
| Instruction                                     | \$ 12,295,202           | \$ -                            | \$ 4,290,181                                      | \$ -                                            | \$ (8,005,021)                                                       |
| Supporting services                             | 6,880,799               | -                               | 2,252,704                                         | 484,572                                         | (4,143,523)                                                          |
| Food services                                   | 1,332,622               | 90,810                          | 1,670,811                                         | -                                               | 428,999                                                              |
| Community services                              | 40,299                  | -                               | -                                                 | -                                               | (40,299)                                                             |
| Student/school activities                       | 315,760                 | -                               | 360,887                                           | -                                               | 45,127                                                               |
| Unallocated depreciation and amortization       | 1,440,223               | -                               | -                                                 | -                                               | (1,440,223)                                                          |
| Interest and fiscal charges on long-term debt   | <u>378,844</u>          | <u>-</u>                        | <u>185,411</u>                                    | <u>-</u>                                        | <u>(193,433)</u>                                                     |
| Total governmental activities                   | <u>\$ 22,683,749</u>    | <u>\$ 90,810</u>                | <u>\$ 8,759,994</u>                               | <u>\$ 484,572</u>                               | <u>(13,348,373)</u>                                                  |
| General revenues                                |                         |                                 |                                                   |                                                 |                                                                      |
| Property taxes, levied for general purposes     |                         |                                 |                                                   |                                                 | 4,742,489                                                            |
| Property taxes, levied for debt service         |                         |                                 |                                                   |                                                 | 1,691,863                                                            |
| Property taxes, levied for sinking fund         |                         |                                 |                                                   |                                                 | 622,383                                                              |
| State aid - unrestricted                        |                         |                                 |                                                   |                                                 | 12,518,402                                                           |
| Interest and investment earnings                |                         |                                 |                                                   |                                                 | 364,890                                                              |
| Gain on sale of capital assets                  |                         |                                 |                                                   |                                                 | 12,421                                                               |
| Other                                           |                         |                                 |                                                   |                                                 | <u>550,044</u>                                                       |
| Total general revenues                          |                         |                                 |                                                   |                                                 | <u>20,502,492</u>                                                    |
| Change in net position                          |                         |                                 |                                                   |                                                 | <u>7,154,119</u>                                                     |
| Net position - beginning (deficit)              |                         |                                 |                                                   |                                                 | (8,339,717)                                                          |
| Adjustments                                     |                         |                                 |                                                   |                                                 | <u>(165,365)</u>                                                     |
| Net position - beginning, as restated (deficit) |                         |                                 |                                                   |                                                 | <u>(8,505,082)</u>                                                   |
| Net position - ending (deficit)                 |                         |                                 |                                                   |                                                 | <u>\$ (1,350,963)</u>                                                |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2025**

|                                     | General<br>Fund     | Non-Bond<br>Capital<br>Improvements | Combined<br>Debt Service<br>Funds | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------|---------------------|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                       |                     |                                     |                                   |                                   |                                |
| Cash and cash equivalents           | \$ 3,994,551        | \$ 1,890,143                        | \$ 4,150,474                      | \$ 1,175,881                      | \$ 11,211,049                  |
| Due from other funds                | 29,527              | -                                   | 340,498                           | -                                 | 370,025                        |
| Due from other governmental units   | 3,637,822           | -                                   | -                                 | 158,838                           | 3,796,660                      |
| Inventory                           | -                   | -                                   | -                                 | 8,079                             | 8,079                          |
| Prepaid items                       | 20,900              | -                                   | -                                 | 80,000                            | 100,900                        |
| <b>Total assets</b>                 | <b>\$ 7,682,800</b> | <b>\$ 1,890,143</b>                 | <b>\$ 4,490,972</b>               | <b>\$ 1,422,798</b>               | <b>\$ 15,486,713</b>           |
| <b>Liabilities</b>                  |                     |                                     |                                   |                                   |                                |
| Accounts payable                    | \$ 171,597          | \$ -                                | \$ -                              | \$ 117,004                        | \$ 288,601                     |
| Due to other funds                  | 340,498             | -                                   | -                                 | 29,527                            | 370,025                        |
| Due to other governmental units     | 233,419             | -                                   | -                                 | -                                 | 233,419                        |
| Payroll deductions and withholdings | 96,099              | -                                   | -                                 | 53                                | 96,152                         |
| Accrued expenditures                | 444,549             | -                                   | -                                 | -                                 | 444,549                        |
| Accrued salaries payable            | 1,544,014           | -                                   | -                                 | 697                               | 1,544,711                      |
| Unearned revenue                    | 465,390             | -                                   | -                                 | 14,596                            | 479,986                        |
| <b>Total liabilities</b>            | <b>3,295,566</b>    | <b>-</b>                            | <b>-</b>                          | <b>161,877</b>                    | <b>3,457,443</b>               |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2025**

|                                            | General<br>Fund     | Non-Bond<br>Capital<br>Improvements | Combined<br>Debt Service<br>Funds | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------|---------------------|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| <b>Fund Balances</b>                       |                     |                                     |                                   |                                   |                                |
| Non-spendable                              |                     |                                     |                                   |                                   |                                |
| Inventory                                  | \$ -                | \$ -                                | \$ -                              | \$ 8,079                          | \$ 8,079                       |
| Prepaid items                              | 20,900              | -                                   | -                                 | 80,000                            | 100,900                        |
| Restricted for                             |                     |                                     |                                   |                                   |                                |
| Food service                               | -                   | -                                   | -                                 | 88,739                            | 88,739                         |
| Debt service                               | -                   | -                                   | 4,490,972                         | -                                 | 4,490,972                      |
| Capital projects                           | -                   | -                                   | -                                 | 737,455                           | 737,455                        |
| Committed                                  |                     |                                     |                                   |                                   |                                |
| Capital improvements                       | -                   | 1,890,143                           | -                                 | -                                 | 1,890,143                      |
| Student/School activities                  | -                   | -                                   | -                                 | 346,648                           | 346,648                        |
| Assigned                                   |                     |                                     |                                   |                                   |                                |
| Subsequent year expenditures               | 843,173             | -                                   | -                                 | -                                 | 843,173                        |
| Unassigned                                 | 3,523,161           | -                                   | -                                 | -                                 | 3,523,161                      |
| <b>Total fund balances</b>                 | <b>4,387,234</b>    | <b>1,890,143</b>                    | <b>4,490,972</b>                  | <b>1,260,921</b>                  | <b>12,029,270</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ 7,682,800</b> | <b>\$ 1,890,143</b>                 | <b>\$ 4,490,972</b>               | <b>\$ 1,422,798</b>               | <b>\$ 15,486,713</b>           |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2025**

|                                                                                                                                                                   |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>Total fund balances for governmental funds</b>                                                                                                                 | <b>\$ 12,029,270</b>  |
| 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                                                                                                                              | 1,494,850             |
| Capital assets - net of accumulated depreciation                                                                                                                  | 21,746,535            |
| Net OPEB asset is not recorded as an asset in the governmental funds                                                                                              | 4,160,622             |
| Deferred outflows (inflows) of resources                                                                                                                          |                       |
| Deferred outflows of resources resulting from debt refunding                                                                                                      | 33,687                |
| Deferred outflows of resources resulting from the net pension liability                                                                                           | 6,810,902             |
| Deferred outflows of resources resulting from the net OPEB liability (asset)                                                                                      | 1,070,130             |
| Deferred inflows of resources resulting from the net pension liability                                                                                            | (8,824,285)           |
| Deferred inflows of resources resulting from the net OPEB liability (asset)                                                                                       | (5,568,808)           |
| Certain liabilities are not due and payable in the current period and are not reported in the funds.                                                              |                       |
| Accrued interest                                                                                                                                                  | (72,982)              |
| 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                                                                                                                                             | (24,329,484)          |
| Compensated absences                                                                                                                                              | (785,539)             |
| Bonds payable                                                                                                                                                     | (9,098,523)           |
| SBITA payable                                                                                                                                                     | (17,338)              |
| <b>Net position of governmental activities</b>                                                                                                                    | <b>\$ (1,350,963)</b> |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

|                                                   | General Fund | Non-Bond Capital Improvements | Combined Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------------------|--------------|-------------------------------|----------------------------|-----------------------------|--------------------------|
| <b>Revenues</b>                                   |              |                               |                            |                             |                          |
| Local sources                                     | \$ 5,176,951 | \$ -                          | \$ 1,844,739               | \$ 1,126,874                | \$ 8,148,564             |
| State sources                                     | 18,371,903   | -                             | -                          | 666,387                     | 19,038,290               |
| Federal sources                                   | 830,956      | -                             | 185,411                    | 1,347,424                   | 2,363,791                |
| Interdistrict sources                             | 269,083      | -                             | -                          | -                           | 269,083                  |
| Total revenues                                    | 24,648,893   | -                             | 2,030,150                  | 3,140,685                   | 29,819,728               |
| <b>Expenditures</b>                               |              |                               |                            |                             |                          |
| Current                                           |              |                               |                            |                             |                          |
| Education                                         |              |                               |                            |                             |                          |
| Instruction                                       | 15,480,857   | -                             | -                          | -                           | 15,480,857               |
| Supporting services                               | 8,662,606    | -                             | -                          | -                           | 8,662,606                |
| Food services                                     | -            | -                             | -                          | 1,710,581                   | 1,710,581                |
| Community services                                | 40,299       | -                             | -                          | -                           | 40,299                   |
| Intergovernmental payments                        | -            | -                             | -                          | -                           | -                        |
| Student/school activities                         | -            | -                             | -                          | 369,754                     | 369,754                  |
| Capital outlay                                    | 788,713      | 443,910                       | -                          | 1,041,577                   | 2,274,200                |
| Debt service                                      |              |                               |                            |                             |                          |
| Principal                                         | 16,113       | -                             | 1,140,000                  | -                           | 1,156,113                |
| Interest and other expenditures                   | 918          | -                             | 505,115                    | -                           | 506,033                  |
| Total expenditures                                | 24,989,506   | 443,910                       | 1,645,115                  | 3,121,912                   | 30,200,443               |
| Excess (deficiency) of revenues over expenditures | (340,613)    | (443,910)                     | 385,035                    | 18,773                      | (380,715)                |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

|                                        | General<br>Fund | Non-Bond<br>Capital<br>Improvements | Combined<br>Debt Service<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------|-----------------|-------------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>Other Financing Sources (Uses)</b>  |                 |                                     |                                  |                                   |                                |
| Insurance recoveries                   | \$ 5,719        | \$ -                                | \$ -                             | \$ -                              | \$ 5,719                       |
| Proceeds from sale of capital assets   | 12,421          | -                                   | -                                | -                                 | 12,421                         |
| Transfers in                           | -               | -                                   | 170,000                          | -                                 | 170,000                        |
| Transfers out                          | (170,000)       | -                                   | -                                | -                                 | (170,000)                      |
| Total other financing sources (uses)   | (151,860)       | -                                   | 170,000                          | -                                 | 18,140                         |
| Net change in fund balances            | (492,473)       | (443,910)                           | 555,035                          | 18,773                            | (362,575)                      |
| Fund balances - beginning              | 4,530,014       | 2,334,053                           | 3,935,937                        | 1,242,148                         | 12,042,152                     |
| Adjustments                            | 349,693         | -                                   | -                                | -                                 | 349,693                        |
| Fund balances - beginning, as restated | 4,879,707       | 2,334,053                           | 3,935,937                        | 1,242,148                         | 12,391,845                     |
| Fund balances - ending                 | \$ 4,387,234    | \$ 1,890,143                        | \$ 4,490,972                     | \$ 1,260,921                      | \$ 12,029,270                  |

See Accompanying Notes to the Financial Statements  
4 - 8

**Croswell-Lexington Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

**Net change in fund balances - Total governmental funds** **\$ (362,575)**

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 and amortization expense | (1,440,223) |
| Capital outlay                        | 2,793,480   |

Expenses are recorded when incurred in the statement of activities.

|                      |          |
|----------------------|----------|
| Interest             | 10,018   |
| Compensated absences | (60,988) |

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 | 3,238,435 |
|-------------------------------------|-----------|

The statement of net position reports the net OPEB liability (asset) and deferred outflows of resources and deferred inflows related to the net OPEB liability (asset) and OPEB expense changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

|                                          |           |
|------------------------------------------|-----------|
| Net change in net OPEB liability (asset) | 1,702,688 |
|------------------------------------------|-----------|

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

|                                                          |                            |
|----------------------------------------------------------|----------------------------|
| Repayments of long-term debt                             | 1,156,113                  |
| Amortization of premiums                                 | 137,664                    |
| Amortization of deferred amount on debt refunding        | (14,002)                   |
| Amortization of bond discount                            | <u>(6,491)</u>             |
| <b>Change in net position of governmental activities</b> | <b>\$ <u>7,154,119</u></b> |

See Accompanying Notes to the Financial Statements  
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**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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

**Reporting Entity**

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

**District-wide Financial Statements**

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

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

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

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

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

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

**Fund Financial Statements**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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.

**Non-Bond Capital Improvements Fund** - The Non-Bond Capital Improvements Fund is used to record financial resources that are committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Combined Debt Service Funds** - The Combined Debt Service Funds are used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental 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 expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student/School Activity Fund.

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

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

**Cash** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

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

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

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

|                                   |          |
|-----------------------------------|----------|
| General Fund                      |          |
| Non-principal residence exemption | 18.00000 |
| Commercial personal property      | 6.00000  |
| Debt Service Funds                |          |
|                                   | 2.40000  |
| Sinking Fund                      |          |
|                                   | 0.88950  |

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 87% of the School District's tax roll lies within the County of Sanilac.

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 Sanilac and St. Clair 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.

**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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

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

|                                                 |               |
|-------------------------------------------------|---------------|
| Land improvements                               | 15 - 20 years |
| Building and improvements                       | 20 - 50 years |
| Technology and computers                        | 5 - 20 years  |
| Right to use - leased equipment                 | 3 years       |
| Machinery and equipment                         | 5 - 20 years  |
| Transportation Equipment                        | 5 - 10 years  |
| Right to use - subscription-based IT agreements | 2 - 3 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 School District permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for these amounts is reported in governmental funds when the associated time off has been earned. The liability has been calculated using historical averages of time that is more likely to be used or paid out in accordance with the School District's time off policies and bargaining unit agreements.

**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



**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

accordance with the benefit terms. Investments are reported at fair value.

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

**Deferred Inflows of Resources** - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. 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 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.

**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

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**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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 concentration 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 ended 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 No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-of-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 assets note disclosure. 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 for capital assets held for sale. This statement is effective for the year ended June 30, 2026.

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

**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 cancelling 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.

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

**Excess of Expenditures over Appropriations**

The School District incurred expenditures in certain budgetary funds which were in excess of the amounts reported as follows:

| Function            | Final Budget | Amount of Expenditures | Budget Variances |
|---------------------|--------------|------------------------|------------------|
| General Fund        |              |                        |                  |
| Added needs         | \$ 3,038,500 | \$ 3,160,972           | \$ 122,472       |
| Instructional staff | 495,917      | 588,809                | 92,892           |
| Community services  | 32,472       | 40,299                 | 7,827            |
| Capital outlay      | 635,051      | 788,713                | 153,662          |
| Food Service Fund   | 1,695,509    | 1,710,581              | 15,072           |

**Compliance - Sinking Funds**

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

**Note 3 - Deposits and Investments**

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

|                                                                               |                      |
|-------------------------------------------------------------------------------|----------------------|
| Deposits (checking, savings accounts, money markets, certificates of deposit) | \$ 6,903,277         |
| Investments in securities, mutual funds, and similar vehicles                 | 4,306,557            |
| Petty cash and cash on hand                                                   | 1,215                |
| <b>Total</b>                                                                  | <b>\$ 11,211,049</b> |

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

| Investment                          | Carrying Value     | Maturities | Rating | Rating Organization |
|-------------------------------------|--------------------|------------|--------|---------------------|
| External investment pools:          |                    |            |        |                     |
| Michigan Liquid Asset Fund (MILAF): |                    |            |        |                     |
| MILAF + Portfolio                   |                    |            |        |                     |
| Cash Management Class               | \$ 3,190           | N/A        | AAAm   | Standard & Poor's   |
| MAX Class                           | 4,303,367          | N/A        | AAAm   | Standard & Poor's   |
|                                     | <u>\$4,306,557</u> |            |        |                     |

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$4,306,557. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

**Interest rate risk** - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby

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avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**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 investment policy that would limit the amount that may be invested with any one issuer. The District has 100% of investments in the Michigan Liquid Asset Fund (MILAF+) and any of its affiliated programs.

**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, \$7,404,207 of the School District's bank balance of \$7,904,207 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 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.

**Note 4 - Capital Assets**

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

|                                                | Beginning Balance | Increases   | Decreases | Ending Balance |
|------------------------------------------------|-------------------|-------------|-----------|----------------|
| <b>Governmental activities</b>                 |                   |             |           |                |
| Capital assets not being depreciated           |                   |             |           |                |
| Land                                           | \$ 1,145,786      | \$ -        | \$ -      | \$ 1,145,786   |
| Construction-in-progress                       | -                 | 349,064     | -         | 349,064        |
| Total capital assets not being depreciated     | 1,145,786         | 349,064     | -         | 1,494,850      |
| Capital assets being depreciated               |                   |             |           |                |
| Land improvements                              | 2,530,933         | -           | -         | 2,530,933      |
| Building and improvements                      | 29,536,309        | 1,165,509   | -         | 30,701,818     |
| Technology and computers                       | 1,575,739         | 348,286     | 40,408    | 1,883,617      |
| Machinery and equipment                        | 3,188,947         | 28,489      | 71,696    | 3,145,740      |
| Transportation equipment                       | 1,817,587         | 270,085     | 126,508   | 1,961,164      |
| Right to use asset - leased equipment          | 34,382            | -           | -         | 34,382         |
| Right to use asset - subscription arrangements | 342,510           | 632,047     | -         | 974,557        |
| Total capital assets being depreciated         | 39,026,407        | 2,444,416   | 238,612   | 41,232,211     |
| Less accumulated depreciation for              |                   |             |           |                |
| Land improvements                              | 1,681,668         | 109,457     | -         | 1,791,125      |
| Building and improvements                      | 12,760,338        | 655,063     | -         | 13,415,401     |
| Technology and computers                       | 1,154,729         | 155,088     | 40,408    | 1,269,409      |
| Machinery and equipment                        | 1,137,694         | 185,949     | 71,696    | 1,251,947      |
| Transportation equipment                       | 1,360,840         | 155,388     | 126,508   | 1,389,720      |
| Right to use asset - leased equipment          | 34,382            | -           | -         | 34,382         |
| Right to use asset - subscription arrangements | 154,414           | 179,278     | -         | 333,692        |
| Total accumulated depreciation                 | 18,284,065        | 1,440,223   | 238,612   | 19,485,676     |
| Net capital assets being depreciated           | 20,742,342        | 1,004,193   | -         | 21,746,535     |
| Net capital assets                             | \$21,888,128      | \$1,353,257 | \$ -      | \$23,241,385   |

Depreciation expense of capital assets and amortization expense of right to use assets amount to \$1,440,223. The School District determined that it was impractical to allocate depreciation and amortization to the various governmental activities as the assets serve multiple functions.

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**Note 5 - Interfund Receivables, Payables, and Transfers**

Individual interfund receivable and payable balances at year end were:

| Payable Fund                | Receivable Fund             | Amount            |
|-----------------------------|-----------------------------|-------------------|
| General Fund                | Combined Debt Service Funds | \$ 340,498        |
| Nonmajor Governmental Funds | General Fund                | <u>29,527</u>     |
|                             |                             | <u>\$ 370,025</u> |

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

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

Interfund transfers were made during the year, between the General Fund and the Combined Debt Funds totaling \$170,000. These transfers were made to cover current year debt payments.

**Note 6 - 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 | \$ 465,390        |
| Student meals                                                                             | <u>14,596</u>     |
| Total                                                                                     | <u>\$ 479,986</u> |

**Note 7 - Subscription Based Information Technology**

**Subscription Arrangements**

The School District has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Electronic workflows software
- Information technology security software
- Cloud backup services software

The total costs of the School District's subscription assets are recorded as \$974,557, and accumulated amortization of \$333,692.

During the year, the School District paid an annual payment of \$16,220 for the K-12 learning management software subscription liability.

The future subscription payments under SBITA agreements are as follows:

| Year ending June 30, | Principal        | Interest      |
|----------------------|------------------|---------------|
| 2026                 | <u>\$ 17,338</u> | <u>\$ 544</u> |

**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 obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

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Long-term obligation activity is summarized as follows:

|                                | Restated<br>Beginning<br>Balance | Additions        | Reductions          | Ending<br>Balance   | Amount Due<br>Within One<br>Year |
|--------------------------------|----------------------------------|------------------|---------------------|---------------------|----------------------------------|
| <b>Bonds and notes payable</b> |                                  |                  |                     |                     |                                  |
| General obligation bonds       | \$ 9,765,000                     | \$ -             | \$ 1,140,000        | \$ 8,625,000        | \$ 1,695,000                     |
| Premium on bonds               | 622,147                          | -                | 137,664             | 484,483             | -                                |
| Discount on bonds              | (17,451)                         | -                | (6,491)             | (10,960)            | -                                |
| Total bonds payable            | <u>10,369,696</u>                | <u>-</u>         | <u>1,271,173</u>    | <u>9,098,523</u>    | <u>1,695,000</u>                 |
| <b>Other liabilities</b>       |                                  |                  |                     |                     |                                  |
| Subscriptions                  | 33,451                           | -                | 16,113              | 17,338              | 17,338                           |
| Compensated absences           | 724,551                          | 60,988           | -                   | 785,539             | 618,549                          |
| Total other liabilities        | <u>758,002</u>                   | <u>60,988</u>    | <u>16,113</u>       | <u>802,877</u>      | <u>635,887</u>                   |
| Total                          | <u>\$ 11,127,698</u>             | <u>\$ 60,988</u> | <u>\$ 1,287,286</u> | <u>\$ 9,901,400</u> | <u>\$ 2,330,887</u>              |

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

|                                                                                                                                |                     |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------|
| \$4,570,000 serial bond due in annual installments of \$110,000 through May 1, 2026, interest at 4.20%                         | \$ 110,000          |
| \$9,850,000 serial bond due in annual installments of \$1,085,000 to \$1,145,000 through May 1, 2029, interest at 5.00%        | 4,515,000           |
| \$4,000,000 serial bond due in annual installments of \$500,000 to \$3,500,000 through May 1, 2027, interest at 5.30% to 5.45% | <u>4,000,000</u>    |
| Total general obligation bonded debt                                                                                           | <u>\$ 8,625,000</u> |

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

|                      | Bonds               |                   |
|----------------------|---------------------|-------------------|
| Year Ending June 30, | Principal           | Interest          |
| 2026                 | \$ 1,695,000        | \$ 447,620        |
| 2027                 | 4,645,000           | 362,250           |
| 2028                 | 1,145,000           | 114,250           |
| 2029                 | <u>1,140,000</u>    | <u>57,000</u>     |
| Total                | <u>\$ 8,625,000</u> | <u>\$ 981,120</u> |

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$4,490,972 to pay this debt. Future debt and interest will be payable from future tax levies.

**Compensated Absences**

Accrued compensated absences at year end, consist of \$785,539 of accrued vacation sick leave, and retirement benefits that is earned as of June 30, 2025, and more likely than not to be used or paid in future years. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. Compensated absences additions and deductions are reported net.

**Defeased 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.

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The final payment date for Series 2009 is May 1, 2029. The final payment date for Series 2001 is May 1, 2026. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

|                                                     |                     |
|-----------------------------------------------------|---------------------|
| 2009 School building and site bonds issued refunded | \$ 4,750,000        |
| 2001 School building and site bonds issued refunded | <u>105,000</u>      |
| Total                                               | <u>\$ 4,855,000</u> |

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through an association of educational institutions within the State of Michigan for self-insuring worker's disability compensation. The School District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for the policy year exceed the total annual premiums for said years, all members of the policy year may be subject to a special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The School District has not been informed of any special assessments being required. This program is recorded in the General Fund.

**Note 10 - Pension Plan**

**Plan Description**

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

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

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

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

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The

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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.

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 \$4,154,804 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 \$24,329,484 for its proportionate share of the MPSERS 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 0.0994%, which was a decrease of 0.0017% from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$1,533,059 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$3,690,721.

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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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total          |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|----------------|
| Difference between expected and actual experience                                                                        | \$ 660,076                           | \$ (264,343)                        | \$ 395,733     |
| Changes of assumptions                                                                                                   | 2,536,493                            | (1,782,582)                         | 753,911        |
| Net difference between projected and actual earnings on pension plan investments                                         | -                                    | (4,643,097)                         | (4,643,097)    |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | 1,329                                | (1,088,696)                         | (1,087,367)    |
| Total to be recognized in future                                                                                         | 3,197,898                            | (7,778,718)                         | (4,580,820)    |
| School District contributions subsequent to the measurement date                                                         | 3,613,004                            | (1,045,567)                         | 2,567,437      |
| Total                                                                                                                    | \$ 6,810,902                         | \$ (8,824,285)                      | \$ (2,013,383) |

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.

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<br>(To Be Recognized in Future Pension Expenses) |                      |
|--------------------------------------------------------------------------------------------------------------|----------------------|
| 2025                                                                                                         | \$(1,212,910)        |
| 2026                                                                                                         | (198,546)            |
| 2027                                                                                                         | (1,908,334)          |
| 2028                                                                                                         | (1,261,030)          |
|                                                                                                              | <u>\$(4,580,820)</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%

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- 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 MPSERS Annual Comprehensive Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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<br>Allocation | Long Term<br>Expected Real<br>Rate of<br>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, 6.0% 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, 6.0% 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

**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

| 1% Decrease   | Current Single Discount Rate Assumption | 1% Increase   |
|---------------|-----------------------------------------|---------------|
| 5.00%         | 6.00%                                   | 7.00%         |
| \$ 35,667,285 | \$ 24,329,484                           | \$ 14,888,583 |

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

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

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

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

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB) Plan Description**

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

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

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

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

**Benefits Provided**

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

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**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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

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

**Contributions**

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and

retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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 \$803,442 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 \$4,160,622 its proportionate share of the MPERS 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

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**Croswell-Lexington Community Schools**  
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**June 30, 2025**

measurement period. At September 30, 2024 the School District's proportion was 0.0967%, which was a decrease of 0.0044% from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of (\$1,575,543) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$117,556.

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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Total                |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|----------------------|
| Difference between expected and actual experience                                                                        | \$ -                                 | \$(4,408,988)                       | \$(4,408,988)        |
| Changes of assumptions                                                                                                   | 908,740                              | (104,452)                           | 804,288              |
| Net difference between projected and actual earnings on OPEB plan investments                                            | -                                    | (787,653)                           | (787,653)            |
| Changes in proportion and differences between the School District contributions and proportionate share of contributions | 76,325                               | (267,715)                           | (191,390)            |
| Total to be recognized in future                                                                                         | 985,065                              | (5,568,808)                         | (4,583,743)          |
| School District contributions subsequent to the measurement date                                                         | 85,065                               | -                                   | 85,065               |
| Total                                                                                                                    | <u>\$ 1,070,130</u>                  | <u>\$(5,568,808)</u>                | <u>\$(4,498,678)</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<br>(To Be Recognized in Future OPEB Expenses) |                              |
|-----------------------------------------------------------------------------------------------------------|------------------------------|
| 2025                                                                                                      | \$(1,470,438)                |
| 2026                                                                                                      | (921,530)                    |
| 2027                                                                                                      | (898,669)                    |
| 2028                                                                                                      | (782,344)                    |
| 2029                                                                                                      | (427,825)                    |
| Thereafter                                                                                                | <u>(82,937)</u>              |
|                                                                                                           | <u><u>\$ (4,583,743)</u></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: 6.95% net of investment expenses

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**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 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;
- 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 is 6.2834 years.

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](http://www.michigan.gov/orsschools).

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

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

| Asset Class                          | Target<br>Allocation | Long Term<br>Expected Real<br>Rate of<br>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.

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**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

**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.

**Discount Rate**

A discount rate of 6.95% 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 6.95%. 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 6.95%, 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    | Current Discount Rate | 1% Increase     |
|----------------|-----------------------|-----------------|
| 5.00%          | 6.00%                 | 7.00%           |
| \$ (3,215,363) | \$ (4,160,622)        | \$ (44,977,898) |

**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    |
|----------------|------------------------------------|----------------|
| \$ (4,977,907) | \$ (4,160,622)                     | \$ (3,284,088) |

**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/orschools](http://www.michigan.gov/orschools).

**Payables to the OPEB Plan**

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

OR add as necessary see below

**Note 12 - Contingent Liabilities**

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

**Croswell-Lexington Community Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 13 - Change in Accounting Principle and Correction of an Error**

The School District restated beginning net position as a result of adopting GASB Statement No. 101, *Compensated Absences*, and a prior period adjustment was necessary to correct the accrual for UAAL and MESSA in the General Fund.

The implementation of GASB 101 and the prior period adjustment had the following effect on fund balance and net position as reported June 30, 2025:

|                                        | June 30, 2024<br>As Previously<br>Reported | Change in<br>Accounting<br>Principle | Error<br>Correction | June 30, 2024<br>As Restated |
|----------------------------------------|--------------------------------------------|--------------------------------------|---------------------|------------------------------|
| <b>District-Wide</b>                   |                                            |                                      |                     |                              |
| Governmental Activities - Net position | \$ (8,339,717)                             | \$ (515,058)                         | \$ 349,693          | \$ (8,505,082)               |
| <b>Governmental Funds</b>              |                                            |                                      |                     |                              |
| Major Funds:                           |                                            |                                      |                     |                              |
| General Fund - Fund balance            | \$ 4,530,014                               | \$ -                                 | \$ 349,693          | \$ 4,879,707                 |



**Croswell-Lexington Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2025**

|                               | Budgeted Amounts |              | Actual       | Over<br>(Under)<br>Budget |
|-------------------------------|------------------|--------------|--------------|---------------------------|
|                               | Original         | Final        |              |                           |
| <b>Revenues</b>               |                  |              |              |                           |
| Local sources                 | \$ 4,864,627     | \$ 5,163,150 | \$ 5,176,951 | 13,801                    |
| State sources                 | 18,505,982       | 18,183,050   | 18,371,903   | 188,853                   |
| Federal sources               | 599,930          | 803,636      | 830,956      | 27,320                    |
| Interdistrict sources         | 547,550          | 348,131      | 269,083      | (79,048)                  |
| Total revenues                | 24,518,089       | 24,497,967   | 24,648,893   | 150,926                   |
| <b>Expenditures</b>           |                  |              |              |                           |
| Instruction                   |                  |              |              |                           |
| Basic programs                | 11,893,706       | 12,458,582   | 12,319,885   | (138,697)                 |
| Added needs                   | 3,343,803        | 3,038,500    | 3,160,972    | 122,472                   |
| Supporting services           |                  |              |              |                           |
| Pupil                         | 971,672          | 915,860      | 851,142      | (64,718)                  |
| Instructional staff           | 556,250          | 495,917      | 588,809      | 92,892                    |
| General administration        | 739,766          | 724,771      | 721,283      | (3,488)                   |
| School administration         | 1,610,844        | 1,471,497    | 1,438,375    | (33,122)                  |
| Business                      | 533,731          | 416,282      | 410,208      | (6,074)                   |
| Operations and maintenance    | 2,483,810        | 2,455,142    | 2,448,971    | (6,171)                   |
| Pupil transportation services | 1,170,486        | 1,156,081    | 1,108,447    | (47,634)                  |
| Central                       | 498,779          | 480,626      | 477,072      | (3,554)                   |
| Athletic activities           | 600,907          | 625,998      | 618,299      | (7,699)                   |
| Community services            | 119,174          | 32,472       | 40,299       | 7,827                     |
| Capital outlay                | 736,753          | 635,051      | 788,713      | 153,662                   |

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**Croswell-Lexington Community Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2025**

|                                                      | Budgeted Amounts |              | Actual       | Over<br>(Under)<br>Budget |
|------------------------------------------------------|------------------|--------------|--------------|---------------------------|
|                                                      | Original         | Final        |              |                           |
| Debt service                                         |                  |              |              |                           |
| Principal                                            | \$ 23,573        | \$ 48,040    | \$ 16,113    | \$ (31,927)               |
| Interest and fiscal charges                          | -                | -            | 918          | 918                       |
| Total expenditures                                   | 25,283,254       | 24,954,819   | 24,989,506   | 34,687                    |
| Excess (deficiency) of<br>revenues over expenditures | (765,165)        | (456,852)    | (340,613)    | 116,239                   |
| <b>Other Financing Sources (Uses)</b>                |                  |              |              |                           |
| Insurance recoveries                                 | -                | -            | 5,719        | 5,719                     |
| Proceeds from sale of capital assets                 | -                | -            | 12,421       | 12,421                    |
| Transfers in                                         | 775,000          | -            | -            | -                         |
| Transfers out                                        | (268,672)        | (200,000)    | (170,000)    | 30,000                    |
| Total other financing sources (uses)                 | 506,328          | (200,000)    | (151,860)    | 48,140                    |
| Net change in fund balances                          | (258,837)        | (656,852)    | (492,473)    | 164,379                   |
| Fund balance - beginning                             | 4,530,014        | 4,530,014    | 4,530,014    | -                         |
| Adjustments                                          | 349,693          | 349,693      | 349,693      | -                         |
| Fund balance - beginning, as restated                | 4,879,707        | 4,879,707    | 4,879,707    | -                         |
| Fund balance - ending                                | \$ 4,620,870     | \$ 4,222,855 | \$ 4,387,234 | \$ 164,379                |

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

|                                                                                                              | June 30,      |               |               |               |               |               |               |               |               |               |
|--------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                                                                              | 2025          | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          |
| A. School District's proportion of the net pension liability (%)                                             | 0.0994%       | 0.1010%       | 0.1034%       | 0.1060%       | 0.1061%       | 0.1060%       | 0.1072%       | 0.1075%       | 0.1101%       | 11.2160%      |
| B. School District's proportionate share of the net pension liability                                        | \$ 24,329,484 | \$ 32,703,845 | \$ 38,896,476 | \$ 25,089,692 | \$ 36,433,306 | \$ 35,117,750 | \$ 32,234,817 | \$ 27,852,217 | \$ 27,456,477 | \$ 27,394,560 |
| C. School District's covered payroll                                                                         | \$ 10,027,262 | \$ 10,251,820 | \$ 10,210,714 | \$ 9,792,045  | \$ 9,448,388  | \$ 9,299,828  | \$ 9,030,508  | \$ 9,032,468  | \$ 9,188,836  | \$ 9,330,872  |
| D. School District's proportionate share of the net pension liability as a percentage of its covered payroll | 242.63%       | 319.01%       | 380.94%       | 256.23%       | 385.60%       | 377.62%       | 356.95%       | 308.36%       | 298.80%       | 293.59%       |
| E. Plan fiduciary net position as a percentage of 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.

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

|                                                                    | For the Years Ended June 30, |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------------------------------------------------------|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                                                    | 2025                         | 2023             | 2023             | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             |
| A. Statutorily required contributions                              | \$ 3,690,721                 | \$ 4,105,579     | \$ 4,630,151     | \$ 3,524,578     | \$ 3,150,056     | \$ 2,923,840     | \$ 2,811,061     | \$ 2,714,716     | \$ 2,471,221     | \$ 2,582,882     |
| B. Contributions in relation to statutorily required contributions | <u>3,690,721</u>             | <u>4,105,579</u> | <u>4,630,151</u> | <u>3,524,578</u> | <u>3,150,056</u> | <u>2,923,840</u> | <u>2,811,061</u> | <u>2,714,716</u> | <u>2,471,221</u> | <u>2,582,882</u> |
| C. Contribution deficiency (excess)                                | \$ -                         | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             |
| D. School District's covered payroll                               | \$ 10,007,365                | \$ 10,224,664    | \$ 9,840,837     | \$ 9,610,870     | \$ 9,362,725     | \$ 9,029,553     | \$ 9,081,075     | \$ 8,899,829     | \$ 8,892,324     | \$ 9,233,070     |
| E. Contributions as a percentage of covered payroll                | 36.88%                       | 40.15%           | 47.05%           | 36.67%           | 33.64%           | 32.38%           | 30.96%           | 30.50%           | 27.79%           | 27.97%           |

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

|                                                                                                                   | June 30,       |               |               |              |              |              |              |              |      |      |
|-------------------------------------------------------------------------------------------------------------------|----------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|------|------|
|                                                                                                                   | 2025           | 2024          | 2023          | 2022         | 2021         | 2020         | 2019         | 2018         | 2017 | 2016 |
| A. School District's proportion of the net OPEB liability (asset) (%)                                             | 0.0967%        | 0.1010%       | 0.1001%       | 0.1049%      | 0.1057%      | 0.1044%      | 0.1069%      | 0.1074%      |      |      |
| B. School District's proportionate share of the net OPEB liability (asset)                                        | \$ (4,160,622) | \$ (571,543)  | \$ 2,119,121  | \$ 1,601,227 | \$ 5,661,216 | \$ 7,490,204 | \$ 8,498,024 | \$ 9,506,930 |      |      |
| C. School District's covered payroll                                                                              | \$ 10,027,262  | \$ 10,251,820 | \$ 10,210,714 | \$ 9,792,045 | \$ 9,448,388 | \$ 9,299,828 | \$ 9,030,508 | \$ 9,032,468 |      |      |
| D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | -41.49%        | -5.58%        | 20.75%        | 16.35%       | 59.92%       | 80.54%       | 94.10%       | 105.25%      |      |      |
| E. Plan fiduciary net position as a percentage of total OPEB liability (asset)                                    | 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.

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

|                                                                    | For the Years Ended June 30, |                |                |                |                |                |                |                |      |      |
|--------------------------------------------------------------------|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|------|
|                                                                    | 2025                         | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017 | 2016 |
| A. Statutorily required contributions                              | \$ 117,556                   | \$ 796,990     | \$ 787,367     | \$ 779,474     | \$ 762,616     | \$ 740,262     | \$ 712,163     | \$ 656,189     |      |      |
| B. Contributions in relation to statutorily required contributions | <u>117,556</u>               | <u>796,990</u> | <u>787,367</u> | <u>779,474</u> | <u>762,616</u> | <u>740,262</u> | <u>712,163</u> | <u>656,189</u> |      |      |
| C. Contribution deficiency (excess)                                | \$ -                         | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |      |      |
| D. School District's covered payroll                               | \$ 10,007,365                | \$ 10,224,664  | \$ 9,840,837   | \$ 9,610,870   | \$ 9,362,725   | \$ 9,029,553   | \$ 9,081,075   | \$ 8,899,829   |      |      |
| E. Contributions as a percentage of covered payroll                | 1.17%                        | 7.79%          | 8.00%          | 8.11%          | 8.15%          | 8.20%          | 7.84%          | 7.37%          |      |      |

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**APPENDIX E**  
**FORM OF LEGAL OPINION**

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September 15, 2026

**Croswell-Lexington Community Schools**

Counties of Sanilac and St. Clair

State of Michigan

We have acted as bond counsel in connection with the issuance by the Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair, State of Michigan (the “School District”), of its 2026 School Improvement Bonds (General Obligation – Unlimited Tax), dated September \_\_, 2026, in the original principal amount of \$\_\_\_\_\_ (the “Bonds”). On May 5, 2026, the qualified electors of the School District approved the issuing of bonds of the School District in the amount of not to exceed \$37,100,000 to be issued in one or more series. The Bonds have been issued in fully registered form in denominations of \$5,000, or integral multiples of that sum not exceeding for each maturity the aggregate principal amount of the Bonds maturing at any one time, bear interest and mature as shown on the faces of the Bonds. The Bonds are subject to optional redemption prior to maturity as set forth in the Bonds. The Bonds have been issued pursuant to Act 92, Public Acts of Michigan, 2005, as amended, enacted pursuant to Section 16, Article IX of the Michigan Constitution of 1963 and the proceeds will be used to (a) pay the cost of the following projects: (i) erecting, demolishing, remodeling, furnishing and refurnishing, (ii) equipping and re-equipping school buildings, structures, playgrounds, or other facilities, or parts of or additions to those school buildings or other facilities; (iii) acquiring and installing technology equipment and technology infrastructure in school buildings and other facilities; (iv) preparing, equipping, developing and improving sites for school buildings, including playgrounds, play fields and other facilities; and (v) purchasing school buses, including the following projects: (1) erecting, completing, remodeling, furnishing and equipping safety and security improvements to school buildings, facilities and sites; (2) erecting, completing, remodeling, furnishing and equipping school building infrastructure and roofing upgrades; (3) erecting, completing, remodeling and equipping mechanical and HVAC improvements and upgrades to school buildings and facilities; and (4) preparing, developing and improving school sites, including playgrounds, play fields, parking lot and traffic flow upgrades and improvements, and (b) pay the costs of issuing the Bonds.

We have examined the law, a specimen of the bond certificate and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

The opinions expressed in the first sentence of Paragraph 3 below are subject to the condition that the School District 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) excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each requirement. Failure to

comply with certain of such requirements may cause the inclusion of the interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

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

1. The Bonds have been duly authorized, executed and delivered by the School District and are valid and binding obligations of the School District enforceable against the School District in accordance with their terms.
2. The Bonds are general obligations of the School District, secured by its full faith, credit and resources and are payable in the first instance from the collection of taxes levied without limitation as to rate or amount, in addition to all other taxes that the School District is authorized to levy, on all taxable property in the School District and which taxes are to be levied in an amount sufficient to pay the principal of and interest on the Bonds coming due before the next collection of taxes.
3. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.
4. The Bonds and interest thereon are exempt from all taxation provided by the laws of the State of Michigan except inheritance and estate taxes, and taxes on gains realized from the sale, payment or other disposition of the Bonds.

The rights of bondholders may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

**CLARK HILL PLC**



**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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FORM OF CONTINUING DISCLOSURE AGREEMENT

**CONTINUING DISCLOSURE CERTIFICATE**

CROSWELL-LEXINGTON COMMUNITY SCHOOLS  
COUNTIES OF SANILAC AND ST. CLAIR  
STATE OF MICHIGAN  
2026 SCHOOL IMPROVEMENT BONDS  
(GENERAL OBLIGATION-UNLIMITED TAX)

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair (the “School District” or the “Issuer”) in connection with the issuance of its \$\_\_\_\_\_ 2026 School Improvement Bonds (General Obligation-Unlimited Tax) (the “Bonds”). This Continuing Disclosure Certificate is being executed and delivered pursuant to a resolution adopted by the School District Board of Education of the School District on June 22, 2026 (the “Resolution”). The School District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.**

(a) This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders of the Bonds and the Beneficial Owners thereof and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the School District and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the School District shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

**SECTION 2. Definitions.** The following capitalized terms shall have the following meanings in this Disclosure Certificate:

“Annual Report” shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the School District, or any successor Dissemination Agent appointed in writing by the School District and which has filed with the School District a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Website address is <http://www.emma.msrb.org>.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement for the Bonds dated \_\_\_\_\_, 2026.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

### SECTION 3. Provision of Annual Reports.

(a) Each year, the School District shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the last day of the School District’s fiscal year, commencing with the School District’s Annual Report for the fiscal year ending June 30, 2026, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the School District’s fiscal year commences July 1. Not later than fifteen (15) business days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if other than the School District). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the School District shall be included in the Annual Report.

(b) If the School District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the School District shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If the School District’s fiscal year changes, the School District shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the School District, the Dissemination Agent shall file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(e) In connection with providing the Annual Report, the Dissemination Agent (if other than the School District) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the School District for its fiscal year immediately preceding the due date of the Annual Report.

(b) Financial information and operating data reasonably available to the School District in the form and substance similar to the information contained in the official statement of the School District relating to the Bonds (the "Official Statement") appearing in the Tables in the Official Statement as described below:

1. ENROLLMENT – Historical Enrollment;
2. STATE AID PAYMENTS;
3. PROPERTY VALUATIONS – History of Valuations;
4. MAJOR TAXPAYERS;
5. SCHOOL DISTRICT TAX RATES – (per \$1,000 of Valuation);
6. TAX LEVIES AND COLLECTIONS;
7. RETIREMENT PLAN – Contribution to MPSERS;
8. LABOR RELATIONS;
9. DEBT STATEMENT – DIRECT DEBT; and
10. GENERAL FUND BUDGET SUMMARIES, current year only, in Appendix B.

The School District's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The School District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The School District covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule, to be filed with the MSRB:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;

- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The term "financial obligation" means a (i) debt obligations; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with this rule.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event under Section 4(a)(2), (6), (7), (8), (10), (13), (14), and (15), the School District shall as soon as possible determine if such event would be material under applicable federal securities laws. The School District covenants that its determination of materiality will be in conformance with federal securities laws.

(c) If the School District determines that the occurrence of a Listed Event under Section 4(a)(2), (6), (7), (8), (10), (13), (14), and (15) would be material under applicable federal securities laws, the School District shall promptly cause a notice not in excess of ten (10) business days after the occurrence of the Listed Event to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the School District shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the School District), solely in its School District as such, is not obligated

or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The School District acknowledges that the “rating changes” referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the School District is liable.

(f) The School District acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the School District does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The School District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds. If the School District’s obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the School District, and the School District shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the School District (i) receives an opinion of Securities Counsel, addressed to the School District, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The School District, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the School District. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the School District) shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), (b) or (c), it 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 an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the School District shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the School District, or the Dissemination Agent (if other than the School District) at the written direction of the School District, to the MSRB.

**SECTION 10. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 11. Failure to Comply.** In the event of a failure of the School District or the Dissemination Agent (if other than the School District) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the School District or the Dissemination Agent (if other than the School District) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Resolution.

**SECTION 12. Duties of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.



SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the School District or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the School District or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The School District acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the School District, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the School District under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CROSWELL-LEXINGTON COMMUNITY SCHOOLS

By: \_\_\_\_\_  
Colette Moody  
Its: Superintendent

Date: \_\_\_\_\_, 2026

EXHIBIT A

NOTICE TO  
THE MSRB  
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:            Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair,  
Michigan

Name of Bond Issue:    \$ \_\_\_\_\_ Croswell-Lexington Community Schools Counties of Sanilac and  
St. Clair 2026 School Improvement Bonds (General Obligation-Unlimited Tax)

Date of Bonds: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the  
above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds.  
The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, \_\_\_\_.

CROSWELL-LEXINGTON COMMUNITY SCHOOLS

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

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

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

EXHIBIT B

NOTICE TO  
THE MSRB  
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: Croswell-Lexington Community Schools, Counties of Sanilac and St. Clair, Michigan

Name of Bond Issue: \$\_\_\_\_\_ Croswell-Lexington Community Schools Counties of Sanilac and St. Clair 2026 School Improvement Bonds (General Obligation-Unlimited Tax)

Date of Bonds: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's fiscal year ended on \_\_\_\_\_, \_\_\_\_\_. It now ends on \_\_\_\_\_, \_\_\_\_\_.

CROSWELL-LEXINGTON COMMUNITY SCHOOLS

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

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

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



