NEW ISSUE—Book-Entry-Only **RATINGS†*:** S&P Global Ratings: AA
Michigan School Bond Qualification and Loan Program

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, interest on the Bonds is not excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTER" and "APPENDIX E – FORM OF APPROVING OPINION OF BOND COUNSEL" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the tax treatment of interest on the Bonds for certain Bondholders.

$15,440,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2021 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)
(TAXABLE)

Dated: March 24, 2021 **Due: May 1, as shown below**

The 2021 Refunding Bonds (Unlimited Tax General Obligation) (Taxable) (the "Bonds") were authorized by the Board of Education of the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District") by resolution adopted on January 25, 2021 (the "Resolution"). The Bonds are being issued for the purpose of currently refunding all or a portion of certain outstanding indebtedness of the School District to the State of Michigan under the Michigan School Bond Qualification and Loan Program. 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 these 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 expected to be 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 The Huntington National Bank, Grand Rapids, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing November 1, 2021, to the Bondholders of record as of the applicable record dates herein described.

(Base CUSIP§: 252255)

Maturity	Amount	Interest Rate	Yield	CUSIP§	Maturity	Amount	Interest Rate	Yield	CUSIP§
2022	$1,505,000	0.20%	0.20%	LX0	2025	$4,635,000	0.68%	0.68%	MA9
2023	3,660,000	0.25	0.25	LY8	2026	1,515,000	0.82	0.82	MB7
2024	4,125,000	0.38	0.38	LZ5					

THE BONDS ARE NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY. See "THE BONDS — No Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Thrun Law Firm, P.C., East Lansing, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about March 24, 2021.

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

STIFEL

The date of this Official Statement is February 25, 2021.

† For an explanation of the ratings, see "RATINGS" herein.
* As of date of delivery.
§ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the School District, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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

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

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

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

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

DEXTER COMMUNITY SCHOOLS
2704 Baker Road
Dexter, Michigan 48130-1535
(734) 424-4100
(734) 424-4111 *FAX*

BOARD OF EDUCATION

ADMINISTRATIVE STAFF

Christopher J. Timmis, Ed.D., Superintendent of Schools
Sharon Raschke, Ed.D., Chief Financial Officer

BOND COUNSEL

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

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
East Lansing, Michigan

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OFFICIAL STATEMENT
relating to

$15,440,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2021 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)
(TAXABLE)

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 Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District") of its 2021 Refunding Bonds (Unlimited Tax General Obligation) (Taxable) in the amount of $15,440,000 (the "Bonds").

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of refunding certain outstanding indebtedness of the School District to the State of Michigan under the Michigan School Bond Qualification and Loan Program (the "Obligations") and paying the costs of issuing the Bonds. See "SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM" in APPENDIX B for more information regarding the School District's borrowing balance with the State of Michigan.

The Bonds, as authorized for issuance by a resolution of the Board of Education of the School District adopted on January 25, 2021 (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 these constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School District to make the payment. Article IX, Section 16 of the State Constitution as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing. See APPENDIX A, "State Qualification," in this Official Statement.

PLAN OF REFUNDING

The proceeds of the Bonds will be used to pay certain costs of issuance relating to the Bonds and to refund a portion of the Obligations in the amount of $15,285,408.87.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES	
Par Amount of the Bonds	$15,440,000.00
Total Sources	$15,440,000.00
USES	
Payment of the Obligations	$15,285,408.87
Underwriter's Discount	48,636.00
Estimated Costs of Issuance Bonds	105,955.13
Total Uses	$15,440,000.00

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity, commencing November 1, 2021. 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 The Huntington National Bank, Grand Rapids, Michigan, will serve as the Transfer Agent (the "Transfer Agent") and also as bond registrar and paying agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then 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. See "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; the School District and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

No Redemption

The Bonds are not subject to redemption prior to maturity.

TAX PROCEDURES

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

On March 15, 1994, the electors of the State 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.

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 on hand, 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 transfer 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 bond holder notifies the State Treasurer that the School District has failed to pay principal or interest on such qualified bonds when due, whether or not the School District has filed a draw request with the State Treasurer, the State Treasurer shall promptly pay the principal or interest on the qualified bonds when due.

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

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

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. The Legislature under the School Aid Act appropriated funds to establish a base foundation allowance in 2020/21 ranging from $8,111 to $8,529 per pupil, depending upon the school district's 1993/94 revenue. In the future, this base foundation allowance may be adjusted annually as part of the State's budgeting process. The foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the School Aid Act. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property[1], a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties[2] 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 2020/21 calculated to an amount in excess of $8,529 are authorized to levy additional millage to obtain the

[1] "Taxable property" in this context does not include industrial personal property. See also "Michigan Property Tax Reform" herein regarding 2014 amendments exempting certain types of personal property from school operating taxes.

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

foundation allowance, first by levying such amount of the 18 mills against homestead property[1] as is necessary to hold themselves harmless and, if the 18 mills was insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2020/21 per pupil foundation allowance does not exceed $8,529, and the School District does not levy such additional millage.

The appropriation of funds by the Legislature to establish the foundation allowance under the School Aid Act may be adjusted annually as part of the State's budgeting process. For the 2019/20 school year the amended School Aid Act increased the School District's per pupil foundation allowance to $8,328 and for the 2020/21 school year it was maintained at the same level. For additional information regarding adjustments to the School District's foundation allowance for the 2019/2020 and 2020/21 school years, see "IMPACT OF THE COVID-19 PANDEMIC – Impact on the School District and the Bonds" below. State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State School Aid Fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts.

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

THE 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.

IMPACT OF THE COVID – 19 PANDEMIC ON THE SCHOOL DISTRICT

The World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. On March 10, 2020, Michigan Governor Gretchen Whitmer declared a state of emergency across the State of Michigan, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. The current spread of COVID–19 and actions taken by the federal, state and local governments in response thereto are altering the behavior of businesses and people in a manner that may have a long-term negative effect on economic activity, and therefore could adversely affect the future financial condition of the School District, directly or indirectly.

State of Emergency- Legislative Authority and Executive Orders

In response to the effect of COVID-19 in Michigan, the Governor exercised broad authority under the Emergency Powers of the Governor Act, Act 302, Public Acts of Michigan, 1945, as amended ("Act 302") and the Emergency Management Act, Act 390, Public Acts of Michigan, 1976, as amended ("Act 390"). Beginning on March 10, 2020, the Governor issued a series of executive orders declaring a state of

[1] "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.

emergency and a state of disaster in the State in response to COVID–19, indicating that the state of emergency and state of disaster will terminate on the earlier of a specified date or when emergency and disaster conditions no longer exist.[1]

Act 390 requires approval of the legislature to extend an executive order issued pursuant to that statute to continue beyond 28 days. Act 302 is silent on legislative approval. On April 7, 2020, the Michigan Legislature approved the Governor's extension of the state of emergency and state of disaster through April 30, 2020. On April 30, 2020 the Legislature did not extend the state of emergency and state of disaster under Act 390.

Subsequent to April 30, 2020 the Governor continued to issue executive orders under Act 302 and Act 390 (see *"Stay - Home Practices and Restricted Activity – Executive and Emergency Orders"* herein). On May 5, 2020, the Legislature filed suit against the Governor challenging the validity and constitutionality of her executive orders related to COVID–19. On October 12, 2020, the Michigan Supreme Court issued an order finding that (i) the Governor did not have authority after April 30, 2020, to issue or renew any executive orders related to the COVID-19 pandemic under Act 390; and (ii) the Governor did not possess the authority to exercise emergency powers under Act 302 because the statute unlawfully delegates legislative power to the executive branch in violation of the Michigan Constitution. The Court's order was given immediate effect.

The Court's October 12, 2020 order incorporated by reference the analysis and conclusions from its October 2, 2020 opinion in response to a request to answer certified questions in *Midwest Institute of Health, PLLC v. Governor*, a case pending in the Federal District Court for the Western District of Michigan, which likewise found the Governor's actions invalid.

Stay-Home Practices and Restricted Activity - Executive and Emergency Orders

Beginning on March 23, 2020, the Governor issued a series of executive orders directing Michigan businesses and other venues to temporarily suspend or reduce in-person operations that are not necessary to sustain or protect life and further directed individuals to stay in their homes unless they are part of the critical infrastructure workforce. In light of the recent Michigan Supreme Court decisions, those orders are no longer legally effective (see *"State of Emergency- Legislative Authority and Executive Orders"* herein); however beginning on October 9, 2020, under separate statutory authority, the Michigan Department of Health and Human Services ("DHHS") has issued several statewide emergency orders limiting attendance at various types of gatherings and capacity at various types of venues, including a variety of businesses. The current DHHS emergency order became effective February 1, 2021 and by its terms remains in effect through February 21, 2021; however on February 4, 2021, DHHS released a superseding order which became effective February 8, 2021 and remains in effect through March 29, 2021.

Michigan (MI) Safe Start Plan

On May 7, 2020, the Governor released the MI Safe Start Plan[2]. Under the Plan, the State is coded by geographic regions (Region 1-8) and phases (Phase 1-6). Movement through the phases includes a review of the growth or decline of COVID–19, health system capacity and testing and tracing efforts. The School District is in Region 1, which is currently in Phase 4 of the MI Safe Start Plan. Movement through these Phases is dependent upon the spread or decline of the virus and is thus unknown. The Phase in place for a given Region dictates how education may be provided for the 2020/21 school year, as set forth below.

The 2020/21 School Year

COVID–19 Preparedness and Response Plan: On June 30, 2020, the Governor issued Executive Order 2020-142 ("EO 2020-142") to provide a structure to support schools as they planned for reopening in

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[1] All COVID-19-related executive orders and executive directives issued by the Governor, Michigan Department of Health and Human Services emergency orders, as well as other releases and information regarding COVID-19 in the State, can be accessed at www.michigan.gov/coronavirus.

[2] The Michigan (MI) Safe Start Plan. www.michigan.gov/MI_Safe_Start_Plan.pdf.

the fall of 2020. EO 2020-142 required public schools to develop and adopt a COVID–19 Preparedness and Response Plan ("Preparedness Plan") setting forth their reopening plans for the 2020/21 school year based on each of the various Phases of the MI Safe Start Plan. EO 2020-142 further provided that relief funds under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") would be provided and could be utilized to help public schools in developing, adopting, and following the required Preparedness Plan.

EO 2020-142 required the Preparedness Plan to follow guidance provided in the Michigan Return to School Roadmap (the "Roadmap"), summarized below. At a minimum, the Preparedness Plan had to include policies and procedures that the public school must follow for its Region under each of Phases 1 through 4 of the MI Safe Start Plan.

The *Midwest Institute of Health, PLLC v. Governor* decision has no impact on the Preparedness Plans, as the State enacted legislation, effective August 20, 2020, providing a comprehensive supplement to the Roadmap, which is binding even if the executive orders are not. See "Return to Learn Legislation" below.

Return to School Roadmap: On June 30, 2020, the Governor released the "MI Safe Schools: Michigan's 2020/21 Return to School Roadmap"[1], intended to be a comprehensive document to help public schools create their Preparedness Plans for in-person learning in the 2020/21 school year. The Roadmap provides recommendations for mental and social-emotional health, instruction, and operation at every Phase of the MI Safe Start Plan. There are four scenarios for which a public school must be prepared and based on the scenario, the Roadmap provides protocols that are "required," "strongly recommended," or "recommended." The four scenarios include:

1. Schools open for in-person instruction (MI Safe Start Phase 6).
2. Schools open for in-person instruction, moderate safety (MI Safe Start Phase 5).
3. Schools open for in-person instruction, stringent required safety protocols (MI Safe Start Phase 4).
4. Schools closed and instruction is provided remotely (MI Safe Start Phases 1-3).

Return to Learn Legislation: On August 20, 2020 the Governor signed into law a series of bills which amend the State School Aid Act, providing a comprehensive supplement to the Roadmap[2]. These amendments provide special rules for the 2020/21 school year for pupils engaged in pandemic learning as defined under the amendments. These special rules lift the prior restrictions on virtual learning, modify the student membership count rules and waive the minimum number of hours and days of pupil instruction among other changes. The amendments accommodate the delivery of pupil instruction for the 2020/21 school year at a school or a different location, in-person, online, digitally, by other remote means or any combination of these delivery options.

As a prerequisite to receiving FY 2020/21 school aid, and in addition to adopting a Preparedness Plan, the amendments also require a school district to develop and implement an extended COVID–19 learning plan ("CLP") which meets specified requirements. These requirements include a statement of the educational goals expected to be achieved, a description of how instruction will be delivered for remote learning, an assurance of equitable access to technology and internet and two weekly, 2-way interactions, between the pupil and the teacher for 75% of the pupils enrolled in the School District.

The School District was required to submit a Continuity of Learning plan to the intermediate school district in August and an Extended CLP to its intermediate school district for approval by October 1, 2020. Thirty days after the CLP is approved and every 30 days thereafter, at a Board of Education meeting with public comment to be solicited from parents or legal guardians of pupils enrolled at the School

[1] MI Safe Schools: Michigan's 2020-21 Return to School Roadmap. www.michigan.gov/MI_Safe_Schools_Roadmap.pdf.
[2] Return to Learn Legislation. Public Acts 147, 148 and 149 of 2020.

District, the School District must reconfirm how instruction is to be delivered during the 2020/21 school year.

The School District's Continuity of Learning Plan and Extended COVID-19 Learning Plan ("CLP"): On June 30, 2020, the Governor issued Executive Order 2020-142 ("EO 2020-142") to provide a structure to support schools as they planned for reopening in the fall of 2020. EO 2020-142 required public schools to develop and adopt a COVID–19 Preparedness and Response Plan ("Preparedness Plan") setting forth their reopening plans for the 2020/21 school year based on each of the various Phases of the MI Safe Start Plan. EO 2020-142 further provides that relief funds under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") would be provided and could be utilized to help public schools in developing, adopting, and following the required Preparedness Plan.

Benchmark Assessments: The School District is also required under the Return to Learn Legislation, as a condition of receiving school aid for the 2020/21 school year, to administer at least one benchmark assessment within the first nine (9) weeks after the beginning of the school year and again by the last day of school to measure proficiency in reading and math. To the extent practicable, a public school must administer the same benchmark assessment that it administered in previous school years. The benchmark data may be used to measure students' growth based on their performance on State summative assessments to identify schools where student achievement has increased or decreased. However, it may not be used for the State's accountability system. The School District has administered the first required benchmark utilizing NWEA Benchmark Assessment and anticipates administering a second assessment in January and February 2021 and a third assessment in May and June, 2021.

State Budget and the State School Aid Fund

The State's finances are also being impacted by the continued spread of COVID–19, which has affected the amount of State School Aid appropriated to public schools, including the School District.

On July 31, 2020 the Governor signed into law a negative supplemental appropriations act for the School Aid Fund for the 2019/20 fiscal year[1]. The supplemental appropriations reduced appropriations from the State School Aid Fund resulting in a reduction in State Aid of approximately $175 per-pupil for the 2019/20 school year. At the same time, the State agreed to provide CARES Act grants to public schools resulting in an approximately $350 per-pupil increase in funding (resulting in a net increase of approximately $175 per-pupil for the 2019/20 school year).[2]

On September 30, 2020, the Governor signed into law the 2020/21 appropriations act for the School Aid Fund.[3] The School Aid Act maintains the 2020/21 per-pupil foundation allowance at the 2019/20 level prior to the $175 per-pupil reduction. In addition, the School Aid Act provides a one-time increase of approximately $65 per-pupil and other appropriations for qualifying school districts.

Although the final budget for the 2019/20 fiscal year and the initial budget for the 2020/21 fiscal year maintain the funding levels for school districts at the 2019/20 funding levels, the additional operating costs of operating schools due to the COVID–19 pandemic have not been fully determined and, therefore, the School District cannot currently predict the effect the spread of COVID–19 will have on its current and future finances or operations. See "SOURCES OF SCHOOL OPERATING REVENUE" herein.

Impact on the School District and the Bonds

The Bonds 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. The School District does not currently anticipate that the 2020 levy of property taxes, its primary revenue

[1] Public Act No. 146 of 2020.

[2] The $350 per-pupil CARES Act funding was received by the School District after the close of its 2019/20 school year and therefore for accounting purposes it will be included in revenues for the 2020/21 school year.

[3] Public Act No. 165 of 2020.

source for the repayment of the Bonds, will be materially affected; however the School District cannot predict the effect the spread of COVID–19 will have on collections of those taxes or on future property values, tax levies and collections. As of the date of delivery, the Bonds are also expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES," "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

MICHIGAN PROPERTY TAX REFORM

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

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

LITIGATION

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

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, interest on the Bonds is **not** excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

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

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Bonds that are "U.S. holders" (as defined below), deals only with those Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold the Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Bonds will be treated, for federal income tax purposes as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer. as it is accrued) as interest.

Bondholders that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a Bondholder purchases the Bonds for an amount that is less than the adjusted issue price of the Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

The Bonds may be issued with original issue discount ("OID"). Accordingly, Bondholders will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such notes with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss. Bondholders that purchase a Bond for less than its adjusted issue price (generally its accreted value) will have purchased such Bond with market discount unless such difference is considered to be de minimis. Absent an election to accrue market discount currently, upon sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year will be deferred. A Bondholder that has a basis in the Bond that is greater that its adjusted issue price (generally its accreted value), but that is less than or equal to its principal amount, will be considered to have purchased the Bond with "acquisition premium". The amount of OID that such Bondholder must include in gross income with respect to such Bonds will be reduced in proportion that such excess bears to the OID remaining to be accrued as of the acquisition of the Bond. A Bondholder may have a basis in its pro rata share of the Bonds that is greater that the principal amount of such Bonds. Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Bonds under Section 171 of the Code.

Upon a sale, exchange or retirement of a Bond, a holder generally will recognize taxable gain or loss on such Bond equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondholder's adjusted tax basis in such Bond. Defeasance of the Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Bond will (in general) equal its original purchase price and decreased by any principal payments received on the Bond. In general, if the Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

In additional to regular income tax, certain non-corporate U.S. holders will owe a 3.8 percent tax on the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" of the Bondholder over $200,000 for unmarried individuals ($250,000 for married couples filing jointly and a surviving spouse). Bondholders should consult with their own tax advisors regarding the application of such net investment income tax.

In general, information reporting requirements will apply to non-corporate holders of the Bonds with respect to payments of principal, payments of interest, and the accrual of original issue discount on a Bond and the proceeds of the sale of a Bond before maturity within the United States. Backup withholding may apply to holders of Bonds under Section 3406 of the Code. Any amounts withheld under backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the requested information is furnished to the Internal Revenue Service.

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

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

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

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

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

RATINGS

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

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") subject to the terms of the Bond Purchase Agreement, has agreed to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals 0.315 percent of the original principal amount of the Bonds.

The Bond Purchase Agreement for the Bonds provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that (a) no event has occurred which impairs or threatens to impair the status of the Bonds and (b) proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission. The Bond Purchase Agreement for the Bonds provides that the obligations of the Underwriter are subject to certain conditions, including, among other things, that proceedings relating to the Bonds are not pending or threatened by the Securities and Exchange Commission.

The Bond Purchase Agreement further provides that the School District will provide to the Underwriter within seven business days of the date of the Bond Purchase Agreements, sufficient copies of the Official Statement to enable the Underwriter for the Bonds to comply with the requirements of Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934, as amended.

MUNICIPAL ADVISOR'S OBLIGATION

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

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

Municipal Advisor Registration

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

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

Other Financial Industry Activities and Affiliations

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

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

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

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

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

CONTINUING DISCLOSURE

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

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

The School District has timely filed its audited financial statements and annual disclosure information over the past five years in all material respects with previous continuing disclosure agreements executed by the School District.

OTHER MATTERS

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

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

DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON
STATE OF MICHIGAN

By: /s/ Christopher J. Timmis, Ed.D.
Its: Superintendent of Schools

APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

Sec. 12. If a school district does not apply for prequalification or qualification or approval of a bond issue before the issuance of those bonds, the state treasurer shall not approve or qualify those bonds as qualified bonds under this act.

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

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

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

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

(a) A statement of the debt service owed in the next 6 months.

(b) A copy of the most recent bank statement showing the amount on hand in the debt service accounts for all qualified bonds.

(c) A statement of any revenue received for payment of the debt service since the date of the bank statement.

(d) A statement of any withdrawals made from the debt service account since the date of the bank statement.

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422 March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

> "The state * * * may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.
>
> "If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.
>
> "The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

BONDS: Qualified bonds of school districts.
CONSTITUTION OF 1963: School Bond Loan Fund.
SCHOOLS: Bond Loans.
STATE TREASURER: Payment of principal and interest on qualified school district bonds.

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

No. 4508 Hon. Allison Green August 29, 1966.
State Treasurer
Capitol Building
Lansing, Michigan

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

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

> "If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for the payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.
>
> "The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

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

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

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

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

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

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

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

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

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

a. Ascertaining from the superintendent of public instruction or from the records in your own office that the bonds involved are duly qualified bonds as defined and described in amended Section 3 of the act;

b. Requiring proof reasonably satisfactory to you that the bond or bonds or the interest coupons have been properly presented for payment to the paying agent or officer charged with the responsibility for making payment thereof and that payment has been refused because sufficient monies had not been deposited by the school district for that purpose; such proof of nonpayment may be furnished you in the form of a certificate from the paying agent.

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

APPENDIX B[1]
SCHOOL DISTRICT DATA

Location and Area

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

Population[2]

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

1990	12,488
2000	16,155
2010	19,591

The following is a record of the 2000 and 2010 populations for the municipal units that comprise the School District, without regard to the School District boundaries.

	2000	2010	% Change
Washtenaw County	322,770	344,791	6.8
Dexter Township*	5,267	6,042	14.7
Freedom Township	1,573	1,428	(9.2)
Lima Township	2,482	3,307	33.2
Lodi Township	5,710	6,058	6.1
Northfield Township	8,252	8,245	(0.1)
Scio Township*	15,687	20,081	28.0
Webster Township	5,198	6,784	30.5
Livingston County	156,951	180,967	15.3
Hamburg Township	20,627	21,165	2.6

* Includes portions of the population for the City of Dexter which was incorporated in November 2014. The City of Dexter's estimated 2019 population is 4,715.

Board of Education

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

[1] Unless otherwise noted, the information contained in Appendix B was provided by the School District.
[2] Sources: School District figures: 1990 – Michigan Department of Management and Budget, 2000 and 2010 – U.S. Census of Population.

Enrollments

The following tables show total full time equivalent enrollments as of the Fall pupil count day at the School District for the past ten years as well as the 2020/2021 enrollment by grade.

Enrollment History

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

2020/21	3,388*	2015/16	3,550
2019/20	3,628	2014/15	3,547
2018/19	3,646	2013/14	3,550
2017/18	3,628	2012/13	3,544
2016/17	3,586	2011/12	3,595

*Reflects expected short-term student loss due to COVID-19.

Projected Pre-K – 12 enrollment for 2021/2022 is 3,508 as estimated by the School District.

2020/21 Enrollment by Grade

Pre-K	63	7th	268
Kindergarten	207	8th	274
1st	209	9th	288
2nd	222	10th	262
3rd	253	11th	308
4th	227	12th	290
5th	240	Special Ed.	45
6th	232		
		Total	3,388

School District Facilities

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

Other Schools

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

Labor Relations

Class	Number	Affiliation	Contract Expiration Date
Superintendent	1	Non-affiliated	June 30, 2025
Chief Financial Officer	1	Non-affiliated	June 30, 2022
Executive Director Human Resources	1	Non-affiliated	June 30, 2022
Administrators	13	Dexter Administrators Association	June 30, 2022
Teachers	245	DEA/MEA/NEA	June 30, 2022
Para-Professionals, Secretarial, Technology, Maintenance, Custodial and Food Service	130	Dexter Educational Support Personnel Association/MEA/NEA	June 30, 2022
Bus Drivers and Bus Monitors	26	West Washtenaw Bus Drivers and Monitors Association	June 30, 2022
Other Non-Affiliated Personnel	54	Non-affiliated	N/A
Total	471		

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

Retirement Plan

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

Public Act 75 of 2010 ("Act 75") significantly modified MPSERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution benefit structure. Public Act 92 of 2017 ("Act 92") further modified MPSERS for all employees hired on or after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018 to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing. In its June 30, 2020 financial statements, the School District reported a proportionate share of the net OPEB liability of $19,005,006 as of September 30, 2019.

Contributions to MPSERS

The School District's estimated contribution to MPSERS for 2020/21 and the contributions for the previous four years are shown below.

Fiscal Year Ending June 30,	Contribution to MPSERS[1]
2021	$10,381,000 (Estimated)
2020	9,567,000*
2019	8,988,000*
2018	9,007,000*
2017	8,157,000*

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

[1] Sources: Audited Financial Statements and the School District.

Other Post-Employment Benefits

MPSERS is a cost-sharing, multi-employer, statewide plan. Pension benefits and retiree health benefits are established by law and funded through employer contributions. The cost of retiree benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided above. Further information regarding MPSERS, including retiree health benefits, can be found at www.michigan.gov/orsschools. In its June 30, 2020 financial statements, the School District reported a proportionate share of the net OPEB liability of $19,005,006 as of September 30, 2019.

GENERAL FINANCIAL INFORMATION

Assessed Valuations[1]

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

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

The following tables show a history of assessed valuations for the School District and an analysis of the 2020 taxable value by class and by municipal unit.

History of Valuations – State Equalized Valuation and Taxable Valuation[2,3,4]

	State Equalized Valuation	Taxable Valuation
2020	$1,850,473,957	$1,467,217,107
2019	1,722,281,143	1,403,828,573
2018	1,629,979,824	1,332,417,299
2017	1,572,280,747	1,267,390,387
2016	1,492,829,088	1,225,539,135

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

[2] Sources: Washtenaw and Livingston County Equalization Departments.

[3] The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

[4] Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

2020 Taxable Value by Class[1,2]

	Taxable Value	% of Total Taxable Value
Agriculture	$40,018,222	2.73%
Commercial	71,521,042	4.87
Industrial	56,363,296	3.84
Residential	1,206,777,445	82.25
Developmental	3,118,381	0.21
Commercial Personal	12,546,916	0.86
Industrial Personal	8,972,507	0.61
Utility Personal	67,899,298	4.63
Total	$1,467,217,107	100.00%

2020 Taxable Valuation by Municipal Unit[1,3,4]

Name of Unit	Homestead[2]	Non-Homestead[5]	Total Taxable Valuation	% of Total Valuation
Washtenaw County				
Dexter City	$168,285,079	$90,958,172	$259,243,251	17.67%
Dexter Township	199,125,905	69,457,174	268,583,079	18.31
Freedom Township	298,161	422,041	720,202	0.05
Lima Township	91,917,203	12,149,911	104,067,114	7.09
Lodi Township	8,054,239	480,195	8,534,434	0.58
Northfield Township	1,809,239	476,750	2,285,989	0.16
Scio Township	245,008,587	76,647,233	321,655,820	21.92
Webster Township	385,296,165	44,933,990	430,230,155	29.32
Livingston County				
Hamburg Township	63,211,933	8,685,130	71,897,063	4.90
Total	$1,163,006,511	$304,210,596	$1,467,217,107	100.00%

Industrial Facilities Tax (IFT) Valuation[1]

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), plant rehabilitation districts and/or industrial development districts may be established. Businesses in these districts are offered certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new facilities to the area. An industrial facilities tax ("IFT") is paid, at a lesser effective rate and in lieu of ad valorem property taxes, on such facilities for a period of up to 12 years. Qualifying facilities are issued abatement certificates for specific periods.

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act

[1] Sources: Washtenaw and Livingston County Equalization Departments.

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

[3] See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications and exemptions that took effect in the 2014 and 2016 tax years.

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

[5] Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

198. The 2020 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is $8,778,573, which is taxed at one-half rate of the total IFT valuations.

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

Tax Increment Authorities[1]

Act 450 of the Public Acts of Michigan, 1980, as amended (the "TIFA Act"), Act 197 of the Public Acts of Michigan, 1975, as amended (the "DDA Act"), Act 281 of the Public Acts of Michigan, 1986 (the "LDFA Act") and Act 381 of the Public Acts of Michigan, 1996 (the "BRDA Act," and, together the "TIF Acts"), authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts and Brownfield Redevelopment District Authority ("BRDA") Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions. The City of Dexter established a DDA District in 1986 within the School District's boundaries. The City of Dexter DDA District has a 2020 Taxable Value of $47,570,876 and a Final Captured Value of $32,513,508. The City of Dexter DDA does not capture the School District's millage. Scio Township established a DDA District in 1988. A portion of the DDA is within the School District's boundaries. The Scio Township DDA does not capture the School District's millage.

Department of Natural Resources Property Valuation[2]

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

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

The DNR properties are maintained on a separate tax roll. The 2020 taxable valuation of DNR properties in the School District is $1,719,996. Pursuant to Act 451, the School District will not receive payment in lieu of taxes for operating purposes, but will receive payment in lieu of taxes for a portion of its debt millage. The exact amount to be received is not known at this time.

Tax Levies and Collections

The School District's fiscal year begins July 1. School District property taxes are levied on December 1 of each fiscal year and are payable without penalty or interest on or before the following February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurer for collection with penalties and interest.

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

[2] Sources: Washtenaw and Livingston County Equalization Departments.

On the first Tuesday in May in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

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

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

School Year	Total Tax Levy	Collections To March 1, Each Year		Collections to June 30 Fiscal Year End		Collections Including Tax Payment Fund	
2020/2021	$17,790,567	In Process of Collection		In Process of Collection		In Process of Collection	
2019/2020	17,071,994*	$16,227,430	94.88%	$16,793,271	98.19%	$16,975,662	99.44%
2018/2019	16,125,179*	15,381,812	94.91	16,068,449	99.15	15,996,173	99.20
2017/2018	15,138,056*	14,748,977	96.14	15,338,990	99.99	15,135,330	99.98
2016/2017	14,669,948*	14,333,850	96.25	14,890,512	99.99	14,657,024	99.91

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

State Aid Payments

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The base foundation allowance for all school districts in the State of Michigan is from $8,111 to $8,529 per pupil for fiscal year 2020/21. In future years, this allowance may be adjusted by an index based upon the change in revenues to the State school aid fund and the change in the total number of pupils statewide. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

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

Year	Blended Pupil Count*	Foundation Allowance Per Pupil	Total State Aid Payments
2020/21	3,388**	$8,328***	$31,250,679 (Est.) ****
2019/20*****	3,628	8,328	32,191,411
2018/19	3,644	8,117	31,261,255
2017/18	3,625	7,905	30,179,925
2016/17	3,585	7,799	28,562,243

* Blended pupil count is calculated on 10% prior school year spring and 90% current school year fall counts.
** Due to the COVID-19 pandemic, the 2020-21 pupil count was calculated using a "super blend": 75% 2019-20 student count and 25% 2020-21 student count.
*** $65 increase from 2019-20, which is a one time categorical payment of $226,000 based on 50% 2019-20 student count and 50% 2020-21 student count.
**** Preliminary estimate, subject to change. 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. The negative impact of the COVID-19 pandemic on state revenues makes a reduction in State school aid possible in the future. See "IMPACT OF COVID-19 PANDEMIC ON THE SCHOOL DISTRICT" and "SOURCES OF SCHOOL OPERATING REVENUE" herein.
*****Public Act 146 of 2020 provided for a prorated reduction in State school aid payments to the School District for 2019/20, but also provided for additional funds in 2020/21 from the federal Coronavirus Aid, Relief, and Economic Security Act to offset the prior state aid reduction and provided additional funds to school districts.

Constitutional Millage Rollback

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

School District Tax Rates (Per $1,000 of Valuation)

	2020	2019	2018	2017	2016
Operating – Extra Voted (Non-Homestead)*	18.0000**	18.0000	18.0000	18.0000	18.0000
Debt	8.5000	8.5000	8.5000	8.5000	8.5000
Total Homestead	8.5000	8.5000	8.5000	8.5000	8.5000
Total Non-Homestead	26.5000	26.5000	26.5000	26.5000	26.5000

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

**The voted operating millage expires in 2033.

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

	2020	2019	2018	2017	2016	2015
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Washtenaw County	7.0962	7.1093	7.1532	6.2122	6.2432	6.3058
City of Dexter	15.3062	15.3062	14.3062	14.3062	14.3062	14.0562
Dexter Township	4.5611	4.5851	4.8269	4.8407	4.9092	4.9534
Freedom Township	1.2462	1.2462	1.2462	1.2462	1.2472	1.2476
Lima Township	3.1734	3.1874	2.5675	2.5814	2.5897	2.6155
Lodi Township	1.9278	0.9316	0.9351	0.9408	0.9501	0.9559
Northfield Township	7.7543	7.8212	7.9410	8.0465	7.9844	7.8609
Scio Township	2.4074	1.7692	1.7826	1.7997	1.7997	1.6547
Webster Township	3.8332	4.5973	4.6187	4.6556	3.2486	3.2661
Livingston County	3.6789	3.7125	3.7354	3.7636	3.9535	3.9535
Hamburg Township	6.7332	6.7940	7.0749	6.0718	6.1070	4.9751
Dexter District Library	1.5061	1.5137	1.5183	1.5313	1.5890	1.5786
Washtenaw Community College	3.3538	3.3763	3.3978	3.4267	3.4360	3.4576
Washtenaw ISD	5.6625	5.3285	5.3641	5.4109	5.4509	3.9745

Largest Taxpayers[2]

Shown below are the ten largest identifiable taxpayers in the School District based on their 2020 taxable valuations. The taxpayers listed below represent 6.55% of the School District's 2020 Taxable Valuation of $1,467,217,107.

Taxpayer	Product or Service	Taxable Value	Equivalent IFT*	Total Valuation Subject to Taxation
DTE Energy Company	Utility	$28,062,053		$28,062,053
International Transmission Company	Utility	14,919,636		14,919,636
Rover Pipeline LLC	Natural gas pipeline	11,703,626		11,703,626
Dexter Fastener	Engine fasteners	8,881,671	$1,778,620	10,660,291
Enbridge Pipelines	Oil pipeline system	10,039,343		10,039,343
Thetford Corp	Plastic components	5,262,335	256,700	5,519,035
United Methodist Retirement Community	Retirement develop	5,204,170		5,204,170
Power Wellness Management LLC**	Wellness center	4,984,171		4,984,171
Consumers Energy	Utility	3,883,661		3,883,661
Walkabout Creek	Affordable housing	3,140,128		3,140,128
Total		$96,080,794	$2,035,320	$98,116,114

* Equivalent IFT Valuation is half of the property's total taxable valuation. The School District collects debt tax revenues at one-half rate of the total IFT valuations.
** Taxable status is being protested and is currently in litigation. The owner is a nonprofit, charitable institution. The nonprofit status was upheld by the Michigan Tax Tribunal for 2014 - 2017 tax years.

Debt History

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

Future Financing

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

[1] Sources: Washtenaw and Livingston County Equalization Departments.
[2] Sources: Washtenaw and Livingston County Equalization Departments.

School Bond Qualification and Loan Program[1]

As of March 24, 2021, the School District will have an estimated outstanding balance of $1,000 in the School Loan Revolving Fund.

Direct Debt as of February 25, 2021[2]

		Principal Outstanding
06/01/1998	1998 School Building and Site Bonds (UTQ)	$21,000,000
05/24/2012	2012 School Building and Site and Refunding Bonds (UTQ)	1,975,000
11/28/2017	2017 School Building and Site and Refunding Bonds (UTQ)	70,615,000
Direct Debt (as of date of sale)		$93,590,000
Plus:	2021 School Building and Site and Refunding Bonds (UTQ)	15,440,000
NET DIRECT DEBT (as of date of delivery)		$109,030,000

Overlapping Debt as of February 25, 2021[3]

% Applicable	Municipality	Amount Outstanding	School District Share
100.00	Dexter City	$12,414,000	$12,414,000
62.65	Dexter Township	896,337	561,555
6.39	Hamburg Township	8,835,000	564,557
40.16	Lima Township	131,118	52,657
1.78	Lodi Township	319,000	5,678
0.60	Northfield Township	5,695,000	34,170
22.89	Scio Township	15,815,509	3,620,170
93.83	Webster Township	1,663,960	1,561,294
0.73	Livingston County	24,513,000	178,945
7.55	Washtenaw County	39,072,474	2,949,972
8.01	Washtenaw ISD	44,570,000	3,570,057
7.72	Washtenaw Community College	7,465,000	576,298
100.00	Dexter District Library	2,705,000	2,705,000
Net overlapping debt in the School District			$28,794,353
NET DIRECT AND OVERLAPPING DEBT*			$137,824,353

Debt Ratios

2020 State Equalized Valuation ("SEV")	$1,850,473,957
2020 Taxable Valuation	$1,467,217,107
2010 Population	19,591
Direct Debt (Including New Issue)	$109,030,000
Direct/Overlapping Debt	$137,824,353
Direct Debt Per Capita	$5,565
Direct/Overlapping Debt Per Capita	$7,035

[1] Source: Michigan Department of Treasury.
[2] Source: Municipal Advisory Council of Michigan and the School District.
[3] Source: Municipal Advisory Council of Michigan.

Per Capita 2020 SEV	$94,455
Ratio of Direct Debt to 2020 SEV	5.89%
Ratio of Direct/Overlapping Debt to 2020 SEV	7.45%
Per Capita 2020 Taxable Valuation	$74,892
Ratio of Direct Debt to 2020 Taxable Valuation	7.43%
Ratio of Direct/Overlapping Debt to 2020 Taxable Valuation	9.39%

Legal Debt Margin

2020 State Equalized Valuation		$1,850,473,957
Debt Limit (15% of 2020 State Equalized Valuation)		277,571,094
Debt Outstanding	$109,030,000	
Less bonds not subject to Debt Limit[1]	(109,030,000)	
Total Subject to Debt Limit		0
Additional Debt Which Could Be Legally Incurred		$277,571,094

ECONOMIC PROFILE

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

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

Unemployment[2]

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

	Washtenaw County	Livingston County	State of Michigan
2020, Nov.[3]	3.4%	5.9%	6.3%
2019	2.9	3.3	4.1
2018	3.1	3.3	4.1
2017	3.5	3.4	4.6
2016	3.7	4.1	5.0
2015	3.7	4.6	5.4

[1] Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. In addition, Section 605 of Act 34, Public Acts of Michigan, 2001, as amended, provides, in relevant part, that debt evidenced by a refunding security shall not be deemed to be within any statutory or charter limitation of outstanding debt limit.

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

[3] Current unemployment is reflective of changes caused by COVID-19.

Major Employers[1]

Company	Product or service	Approximate # of employees
Within the Area of the School District (75 or more employees)		
Dexter Community Schools	Education	471
Dexter Fastener Technologies	Engine fasteners	230
Thomson-Shore Inc.	Publishing	200
Paladin Attachments, LLC	Coupler systems and attachment tools	194
Dapco Industries	Valves and fittings	180
Nagel Precision, Inc.	Horning machines	130
QED Environmental Systems	Industrial equipment supplier	80
Thetford Corporation	Metal sanitary ware	80
Flexible Metal Inc.	Fabricated pipe & fittings	75
Variety Die & Stamping Company	Metal stampings	75
Trucent Separation Technologies, LLC	Fluid separation technology	75
Washtenaw County (Ann Arbor Area – 1,155 or more employees)		
University of Michigan	Public university and health system	35,446
Trinity Health	Health care system	7,435
Ann Arbor Public Schools	Education	2,607
Faurecia North America	Automotive component mfg.	1,820
VA Ann Arbor Healthcare System	Medical center	1,700
Integrated Health Associates (IHA)	Medical center	1,592
Toyota Technical Center, Ann Arbor	OEM research	1,495
Eastern Michigan University	Public university	1,426
Washtenaw County	County government	1,322
Thomson Reuters	Software/IT	1,155
Livingston County (321 or more employees)		
Citizens Insurance Co. of America	Insurance	650
Livingston County	County government	650
Howell Public Schools	Education	631
Brighton Area Schools	Education	627
Livingston Educational Service Agency	Education	580
Trinity Health	Health care	519
State of Michigan	State government	514
Hartland Consolidated Schools	Education	509
Toyoda Gosei North America Corp.	Automotive parts mfg.	342
Pinckney School District	Education	321

As a result of restrictions put in place, some of the entities listed above may currently be closed or operating at a reduced capacity. See "IMPACT OF COVID-19 PANDEMIC ON THE SCHOOL DISTRICT" in this Official Statement.

[1] Sources: Ann Arbor SPARK, 2020 Michigan Manufacturers Directory, 2020 Harris Michigan Industrial Directory, Crain's Detroit Business Book of Lists 2019 edition, D&B Hoovers, and the School District.

APPENDIX C

DEXTER COMMUNITY SCHOOLS

General Fund Budget Summary
Fiscal Year Ending June 30, 2021

	Amended* 2020/21
REVENUES	
Local Sources	$6,083,876
State Sources	31,121,468
Federal Sources	2,469,000**
Other Financing Transactions	5,643,236
TOTAL REVENUES	$45,317,580
EXPENDITURES	
Instruction	
Basic Programs	$21,347,873
Added Needs	5,400,782
Support Services	
Pupil Support	4,379,977
Instructional	2,906,097
General Administration	672,159
School Administration	2,579,668
Business Services	760,885
Operations and Maintenance	4,289,543
Transportation	1,617,755
Other Central Support	416,397
Community Services	279,196
Other Financing Uses	743,923
TOTAL EXPENDITURES	$45,394,255
Excess of Revenues Over (Under) Expenditures	($76,675)
Fund Balance - July 1	$9,854,358
Estimated Fund Balance - June 30	$9,777,683

*12/7/2020
**The Elementary and Secondary School Emergency Relief (ESSER) fund, a supplemental appropriation measure, that was signed on December 27, 2020, will provide an additional $795,000 in Federal revenue (as estimated by Michigan Department of Education).

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Rehmann Robson, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Rehmann Robson also has not performed any procedures related to this official statement.

Dexter Community Schools

DEXTER DREADNAUGHTS

Year Ended June 30, 2020

Financial Statements and Supplementary Information

Rehmann

DEXTER COMMUNITY SCHOOLS

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Rehmann

INDEPENDENT AUDITORS' REPORT

November 10, 2020

Board of Education
Dexter Community Schools
Dexter, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Dexter Community Schools*** (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 84

As described in Note 15, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. Accordingly, beginning fund balance of the student/school activity special revenue fund, the community service special revenue fund, and governmental activities were restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension and other postemployment benefit plan, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information

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

The schedule of bonds issued and outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 10, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rehmann Robson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As administration of Dexter Community Schools (the "District"), Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

Financial Highlights

- The liabilities and deferred inflows of resources of the District, as a whole, exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $49,389,014.
- The District's total net position decreased by $1,996,131.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $21,491,403, a decrease of $5,029,371 in comparison with the prior year, which was largely attributable to the expenditure of bond proceeds for bonds issued in the previous fiscal year on pre-determined capital projects.
- The general fund had an increase in fund balance of $1,944,973. At the end of the current fiscal year, total fund balance for the general fund was $9,854,358 or 23.62% of total general fund expenditures. The unassigned fund balance of the general fund was $2,727,757 or 6.5% percent of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements display functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include instruction, supporting services, community services, and food services. The District has no business-type activities as of and for the year ended June 30, 2020.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported a deficit net position of $49,389,014 at June 30, 2020. This deficit balance is due to the requirement to report the District's proportionate share of the MPSERS net pension and other postemployment benefits liabilities, as well as their related deferrals, on the statement of net position. The District's long-term debt balance also contributes to the District's deficit balance.

	Net Position	
	2020	**2019**
Assets		
Current and other assets	$ 29,413,843	$ 36,934,010
Capital assets, net	133,742,027	132,586,958
Total assets	163,155,870	169,520,968
Deferred outflows of resources	32,364,384	31,760,264
Liabilities		
Current and other liabilities	114,015,006	110,746,508
Long-term debt	119,980,956	128,007,733
Total liabilities	233,995,962	238,754,241
Deferred inflows of resources	10,913,306	10,984,038
Net position		
Net investment in capital assets	43,550,482	45,485,504
Restricted	2,354,896	2,097,156
Unrestricted (deficit)	(95,294,392)	(96,039,707)
Total net position (deficit)	$ (49,389,014)	$ (48,457,047)

	Change in Net Position	
	2020	2019
Revenues		
Program revenues:		
Charges for services	$ 3,941,426	$ 3,574,446
Operating grants and contributions	14,035,239	13,365,667
General revenues:		
Property taxes - operations	5,036,428	4,733,310
Property taxes - debt service	11,877,973	11,267,062
Grants and contributions not restricted to specific programs	24,168,265	24,547,692
Unrestricted investment earnings	77,910	142,765
Other revenues	2,192,122	452,033
Total revenues	61,329,363	58,082,975
Expenses		
Instruction	29,883,813	26,151,158
Supporting services	17,928,062	16,307,069
Community services	3,801,156	3,063,999
Food services	1,694,907	1,452,574
Interest on long-term debt	4,133,559	4,556,910
Unallocated depreciation	5,883,997	5,473,084
Total expenses	63,325,494	57,004,794
Change in net position	(1,996,131)	1,078,181
Net position, beginning of year (deficit)	(48,457,047)	(49,535,228)
Restatement - GASB 84	1,064,164	-
Net position, end of year (deficit)	$ (49,389,014)	$ (48,457,047)

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

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

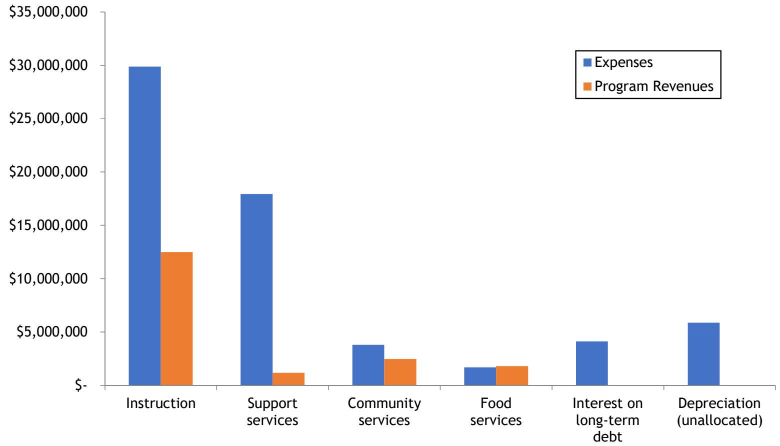
An additional portion of the District's net position, $2,354,896 represents resources that are subject to external restrictions on how they may be used. In the case of the District, these amounts are restricted for debt service and food service. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the District as a whole are reported in the statement of activities (see table), which shows the changes in net position for the fiscal year. The District's net position decreased by $1,996,131 during the current fiscal year.

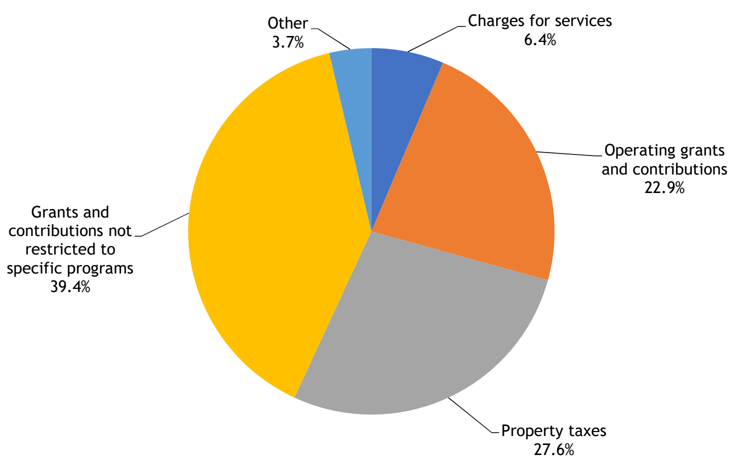
The net cost shows the financial burden that was placed on the State and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State Aid constitute the vast majority of the District's operating revenue sources, the Board of Education and administration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

During fiscal 2020, interest on long-term debt decreased $423,351 and unallocated depreciation increased by $410,913 over the prior year levels. The interest expense decrease was due to the repayment of debt in the current year. A large portion of the proceeds from those bonds was expended during the year on capital projects, as defined in the bond resolution, much of which were capitalized during the year and began to be depreciated.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

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

During the fiscal year ended June 30, 2020, the District amended the budget of the general fund two times. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The statement of revenues, expenditures and changes in fund balance – budget and actual – general fund, which presents the District's general fund original and final amended budget amounts compared with amounts actually paid and received, is provided in these financial statements.

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $2,727,757, while the total fund balance was $9,854,358. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 6.5% and 23.6%, respectively, of total general fund expenditures.

The fund balance of the District's general fund increased by $1,944,973, or 24.6% from the prior year. The largest revenue source in this fund is state revenue which includes primarily state aid. The increase in fund balance was attributable to recognizing deferred revenue that was received in prior years but was deferred pending the outcome of outside review. Expenditures consist primarily of costs associated with instruction and related supporting activities.

The debt retirement fund balance decreased by $26,504 to $1,985,610. Millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue-related debt service. The debt retirement fund balance is restricted to pay debt service obligations.

The 2017 capital projects fund balance was $7,884,097, a decrease of $7,171,504 from the prior year. This decrease was caused by expenditure on capital projects of bond proceeds for debt issued in the prior fiscal year intended for this precise purpose.

General Fund Budgetary Highlights

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

- The final budget was amended with a 2.1% increase in revenues over the original budget.
- Budgeted expenditures were amended for an overall increase of $1,571,193.

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

- The general fund actual revenue and other financing sources was $44,461,967. That amount is more than the final budget estimate of $44,083,798. The variance was $378,169, or 0.9%. The state of Michigan issued a retroactive proration of the foundation allowance in August 2020 of $175 per pupil, reducing revenue by $634,809. The District also recognized $1,916,184 of deferred revenue that was received in prior years primarily from interdistrict sources but was deferred pending the outcome of outside review.
- The actual expenditures and other financing uses of the general fund were $42,516,994, which is below the final budget estimate of $44,642,286. The variance was $2,125,292, or 4.8% favorable to the final budget. The positive variance was largely attributable to school districts in the State of Michigan being shut down on March 16, 2020 due to the novel coronavirus outbreak (COVID-19), including lower expenditures for teacher and support staff substitutes, teaching supply expenditures and bus operating costs. Other positive variance was due to special education services required were less than anticipated, reduced payroll taxes due to increased employee contributions for health coverage, reduced worker's compensation premiums due to favorable experience, temporary vacancies in instructional positions and temporary vacancies in non-instructional positions.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2020 amounted to $133,742,027 (net of accumulated depreciation). Significant additions included renovations and additions to the District's facilities, being funded through voter-approved bond issues. Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation)	
	2020	**2019**
Land	$ 5,853,892	$ 5,853,892
Construction in progress	349,893	844,270
Buildings and improvements	121,836,358	121,058,731
Furniture and equipment	4,830,397	3,721,358
Vehicles and buses	871,487	1,108,707
Total capital assets, net	$ 133,742,027	$ 132,586,958

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

Long-term Debt

	Long-term Debt	
	2020	**2019**
General obligation bonds	$ 93,590,000	$ 97,100,000
Unamortized premiums and discounts	4,764,577	5,432,747
School Loan Revolving Fund	19,971,479	23,954,459
Compensated absences	1,654,900	1,520,527
	$ 119,980,956	$ 128,007,733

At the end of the current fiscal year, the District had total long-term debt outstanding of $119,980,956. The District's total debt decreased by $8,026,777 during the current fiscal year as a result of normal debt service payments. An additional $716,720 in accrued interest was also added to the School Loan Revolving Fund balance, which was offset by District payments of $4,699,700.

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

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2020-21 fiscal year:

- **Foundation Allowance**
  The Board of Education and administration agreed to an estimated foundation allowance of $8,003 per pupil for the 2020-21 fiscal year, a $325 per pupil decrease from 2019-20, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators and the Michigan Association of School Boards as well as discussions with local state representatives. The projected decrease for the year ended June 30, 2021 was adopted in June 2020 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the novel coronavirus outbreak (COVID-19). The political debate regarding the funding of public education and the current economic climate in the State of Michigan will affect this estimate before the final foundation allowance is known.

- **Pupil Count**
  The Board of Education and administration agreed to an estimated pupil count of 3,597 for the 2020-21 fiscal year, a 30 per pupil decrease from 2019-20, based on information received from Middle Cities Education Association and the District's own pupil projections. The projected decrease is largely attributable to a high degree of uncertainty related to student enrollment due to the novel coronavirus outbreak (COVID-19).

- **Retirement Rate**
  The Michigan School Employees Retirement System recommends a retirement rate to the legislature for approval. In 2020-21, the rate is anticipated to increase to 28.21% from 27.50% effective October 1, 2020. Additionally, the District will be required to pay 14.51%, for all wages earned October 1, 2020 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

- **Coronavirus (COVID-19)**
  The budget for the year ended June 30, 2021 was adopted in June 2020 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the novel coronavirus outbreak (COVID-19). Subsequent to year end, additional funding has been provided by the State of Michigan through various restricted federal grant programs. Despite this, there continues to be a high degree of uncertainty regarding potential changes to state and federal funding. In addition, the District is continuously evaluating the impacts of the pandemic as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.

  On July 1, 2020, PA 123 of 2020 was signed into law, providing funding to the District under the Coronavirus Relief Fund. As part of the August state aid, the District received $44,690 of District COVID Costs related to this funding that will be recognized in fiscal year 2021.

  On July 31, 2020, PA 146 of 2020 was signed into law, providing funding to the District under the Coronavirus Relief Fund. As part of the August state aid, the District received $1,269,618 of Coronavirus Relief Funds related to this funding that will be recognized in fiscal year 2021.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	$ 3,622,621
Investments	19,741,126
Receivables	5,972,132
Other assets	77,964
Capital assets not being depreciated	6,203,785
Capital assets being depreciated, net	127,538,242
Total assets	163,155,870
Deferred outflows of resources	
Deferred charge on advance bond refundings, net	278,935
Deferred pension amounts	25,747,776
Deferred other postemployment benefit amounts	6,337,673
Total deferred outflows of resources	32,364,384
Liabilities	
Accounts payable and accrued liabilities	5,382,985
Unearned revenue	2,854,801
Long-term debt:	
Due within one year	4,202,631
Due in more than one year	115,778,325
Net pension liability (due in more than one year)	86,772,214
Net other postemployment benefit liability (due in more than one year)	19,005,006
Total liabilities	233,995,962
Deferred inflows of resources	
Deferred pension amounts	3,476,179
Deferred other postemployment benefit amounts	7,437,127
Total deferred inflows of resources	10,913,306
Net position	
Net investment in capital assets	43,550,482
Restricted for:	
Food service operations	684,632
Debt service	1,670,264
Unrestricted (deficit)	(95,294,392)
Total net position (deficit)	$ (49,389,014)

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

DEXTER COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Governmental activities				
Instruction	$ 29,883,813	$ 240,970	$ 12,254,220	$ (17,388,623)
Supporting services	17,928,062	501,943	690,034	(16,736,085)
Community services	3,801,156	2,448,165	31,470	(1,321,521)
Food services	1,694,907	750,348	1,059,515	114,956
Interest on long-term debt	4,133,559	-	-	(4,133,559)
Unallocated depreciation	5,883,997	-	-	(5,883,997)
Total governmental activities	$ 63,325,494	$ 3,941,426	$ 14,035,239	(45,348,829)
General revenues				
Property taxes - operations				5,036,428
Property taxes - debt service				11,877,973
Grants and contributions not restricted to specific programs				24,168,265
Unrestricted investment earnings				77,910
Gain on sale of capital assets				61,289
Other revenues				2,130,833
Total general revenues				43,352,698
Change in net position				(1,996,131)
Net position, beginning of year, as restated (deficit)				(47,392,883)
Net position, end of year (deficit)				$ (49,389,014)

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

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DEXTER COMMUNITY SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,836,931	$ 66	$ -	$ 1,785,624	$ 3,622,621
Investments	9,333,576	1,889,953	8,517,597	-	19,741,126
Accounts receivable	214,315	-	-	53,294	267,609
Due from other governments	5,445,000	95,591	-	163,932	5,704,523
Due from other funds	105,712	-	-	11,587	117,299
Inventory	-	-	-	18,556	18,556
Prepaid items	57,571	-	-	1,837	59,408
Total assets	$ 16,993,105	$ 1,985,610	$ 8,517,597	$ 2,034,830	$ 29,531,142
Liabilities					
Accounts payable	$ 192,184	$ -	$ 633,500	$ 22,763	$ 848,447
Accrued liabilities	3,688,239	-	-	-	3,688,239
Due to other governments	530,953	-	-	-	530,953
Due to other funds	11,330	-	-	105,969	117,299
Unearned revenue	2,716,041	-	-	138,760	2,854,801
Total liabilities	7,138,747	-	633,500	267,492	8,039,739
Fund balances					
Nonspendable	57,571	-	-	20,393	77,964
Restricted	-	1,985,610	7,884,097	666,076	10,535,783
Committed	5,076,519	-	-	1,080,869	6,157,388
Assigned	1,992,511	-	-	-	1,992,511
Unassigned	2,727,757	-	-	-	2,727,757
Total fund balances	9,854,358	1,985,610	7,884,097	1,767,338	21,491,403
Total liabilities and fund balances	$ 16,993,105	$ 1,985,610	$ 8,517,597	$ 2,034,830	$ 29,531,142

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

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Fund balances - total governmental funds	$ 21,491,403
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	6,203,785
Capital assets being depreciated, net	127,538,242
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and school loan revolving fund payable	(113,561,479)
Compensated absences	(1,654,900)
Unamortized bond premiums and discounts, net	(4,764,577)
Unamortized deferred charge on advance bond refunding	278,935
Accrued interest on bonds payable	(315,346)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net other postemployment benefit liability, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(86,772,214)
Deferred outflows related to the net pension liability	25,747,776
Deferred inflows related to the net pension liability	(3,476,179)
Net other postemployment benefit liability	(19,005,006)
Deferred outflows related to the net other postemployment benefit liability	6,337,673
Deferred inflows related to the net other postemployment benefit liability	(7,437,127)
Net position of governmental activities	$ (49,389,014)

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

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 5,651,065	$ 11,971,066	$ 333,143	$ 3,204,267	$ 21,159,541
State sources	30,608,514	214,269	-	98,625	30,921,408
Federal sources	1,305,718	-	-	1,128,867	2,434,585
Interdistrict sources	4,743,665	-	-	120,102	4,863,767
Other adjustments	1,916,184	-	-	-	1,916,184
Total revenues	44,225,146	12,185,335	333,143	4,551,861	61,295,485
Expenditures					
Current:					
Instruction	25,636,790	-	-	-	25,636,790
Supporting services	15,817,149	-	-	-	15,817,149
Community services	239,049	-	-	3,374,717	3,613,766
Food services	-	-	-	1,564,469	1,564,469
Debt service:					
Principal	-	8,209,700	-	-	8,209,700
Interest and fiscal charges	-	4,002,139	-	-	4,002,139
Capital outlay	-	-	7,504,647	10,074	7,514,721
Other adjustments	27,411	-	-	-	27,411
Total expenditures	41,720,399	12,211,839	7,504,647	4,949,260	66,386,145
Revenues over (under) expenditures	2,504,747	(26,504)	(7,171,504)	(397,399)	(5,090,660)
Other financing sources (uses)					
Transfers in	225,532	-	-	796,595	1,022,127
Transfers out	(796,595)	-	-	(225,532)	(1,022,127)
Proceeds from sale of capital assets	11,289	-	-	50,000	61,289
Total other financing sources (uses)	(559,774)	-	-	621,063	61,289
Net change in fund balances	1,944,973	(26,504)	(7,171,504)	223,664	(5,029,371)
Fund balances, beginning of year, as restated	7,909,385	2,012,114	15,055,601	1,543,674	26,520,774
Fund balances, end of year	$ 9,854,358	$ 1,985,610	$ 7,884,097	$ 1,767,338	$ 21,491,403

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

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DEXTER COMMUNITY SCHOOLS

Reconciliation
Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds	$ (5,029,371)
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	7,039,066
Depreciation expense	(5,883,997)
Proceeds from sale of capital assets	(61,289)
Gain on sale of capital assets	61,289
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.	
Principal payments on long-term debt	8,209,700
Accrued interest on School Loan Fund added to principal	(716,720)
Amortization of bond premiums and discounts, net	668,170
Amortization of deferred charge on advance bond refunding	(96,757)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in the net pension liability and related deferred amounts	(7,188,791)
Change in the net other postemployment benefit liability and related deferred amounts	1,123,055
Change in accrued interest payable on bonds	13,887
Change in compensated absences payable	(134,373)
Change in net position of governmental activities	$ (1,996,131)

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

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Local sources	$ 5,581,632	$ 5,936,576	$ 5,651,065	$ (285,511)
State sources	30,896,849	30,839,421	30,608,514	(230,907)
Federal sources	1,661,797	1,610,654	1,305,718	(304,936)
Interdistrict sources	4,747,926	5,401,519	4,743,665	(657,854)
Other adjustments	-	-	1,916,184	1,916,184
Total revenues	42,888,204	43,788,170	44,225,146	436,976
Expenditures				
Current:				
Instruction:				
Basic programs	21,109,297	21,735,535	20,621,885	(1,113,650)
Added needs	4,542,572	5,138,856	5,014,905	(123,951)
Total instruction	25,651,869	26,874,391	25,636,790	(1,237,601)
Supporting services:				
Student services	4,309,086	4,290,644	4,195,725	(94,919)
Instructional support	2,469,404	2,478,558	2,387,961	(90,597)
General administration	591,521	613,094	571,446	(41,648)
School administration	2,539,485	2,564,461	2,493,043	(71,418)
Business administration	690,386	732,215	713,805	(18,410)
Operation & maintenance of plant	3,751,197	3,887,888	3,527,479	(360,409)
Transportation	1,578,126	1,607,307	1,486,353	(120,954)
Other support services	352,595	445,454	441,337	(4,117)
Total supporting services	16,281,800	16,619,621	15,817,149	(802,472)
Community services	261,554	272,404	239,049	(33,355)
Other adjustments	-	-	27,411	27,411
Total expenditures	42,195,223	43,766,416	41,720,399	(2,073,428)
Revenues over expenditures	692,981	21,754	2,504,747	(2,510,404)
Other financing sources (uses)				
Transfers in	225,358	275,628	225,532	(50,096)
Transfers out	(516,009)	(875,870)	(796,595)	79,275
Proceeds from sale of capital assets	20,000	20,000	11,289	(8,711)
Total other financing sources (uses)	(270,651)	(580,242)	(559,774)	20,468
Net change in fund balance	422,330	(558,488)	1,944,973	2,503,461
Fund balance, beginning of year	7,909,385	7,909,385	7,909,385	-
Fund balance, end of year	$ 8,331,715	$ 7,350,897	$ 9,854,358	$ 2,503,461

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Reporting Entity

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2020.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

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

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

Additionally, the District reports the following fund types:

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments consist of U.S. Treasury notes and U.S. Government Agency notes that are valued at fair value. In addition, the District participates in an external investment pool. In accordance with GASB 79, some the District's shares in that pool are recorded at amortized cost and others are valued at each investment's net asset value, both of which approximate fair value.

State statues authorize the District to invest in:

a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.

c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

d. Bankers acceptances of United States banks.

e. Obligations of the State of Michigan and its political subdivisions that are rated as investment grade by at least one standard rating service at the time of purchase.

f. Mutual funds registered under the Investment Company Act of 9140 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables and Revenues

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

Inventory

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

Prepaids

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

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

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

Deferred Outflows of Resources

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

Salaries Payable and Accrued Employee Benefits

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

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

Compensated Absences

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

Deferred Inflows of Resources

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

Unearned Revenue

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

Long-term Obligations

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

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

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2019 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Fund Equity

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

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

Interfund Transactions

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

Pensions and Other Postemployment Benefits

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

Use of Estimates

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

2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

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

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

2. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2020. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2020, the District did not incur expenditures in excess of the amounts appropriated.

3. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 69% of the District's general fund revenue during the 2020 fiscal year.

4. DEPOSITS AND INVESTMENTS

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

	Governmental Activities
Cash and cash equivalents	$ 3,622,621
Investments	19,741,126
Total	$ 23,363,747

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

	Governmental Activities
Checking and savings accounts	$ 3,620,022
Investments	19,741,126
Cash on hand	2,599
Total	$ 23,363,747

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

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

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	$ 299	AAAm S&P
MAX class	N/A	15,211,790	AAAm S&P
U.S. Treasury Note	11/15/2020	1,010,810	AA+ S&P
U.S. Treasury Note	4/30/2021	1,007,016	AA+ S&P
U.S. Treasury Note	11/15/2021	2,511,211	AA+ S&P
Total		$ 19,741,126	

Investment and Deposit Risk

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, $4,968,123 of the District's bank balance of $5,218,123 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

DEXTER COMMUNITY SCHOOLS

Notes to Financial Statements

The District has the following recurring fair value measurements as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ -	$ 4,529,037	$ -	$ 4,529,037
Assets carried at amortized cost:				
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio:				
Cash management class				299
MAX class				15,211,790
Total investments				$ 19,741,126

5. RECEIVABLES AND PAYABLES

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

	Governmental Activities
Accounts receivable	$ 267,609
Due from other governments	5,704,523
Totals	$ 5,972,132

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

	Governmental Activities
Accounts payable	$ 848,447
Accrued liabilities	3,688,239
Due to other governments	530,953
Interest payable on long-term debt	315,346
Totals	$ 5,382,985

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2020, interfund receivables, and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	$ 105,712	$ 11,330
Nonmajor governmental funds	11,587	105,969
	$ 117,299	$ 117,299

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

For the year ended June 30, 2020, interfund transfers consisted of the following:

	Transfers In		
Transfers Out	General Fund	Nonmajor Governmental Funds	Totals
General fund	$ -	$ 796,595	$ 796,595
Nonmajor governmental funds	225,532	-	225,532
	$ 225,532	$ 796,595	$ 1,022,127

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

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 5,853,892	$ -	$ -	$ -	$ 5,853,892
Construction in progress	844,270	7,010,270	-	(7,504,647)	349,893
	6,698,162	7,010,270	-	(7,504,647)	6,203,785
Capital assets, being depreciated:					
Buildings and improvements	187,542,379	-	(639,570)	5,663,979	192,566,788
Furniture and equipment	11,503,921	28,796	-	1,840,668	13,373,385
Vehicles and buses	3,738,021	-	-	-	3,738,021
	202,784,321	28,796	(639,570)	7,504,647	209,678,194
Less accumulated depreciation for:					
Buildings and improvements	(66,483,648)	(4,886,352)	639,570	-	(70,730,430)
Furniture and equipment	(7,782,563)	(760,425)	-	-	(8,542,988)
Vehicles and buses	(2,629,314)	(237,220)	-	-	(2,866,534)
	(76,895,525)	(5,883,997)	639,570	-	(82,139,952)
Total capital assets being depreciated, net	125,888,796	(5,855,201)	-	7,504,647	127,538,242
Governmental activities capital assets, net	$ 132,586,958	$ 1,155,069	$ -	$ -	$ 133,742,027

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

At June 30, 2020, the District has approximately $1,110,000 in commitments related to the construction in progress reported above.

8. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2020:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Building and site bonds	$ 97,100,000	$ -	$ (3,510,000)	$ 93,590,000	$ 3,675,000
Unamortized premiums and discounts	5,432,747	-	(668,170)	4,764,577	527,631
School Loan Revolving Fund	23,954,459	716,720	(4,699,700)	19,971,479	-
Compensated absences	1,520,527	134,373	-	1,654,900	-
Total governmental activities	$ 128,007,733	$ 851,093	$ (8,877,870)	$ 119,980,956	$ 4,202,631

General obligation bonds	
$31,500,000 (original issuance of $69,900,000 before refunding), 1998 school building and site bonds due in annual installments of $2,625,000 plus interest at 5.00-5.10% through 2028	$ 21,000,000
$6,610,000, 2012 building and site bonds due in amounts ranging from $750,000 through $1,050,000 plus interest at 3.00-4.00% through 2022	1,975,000
$50,605,000 2017 school building and site bonds due in amounts ranging from $760,000 through $7,835,000 plus interest at 3.00-4.00% through 2034	50,605,000
$20,010,000, 2017 refunding bonds due in amounts ranging from $1,280,000 through $4,010,000 plus interest at 4.00% through 2028	20,010,000
Total	$ 93,590,000

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

Year Ended June 30,	Principal	Interest	Total
2021	$ 3,675,000	$ 3,784,157	$ 7,459,157
2022	8,415,000	3,621,407	12,036,407
2023	7,055,000	3,258,557	10,313,557
2024	7,390,000	2,950,107	10,340,107
2025	7,720,000	2,625,632	10,345,632
2026-2030	34,535,000	8,360,910	42,895,910
2031-2034	24,800,000	1,707,878	26,507,878
Totals	$ 93,590,000	$ 26,308,648	$ 119,898,648

The State of Michigan school loan revolving funds represent amounts borrowed from the State of Michigan school bond loan program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school revolving loan funds for the year ended June 30, 2020, are as follows:

	School Loan Revolving Fund		
	Principal	Interest	Total
Beginning balance	$ 21,784,986	$ 2,169,473	$ 23,954,459
Additions	-	716,720	716,720
Deductions	(4,536,721)	(162,979)	(4,699,700)
Ending balance	$ 17,248,265	$ 2,723,214	$ 19,971,479

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

9. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded $2,711,071 in unearned revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and TIFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of unearned revenue are as follows:

Future State Aid Adjustment	
for Prior Year DDA/TIFA Captures	$ 2,711,071
Fees and prepaid student lunches	138,760
Other	4,970
	$ 2,854,801

10. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

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, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	18.25% - 19.41%
Member Investment Plan (MIP)	3.00% - 7.00%	18.25% - 19.41%
Pension Plus	3.00% - 6.40%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

For the year ended June 30, 2020, required and actual contributions from the District to the pension plan were $7,319,434, which included $2,918,930, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.93% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

For the year ended June 30, 2020, required and actual contributions from the District to the OPEB plan were $1,914,592.

The table below summarizes defined contribution rates in effect for fiscal year 2020:

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

For the year ended June 30, 2020, required and actual contributions from the District for those members with a defined contribution benefit were $341,980.

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

At June 30, 2020, the District reported a liability of $86,772,214 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the District's proportion was 0.26202%, which was an increase of 0.00230% from its proportion measured as of September 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of $14,316,841. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 388,941	$ 361,832	$ 27,109
Changes in assumptions	16,990,061	-	16,990,061
Net difference between projected and actual earnings on pension plan investments	-	2,780,902	(2,780,902)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,489,020	333,445	1,155,575
	18,868,022	3,476,179	15,391,843
District contributions subsequent to the measurement date	6,879,754	-	6,879,754
Total	$ 25,747,776	$ 3,476,179	$ 22,271,597

The $6,879,754 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 ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	$ 6,198,284
2022	4,903,644
2023	3,076,554
2024	1,213,361
Total	$ 15,391,843

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

At June 30, 2020, the District reported a liability of $19,005,006 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the District's proportion was 0.26478% which was an increase of 0.00231% from its proportion measured as of September 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of $584,524. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 6,973,474	$ (6,973,474)
Changes in assumptions	4,118,000	-	4,118,000
Net difference between projected and actual earnings on OPEB plan investments	-	330,506	(330,506)
Changes in proportion and differences between employer contributions and proportionate share of contributions	506,251	133,147	373,104
	4,624,251	7,437,127	(2,812,876)
District contributions subsequent to the measurement date	1,713,422	-	1,713,422
Total	$ 6,337,673	$ 7,437,127	$ (1,099,454)

The $1,713,422 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	$ (786,354)
2022	(786,354)
2023	(622,167)
2024	(397,880)
2025	(220,121)
Total	$ (2,812,876)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2018 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females

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Notes to Financial Statements

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2019, are based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4977 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.7101 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-term Expected Return on Pension 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Private equity pools	18.00%	8.60%	1.55%
International equity pools	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.15%
Investment rate of return			6.80%

Long-term Expected Return on OPEB 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Private equity pools	18.00%	8.60%	1.55%
International equity pools	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.00%
Investment rate of return			6.95%

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37%, respectively. 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 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and 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 pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
District's proportionate share of the net pension liability	$ 112,809,430	$ 86,772,214	$ 65,186,466

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net OPEB liability	$ 23,312,496	$ 19,005,006	$ 15,387,911

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

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

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net OPEB liability	$ 15,234,562	$ 19,005,006	$ 23,311,985

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2020, the District reported a payable of $1,034,008 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2020.

Payable to the OPEB Plan

At June 30, 2020, the District reported a payable of $209,671 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2020.

11. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Debt Retirement Fund	2017 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	$ -	$ -	$ -	$ 18,556	$ 18,556
Prepaid items	57,571	-	-	1,837	59,408
	57,571	-	-	20,393	77,964
Restricted					
Debt service	-	1,985,610	-	-	1,985,610
Food service program	-	-	-	666,076	666,076
Capital projects	-	-	7,884,097	-	7,884,097
	-	1,985,610	7,884,097	666,076	10,535,783
Committed					
Unspent supply carryover	248,573	-	-	-	248,573
Facilities, equipment and maintenance	795,538	-	-	-	795,538
Facilities, athletics	860,000	-	-	-	860,000
Performing arts equipment	140,000	-	-	-	140,000
Instructional materials and equipment	1,000,000	-	-	-	1,000,000
Technology	881,918	-	-	-	881,918
New buildings and spaces	300,490	-	-	-	300,490
Retirement and severance	850,000	-	-	-	850,000
Community services	-	-	-	119,385	119,385
Student / school activity	-	-	-	921,558	921,558
Non-bonded capital projects	-	-	-	39,926	39,926
	5,076,519	-	-	1,080,869	6,157,388
Assigned					
Subsequent year expenditures	1,992,511	-	-	-	1,992,511
Unassigned	2,727,757	-	-	-	2,727,757
Total fund balances - governmental funds	$ 9,854,358	$ 1,985,610	$ 7,884,097	$ 1,767,338	$ 21,491,403

12. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2020, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	$ 6,203,785
Capital assets being depreciated, net	127,538,242
	133,742,027
Related debt:	
Bonds	93,590,000
Premiums/discounts on bonds payable, net	4,764,577
Deferred charge on advance bond refundings, net	(278,935)
Unexpended bond proceeds	(7,884,097)
	90,191,545
Net investment in capital assets	$ 43,550,482

13. BONDED CONSTRUCTION COSTS

2017 Capital Projects Fund Compliance

The 2017 Capital Projects Fund include capital project activities funded with proceeds from the 2017 building and site bonds. For these activities, the District has complied with the applicable provisions of §1351a of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

14. CONTINGENCIES

Federal Grant Programs

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

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Notes to Financial Statements

Risk Management

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

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

15. RESTATEMENT

The District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, in the current year. As a result of this change, beginning net position of governmental activities was increased by $1,064,164, the student/school activity special revenue fund was increased by $951,112, and the community service special revenue fund was increased by $113,052.

16. SUBSEQUENT EVENT

In July 2020, the District completed the sale of the Copeland facility to a local non-profit organization for $1,070,000. The sale was consummated via a non-interest bearing land contract which calls for principal payments of $50,000 within fifteen days of closing, $50,000 on or before January 15, 2021, and the balance of $970,000 on or before January 15, 2022.

17. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the District’s operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it will continue to place additional demands on the District as it determines the appropriate methods to deliver education to students in a safe environment. While management reasonably expects the COVID-19 outbreak to negatively impact the District’s financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,			Year Ended June 30,		
	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	$ 86,772,214	$ 78,076,238	$ 66,388,499	$ 62,177,767	$ 61,232,973	$ 52,543,111
District's proportion of the net pension liability	0.26202%	0.25972%	0.25619%	0.24922%	0.25070%	0.23854%
District's covered payroll	$ 23,160,721	$ 22,350,671	$ 21,844,616	$ 21,116,479	$ 21,237,606	$ 20,490,109
District's proportionate share of the net pension liability as a percentage of its covered payroll	374.65%	349.32%	303.91%	294.45%	288.32%	256.43%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.38%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Required Supplementary Information

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

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 7,319,434	$ 6,953,030	$ 6,467,637	$ 5,956,455	$ 4,836,283	$ 3,704,745
Contributions in relation to the statutorily required contribution	(7,319,434)	(6,953,030)	(6,467,637)	(5,956,455)	(4,836,283)	(3,704,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,821,083	$ 21,043,362	$ 22,283,619	$ 21,652,765	$ 20,993,350	$ 21,188,803
Contributions as a percentage of covered payroll	30.73%	33.04%	29.02%	27.51%	23.04%	17.48%

See notes to required supplementary information.

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,		
	2020	2019	2018
District's proportionate share of the net OPEB liability	$ 19,005,006	$ 20,863,637	$ 22,742,261
District's proportion of the net OPEB liability	0.26478%	0.26247%	0.25682%
District's covered payroll	$ 23,160,721	$ 22,350,671	$ 21,844,616
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.06%	93.35%	104.11%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%

See notes to required supplementary information.

DEXTER COMMUNITY SCHOOLS

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

	Year Ended June 30,		
	2020	2019	2018
Statutorily required contributions	$ 1,914,592	$ 1,961,551	$ 1,761,556
Contributions in relation to the statutorily required contributions	(1,914,592)	(1,961,551)	(1,761,556)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 23,821,083	$ 21,043,362	$ 22,283,619
Contributions as a percentage of covered payroll	8.04%	9.32%	7.91%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

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

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

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

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

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

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

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

DEXTER COMMUNITY SCHOOLS

Schedule of Revenues and Other Financing Sources
General Fund
For the Year Ended June 30, 2020

	Total
Revenues	
Local sources	
Property taxes	$ 5,036,428
Earnings on investments and deposits	77,910
Tuition	240,970
Transportation	78,617
Rentals	100,181
Other local revenues	116,959
Total local sources	5,651,065
State sources	
State aid - membership - section 20	24,165,875
At risk	306,224
Special education	2,158,393
Other state grants	3,978,022
Total state sources	30,608,514
Federal sources	
Title I	213,423
Title II - Teacher Principal Training	69,232
Title III - Immigrant Students	4,994
Elementary and Secondary School Emergency Relief Program	174,666
Special Education	807,077
Special Education - Preschool	20,854
Student Support and Academic Enrichment Program	15,472
Total federal sources	1,305,718
Interdistrict sources	4,743,665
Other adjustments	1,916,184
Total revenues	44,225,146
Other financing sources	
Transfers from other funds	225,532
Proceeds from sale of capital assets	11,289
Total other financing sources	236,821
Total revenues and other financing sources	$ 44,461,967

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses
General Fund
For the Year Ended June 30, 2020

	Total
Instruction	
Basic programs	
Elementary	
Salaries - professional	$ 6,317,118
Salaries - non-professional	131,023
Insurances	941,943
FICA, retirement, etc.	2,983,637
Purchased services	200,313
Supplies and materials	141,790
Other	6,811
Total elementary	10,722,635
Middle/junior high	
Salaries - professional	1,967,001
Salaries - non-professional	55,192
Insurances	293,607
FICA, retirement, etc.	944,190
Purchased services	56,139
Supplies and materials	27,330
Other	1,745
Total middle/junior high	3,345,204
High school	
Salaries - professional	3,674,136
Salaries - non-professional	136,773
Insurances	520,754
FICA, retirement, etc.	1,765,655
Purchased services	157,483
Supplies and materials	78,783
Other	220,462
Total high school	6,554,046
Total basic programs	20,621,885
Added needs	
Special education	
Salaries - professional	1,350,863
Salaries - non-professional	1,057,025
Insurances	262,835
FICA, retirement, etc.	1,147,789
Purchased services	119,957
Supplies and materials	23,957
Other	154,802
Total special education	4,117,228

continued...

Schedule of Expenditures and Other Financing Uses
General Fund
For the Year Ended June 30, 2020

	Total
Instruction (concluded)	
Added needs (concluded)	
Compensatory education	
Salaries - professional	$ 343,631
Insurances	37,612
FICA, retirement, etc.	158,941
Purchased services	412
Supplies and materials	24,452
Total compensatory education	565,048
Vocational education	
Salaries - professional	73,467
Insurances	15,433
FICA, retirement, etc.	34,509
Purchased services	1,500
Supplies and materials	3,200
Other	204,520
Total vocational education	332,629
Total added needs	5,014,905
Total instruction	25,636,790
Supporting services	
Student services	
Salaries - professional	2,431,934
Salaries - non-professional	36,867
Insurances	402,503
FICA, retirement, etc.	1,156,467
Purchased services	158,073
Supplies and materials	6,590
Capital outlay	291
Other	3,000
Total student services	4,195,725
Instructional staff	
Salaries - professional	1,027,401
Salaries - non-professional	123,371
Insurances	190,901
FICA, retirement, etc.	541,422
Other benefits	16,233
Purchased services	383,756
Supplies and materials	57,629
Capital outlay	6,842
Other	40,406
Total instructional staff	2,387,961

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses
General Fund
For the Year Ended June 30, 2020

	Total
Supporting services (continued)	
General administration	
Salaries - professional	$ 157,620
Salaries - non-professional	64,488
Insurances	26,430
FICA, retirement, etc.	113,280
Other benefits	34,000
Purchased services	161,719
Supplies and materials	5,288
Other	8,621
Total general administration	571,446
School administration	
Salaries - professional	1,003,390
Salaries - non-professional	405,144
Insurances	231,144
FICA, retirement, etc.	702,640
Other benefits	93,794
Purchased services	32,552
Supplies and materials	16,289
Other	8,090
Total school administration	2,493,043
Business administration	
Salaries - professional	334,308
Salaries - non-professional	17,689
Insurances	52,508
FICA, retirement, etc.	190,487
Other benefits	59,200
Purchased services	24,165
Supplies and materials	2,209
Other	33,239
Total business administration	713,805
Operation and maintenance of plant	
Salaries - professional	81,931
Salaries - non-professional	992,452
Insurances	238,126
FICA, retirement, etc.	508,057
Other benefits	2,897
Purchased services	729,203
Supplies and materials	923,037
Capital outlay	51,476
Other	300
Total operation and maintenance of plant	3,527,479

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses
General Fund
For the Year Ended June 30, 2020

	Total
Supporting services (concluded)	
Transportation	
Salaries - professional	$ 62,400
Salaries - non-professional	758,449
Insurances	109,564
FICA, retirement, etc.	380,932
Other benefits	2,316
Purchased services	61,843
Supplies and materials	106,672
Other	4,177
Total transportation	1,486,353
Other supporting services	
Salaries - professional	112,949
Salaries - non-professional	46,087
Insurances	26,253
FICA, retirement, etc.	77,742
Other benefits	9,827
Purchased services	159,129
Supplies and materials	6,160
Other	3,190
Total other supporting services	441,337
Total supporting services	15,817,149
Community services	
Salaries - professional	9,780
Salaries - non-professional	2,500
Insurances	172
FICA, retirement, etc.	5,842
Purchased services	99,770
Supplies and materials	120,985
Total community services	239,049
Other adjustments	27,411
Total expenditures	41,720,399
Other financing uses	
Transfers to other funds	796,595
Total expenditures and other financing uses	$ 42,516,994

concluded

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DEXTER COMMUNITY SCHOOLS

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			Capital Projects	
	Food Service	Community Service	Student/ School Activity	Non-bonded	Total
Assets					
Cash and cash equivalents	$ 676,718	$ 179,824	$ 929,082	$ -	$ 1,785,624
Accounts receivable	2,039	14	1,241	50,000	53,294
Due from other governments	135,908	28,024	-	-	163,932
Due from other funds	210	10,848	529	-	11,587
Inventory	18,556	-	-	-	18,556
Prepaid items	-	-	1,837	-	1,837
Total assets	$ 833,431	$ 218,710	$ 932,689	$ 50,000	$ 2,034,830
Liabilities					
Accounts payable	$ 15,245	$ 6,155	$ 1,363	$ -	$ 22,763
Due to other funds	11,280	76,684	7,931	10,074	105,969
Unearned revenue	122,274	16,486	-	-	138,760
Total liabilities	148,799	99,325	9,294	10,074	267,492
Fund balances					
Nonspendable	18,556	-	1,837	-	20,393
Restricted	666,076	-	-	-	666,076
Committed	-	119,385	921,558	39,926	1,080,869
Total fund balances	684,632	119,385	923,395	39,926	1,767,338
Total liabilities and fund balances	$ 833,431	$ 218,710	$ 932,689	$ 50,000	$ 2,034,830

DEXTER COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			Capital Projects	
	Food Service	Community Service	Student/ School Activity	Non-bonded	Total
Revenues					
Local sources	$ 752,652	$ 1,738,468	$ 713,147	$ -	$ 3,204,267
State sources	67,155	31,470	-	-	98,625
Federal sources	992,360	136,507	-	-	1,128,867
Interdistrict sources	120,102	-	-	-	120,102
Total revenues	1,932,269	1,906,445	713,147	-	4,551,861
Expenditures					
Current:					
Community services	-	2,633,853	740,864	-	3,374,717
Food services	1,564,469	-	-	-	1,564,469
Capital outlay	-	-	-	10,074	10,074
Total expenditures	1,564,469	2,633,853	740,864	10,074	4,949,260
Revenues over (under) expenditures	367,800	(727,408)	(27,717)	(10,074)	(397,399)
Other financing sources (uses)					
Transfers in	-	796,595	-	-	796,595
Transfers out	(97,443)	(128,089)	-	-	(225,532)
Proceeds from sale of capital assets	-	-	-	50,000	50,000
Total other financing sources (uses)	(97,443)	668,506	-	50,000	621,063
Net changes in fund balances	270,357	(58,902)	(27,717)	39,926	223,664
Fund balances, beginning of year, as restated	414,275	178,287	951,112	-	1,543,674
Fund balances, end of year	$ 684,632	$ 119,385	$ 923,395	$ 39,926	$ 1,767,338

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SCHEDULE OF BONDS ISSUED

Schedule of Bonds Issued and Outstanding (Unaudited)

1998 School and Building Site Bonds
June 30, 2020

Issue dated April 20, 1998 in the amount of	$ 69,600,000
Less:	
Bonds paid in prior years	45,975,000
Bonds due and paid May 1, 2020	2,625,000
Balance outstanding - June 30, 2020	$ 21,000,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2020 - 2021	5.00	$ 2,625,000	$ 531,562	$ 531,563	$ 3,688,125
2021 - 2022	5.00	2,625,000	465,937	465,938	3,556,875
2022 - 2023	5.00	2,625,000	400,313	400,312	3,425,625
2023 - 2024	5.00	2,625,000	334,687	334,688	3,294,375
2024 - 2025	5.10	2,625,000	267,750	267,750	3,160,500
2025 - 2026	5.10	2,625,000	200,813	200,812	3,026,625
2026 - 2027	5.10	2,625,000	133,875	133,875	2,892,750
2027 - 2028	5.10	2,625,000	66,938	66,937	2,758,875
		$ 21,000,000	$ 2,401,875	$ 2,401,875	$ 25,803,750

continued...

Schedule of Bonds Issued and Outstanding (Unaudited)

2012 Building and Site Bonds
June 30, 2020

Issue dated May 24, 2012 in the amount of	$ 6,610,000
Less:	
Bonds paid in prior years	3,750,000
Bonds due and paid May 1, 2020	885,000
Balance outstanding - June 30, 2020	$ 1,975,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2020 - 2021	4.00	$ 1,050,000	$ 34,250	$ 34,250	$ 1,118,500
2021 - 2022	3.00	925,000	18,500	18,500	962,000
		$ 1,975,000	$ 52,750	$ 52,750	$ 2,080,500

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds
June 30, 2020

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

Balance outstanding - June 30, 2020 $ 50,605,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2020 - 2021	4.00	$ -	$ 926,066	$ 926,065	$ 1,852,131
2021 - 2022	4.00	2,400,000	926,065	926,066	4,252,131
2022 - 2023	4.00	1,505,000	878,066	878,065	3,261,131
2023 - 2024	4.00	760,000	847,965	847,966	2,455,931
2024 - 2025	4.00	1,190,000	832,766	832,765	2,855,531
2025 - 2026	4.00	1,435,000	808,965	808,966	3,052,931
2026 - 2027	4.00	2,235,000	780,266	780,266	3,795,532
2027 - 2028	4.00	2,455,000	735,565	735,565	3,926,130
2028 - 2029	4.00	6,775,000	686,465	686,466	8,147,931
2029 - 2030	4.00	7,050,000	550,965	550,966	8,151,931
2030 - 2031	4.00	7,340,000	409,966	409,965	8,159,931
2031 - 2032	4.00	7,600,000	263,165	263,166	8,126,331
2032 - 2033	3.00	7,835,000	149,166	149,165	8,133,331
2033 - 2034	3.00	2,025,000	31,641	31,640	2,088,281
		$ 50,605,000	$ 8,827,092	$ 8,827,092	$ 68,259,184

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 Refunding Bonds
June 30, 2020

Issue dated November 28, 2017 in the amount of $ 20,010,000

Balance outstanding - June 30, 2020 $ 20,010,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2020 - 2021	4.00	$ -	$ 400,200	$ 400,200	$ 800,400
2021 - 2022	4.00	2,465,000	400,200	400,200	3,265,400
2022 - 2023	4.00	2,925,000	350,900	350,900	3,626,800
2023 - 2024	4.00	4,005,000	292,400	292,400	4,589,800
2024 - 2025	4.00	3,905,000	212,300	212,300	4,329,600
2025 - 2026	4.00	4,010,000	134,200	134,200	4,278,400
2026 - 2027	4.00	1,280,000	54,000	54,000	1,388,000
2027 - 2028	4.00	1,420,000	28,400	28,400	1,476,800
		$ 20,010,000	$ 1,872,600	$ 1,872,600	$ 23,755,200

concluded

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
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March 24, 2021

Dexter Community Schools
Counties of Washtenaw and Livingston
State of Michigan

We have acted as bond counsel to the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $15,440,000, designated 2021 Refunding Bonds (Unlimited Tax General Obligation) (Taxable) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of March 24, 2021, payable as to principal and interest as provided in the Bonds. The Bonds are not subject to redemption prior to maturity.

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

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

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

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

3. Interest on the Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

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

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

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

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

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By ____
Amanda VanDusen

ONTINUING DISCLOSURE UNDERTAKING

$15,440,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2021 REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)
(TAXABLE)

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "Issuer") in connection with the issuance of its 2021 Refunding Bonds (Unlimited Tax General Obligation) (Taxable) (the "Bonds"). The Issuer covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) *Continuing Disclosure.* The Issuer hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA on or before the last day of the sixth month after the end of its fiscal year the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2021 in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the Issuer relating to the Bonds (the "Official Statement") appearing in the tables or under the headings in the Official Statement as described below:

a. Enrollments – Enrollment History;
b. Retirement Plan – Contributions to MPSERS;
c. History of Valuations – State Equalized Valuation and Taxable Valuation;
d. Tax Levies and Collections;
e. State Aid Payments;
f. School District Tax Rates (Per $1,000 of Valuation);
g. Largest Taxpayers;
h. Direct Debt;
i. Legal Debt Margin; and
j. General Fund Budget Summary in Appendix C.

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

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

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

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

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of holders of the Bonds, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights,

or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; or

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

DEXTER COMMUNITY SCHOOLS
Counties of Washtenaw and Livingston
State of Michigan

By: ___________________________
Sharon Raschke, Ed.D.
Its: Chief Financial Officer

Dated: March 24, 2021

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