NEW ISSUE
BOOK-ENTRY ONLY

RATING§: Moody's: Aa1 (See "Rating" herein)
MICHIGAN SCHOOL BOND QUALIFICATION AND LOAN PROGRAM QUALIFIED§

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the School District, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within in the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "APPENDIX E - Form of Approving Opinion 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.

$18,015,000
SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
2025 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

Dated: July 15, 2025 **Due:** May 1, as shown below

On March 10, 2020, the qualified electors of the School District of the City of Pontiac, County of Oakland, State of Michigan (the "School District") approved a proposal authorizing the issuance of bonds not to exceed an aggregate principal amount of $147,000,000. In 2020, the School District issued the first series of bonds in the amount of $90,050,000, and in 2023 issued the second series of bonds in the amount of $24,040,000. Proceeds of the 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds") in the amount of $18,015,000 representing the third series of bonds to be issued pursuant to such voter authorization, will be used for school building and site purposes. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on March 3, 2025 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

Principal of and interest on the Bonds will be paid by the corporate trust office of 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, 2025, to the Bondholders of record as of the applicable record dates herein described.

(Base CUSIP†: 732538)

Maturity (May 1)	Amount	Interest Rate	Price	CUSIP†	Maturity (May 1)	Amount	Interest Rate	Price	CUSIP†
2026	$500,000	5.000%	101.404	JH7	2034	$395,000	5.000%	108.272	JR5
2027	280,000	5.000	103.057	JJ3	2035	410,000	5.000	107.528	JS3
2028	295,000	5.000	104.633	JK0	2036	435,000	5.000	106.529 *	JT1
2029	305,000	5.000	106.121	JL8	2037	455,000	5.000	105.541 *	JU8
2030	325,000	5.000	107.018	JM6	2038	475,000	5.000	104.321 *	JV6
2031	340,000	5.000	107.637	JN4	2039	500,000	5.000	103.597 *	JW4
2032	355,000	5.000	108.178	JP9	2040	525,000	5.000	102.721 *	JX2
2033	375,000	5.000	108.515	JQ7	2041	550,000	5.000	101.854 *	JY0

Amount	Interest Rate	Maturity	Price	CUSIP†
$1,190,000	5.000%	Term Bond Due May 1, 2043	100.000	KA0
1,310,000	5.000	Term Bond Due May 1, 2045	98.755	KC6
3,910,000	5.250	Term Bond Due May 1, 2050	100.371 *	KH5
5,085,000	5.500	Term Bond Due May 1, 2055	101.733 *	KN2

The Bonds maturing on May 1, 2043, May 1, 2045, May 1, 2050 and May 1, 2055 (the "Term Bonds") are subject to mandatory redemption on the redemption dates and in the principal amounts set forth herein at a redemption price equal to the principal amount thereof without premium. See "THE BONDS — Mandatory Redemption of Term Bonds" herein.

THE BONDS MATURING ON OR AFTER MAY 1, 2036 ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2035, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and received 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 Dickinson Wright PLLC, Lansing, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about July 15, 2025.

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

Huntington | CAPITAL MARKETS

Dated: June 18, 2025

§ As of the date of delivery.
* Priced to first call date of May 1, 2035.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau of CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 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.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Official Statement constitutes an official statement of the School District that has been deemed final by the School District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Information herein has been obtained from the School District, The Depository Trust Company and other sources believed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities 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, 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.

SCHOOL DISTRICT OF THE CITY OF PONTIAC
County of Oakland, State of Michigan

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BOARD OF EDUCATION

Dr. Anisha Hannah, President
Kenyada Bowman, Vice President
ShaQuana Davis-Smith, Secretary
Marcus Terry, Treasurer
G. Kevin Gross, Trustee
Tanisha Miller, Trustee
Jennifer Dooley, Trustee

ADMINISTRATIVE STAFF

Kelley Williams[1], Superintendent of Schools
Dr. Kimberly Leverette, Interim Superintendent of Schools
[Vacant][2], Assistant Superintendent of Finance
Darryl Segars, General Counsel

BOND COUNSEL

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

MUNICIPAL ADVISOR

Robert W. Baird & Co. Incorporated

TRANSFER AGENT

The Huntington National Bank

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[1] Retirement pending, June 30, 2025
[2] While working to fill this vacant position, the School District (as defined) is receiving necessary financial services pursuant to contracts with appropriate vendors.

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OFFICIAL STATEMENT
relating to

$18,015,000
SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
2025 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

INTRODUCTION

The purpose of this Official Statement, which includes the cover pages and Appendices, is to furnish information in connection with the issuance and sale by the School District of the City of Pontiac, County of Oakland, State of Michigan (the "School District") of its 2025 School Building and Site Bonds, (Unlimited Tax General Obligation) (the "Bonds") in the amount of $18,015,000.

PURPOSE AND SECURITY

On March 10, 2020, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount not to exceed $147,000,000, to be issued in one or more series. The proceeds of the Bonds, representing the third series of bonds to be issued pursuant to such voter authorization, will be used to pay the costs of: (a) remodeling, equipping, re-equipping, furnishing, and re-furnishing school buildings, athletic fields, playgrounds and other facilities; erection of security entrances, classroom additions and other additions to existing school buildings and other facilities; acquiring and installing instructional technology infrastructure and equipment in school buildings and other facilities; and preparing, developing, and improving sites at school buildings, playgrounds, athletic fields, and other facilities (collectively, the "Projects"); and (b) issuing the Bonds.

The School District's $90,050,000 2020 School Building and Site Bonds (Unlimited Tax General Obligation) dated July 15, 2020, and the School District's $24,040,000 2023 School Building and Site Bonds (Unlimited Tax General Obligation) dated June 1, 2023, were the first and second series of bonds issued pursuant to the voter authorization, pursuant to a resolution adopted by the Board of Education of the School District on April 20, 2020. For more information regarding remaining voter authorization, see "APPENDIX B – General Financial, Economic and School District Information – Future Financing" in this Official Statement.

The Bonds, as authorized for issuance by a resolution of the Board of Education of the School District adopted on March 3, 2025 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. See "LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES" in this Official Statement. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and "APPENDIX A – State Qualification" in this Official Statement.

QUALIFICATION BY THE STATE OF MICHIGAN

An application will be submitted to the Michigan Department of Treasury to obtain, and it is the School District's expectation that the Bonds will receive, final qualification as of the date of delivery to participate in the Michigan School Bond Qualification and Loan Program pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the

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

Complete financial statements of all of the State's funds as included in the State's Annual Comprehensive Financial Report ("ACFR") prepared by the State's Office of the State Budget are available from the Budget website www.michigan.gov/budget. The State has agreed to file its ACFR with the Municipal Securities Rulemaking Board (as described in Rule 15c2-12(b)(5) of the Securities and Exchange Commission) annually, so long as any bonds qualified for participation in the Michigan School Bond Qualification and Loan Program remain outstanding.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES	
Par Amount of the Bonds	$18,015,000.00
Net Original Issue Premium	424,117.00
Total Sources	$18,439,117.00
USES	
Capital Projects Fund	$18,206,914.40
Underwriter's Discount	81,968.25
Estimated Costs of Issuance	150,234.35
Total Uses	$18,439,117.00

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 November 1 and May 1 to maturity or earlier redemption, commencing November 1, 2025. 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 of 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and, in the Resolution, shall be valid or effective for any purposes under the Resolution.

Optional Redemption

The Bonds or portions of Bonds in multiples of $5,000 maturing on and after May 1, 2036 shall be subject to redemption prior to maturity, at the option of the School District in such order of maturity as the School District may determine and by lot within any maturity, on any date on or after May 1, 2035, at par plus accrued interest to the date fixed for redemption.

Mandatory Redemption of Term Bonds

The Bonds maturing on May 1, 2043, May 1, 2045, May 1, 2050 and May 1, 2055 (the "Term Bonds") are subject to mandatory redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at redemption prices equal to the principal amounts thereof, without premium, together with interest thereon to the redemption dates. When Term Bonds are purchased by the School District and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the Term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased on the order determined by the School District.

Bonds Maturing May 1, 2043

Redemption Dates (May 1)	Principal Amounts
2042	$580,000
2043 (maturity)	610,000

Bonds Maturing May 1, 2045

Redemption Dates (May 1)	Principal Amounts
2044	$640,000
2045 (maturity)	670,000

Bonds Maturing May 1, 2050

Redemption Dates (May 1)	Principal Amounts
2046	$705,000
2047	740,000
2048	780,000
2049	820,000
2050 (maturity)	865,000

Bonds Maturing May 1, 2055

Redemption Dates (May 1)	Principal Amounts
2051	$910,000
2052	960,000
2053	1,015,000
2054	1,070,000
2055 (maturity)	1,130,000

Notice of Redemption and Manner of Selection

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

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption or not, provided funds are on hand to redeem said Bonds. Upon presentation and surrender of such Bonds at the designated corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

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

TAX PROCEDURES

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

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

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

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in 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 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.[3] 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.

[3] The School District will begin to levy taxes for payment of the Bonds in July 2025

SOURCES OF SCHOOL OPERATING REVENUE

State School Aid

On March 15, 1994, the electors of the State of Michigan approved a ballot proposal to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. In 2021 the Legislature eliminated the foundation allowance range in the 2021/22 fiscal year that had been in place since the passage of school finance reform legislation in 1994 and established a base foundation allowance in fiscal year 2024/2025 of $9,608 per pupil.

The base foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the State School Aid Act of 1979, Act 94 of the Public Acts of Michigan, 1979, as amended (the "School Aid Act"). The revenues for the State's contribution to the base foundation allowance are derived from a mix of taxing sources, including but not limited to a statewide property tax of 6 mills on all taxable property,[4] a State sales and use tax, a real estate transfer tax, and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead property[5] in order for the school district to receive its full base foundation allowance. In the 2024/25 fiscal year, the School District levied 18 mills on non-homestead property and received approximately $12,616 per pupil which is greater than the $9,608 per pupil base foundation amount the School District is entitled to receive under the State Aid Act. For this reason, the School District does not receive State school aid from the State for any portion of its per pupil foundation allowance. This is referred to as a school district that is "out of formula." See "OUT-OF-FORMULA SCHOOL DISTRICT STATUS" herein.

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 C.

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

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

[5] "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.

Federal Funding

In 2020 and 2021 the U.S. Congress passed three stimulus bills providing financial support to public schools through the Elementary and Secondary Emergency Relief ("ESSER") Fund. Based on the order of approval of each stimulus bill, the corresponding ESSER funding is generally referred to as "ESSER I Funds," "ESSER II Funds," "ESSER III Funds," respectively.

As required under Michigan law the State has appropriated 90% of its ESSER I, II and III Funds to the Michigan Department of Education ("MDE") for distribution to public schools in proportion to each school's share of Title I Part A grant funding and the remaining 10% was appropriated to MDE to address emergency needs and various categorical spending areas which included summer programs, high school credit recovery, before and after school programs and benchmark assessments.[6]

The School District has been awarded $4,899,261 of the ESSER I Funds, $17,659,236 of the ESSER II Funds, and $39,964,948 of the ESSER III Funds. In addition, the School District has been awarded $4,840,016 in other grants through the Coronavirus Aid, Relief, and Economic Security Act; Coronavirus Relief Funds; The American Rescue Plan; and The Coronavirus Response and Relief Supplemental Appropriations Act.[7]

EPA Clean School Bus Program. The School District has been awarded up to $5,925,000 from the U.S. Environmental Protection Agency (EPA) grant funding in the form of rebates to help purchase 15 electric school buses.

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

"OUT-OF-FORMULA" SCHOOL DISTRICT

The School District levies 18 mills of operating tax on all non-homestead property located in the School District. Due to the significant value of the non-homestead properties in the School District, the School District generates enough revenue from its non-homestead operating tax millage to entirely fund its per pupil foundation allowance without any contribution from the State. This is referred to as a school district that is "out-of-formula." In the 2024/25 fiscal year, the School District levied 18 mills on non-homestead property and received approximately 12,616 per pupil which is greater than the $9,608 per pupil base foundation amount the School District is entitled to receive under the State Aid Act.

MICHIGAN PROPERTY TAX REFORM

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

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[6] Act 67, Public Acts of Michigan, 2020; Act 3, Public Acts of Michigan, 2021.

[7] https://www.msbo.org/school-finance/funding/federal-funds/

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.[8] While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, school districts will be reimbursed for debt millage calculated pursuant to a statutory formula.

LITIGATION

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

TAX MATTERS

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

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

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability

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[8] 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.

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

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

Tax Treatment of Accruals on Original Issue Discount

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

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

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

Amortizable Bond Premium

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

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

Market Discount

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

Information Reporting and Backup Withholding

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

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

Future Developments

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale 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 Huntington Securities, Inc. in certain matters unrelated to the issuance of the Bonds. Both the School District and Huntington Securities, Inc. have consented to these unrelated representations.

Certain legal matters will be passed upon for the Underwriter by its counsel, Dickinson Wright PLLC, 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 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.

RATING

Moody's Investors Service, Inc. ("Moody's") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "Aa1" 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" and "APPENDIX A – State Qualification" herein.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to Moody's 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 rating will prevail for any given period of time or that they will not be revised downward and withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the views of Moody's. Further information is available upon request from Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, telephone: (212) 553-1653.

UNDERWRITING

Huntington Capital Markets (the "Underwriter") is subject to the terms and conditions of the Bond Purchase Agreement dated June 18, 2025, to purchase the Bonds from the School District at an aggregate purchase price equal to $18,357,148.75, which is the par amount of the Bonds plus the net original issue premium of $424,117.00 and less the underwriter's discount of $81,968.25. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices set forth of the cover of this Official Statement. The offering prices may be changed from time to time by the Underwriter. The Bonds may be offered and sold by the Underwriter to certain dealers (including dealers depositing the Bonds in unit investment trusts, some of which may be managed by the Underwriter) and certain dealer banks and banks acting as agents at prices lower than such initial public offering prices stated on the inside cover page and the public offering prices may be changed from time to time.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("HSI"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

MUNICIPAL ADVISOR

Robert W. Baird & Co. Incorporated ("Baird") is acting as Municipal Advisor (the "Municipal Advisor") to the School District in connection with the issuance of the Bonds. The Municipal Advisor, in its capacity as municipal advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. To the best of the Municipal Advisor's knowledge and belief, the information contained in the Official Statement, which it assisted in preparing, while it may be summarized, is complete and accurate. The Municipal Advisor has relied upon School District officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Baird is precluded from participating in any group or syndicate which may purchase the Bonds. Baird is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB") as a municipal advisor.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the holders of the Bonds and the Beneficial Owners (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 Rule 15c2-12(b)(5) (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, are set forth in "APPENDIX F – Form of Continuing Disclosure Undertaking" to this Official Statement.

A failure by the School District to comply with the Continuing Disclosure Undertaking will not constitute an event of default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Continuing Disclosure 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.

Prior Continuing Disclosure Compliance

To the best of the School District's knowledge, except as noted below, in the past five years the School District has not failed to comply with any continuing disclosure agreement or undertaking executed by the School District pursuant to the Rule.

On April 15, 2021, the School District issued its Tax Anticipation Revenue Note, Series 2021A. The School District filed notice of the issuance of this Note with the MSRB through EMMA on September 23, 2021.

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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

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

SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND
STATE OF MICHIGAN

By: /s/ Dr. Kimberly Leverette
Its: Interim Superintendent of Schools

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APPENDIX A

STATE QUALIFICATION

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APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422 March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

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

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

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

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

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

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

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

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

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[1]In your letter of request you stated that you were familiar with Opinion No. 4422 issued by me on March 12, 1965, in which it was ruled that Article IX, Section 16, Constitution of 1963, requires school districts to borrow and the state to lend sufficient sums to cover debt service payments on qualified bonds of school districts but that this requirement is not a pledge of the full faith and credit of the state; the Municipal Finance Commission however may and must enforce the duty of the school district to borrow and have the state to lend the necessary amounts.
[2]Act 108, P.A. 1961, in its present amended form appears in M.S.A. 1965 Cum. Supp. § S 3.424(111) et seq.

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

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

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

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

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

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

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

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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

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APPENDIX B

GENERAL FINANCIAL, ECONOMIC AND SCHOOL DISTRICT INFORMATION

APPENDIX B

GENERAL FINANCIAL, ECONOMIC AND SCHOOL DISTRICT INFORMATION
SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN

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APPENDIX B

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SCHOOL DISTRICT OF THE CITY OF PONTIAC
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GENERAL INFORMATION

Description

The School District of the City of Pontiac ("School District" or "Pontiac Schools") encompasses approximately 38.8 square miles and serves all of the City of Pontiac, along with portions of the City of Auburn Hills, City of Lake Angelus, City of Sylvan Lake, Bloomfield Township, Orion Township, Waterford Township, and West Bloomfield Township.

Pontiac Schools is located in the southeastern portion of Michigan's lower peninsula.

Board of Education

Pontiac Schools is overseen by a seven member school board (the "Board"), serving staggered, four year terms and elected at an election held on the first Tuesday after the first Monday in November on even years. The term of office of a Board member shall begin on January 1 following his/her election, or immediately upon Board appointment, and end December 31 of the year the Board member's term expires. The Board is responsible for observing and enforcing the rules and regulations of the Michigan Department of Education regarding the operation and maintenance of the School District and adequately administers the needs of education within the School District.

The mission of the Board, in partnership with students, parents and community, is to create a learning/teaching environment that ensures quality and equity for all children to succeed.

School Enrollment

Historical Fall Full Time Equivalency ("FTE") enrollment for Pontiac Schools is as follows:

Table 1 – Historical Enrollment

School Year	Enrollment
2019-2020	3,938
2020-2021	3,870
2021-2022	3,501
2022-2023	3,349
2023-2024	3,621
2024-2025	3,775[(1)]

[(1)] As of State Aid Financial Status Report Dated 3/20/2025.
SOURCE: State Aid Financial Status Reports.

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Fall FTE enrollment by grade for Pontiac Schools during 2024-2025 is as follows:

Table 2 – Fall Enrollment By Grade

Kindergarten	311.77
First	320.36
Second	327.64
Third	307.19
Fourth	284.30
Fifth	263.25
Sixth	233.13
Seventh	237.72
Eighth	252.48
Ninth	253.54
Tenth	233.90
Eleventh	225.81
Twelfth	196.71
Special Education	324.24
Subtotal	3,772.04
Alternative/Adult Education	0.00
Total	**3,772.04**

Projected FTE enrollment for 2025-2026 as budgeted is as follows:

Table 3 – Projected Enrollment

K-5	1,924
6-8	806
9-12	1,056
Special Education	583
Total	**4,369**

Note: Early Childhood is excluded from the count above because Early Childhood is excluded from pupil count when determining State School Aid. Funding is provided through a separate Great Start Readiness Grant.

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Existing School Facilities

Pontiac Schools consists of five elementary schools, one middle school, one high school and two specialized schools. A listing of the school facilities and the grades served are as follows:

Table 4 – Existing School Facilities

Facility	Grades	Year Completed	Additions/ Renovations	Type of Construction
Alcott Elementary	K-6	1957	1961/65/72 and 2016/17	Masonry
Herrington Elementary	K-6	1957	1978/86 and 2016/17	Masonry
Owen/Kennedy Elementary	K-6/Spec Ed	1963	1965/69 and 2017/18/23	Masonry
Rogers Elementary	K-6	1956	1966 and 2016/18	Masonry
Whitman Elementary	K-6	1968	2017/18	Masonry
International Technology Academy WHRC	K-12	1971	2018/19/23	Masonry
Pontiac Middle School	7-9	1956	1959/62 and 2019/21/22/23	Masonry
Pontiac High School	9-12	1958	1963/70/72 and 2019/22/23	Masonry
Frost/P.E.A.C.E Academy	PreK	1963	1965 and 2016/17/18	Masonry
Fell Service Center	N/A	1964	2017/20	Masonry
Lincoln (Vacant)	N/A	1929	1974	Masonry
Administration Building	N/A	1964	2017	Masonry

Nearby Schools

The following traditional school districts (grades served) located in Oakland County offer schools of choice programs as of school year 2024-2025:

- Avondale School District (K-12)
- Brandon School District (K-12)
- Clawson Public Schools (K-12)
- Hazel Park School District (K-12)
- Lake Orion Community Schools (K-12)
- Madison District Public Schools (K-12)
- Oxford Community Schools (K-12)
- Waterford School District (K-12)
- West Bloomfield School District (K-12)

The following charter schools (grades served) are located in the City of Pontiac as of school year 2024-2025:

- Arts and Technology Academy of Pontiac (K-12)
- Great Lakes Academy (K-8)
- Life Skills Center of Pontiac (9-12)
- Sarah J. Webber Media Arts Academy (K-8)
- Pontiac Academy for Excellence (K-12)
- Walton Charter Academy (K-8)
- Oakside Academy (K-10)

The following private schools (grades served) are located in the City of Pontiac as of school year 2024-2025:

* Auburn Hills Christian School (K-12)
* Baldwin Road Church Academy (1-10)
* Havenwyck School (4-12)
* Heritage Christian School (K-8)
* Notre Dame Marist Academy & Preparatory School (K-12)
* Oakland Christian School (K-12)

Population

The population based on the 2000, 2010, and 2020 U.S. Census by age for total population in Oakland County and the City of Pontiac are as follows:

Table 5 – Population by Age

	Oakland County					
	2000 Population		**2010 Population**		**2020 Population***	
Total Population	1,194,214	100.00%	1,202,362	100.00%	1,274,395	100.00%
0 through 17 years	300,780	25.19	282,105	23.46	259,691	20.38
18 through 64 years	758,473	63.51	761,133	63.30	783,756	61.50
65 years and over	134,961	11.30	159,124	13.23	226,570	17.78

	City of Pontiac					
	2000 Population		**2010 Population**		**2020 Population***	
Total Population	66,337	100.00%	59,515	100.00%	61,606	100.00%
0 through 17 years	20,320	30.63	16,197	27.21	15,365	24.94
18 through 64 years	40,366	60.85	37,780	63.48	39,032	63.36
65 years and over	5,651	8.52	5,538	9.31	7,102	11.53

* 2020 Population breakout by age demographic is not available through the Decennial Census, age breakouts shown reflect the 2017-2021 American Community Survey 5-Year Estimates.

SOURCE: U.S. Census Bureau (Valid web address as of the date of this Official Statement). https://www.census.gov/

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Income

The U.S. Census 2019-2023 American Community Survey estimates of household income within Oakland County and State of Michigan are as follows:

Table 6 - Household Income

	Oakland County		State of Michigan	
	Number	**Percentage**	**Number**	**Percent**
HOUSEHOLDS BY INCOME	528,681	100.0%	4,040,168	100.0%
Less than $10,000	18,636	3.5	203,820	5.0
$10,000 to $14,999	13,821	2.6	159,020	3.9
$15,000 to $24,999	25,261	4.8	285,693	7.1
$25,000 to $34,999	30,602	5.8	306,135	7.6
$35,000 to $49,999	46,819	8.9	477,109	11.8
$50,000 to $74,999	73,883	14.0	684,499	16.9
$75,000 to $99,999	66,964	12.7	541,255	13.4
$100,000 to $149,999	97,505	18.4	683,314	16.9
$150,000 to $199,999	61,532	11.6	336,160	8.3
$200,000 or more	93,658	17.7	363,163	9.0
Median Income	$95,658		$71,149	
Mean Income	$130,332		$96,299	

SOURCE: U.S. Census Bureau (Valid web address as of the date of this Official Statement).
https://data.census.gov/table/ACSDP5Y2023.DP03?g=040XX00US26_050XX00US26125&d=ACS+5-Year+Estimates+Data+Profiles

Employment Characteristics

The following table lists major employers in Oakland County that offer employment opportunities:

Table 7 – Employment Characteristics

Employer Name	Approximate Number of Employees
Corewell Health	13,712
Stellantis US, LLC	10,462
General Motors Co.	7,451
United Wholesale Mortgage	7,300
Henry Ford Health System	5,588
Ascension Michigan	5,250
U.S. Postal Service	4,873
Amazon.com	4,310
Oakland County	3,742
Comerica Bank	3,021

Source: 2024 Michigan Manufacturers Directory and 2025 Crain's Detroit Business Book of Lists.

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Employment Breakdown

The U.S. Census 2019-2023 American Community Survey estimates the occupational breakdown of persons 16 years and over in Oakland County is as follows:

Table 8 – Employment by Occupation

	Number	Percent
Management, Business, Science, and Arts	356,249	53.9%
Service Occupations	82,308	12.5
Sales & Office Occupations	125,471	19.0
Natural Resources, Construction & Maintenance	33,426	5.1
Production, Transportation & Material Moving	63,029	9.5
Totals	660,483	100.00%

SOURCE: U.S. Census Bureau (Valid web address as of the date of this Official Statement).
https://data.census.gov/table/ACSDP5Y2023.DP03?g=050XX00US26125&d=ACS+5-Year+Estimates+Data+Profiles

The U.S. Census 2019-2023 American Community Survey estimates the breakdown by industry for persons 16 years and over employed in Oakland County is shown in Table 9:

Table 9 – Employment by Industry

PERSONS BY INDUSTRY	Number	Percent
Agriculture, Forestry, Fishing, Hunting & Mining	1,963	0.3%
Construction	31,182	4.7
Manufacturing	129,214	19.6
Wholesale Trade	13,499	2.0
Retail Trade	64,241	9.7
Transportation, Warehousing, and Utilities	22,085	3.3
Information	9,728	1.5
Finance, Insurance, & Real Estate	54,871	8.3
Professional & Management Services	98,297	14.9
Educational, Health & Social Services	141,204	21.4
Arts, Entertainment, Recreation & Food Services	48,229	7.3
Other Professional and Related Services	27,548	4.2
Public Administration	18,422	2.8
Totals	660,483	100.00%

SOURCE: U.S. Census Bureau (Valid web address as of the date of this Official Statement).
https://data.census.gov/table?q=employment&g=0500000US26125&tid=ACSDP5Y2021.DP03

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Unemployment

The Michigan Department of Technology, Management, and Budget, reports local area unemployment statistics for Oakland County and the State of Michigan as follows:

Table 10 – Unemployment

	Oakland County	State of Michigan
2014 Annual Average	6.4%	7.2%
2015 Annual Average	4.7%	5.4%
2016 Annual Average	4.1%	5.0%
2017 Annual Average	3.5%	4.6%
2018 Annual Average	3.4%	4.2%
2019 Annual Average	3.3%	4.1%
2020 Annual Average	9.1%	10.0%
2021 Annual Average	4.6%	5.7%
2022 Annual Average	3.0%	4.2%
2023 Annual Average	2.9%	3.9%
2024 Annual Average	3.6%	4.7%
2025 Estimate (April) *	3.0%	4.7%

SOURCE: Website https://milmi.org/DataSearch/LAUS
NOTE: Not Seasonally Adjusted
*Monthly estimate

Economic Development

Oakland County is recognized as one of the most prosperous counties in the nation. Oakland County's economy has found success in rebounding from the COVID-19 pandemic and recession. In their May 2024 report, University of Michigan economists Gabriel Ehrlich and Donald Grimes reported Oakland County's 2022 gross domestic product was 3.7% higher than in 2019. Oakland County also surpassed its pre-pandemic level of employment in March of 2023 and exceed that level by 1.3%. Net job gains in Oakland County are projected to grow at an average pace of 1.1%, or about 8,000 jobs per year, from 2024 to 2026. Most of the net job gains are forecasted to occur in the private health and social services sector, adding a total of 6,800 jobs over the forecasted period.

Oakland County's economic base continues to diversify since the Emerging Sectors Initiative was put into place. Since the inception of Emerging Sectors in 2004, more than 547 Emerging Sector companies have generated more than $5.4 billion in investment while creating or retaining more than 93,000 jobs. The vast majority of those jobs are in the high-wage category. Oakland County's Emerging Growth & Innovation (EGI) unit convenes industry leaders to learn about emerging market trends, technology advancements, industry participant feedback. This intelligence is used to produce connections, programs, and policies to increase business growth and hiring in Oakland County. It is clear that Oakland County is succeeding at attracting companies from emerging sectors from around the country, and in some instances, from around the globe.

Companies believe that if you are a part of the automotive industry, you must have a presence in southeast Michigan, and preferably Oakland County. Certainly, research and development organizations continue to select Oakland County as one-third of all Michigan's R & D facilities are located in Oakland County. Automation Alley, founded in Oakland County and headquartered in Troy, is Southeast Michigan's leading technology business association. Automation Alley is Michigan's Industry 4.0 knowledge center, with a global outlook and a regional focus and is one of Michigan's designated SmartZones. SmartZones are technology and business accelerators that provide distinct geographical locations to assist technology-based firms, entrepreneurs, and researchers. At the end of 2021, General Motors announced a $4 billion dollar investment to overhaul its Orion Township plant in Oakland County as a battery and EV manufacturing facility. The additional investment is expected to add more than 1,840 jobs.

The City of Pontiac welcomed the opening of an 823,000 square-foot robotics fulfillment center in 2021. The fulfillment center and 199,000 square-foot delivery station, constructed in 2020, are part of an approximate $250 million dollar project which sits on the site of the former Pontiac Silverdome. The project was expected to bring in approximately 1,500 full-time and more than 100 part-time jobs. Oakland County, in partnership with the City of Pontiac, has made a major commitment to the revitalization of the city's downtown by purchasing two office buildings, several parcels of vacant land, and the Phoenix Center garage and amphitheater. Oakland County will refurbish the vacant former GM building and plans to move a minimum of 500 employees into the building, returning a portion of Oakland County's talented workforce to the city's downtown.

Housing Characteristics

Trends in the housing stock of Oakland County have a direct impact on the levy and collection of ad valorem property taxes by Pontiac Schools. The U.S. Census reports housing inventory from 2000 to 2010 and 2010 to 2020 in Oakland County are as follows:

Table 11 – Housing Inventory

Occupancy Status	**2000**	**2010**	**2020**
Owner-occupied	352,125	358,624	363,025
Renter-occupied	118,990	122,416	146,564
Vacant	20,891	45,653	32,505
Total housing units	492,006	526,693	542,094

SOURCE: U.S. Census Bureau (Valid web address as of the date of this Official Statement).
https://data.census.gov/table?g=0500000US26125&d=ACS+5Year+Estimates+Data+Profiles&tid=ACSDP5Y2020.DP04

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GENERAL FINANCIAL INFORMATION

Property Valuations

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 assessor, to the local board of review, the Michigan Tax Tribunal ("MTT"), and ultimately to the Michigan appellate courts. As of the date of this Appendix, Pontiac Schools uses the same information that Oakland County Government has developed for determining their liability exposure to MTT appeals. As a result, Pontiac Schools budgets an amount it feels is appropriate to successfully address property tax appeals. For fiscal year ending June 30, 2025, Pontiac Schools budgeted $200,000 to address successful property tax appeals.

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 Appendix. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended, is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Appendix 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.

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Historical Valuation

Table 12 - State Equalized Valuations and Taxable Valuations*

Tax Year	Fiscal Year Ended/Ending June 30	Taxable Valuation	State Equalized Valuation
2020	2021	$2,759,749,200	$3,473,030,800
2021	2022	2,890,570,058	3,664,100,908
2022	2023	3,263,154,940	4,152,320,790
2023	2024	3,490,750,840	4,493,460,410
2024	2025	3,741,064,995	4,858,486,575

2024 Taxable Valuation	$3,741,064,995
Plus: 2024 Equivalent IFT Taxable Valuation**	99,816,695
Total Valuation	$3,840,881,690

SOURCE: Equalization Department of Oakland County. Data as of May of each respective year.

* Includes taxable and state equalization values that are attributable to Pontiac Schools from Bloomfield Township, Orion Township, Waterford Township, West Bloomfield Township, City of Auburn Hills, City of Lake Angelus, City of Pontiac, and City of Sylvan Lake.

** The 2024 taxable value for properties granted for new IFT abatements within Pontiac Schools' boundaries is $185,440,790 which is subsequently taxed at half rate. The IFT abatements for rehabilitated plants and equipment (Rehab) within Pontiac Schools' boundaries is $7,096,300 which is taxed at the full rate.

Using the City of Pontiac's 2020 Census population of 61,606, Table 13 provides the per capita valuation by type of valuation.

Table 13 - Per Capita Valuation

2024 Per Capita Taxable Valuation	$60,725.66
2024 Per Capita State Equalized Valuation	$78,863.85
2024 Per Capita Estimated True Cash Valuation	$157,727.71

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Tax Base Composition

A breakdown of Pontiac Schools' 2024 Taxable Valuation, by municipality and by class and use is as follows:

Table 14 – Tax Base Composition

By Municipality	Taxable Valuation	Percentage
Bloomfield Township	$347,102,720	9.28%
Orion Township	44,209,650	1.18
Waterford Township	82,202,530	2.20
West Bloomfield Township	86,473,530	2.31
City of Auburn Hills	1,744,576,215	46.63
City of Lake Angelus	61,134,010	1.63
City of Pontiac	1,263,791,670	33.78
City of Sylvan Lake	111,574,670	2.98
Total	**$3,741,064,995**	**100.00%**

Class	Taxable Valuation	Percentage
Real Property	$3,313,561,710	88.57%
Personal Property	427,503,285	11.43
Total	**$3,741,064,995**	**100.00%**

Use	Taxable Valuation	Percentage
Commercial	$1,181,512,842	31.58%
Industrial	841,185,046	22.49
Residential	1,290,863,822	34.51
Personal Commercial	257,507,005	6.88
Personal Industrial	56,029,930	1.50
Utilities	113,966,350	3.05
Total	**$3,741,064,995**	**100.00%**

SOURCE: Equalization Department of Oakland County. 2024 Baseline Report.

Personal Property Tax Assessments and Appeals

Since the 1960's, Michigan personal property tax assessments have been based on the use of one or more of several different multiplier tables, formulated by the State Tax Commission, against taxpayer-reported original cost, depending upon the assessor's view of the average life of the personal property. The State Tax Commission has approved revisions to the State's personal property tax tables which became effective for the year 2000 and which may reduce overall personal property tax revenues in some jurisdictions. The State Tax Tribunal has informally indicated that it may allow the new multipliers to be applied retroactively in pending personal property tax appeals. In anticipation of the new multipliers many personal property taxpayers filed appeals of their existing tax assessments. In an unpublished, non-precedential opinion, the Michigan Court of Appeals, in *Valassis Communications v. City of Livonia*, affirmed a decision of the State Tax Tribunal that the personal property tax multipliers, which became effective in 2000, could be retroactively applied and used to determine the true cash value of the subject property for the 1999 tax year. In its unpublished opinion, the court held that the controlling factor is whether the method used most accurately reflects the property's true cash value. The court in *Valassis* determined that based upon the facts of the case, the old multipliers (in effect for the 1999 tax year) did not accurately reflect the property's true cash value and that the 2000 multipliers more accurately reflected the property's true cash value. In January 2004, the Michigan Court of Appeals, in *County of Wayne v. Michigan State Tax Commission*, affirmed the use of at least one of the revised multiplier tables by the State Tax Tribunal in determining personal property tax appeals. The Court of Appeals upheld a recent Tax Tribunal ruling authorizing the use of the revised multiplier developed by the State Tax Commission to determine the true cash value of public-utility electric transmission and distribution property on the grounds that the multiplier tables, as finalized, did not violate the State constitutional requirements for personal property tax valuation.

Major Taxpayers

The top ten taxpayers in Pontiac Schools and their 2024 Taxable Valuations are as follows:

Table 15 - Top Ten Taxpayers

Taxpayer	Product/Service	Taxable Valuation
FCA/FCA Auburn Hills Owner LLC	Automotive	$161,943,010
Amazon	Robotics	142,764,620
General Motors LLC, Racer	Great Lakes Mall	109,255,950
Taubman Auburn Hills Assoc. LTD PRT	Ecommerce	85,465,490
FANUC America Corporation	Utility	71,142,960
DTE Electric Company	Utility	54,101,196
Consumers Energy Company	Robotics	39,876,650
United Wholesale/Pontiac Center	Robotics	35,936,180
Samsung SDI America INC	Apartments	34,994,030
Edward Rose Development Company	Lending Services	23,647,920
TOTAL		**$759,128,006**

SOURCE: Equalization Department of Oakland County.
Note: Taxable Values presented have been compiled from a number of sources/reports and taxpayer valuations may not be all inclusive for a listed taxpayer.

The Taxable Valuations of the above taxpayers represent 20.29% of Pontiac Schools' 2024 Taxable Valuation of $3,741,064,995.

Industrial Facilities Tax

Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), provides significant property tax incentives to industry to renovate and expand aging plants and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages, and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property tax owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the SEV of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994 are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993. For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land are not reduced in any way since land is specifically excluded under Act 198.

The 2024 taxable value for properties granted for new IFT abatements within Pontiac Schools' boundaries is $185,440,790 which is subsequently taxed at half rate. The IFT abatements for rehabilitated plants and equipment (Rehab) within Pontiac Schools' boundaries is $7,096,300 which is taxed at the full rate. For further information see "GENERAL FINANCIAL INFORMATION – *Historical Valuation*" herein.

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A breakdown of the 2024 IFT taxable valuations by municipality is as follows:

Table 16 – 2024 Rehab and Act 198 Valuations

Township	Rehab (Full Rate)	Act 198 New (Half Rate)
Bloomfield	$0	$0
Orion	0	0
Waterford	0	0
West Bloomfield	0	0
Township Totals	**$0**	**$0**

City	Rehab (Full Rate)	Act 198 New (Half Rate)
Auburn Hills	$0	$94,809,730
Birmingham	0	0
Lake Angelus	0	0
Pontiac	7,096,300	90,631,060
Sylvan Lake	0	0
City Totals	**$7,096,300**	**$185,440,790**

Totals	**$7,096,300**	**$185,440,790**

SOURCE: Equalization Department of Oakland County and City of Auburn Hills Assessing.

Tax Increment Authorities

The Recodified Tax Increment Financing Act, Act 57, Public Acts of Michigan, 2018, as amended (“Act 57”) authorizes 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 Authority ("BRDA") Districts. Such districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits a 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 district and are not passed on to the local taxing jurisdictions.

Only operating millage is captured. These tax increment financing authorities only capture a portion of Pontiac Schools operating millage.

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Tax Rates (Per $1,000 of Valuation)

Each school district, county, city, township, and special authority has a geographical definition which constitutes a tax district. Since local school districts and the county overlap either a city or a township, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

Table 17 – Pontiac Schools' Tax Rates

Tax Year	Non-Homestead Operating[1]	Debt	Sinking Fund[2]	10-Year MESSA Levy[3]	Total for Units with 1-Year MESSA Levy[4]	Total for Units with 10-Year MESSA Levy[5]
2020	18.0000	0.0000	2.8700	0.4000	20.8700	21.2700
2021	18.0000	2.0000	0.7992	0.4000	20.7992	21.1992
2022	18.0000	2.0000	0.7980	0.0000	20.7980	20.7980
2023	18.0000	2.0000	0.7980	0.0000	20.7980	20.7980
2024	18.0000	2.0000	0.7980	0.0000	20.7980	20.7980
2025	In Process	In Process	In Process	0.0000	In Process	In Process

1. Levied on Non-Homestead Residence only. The voted operating millage expires with the December 2036 levy.
2. The 2.87 Sinking Fund millage expired with the December of 2020 and was replaced with a 0.80 Sinking Fund millage for tax years 2021-2025, as approved by voters on March 10, 2020.
3. In 2013 the School District entered into a Consent Judgment with MESSA for delinquent health insurance premiums. The School District was unable to pay the Consent Judgment and MESSA opted to have the Judgment levied on the School District's tax rolls. In 2013 certain local units (Bloomfield Township, Waterford Township, West Bloomfield Township, and Sylvan Lake) opted to levy their entire portion of the MESSA judgment in one year. Other local units (Orion Township, City of Auburn Hills, City of Lake Angelus, and City of Pontiac) opted to levy their portion of the MESSA judgment for ten years (2013 through 2022), as shown in the table. The amount was fully paid in March of 2022.
4. Calculated sum of Non-Homestead Operating, Sinking Fund, and 1-Year MESSA Levy related local units.
5. Calculated sum of Non-Homestead Operating, Sinking Fund, and 10-Year MESSA Levy related local units.

Table 18 - Other Jurisdictions' Tax Rates – (Per $1,000 of Valuation)

The following table provides the 2020-2024 tax rates for select municipal units of government that overlap with the School District's boundaries.

Taxing Unit	2020	2021	2022	2023	2024
City of Pontiac	18.3307	17.4139	17.9089	18.9957	18.9957
City of Sylvan Lake	19.8275	17.6629	17.1896	17.1408	16.9055
City of Birmingham	14.1870	13.5896	13.3542	13.3164	13.2661
Bloomfield Township	12.3579	12.1734	12.0149	12.5448	12.2206
City of Auburn Hills	12.7726	13.0702	13.0702	13.0702	13.0802
Waterford Township	10.3809	10.2310	10.2615	10.2615	10.3063
City of Lake Angelus	10.4500	11.2109	11.1547	11.1547	11.1267
West Bloomfield Township	11.7840	11.7285	11.6475	11.6475	12.0912
State Education Tax (1)	6.0000	6.0000	6.0000	6.0000	6.0000
Oakland County (2)	4.8682	4.8544	5.7577	5.7577	6.0443
Oakland ISD	3.2280	3.2012	3.1658	3.1658	3.1541
Oakland Community College	1.5184	1.5057	1.4891	1.4891	1.4836

SOURCE: Equalization Department of Oakland County.

1. Pursuant to school finance reform legislation which became effective in March 1994, the State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District.
2. County rate includes County operating, County Parks and Recreation, Huron Clinton Metro Authority, Zoo Authority, Art Institute Authority, and Transportation (beginning tax year 2022 and thereafter).

Tax Rate Limitation

Table 19 - Other Tax Rate Limitations and Expiration Dates

Type of Millage	Date of Election	Original Authorized Millage	2024 Maximum After Headlee Rollback	Expiration
Non-Homestead	3/08/2016	18.5000	18.0000	12/2036
Non-Homestead (1)	8/02/2022	2.0000		12/2036
Sinking Fund (2)	3/10/2020	0.8000	0.7980	12/2025

1. An additional 2.0000 mills were approved by the voters in August of 2022 to ensure the ability to levy the full 18.0000 mills for Non-Homesteads.
2. The 2.8700 Sinking Fund millage expired in December of 2020 and was replaced with a 0.8000 Sinking Fund millage for tax years 2021-2025, as approved by voters on March 10, 2020.

Tax Levies and Collections

Pontiac Schools' fiscal year begins July 1 and ends June 30 and its property taxes are due July 1 of each fiscal year. These tax levies are payable without interest on or before the following September 14 and are payable without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection.

A history of tax levies and collections for Pontiac Schools are as follows:

Table 20 - Tax Levies and Collections

Tax Year	Tax Levy (1)	Levy Less Delinquent Taxes		Levy Less Delinquent Personal Taxes	
2020	$31,957,247	$29,601,158	92.63%	$32,291,497	101.05%
2021	33,921,497	31,045,749	91.52	33,290,532	98.14
2022	37,461,191	34,320,284	91.62	36,814,172	98.27
2023	40,346,838	37,922,003	93.99	38,305,131	94.94
2024	43,828,123	40,182,621 (2)	91.68	In Process	N/A

1. Includes only non-homestead operating tax levy.
2. Understated figure does not include final distributions for taxes collected through 3/31/2025.

The Tax Payment Funds may in part be financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the counties. The County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1 of each year. Said fund pays all local units, school districts, villages, townships, and the County's general fund the full amount of taxes levied against real property. If feasible, it is anticipated that the County will continue to reimburse Pontiac Schools for any uncollected taxes, but there is no assurance that this will be the case, since counties are not obligated to continue this fund in the future. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

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State Aid Payments

The School District's primary source of funding for operating costs is the revenue from the levy of its operating millage. However, the School District receives state aid for various categorical grants for specific expenditures. The School District is estimated to receive $21,912,201 as of 4/21/2025 in **special education and categorical related state aid** grants for the 2024-2025 school year. See "SOURCES OF SCHOOL OPERATING REVENUE" in the front portion of this Official Statement.

The following table shows a five-year history and a current estimate of the School District's total state aid revenues:

Table 21 - State Aid Payments from the State of Michigan

Fiscal Year Ended/Ending September 30th (1)	Foundation Allowance per Pupil (2)	General Education Pupil Count	Assumed Local Revenue (3)	State Revenue	Per Pupil Local Revenue
2020	$8,111	3,584	$31,294,743	$12,102,396	$8,732
2021	8,111	3,521	31,957,247	11,451,886	9,076
2022	8,700	3,200	33,262,952	13,016,244	10,395
2023	9,150	3,049	36,766,248	19,270,731	12,058
2024	9,608	3,299	39,931,628	21,644,596	12,104
2025(4)	9,608	3,445	43,462,883	21,912,201	12,616

SOURCE: Michigan Department of Education; State Aid Financial Status Report.

1. Represents State of Michigan fiscal year ended/ending.
2. School District's foundation allowance under the School Aid Act.
3. 18 mill levy on non-homestead property and 6 mill State Education Tax levy on commercial personal property.
4. Preliminary, subject to change. As of 2024-2025 State Aid Financial Status Report dated 4/21/2025.

The School District is an "out of formula" school district which means the revenue from its 18 mill levy on non-homestead property exceeds the School District's per pupil foundation allowance. See "OUT-OF-FORMULA SCHOOL DISTRICT" in the front portion of this Official Statement.

Labor Force

A breakdown of the number of employees of Pontiac Schools and their affiliations with organized groups is as follows:

Table 22 - Labor Force Organized Groups

Bargaining Units	No. of Employees as of June 30, 2024*
Administrators	22
Teachers	219
Secretaries	29
Paraprofessional Instructors	105
Food Service	41
Instructional/Non-Instructional Assistants	22
Police Authority Officers	24
Other	194
Total	**656**

*All contracts expired in June 2024 and are currently in negotiations except for Administrators which expires June 2026.

Pontiac Schools has not experienced a strike by any of its bargaining units within the past ten years.

Retirement Plan - MPSERS

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

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

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

The School District's estimated annual contribution to MPSERS for the 2024-2025 school year and the previous four school years are shown below:

Table 23 – Pension Contributions to MPSERS

Fiscal Year Ending June 30	Contribution to MPSERS
2021	$7,564,018
2022	9,906,880
2023	9,769,218
2024	11,660,230
2025	12,986,383*

*Estimated.
SOURCE: Audited financial statements and School District. Website: https://mcsc.state.mi.us/NXT/Gateway.dll?f=templates&fn=default.htm&vid=mofa:fa (Valid web address as of the date of this Official Statement).
NOTE: Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 87 in its year ended June 30, 2022 financial statements. The School District reported a proportionate share of the net pension liability of $86,071,155 as of June 30, 2024.

Other Post-Employment Benefits

MPSERS also provides postemployment healthcare benefits for retirees and beneficiaries who elect to receive those benefits. The cost of retiree health benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits can be found at http://www.michigan.gov/orsschools.

Table 24 – Contributions for Other Post-Employment Benefits

Fiscal Year Ending June 30	Contribution
2021	$1,943,712
2022	2,279,638
2023	1,989,553
2024	2,403,377
2025	2,676,720*

*Estimated.
SOURCE: Pontiac Schools' audited financial statements. Website: https://mcsc.state.mi.us/NXT/Gateway.dll?f=templates&fn=default.htm&vid=mofa:fa (Valid web address as of the date of this Official Statement).

Debt Statement

Table 25 – Net Direct Debt

As of June 18, 2025, including the Bonds described herein.

Direct Debt	Dated	Maturities Outstanding	Amount Outstanding
2020 School Building and Site Bonds (UTGO)	7/15/2020	5/01/2026-2050	$81,060,000
2022 Refunding Bonds (LTGO) (Federally Taxable)	3/17/2022	5/01/2026-2030	5,690,000
2023 School Building and Site Bonds (UTGO)	6/01/2023	05/01/2026-2053	24,040,000
		EXISTING Direct Debt	$110,790,000
2025 School Building and Site Bonds (UTGO)	7/15/2025	5/01/2026-2055	18,015,000
		TOTAL Direct Debt	$128,805,000

SOURCE: School District

Table 26 - Overlapping Debt

As of June 18, 2025

Type	Amount
Cities	$88,786,086
Townships	8,990,950
County	5,897,763
Intermediate School District	1,753,304
Community Colleges	0
Libraries	0
Total Net Overlapping Debt	$105,428,103

Total Direct and Overlapping Debt	$234,233,103

SOURCE: Municipal Advisory Council of Michigan.

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Debt Ratios

Table 27 - Net Direct Debt and Net Direct and Overlapping Debt Ratios

As of June 18, 2025, including the Bonds described herein.

Per Capita (2020 Census for City of Pontiac of 61,606)	
Direct Debt	$2,090.79
Direct and Overlapping Debt	$3,802.12
Ratio to 2024 Taxable Valuation ($3,741,064,995)	
Direct Debt	3.44%
Direct and Overlapping Debt	6.26%
Ratio to 2024 State Equalized Valuation ($4,858,486,575)	
Direct Debt	2.65%
Direct and Overlapping Debt	4.82%
Ratio to 2024 Estimated True Cash Value ($9,716,793,150)	
Direct Debt	1.33%
Direct and Overlapping Debt	2.41%

Debt History

The May 2013 payment on the 2006 School Building and Site Bonds was paid by the bond insurance company. The bond insurance company was reimbursed in full for the May 2013 payment by June 30, 2014. Since, Pontiac Schools has had no record of default on its bonded indebtedness. In addition, in order to secure the Pontiac Schools' obligations, all bonded indebtedness, excluding the proposed Bonds and Series 2020, is now organized under a Master Debt Retirement Trust Indenture, where Pontiac Schools has entered into Tax Intercept Agreements and State Aid Agreements directing the payment of the State School Aid and Operating Taxes to the Master Trustee for deposit in the Debt Retirement Fund established under the Master Debt Retirement Indenture.

Future Financing

Pontiac Schools anticipates the issuance of an annual tax anticipation note for operational purposes within the next twelve (12) months. Pontiac Schools does not plan on incurring additional capital debt through the issuance of bonds or otherwise over the next twelve (12) months.

Legal Debt Margin

Section 1351(3) of Act 451 provides that a school district shall not issue bonds, that together with the total outstanding indebtedness, would amount to greater than 15% of the total assessed valuation of the district, excluding bonds qualified under Article IX, Section 16 of the Michigan Constitution of 1963, and deficit budget bonds as authorized under section 1356 of Act 451. 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.

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Table 28 - Legal Debt Margin Subject to State Limitation (Limited and Unlimited Tax)

As of June 18, 2025, including the Bonds described herein.

2024 State Equalized Value	$4,858,486,575
Debt Limit – 15% of State Equalized Valuation	728,772,986
Amount of Direct Debt Outstanding	$128,805,000
Not Subject: 2020 Bonds	(81,060,000)
2023 Bonds	(24,040,000)
2025 Bonds	(18,015,000)
Amount of Net Direct Outstanding	$5,690,000
Additional Debt Which Could Be Legally Incurred	$723,082,986

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APPENDIX C

GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

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SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
GENERAL FUND BUDGET

	FY 2025 Adopted Budget [(1)]	**FY 2025 1st Amended Budget [(2)]**	**FY 2025 2nd Amended Budget [(3)]**
Beginning Fund Balance	$16,724,971	$16,724,971	$16,724,971
GENERAL FUND REVENUE			
Local Revenues	$46,708,371	$46,543,939	$46,535,086
State Sources	31,876,420	31,990,597	33,585,737
Federal Sources	29,436,105	29,436,105	32,136,105
County, Interdistrict and Other Financing Sources	14,650,035	14,741,185	19,473,722
Total General Fund Revenue	**$122,670,930**	**$122,711,826**	**$131,730,650**
GENERAL FUND EXPENDITURES			
Instructional Services:			
Basic Programs	$31,332,239	$30,247,835	$31,247,511
Added Needs	19,182,181	18,617,957	18,226,130
Adult & Continuing Education	51,334	51,334	51,334
Supporting Services:			
Pupil Support	9,757,139	10,209,945	9,822,802
Instructional Staff Support	5,959,179	6,042,140	6,001,958
General Administration	2,127,703	2,704,767	2,762,080
School Administration	4,533,085	4,543,734	4,350,569
Business Support	1,509,872	1,423,856	1,356,032
Operations/Maintenance & Security	12,670,730	12,614,315	12,674,485
Transportation	12,453,095	12,260,739	20,859,503
Central Support	4,305,267	4,430,026	4,277,944
Other	742,272	772,568	797,526
Community Services	942,518	942,518	927,018
Debt Service	1,247,728	1,247,539	1,247,539
Capital/Building Improvements	9,325,004	9,325,004	9,325,000
Other Financing	7,083,094	7,083,094	7,083,094
Fund Modifications	2,379,483	2,409,779	419,215
Total Expenditures	**$125,601,924**	**$124,927,150**	**$131,429,470**
Revenues Over (Under Expenditures)	($2,930,994)	($2,215,324)	$300,910
Total Fund Balance, Ending	$13,793,977	$14,509,648	$17,025,881

(1) The FY 2025 budget was adopted June 26, 2024.
(2) The FY 2025 1st Amended budget was adopted March 3, 2025.
(3) The FY 2025 2nd Amended budget was adopted June 9, 2025 to address revenue expenditure shortfalls previously budgeted.

Note: More detailed budget information is available on Pontiac Schools' website. https://www.pontiac.k12.mi.us/
(Valid web address as of the date of this Official Statement).

SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
COMPARISON OF REVENUES AND EXPENDITURES

	FY 2022	FY 2023	FY 2024
Beginning Fund Balance	$7,938,934	$12,610,405	$18,031,086
GENERAL FUND REVENUE			
Local Revenues	$35,389,510	$39,117,200	$41,992,645
State Sources	14,875,518	21,283,354	24,493,203
Federal Sources	24,263,139	21,923,321	17,895,555
Interdistrict Sources	4,386,772	5,330,028	4,541,126
Other Financing Sources	12,140,607	8,500,000	25,672,628
Total General Fund Revenue	**$91,055,546**	**$96,153,903**	**$114,595,157**
GENERAL FUND EXPENDITURES			
Classroom Instruction	$31,552,313	$33,921,162	$38,659,393
Support Services:			
Pupil Support	5,351,565	6,038,722	7,296,836
Instructional Staff Support	3,885,623	4,398,355	4,384,539
General Administration	1,324,762	1,446,670	1,789,741
School Administration	3,669,185	4,259,202	4,280,222
Business Support	688,521	1,261,692	2,336,989
Operations and Maintenance	8,871,257	9,360,886	10,573,140
Transportation	2,538,209	3,838,617	5,337,673
Central Support	7,909,951	5,991,927	11,256,442
Other	321,450	568,523	608,248
Community Services	249,933	429,029	496,701
Capital Outlay	1,371,338	6,314,200	686,179
Debt Service			
Principal	14,961,774	12,275,000	27,735,000
Interest and Fiscal Charges	237,152	629,237	460,169
Payment to Bond Refunding Escrow Agent	3,451,042	-	-
Total Expenditures	**$86,384,075**	**$90,733,222**	**$115,901,272**
Revenues Over (Under Expenditures)	$4,671,471	$5,420,681	($1,306,115)
Total Fund Balance, Ending	$12,610,405	$18,031,086	$16,724,971

SOURCE: Audited financial statements and School District.
Website: https://secure.munetrix.com/n/Michigan/Schools/GDR/Oakland-Schools/District/Pontiac-City-School-District
(Valid web address as of the date of this Official Statement).

SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
COMPARISON OF ASSETS AND LIABILITIES – GENERAL FUND

	FY 2022	**FY 2023**	**FY 2024**
ASSETS			
Cash	$12,852,819	$11,988,801	$20,315,195
Cash – Categorical Funded Programs	-	-	6,370,193
Accounts Receivable	-	-	7,171,952
Lease Receivable	524,244	526,360	939,379
Due From Other Governmental Units	8,198,184	16,146,614	5,819,982
Prepaid and Other Deposits	586,445	645,004	1,022,144
Total Assets	**$22,161,692**	**$29,306,779**	**$41,638,845**
LIABILITIES			
Accounts Payable	$1,708,445	$2,666,633	$2,237,767
Interest Payable	-	-	-
Due to Other Governmental Funds	-	-	-
Accrued Expenses	975,190	608,892	693,437
Accrued Salaries Payable	3,883,524	3,572,553	4,292,949
Unearned Revenue	2,439,705	2,998,753	12,696,596
Total Liabilities	**$9,006,864**	**$9,846,831**	**$19,920,749**
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue – Grants and Non-Grants Receivable	$544,423	$1,428,862	$4,993,125
FUND BALANCE			
Non-Spendable:			
Inventory	-	-	-
Prepaid Items	586,445	645,004	1,022,144
Restricted For:			
Food Service	-	-	-
Capital Projects	-	-	-
Committed for School and Student Activities	-	-	-
Assigned for Debt Service	264,954	270,096	-
Unassigned	11,759,006	17,115,986	15,702,827
TOTAL FUND BALANCE (DEFICIT)	$12,610,405	$18,031,086	$16,724,971
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (DEFICIT)	$22,161,692	$29,306,779	$41,638,845

SOURCE: Audited financial statements and School District.
Website: https://secure.munetrix.com/n/Michigan/Schools/GDR/Oakland-Schools/District/Pontiac-City-School-District
(Valid web address as of the date of this Official Statement).

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APPENDIX D

AUDITED FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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School District of the City of Pontiac

Financial Statements

June 30, 2024

Table of Contents

School District of the City of Pontiac

Members of the Board of Education and Administration

June 30, 2024

Independent Auditors' Report

Management and the Board of Education
School District of the City of Pontiac
Pontiac, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Pontiac, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District of the City of Pontiac's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Pontiac, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District of the City of Pontiac, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District of the City of Pontiac's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of the City of Pontiac's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of the School District of the City of Pontiac's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of the City of Pontiac's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of the City of Pontiac's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, MI
November 1, 2024

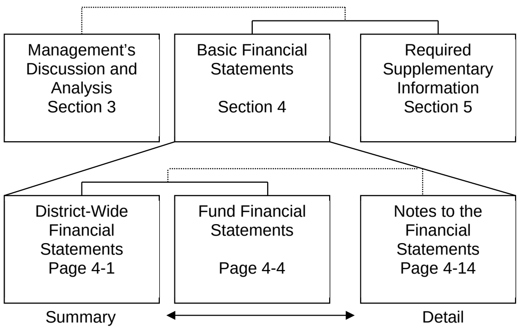
YEO & YEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The School District of the City of Pontiac is a K-12 public school district located in Oakland County, Michigan.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

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



This section of the School District of the City of Pontiac's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report
This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District of the City of Pontiac financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and Sinking Fund, with all other funds presented in one column as non-major funds. The Risk Related Activity Fund, an Internal Service Fund, accounts for all of the costs associated with the School District's property, unemployment and workman's compensation insurance programs provided to other funds of the School District on a cost-reimbursement basis.

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

These two statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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

The governmental funds of the School District use the following accounting approach:

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

Proprietary funds - The School District maintains a propriety fund, which is considered an Internal Service Fund. The Internal Service Fund accounts for all of the District's property, unemployment and workman's compensation insurance programs provided to other funds of the District on a cost-reimbursement basis as well as providing a claims fluctuation reserve for future insurance liabilities.

The School District as a Whole
Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	June 30	
	2024	2023
	(in millions)	
Assets		
Current and other assets	$ 70.2	$ 82.2
Capital assets	151.3	129.0
Net OPEB asset	1.5	-
Totals assets	223.0	211.2
Deferred outflows of resources	$ 36.8	43.6
Liabilities		
Current liabilities	29.8	22.2
Long-term liabilities	221.2	266.5
Total liabilities	251.0	288.7
Deferred inflows of resources	30.3	20.7
Net Position		
Net investment in capital assets	66.4	39.5
Restricted	9.4	6.4
Unrestricted	(97.3)	(100.5)
Total net position	$ (21.5)	$ (54.6)

The analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was ($40.2 million) at June 30, 2024. Net investment in capital assets totaling $41.7 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position of $1.8 million is mostly restricted for the Net OPEB Asset and Debt Service. The remaining amount of net position of ($83.7 million) was unrestricted.

The ($83.7 million) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position deficit represents the accumulated working capital and cash flow requirements of the School District as well as demonstrates the significant financial challenges that lie ahead. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. In addition, as a required by GASB 68 and 75 the school district's proportionate share of the net pension liability are included in non-current liabilities.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years ended June 30, 2024 and 2023.

	Governmental Activities	
	June 30	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Operating grants and contributions	$ 49.2	$ 51.9
General Revenue:		
Property taxes	49.5	46.5
State aid	3.1	-
Other	5.5	4.4
Total revenue	107.3	102.8
Functions/Program Expenses		
Instruction	37.7	36.4
Support services	46.7	39.9
Food services	3.4	3.3
Community services	0.4	0.5
Interest on long-term debt	4.4	3.7
Total functions/program expenses	92.6	83.8
Increase in Net Position	14.7	19.0
Net Position - Beginning of year	(54.6)	(73.6)
Net Position - End of year	$ (39.9)	$ (54.6)

As reported in the statement of activities, the cost of all of our governmental activities this year was $92.5 million. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions ($49.2 million). We paid for the remaining "public benefit" portion of our governmental activities with $49.5 million in taxes, $3.1 million in unrestricted state aid, and with our other revenues, i.e., interest and general entitlements, totaling $5.1 million.

The School District experienced an increase in net position of $14.4 million. The key reasons for this change include the receipt of Federal ESSER monies (Covid-19) that offset certain operating costs as well as operational savings due to contracted staffing shortages for the school year. Additionally, for the change in net position was the collection of additional property taxes, additional state aid, and higher interest earnings. Also, the School District instructional costs were lower due to staffing vacancies.

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

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

As the School District completed this year, the governmental funds reported a combined fund balance of $35.5 million, which is a decrease of $23.1 million from last year. The primary reasons for the decrease are as follows:

- Spending of $24.0 million of bond proceeds related to bond construction costs

General Fund Budgetary Highlights
A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Capital Assets and Debt Administration

Capital Assets
As of June 30, 2024, the School District had $129.0 million invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $22.3 million, or approximately a 17.3 percent increase, from last year.

	2024	2023
Land	$ 1,619,804	$ 1,619,804
Construction in progress	87,027,345	61,921,671
Land improvements	7,406,742	7,406,742
Buildings and building improvements	94,498,331	94,391,055
Buses and other vehicles	566,376	349,450
Furniture and equipment	9,712,220	8,908,274
Total capital assets	200,830,818	174,596,996
Less accumulated depreciation	49,537,507	45,634,103
Net capital assets	$ 151,293,311	$ 128,962,893

Due to the FY 2022 approval of a $147 million Capital Bond program and 0.80 mill sinking fund, several major capital projects are planned for the 2024-25 fiscal year which includes the PHS infrastructure upgrades, WHRC infrastructure upgrades, and PHS/PMS Science Lab upgrades. We present more detailed information about our capital assets in the notes to the financial statements.

Debt
At the end of this year, the School District had $151 million in bonds and notes outstanding versus $157 million in the previous year – a decrease of approximately 4 percent due to the paydown of bonds and the 2014 and 2015 Emergency Loans, and the reduction in the Tax Anticipation Note amount from the previous year. Those notes and bonds consisted of the following:

	2024	2023
Notes and bonds payable	$ 133,663,713	$ 157,552,168

Other obligations include compensated absences and a capital lease. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates
Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors traditionally affecting the budget was our student count. However, since the School District's 18 mill non-homestead tax generates more total dollars than the State foundation revenue calculation, the District continues to be an "Out of Formula" district once again for the 2025 fiscal year. Therefore, the change in student enrollment and the amount of the foundation allowance are no longer a determining factor in the major revenues for the District. The 2024-2025 budget was adopted in June 2024, based on the estimated tax revenues from the 18 mill non-homestead tax. The School Districted adopted the 2024-2025 General Fund budget with $2.93 million in excess expenditures.

School District of the City of Pontiac
Management's Discussion and Analysis
Year Ended June 30, 2024

Contacting the District's Management
This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office at 42700 Woodward Avenue, Pontiac, Michigan 48342, or telephone (248) 451-6836.

BASIC FINANCIAL STATEMENTS

School District of the City of Pontiac
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash and investments	$ 54,586,676
Deposits	25,000
Accounts receivable, net of allowance	7,172,952
Leases receivable	939,379
Due from other governmental units	6,358,798
Inventory	21,353
Prepaid items	1,032,062
Capital assets not being depreciated	88,647,149
Capital assets - net of accumulated depreciation	62,646,162
Net OPEB asset	1,520,442
Total assets	222,949,973
Deferred Outflows of Resources	
Deferred amount on debt refunding	377,599
Deferred amount relating to the net pension liability	28,867,632
Deferred amount relating to the net OPEB asset	7,553,831
Total deferred outflows of resources	36,799,062

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Statement of Net Position
June 30, 2024

	Governmental Activities
Liabilities	
Accounts payable	$ 10,721,441
State aid anticipation note payable	470,522
Interest payable	753,696
Claims payable	123,838
Accrued expenditures	693,444
Accrued salaries payable	4,303,051
Unearned revenue	12,696,596
Long-term liabilities	
Net pension liability	86,071,155
Due within one year	12,990,000
Due in more than one year	122,094,497
Total liabilities	250,918,240
Deferred Inflows of Resources	
Deferred amount on leases receivable	939,379
Deferred amount relating to the net pension liability	15,965,755
Deferred amount relating to the net OPEB asset	13,387,169
Total deferred inflows of resources	30,292,303
Net Position	
Net investment in capital assets	66,381,124
Restricted for:	
Debt service	281,651
Capital projects - sinking fund	7,584,394
Net OPEB asset	1,520,442
Unrestricted	(97,229,119)
Total net position	$ (21,461,508)

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 37,664,684	$ -	$ 31,661,985	$ (6,002,699)
Supporting services	46,687,499	15,231	14,145,419	(32,526,849)
Food services	3,419,682	1,558	3,420,960	2,836
Community services	454,771	6,678	-	(448,093)
Interest and fiscal charges on long-term debt	4,382,127	-	-	(4,382,127)
Total governmental activities	$ 92,608,763	$ 23,467	$ 49,228,364	(43,356,932)
General revenues				
Property taxes, levied for general purposes				39,932,388
Property taxes, levied for debt service				6,835,247
Property taxes, levied for sinking fund				2,764,202
State aid - unrestricted				3,128,099
Interest and investment earnings				3,680,297
Other				1,791,375
Forgiveness of debt				18,361,947
Total general revenues and extraordinary iter				76,493,555
Change in net position				33,136,623
Net position - beginning				(54,598,131)
Net position - ending				$ (21,461,508)

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Governmental Funds
Balance Sheet
June 30, 2024

		Capital Project Funds				
	General Fund	2020 School Building and Site Fund	2023 School Building and Site Fund	Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 26,685,388	$ 6,106,628	$ 12,599,227	$ 7,632,283	$ 1,211,740	$ 54,235,266
Accounts receivable	7,171,952	-	-	-	1,000	7,172,952
Leases receivable	939,379	-	-	-	-	939,379
Due from other governmental units	5,819,982	-	-	-	538,816	6,358,798
Inventory	-	-	-	-	21,353	21,353
Prepaid items	1,022,144	-	9,918	-	-	1,032,062
Total assets	$ 41,638,845	$ 6,106,628	$ 12,609,145	$ 7,632,283	$ 1,772,909	$ 69,759,810
Liabilities						
Accounts payable	$ 2,237,767	$ 6,106,628	$ 2,202,644	$ 47,889	$ 81,973	$ 10,676,901
Checks drawn against future deposits	-	-	-	-	470,522	470,522
Accrued expenditures	693,437	-	-	-	7	693,444
Accrued salaries payable	4,292,949	-	-	-	10,102	4,303,051
Unearned revenue	12,696,596	-	-	-	-	12,696,596
Total liabilities	19,920,749	6,106,628	2,202,644	47,889	562,604	28,840,514

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Governmental Funds
Balance Sheet
June 30, 2024

		Capital Project Funds				
	General Fund	2020 School Building and Site Fund	2023 School Building and Site Fund	Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources						
Unavailable revenue						
Grants received	$ 4,053,746	$ -	$ -	$ -	$ -	$ 4,053,746
Leases	939,379	-	-	-	-	939,379
Total deferred inflows of resources	4,993,125	-	-	-	-	4,993,125
Fund Balances						
Non-spendable						
Inventory	-	-	-	-	21,353	21,353
Prepaid items	1,022,144	-	9,918	-	-	1,032,062
Restricted for					-	
Debt service	-	-	-	-	1,035,347	1,035,347
Capital projects	-	-	10,396,583	7,584,394	-	17,980,977
Committed - Student and school activities	-	-	-	-	174,958	174,958
Assigned to next years budget	2,930,994	-	-	-	-	2,930,994
Unassigned	12,771,833	-	-	-	(21,353)	12,750,480
Total fund balances	16,724,971	-	10,406,501	7,584,394	1,210,305	35,926,171
Total liabilities, deferred inflows of resources, and fund balances	$ 41,638,845	$ 6,106,628	$ 12,609,145	$ 7,632,283	$ 1,772,909	$ 69,759,810

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds	$ 35,926,171
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	4,053,746
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	88,647,149
Capital assets - net of accumulated depreciation	62,646,162
Net OPEB asset is not recorded as asset in the governmental funds.	1,520,442
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	377,599
Deferred outflows of resources resulting from the net pension liability	28,867,632
Deferred outflows of resources resulting from the net OPEB asset	7,553,831
Deferred inflows of resources resulting from the net pension liability	(15,965,755)
Deferred inflows of resources resulting from the net OPEB asset	(13,387,169)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(753,696)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(86,071,155)
Compensated absences	(1,420,784)
Bonds payable	(126,663,713)
Other loans payable and liabilities	(7,000,000)
Internal service fund assets and liabilities are included in governmental activities in the statement of net position	208,032
Net position of governmental activities	$ (21,461,508)

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

		Capital Project Funds				
	General Fund	2020 School Building and Site Fund	2023 School Building and Site Fund	Formerly Nonmajor Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$ 41,992,645	$ 386,307	$ 876,749	$ 3,242,064	$ 6,998,459	$ 53,496,224
State sources	24,493,203	-	-	-	131,220	24,624,423
Federal sources	17,895,555	-	-	-	3,287,841	21,183,396
Interdistrict sources	4,541,126	-	-	-	-	4,541,126
Total revenues	88,922,529	386,307	876,749	3,242,064	10,417,520	103,845,169
Expenditures						
Current						
Education						
Instruction	38,659,393	-	-	-	-	38,659,393
Supporting services	47,863,830	-	-	15,182	98,463	47,977,475
Food services	-	-	-	-	3,521,328	3,521,328
Community services	496,701	-	-	-	-	496,701
Capital outlay	686,179	9,040,279	15,025,882	1,576,466	-	26,328,806
Debt service					-	-
Principal	27,735,000	-	-	-	2,390,000	30,125,000
Interest and other expenditures	460,169	-	-	-	4,653,943	5,114,112
Total expenditures	115,901,272	9,040,279	15,025,882	1,591,648	10,663,734	152,222,815
Excess (deficiency) of revenues over expenditures	(26,978,743)	(8,653,972)	(14,149,133)	1,650,416	(246,214)	(48,377,646)

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Capital Project Funds: 2020 School Building and Site Fund	Capital Project Funds: 2023 School Building and Site Fund	Capital Project Funds: Formerly Nonmajor Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (uses)						
Proceeds from notes and loans	$ 7,000,000	$ -	$ -	$ -	$ -	$ 7,000,000
Proceeds from issuance of leases	387,026	-	-	-	-	387,026
Forgiveness of debt	18,361,947	-	-	-	-	18,361,947
Transfers in	-	-	-	-	76,345	76,345
Transfers out	(76,345)	-	-	-	-	(76,345)
Total other financing sources (uses)	25,672,628	-	-	-	76,345	25,748,973
Net change in fund balances	(1,306,115)	(8,653,972)	(14,149,133)	1,650,416	(169,869)	(22,628,673)
Fund balances - beginning, as previously presented	18,031,086	8,653,972	24,555,634	-	7,314,152	58,554,844
Change within the financial reporting entity (nonmajor to major fund)	-	-	-	5,933,978	(5,933,978)	-
Fund balances - beginning, as adjusted	18,031,086	8,653,972	24,555,634	5,933,978	1,380,174	58,554,844
Fund balances - ending	$ 16,724,971	$ -	$ 10,406,501	$ 7,584,394	$ 1,210,305	$ 35,926,171

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - Total governmental funds	$ (22,628,673)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	3,151,244
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(3,903,404)
Capital outlay	26,233,822
Expenses are recorded when incurred in the statement of activities.	
Interest	7,714
Compensated absences	(120,175)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	16,060,159
Net change in deferrals of resources related to the net pension liability	(13,900,165)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	7,052,559
Net change in deferrals of resources related to the net OPEB asset	(2,017,352)
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(7,000,000)
Repayments of long-term debt	30,125,000
Deferred amount on debt refunding	(39,184)
Amortization of premiums	763,455
Internal revenue fund revenues and expenses are included in the governmental activities in the statement of activities	(648,377)
Change in net position of governmental activities	$ 33,136,623

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2024

	Internal Service Fund
Assets	
Cash	$ 351,410
Prepaid items	25,000
Total assets	376,410
Liabilities	
Accounts payable	44,540
Claims payable	123,838
Total liabilities	168,378
Net Position	
Unrestricted	$ 208,032

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2024

	Internal Service Fund
Operating revenue	
Charges for services	$ -
Operating expense	
Workers compensation, general liability, and unemployment expenses	648,377
Change in net position	(648,377)
Net position - beginning	856,409
Net position - ending	$ 208,032

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Proprietary Fund
Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2024

	Internal Service Fund
Cash flows from operating activities	
Fringe benefits	$ (858,124)
Cash and cash equivalents - beginning	1,209,534
Cash and cash equivalents - ending	$ 351,410
Reconciliation of operating loss to net cash from operating activities	
Change in net position	$ (648,377)
Adjustments to reconcile operating loss to net cash used by operating activities	
Change in assets and liabilities	
Accounts payable	(119,553)
Claims payable	(90,194)
Net cash used by operating activities	$ (858,124)

See Accompanying Notes to the Financial Statements

School District of the City of Pontiac
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

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

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

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

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

The School District reports the following major governmental funds:

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

Capital Projects Fund - The 2020 School Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs.

Capital Projects Fund - The 2023 School Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs.

Sinking Fund - The Sinking Fund is used to record bond proceeds, the sinking fund property tax levy or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student/School Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

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

Internal Service Fund – The School District's proprietary fund is the Internal Service Fund. The purpose of the fund is to finance services provided to other funds of the School District on a cost-reimbursement basis. The Internal Service Fund maintained by the School District accounts for unemployment, workers compensation, and other liability claims. It is funded through charges primarily from the General Fund and Food Service Fund.

Assets, Liabilities and Net Position or Equity

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.88920
Commercial personal property	5.88920
Debt Service Funds	2.00000
Sinking Fund	0.79800

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 100% of the School District's tax roll lies within Oakland County.

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

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

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

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

Buildings and additions	25 - 50 years
Site improvements	10 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	8 years

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

Compensated Absences - The liability for compensated absences reported in the district-wide statements consists of earned but unpaid accumulated sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which the amount for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payment upon normal retirement are included.

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

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

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

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

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

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

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

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

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

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

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

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

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

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	$ 1,426,746	$ 2,336,989	$ 910,243
Debt service	9,963,212	28,195,169	18,231,957
Food Service Fund			
Supporting Services	3,421,304	3,521,328	100,024

Compliance - Bond Proceeds
The 2020 School Building and Site and 2023 School Building and Site Capital Projects Funds include capital project activities funded with bonds. For these capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The 2023 School Building and Site fund is not yet considered substantially complete and a subsequent year audit is expected.

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2020 School Building and Site Capital Projects Fund. The project for which the 2020 School Building and Site Bonds, Series I were issued was considered complete on June 30, 2024 and the cumulative expenditures recognized for the construction period were $105,733,955.

	2020 School Building and Site Bond	2023 School Building and Site Bond
Revenues and Other Financing Sources	$105,733,955	$26,239,577
Expenditures and Other Financing Uses	105,733,955	15,833,076

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

Note 3 - Deposits and Investments

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

	Governmental Activities	Internal Service Fund	Total Primary Government
Cash and investments	$ 54,235,266	$ 351,410	$ 54,586,676

School District of the City of Pontiac
Notes to the Financial Statements
June 30, 2024

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$54,586,169
Petty cash and cash on hand	507
Total	$54,586,676

Interest rate risk - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

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

Concentration of credit risk - The School District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the School District's total investments.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $48,988,678 of the School District's bank balance of $49,239,523 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 1,619,804	$ -	$ -	$ 1,619,804
Construction-in-progress	61,921,671	25,105,674	-	87,027,345
Total capital assets not being depreciated	63,541,475	25,105,674	-	88,647,149
Capital assets being depreciated				
Buildings and additions	94,391,055	107,276	-	94,498,331
Site improvements	7,406,742	-	-	7,406,742
Equipment and furniture	8,908,274	803,946	-	9,712,220
Buses and other vehicles	349,450	216,926	-	566,376
Total capital assets being depreciated	111,055,521	1,128,148	-	112,183,669
Less accumulated depreciation for				
Buildings and additions	39,152,341	2,864,621	-	42,016,962
Site improvements	2,189,032	372,951	-	2,561,983
Equipment and furniture	4,190,033	625,763	-	4,815,796
Buses and other vehicles	102,697	40,069	-	142,766
Total accumulated depreciation	45,634,103	3,903,404	-	49,537,507
Net capital assets being depreciated	65,421,418	(2,775,256)	-	62,646,162
Net capital assets	$128,962,893	$22,330,418	$ -	$151,293,311

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

Governmental activities	
Instruction	$ 1,664,590
Supporting services	2,065,806
Food services	151,621
Athletics	21,387
Total governmental activities	$ 3,903,404

Construction Contracts

As of year end, the School District had the following construction contracts in progress:

	Total Contract	Remaining Construction Commitment at Year End
PMS Infrastructure Project	$13,316,565	$ 237,258
WHRC Infrastructure Project	22,733,311	756,201
PHS Infrastructure	24,550,738	10,036,458
PHS And Pms Parking Lots	6,236,453	272,633
PMS And Phs Science Labs	2,040,914	820,637
Theatre Project	2,736,883	179,368
PHS Concessions Building	761,782	23,979
PHS Gym Waterproofing	1,214,959	24,876
PHS Gym Interior Upgrades	1,502,091	1,368,154
Total	$75,093,696	$13,719,564

All projects are expected to be complete during the 2024 school year.

Note 6 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 12,696,596

Note 7 - Leases

Lease Receivable

The School District has three significant agreements leasing district buildings. The first lease commenced in July 2018 and has a term of 10 years, expiring July 2028. The payments for this lease are equal to $3,444 per month with no escalation. The second lease commenced in January 2019 for the lease of a building. The lease carries a term of 60 months, with base rent of $4,200, which escalates 2% annually. The third lease commenced in January 2019 for the lease of a building. The lease carries a term of 60 months, with base rent of $12,500, which escalates 2% annually.

The District collected $243,028 from the tenants for the year ended June 30, 2023, which includes $234,512 in lease revenue, $8,516 in lease interest revenue. A lease receivable and deferred inflows have been recorded to reflect future expected payments. Future minimum lease payments are as follows:

Year ending June 30,	
2025	$ 337,853
2026	188,905
2027	200,328
2028	212,293
Total	$ 939,379

School District of the City of Pontiac
Notes to the Financial Statements
June 30, 2024

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 110,210,000	$ -	$ 2,390,000	$ 107,820,000	$ 2,390,000
Emergency loans	18,235,000	-	18,235,000	-	-
Revenue bonds	7,720,000	-	1,000,000	6,720,000	1,000,000
Tax anticipation note	8,500,000	7,000,000	8,500,000	7,000,000	8,500,000
Discount on bonds	12,887,168	-	763,455	12,123,713	-
Total bonds payable	157,552,168	7,000,000	30,888,455	133,663,713	11,890,000
Other liabilities					
Compensated absences	1,300,609	1,158,376	1,038,201	1,420,784	1,100,000
Total	$ 158,852,777	$ 8,158,376	$31,926,656	$ 135,084,497	$12,990,000

For governmental activities, compensated absences are primarily liquidated by the General Fund.

Forgiveness of Debt

During the fiscal year ended June 30, 2024 the State of Michigan passed school district emergency loan debt relief legislation that would forgive certain debt held by the School District. In accordance with Public Act 321 of 2023, Section 703(1)(a), the Michigan legislature appropriated funds totaling $18,361,947 to pay off Pontiac City School District's two outstanding emergency loan notes on May 1, 2024.

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

$8,660,000 local government loan program revenue bonds due in annual installments of $1,030,000 to $1,215,000 through May 1, 2030, interest at 3.24%	$ 6,720,000
$8,500,000 TAN revenue loan due June 30, 2025 for principal plus interest at 5.65%	7,000,000
$90,050,000 serial bond due in annual installments of $1,235,000 to $5,945,000 through May 1, 2050, interest ranging from 4.00% to 5.00%	83,780,000
$24,040,000 serial bond due in annual installments of $420,000 to $1,490,000 through May 1, 2053, interest at 5.00%	24,040,000
Total general obligation bonded debt	$121,540,000

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

	Bonds	
Year Ending June 30,	Principal	Interest
2025	$ 10,750,000	$ 4,846,916
2026	2,720,000	4,677,544
2027	2,895,000	4,560,288
2028	3,075,000	4,434,898
2029	3,270,000	4,301,124
2030-2034	14,320,000	19,437,006
2035-2039	17,965,000	16,127,140
2040-2044	23,840,000	11,937,290
2045-2049	31,155,000	6,409,162
2050-2053	11,550,000	845,764
Total	$ 121,540,000	$ 77,577,132

All loans and bonds, except for sinking fund revenue bond, are payable from the General Fund and the Debt Service Fund. Future debt and interest will be payable from state aid and future tax levies. As of year end, the fund had a balance of $1,035,347 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences
Accrued compensated absences at year end, consisted of $1,420,784 in accrued sick time benefits.

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

Note 9 - Risk Management

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

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

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded as liabilities in the Internal Service Fund in the amount of $123,838.

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

	2024	2023
Estimated liability at the beginning of the year	$ 214,032	$ 80,433
Estimated claims incurred including changes in estimates	648,377	1,076,680
Claim payments	(738,571)	(943,081)
Estimated liability end of year	$ 123,838	$ 214,032

Note 10 - Pension Plan

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

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

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

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

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

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

Contributions
Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were $9,584,421 for the year ending September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2024, the School District reported a liability of $86,071,155 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was *0.2659* percent, which was a decrease of *0.0057* percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of $10,816,983 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of $11,660,230.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,717,004	$ (131,847)	$ 2,585,157
Changes of assumptions	11,663,033	(6,724,640)	4,938,393
Net difference between projected and actual earnings on pension plan investments	-	(1,761,294)	(1,761,294)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	3,201,508	(2,035,646)	1,165,862
Total to be recognized in future	17,581,545	(10,653,427)	6,928,118
School District contributions subsequent to the measurement date	11,286,087	(5,312,328)	5,973,759
Total	$28,867,632	$(15,965,755)	$12,901,877

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2024	$ 2,774,695
2025	2,004,113
2026	3,578,746
2027	(1,429,436)
	$ 6,928,118

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%.
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
$ 116,281,878	$ 86,071,155	$ 60,919,635

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

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

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were $2,093,725 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported an asset of $1,520,442 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.2688 percent, which was an increase of .0076 from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of $(2,852,156) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of $2,403,377

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$(11,489,237)	$(11,489,237)
Changes of assumptions	3,384,768	(407,590)	2,977,178
Net difference between projected and actual earnings on OPEB plan investments	4,636	-	4,636
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,920,793	(1,490,342)	430,451
Total to be recognized in future	5,310,197	(13,387,169)	(8,076,972)
School District contributions subsequent to the measurement date	2,243,634	-	2,243,634
Total	$ 7,553,831	$(13,387,169)	$ (5,833,338)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	$(2,772,960)
2025	(2,461,443)
2026	(660,596)
2027	(1,069,718)
2028	(752,501)
Thereafter	(359,754)
	$(8,076,972)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15.
- Mortality:
  - Retirees:PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active:PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.5099.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

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

Discount Rate
A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 1,576,242	$ (1,520,442)	$ (4,181,737)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (4,188,372)	$ (1,520,442)	$ 1,367,134

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Example, City of ABC, and XYZ Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the School District's property tax revenues were reduced by $7,334,796 under these programs.

Note 14 - Changes within the Financial Reporting Entity

During the year ended June 30, 2024, a fund that was previously reported as non-major in the prior year was required to be presented as major in the current year. As a result, the following presentation change was necessary to be made in the financial statements:

	Sinking Fund	Nonmajor Governmental Funds
Net position / fund balance at June 30, 2023	$ -	$ 7,314,152
Adjustments		
Change from non-major to major fund	5,933,978	(5,933,978)
Restated net position / fund balance at June 30, 2023	$ 5,933,978	$ 1,380,174

REQUIRED SUPPLEMENTARY INFORMATION

School District of the City of Pontiac
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 43,548,658	$ 44,002,696	$ 41,992,645	$ (2,010,051)
State sources	20,762,670	22,624,703	24,493,203	1,868,500
Federal sources	32,159,062	39,177,800	17,895,555	(21,282,245)
Interdistrict sources	6,653,999	6,857,800	4,541,126	(2,316,674)
Total revenues	103,124,389	112,662,999	88,922,529	(23,740,470)
Expenditures				
Instruction				
Basic programs	45,785,589	44,466,172	38,659,393	(5,806,779)
Supporting services				
Pupil	6,676,535	7,954,822	7,296,836	(657,986)
Instructional staff	5,445,378	5,272,390	4,384,539	(887,851)
General administration	1,786,682	2,060,533	1,789,741	(270,792)
School administration	3,875,890	4,438,437	4,280,222	(158,215)
Business	1,371,367	1,426,746	2,336,989	910,243
Operations and maintenance	9,654,709	11,071,761	10,573,140	(498,621)
Pupil transportation services	5,966,154	6,375,716	5,337,673	(1,038,043)
Central	5,573,900	11,365,809	11,256,442	(109,367)
Other	692,970	748,804	608,248	(140,556)
Community services	1,112,582	1,198,732	496,701	(702,031)
Capital outlay	11,236,534	11,211,538	686,179	(10,525,359)
Debt service				
Principal	9,500,000	9,500,000	27,735,000	18,235,000
Interest and fiscal charges	325,128	463,212	460,169	(3,043)
Total expenditures	109,003,418	117,554,672	115,901,272	(1,653,400)
Deficiency of revenues over expenditures	(5,879,029)	(4,891,673)	(26,978,743)	(22,087,070)

School District of the City of Pontiac
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Other Financing Sources (Uses)				
Proceeds from notes and loans	$ 8,500,000	$ 7,000,000	$ 7,000,000	$ -
Proceeds from issuance of leases	-	-	387,026	387,026
Proceeds from forgiveness of debt	-	-	18,361,947	18,361,947
Transfers in	100,000	951,771	-	(951,771)
Transfers out	(2,481,564)	(3,004,571)	(76,345)	2,928,226
Total other financing sources (uses)	6,118,436	4,947,200	25,672,628	20,725,428
Net change in fund balance	239,407	55,527	(1,306,115)	(1,361,642)
Fund balance - beginning	18,031,086	18,031,086	18,031,086	-
Fund balance - ending	$ 18,270,493	$ 18,086,613	$ 16,724,971	$ (1,361,642)

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

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net pension liability (%)	0.2659%	0.2716%	0.2621%	0.2448%	0.2593%	0.2716%	0.2805%	0.2848%	0.2781%	0.2551%
B. School District's proportionate share of the net pension liability	$ 86,071,155	$ 102,131,314	$ 62,050,467	$ 84,094,596	$ 85,881,470	$ 81,634,867	$ 72,679,845	$ 71,064,251	$ 67,929,260	$ 56,197,431
C. School District's covered payroll	$ 26,861,415	$ 27,271,173	$ 25,521,400	$ 21,207,667	$ 22,297,505	$ 22,647,665	$ 23,192,189	$ 24,167,230	$ 23,316,483	$ 21,011,654
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	320.43%	374.50%	243.13%	396.53%	385.16%	360.46%	313.38%	294.05%	291.34%	267.46%
E. Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 11,660,230	$ 9,769,218	$ 9,906,880	$ 7,564,018	$ 6,745,026	$ 6,910,572	$ 7,422,054	$ 4,462,848	$ 4,605,551	$ 5,101,493
B. Contributions in relation to statutorily required contributions	11,660,230	9,769,218	9,906,880	7,564,018	6,745,026	6,910,572	7,422,054	4,462,848	4,605,551	5,101,493
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 31,192,434	$ 25,440,921	$ 25,397,046	$ 23,402,033	$ 21,359,624	$ 22,480,085	$ 22,963,157	$ 23,805,351	$ 23,459,289	$ 23,387,029
E. Contributions as a percentage of covered payroll	37.38%	38.40%	39.01%	32.32%	31.58%	30.74%	32.32%	18.75%	19.63%	21.81%

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

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.2688%	0.2813%	0.2813%	0.2390%	0.2551%	0.2660%	0.2812%			
B. School District's proportionate share of the net OPEB liability(asset)	$ (1,520,442)	$ 4,930,953	$ 4,294,271	$ 12,804,485	$ 18,313,316	$ 21,140,973	$ 24,904,670			
C. School District's covered payroll	$ 26,861,415	$ 27,271,173	$ 25,521,400	$ 21,207,667	$ 22,297,505	$ 22,647,665	$ 23,192,189			
D. School District's proportionate share of the net OPEB liability(asset) as a percentage of its covered payroll	-5.66%	18.08%	16.83%	60.38%	82.13%	93.35%	107.38%			
E. Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%			

Note Disclosures
Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	$ 2,403,377	$ 1,989,553	$ 2,279,638	$ 1,943,712	$ 1,694,529	$ 1,737,224	$ 1,851,950			
B. Contributions in relation to statutorily required contributions	2,403,377	1,989,553	2,279,638	1,943,712	1,694,529	1,737,224	1,851,950			
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -			
D. School District's covered payroll	$ 31,192,434	$ 25,440,921	$ 25,397,046	$ 23,402,033	$ 21,359,624	$ 22,480,085	$ 22,963,157			
E. Contributions as a percentage of covered payroll	7.70%	7.82%	8.98%	8.31%	7.93%	7.73%	8.06%			

OTHER SUPPLEMENTARY INFORMATION

School District of the City of Pontiac
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds		Debt Service Funds		Total
	Food Service Fund	Student and School Activity Fund	Bond 2020 Series I Debt Fund	Bond 2023 Series II Debt Fund	Nonmajor Governmental Funds
Assets					
Cash and investments	$ -	$ 176,393	$ 952,476	$ 82,871	$ 1,211,740
Accounts receivable	-	1,000	-	-	1,000
Due from other governmental units	538,816	-	-	-	538,816
Inventory	21,353	-	-	-	21,353
Total assets	$ 560,169	$ 177,393	$ 952,476	$ 82,871	$ 1,772,909
Liabilities					
Accounts payable	$ 79,538	$ 2,435	$ -	$ -	$ 81,973
Checks drawn against future deposit	470,522	-	-	-	470,522
Accrued expenditures	7	-	-	-	7
Accrued salaries payable	10,102	-	-	-	10,102
Total liabilities	560,169	2,435	-	-	562,604
Fund Balances					
Non-spendable					
Inventory	21,353	-	-	-	21,353
Restricted for					
Debt service	-	-	952,476	82,871	1,035,347
Committed for school and student activities	-	174,958	-	-	174,958
Unassigned	(21,353)	-	-	-	(21,353)
Total fund balances	-	174,958	952,476	82,871	1,210,305
Total liabilities and fund balances	$ 560,169	$ 177,393	$ 952,476	$ 82,871	$ 1,772,909

School District of the City of Pontiac
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds	Total
	Food Service Fund	Student and School Activity Fund	Bond 2020 Series I Debt Fund	Bond 2023 Series II Debt Fund	Moved to Major Fund Sinking Fund	Nonmajor Governmental Funds
Revenues						
Local sources	$ -	$ 96,258	$ 5,777,137	$ 1,125,064		$ 6,998,459
State sources	131,220	-	-	-		131,220
Federal sources	3,287,841	-	-	-		3,287,841
Total revenues	3,419,061	96,258	5,777,137	1,125,064		10,417,520
Expenditures						
Current						
Education						
Supporting services	-	98,463	-	-		98,463
Food services	3,521,328	-	-	-		3,521,328
Debt service						
Principal	-	-	2,390,000	-		2,390,000
Interest and other expenditures	-	-	3,611,750	1,042,193		4,653,943
Total expenditures	3,521,328	98,463	6,001,750	1,042,193		10,663,734
Excess (deficiency) of revenues over expenditures	(102,267)	(2,205)	(224,613)	82,871		(246,214)

School District of the City of Pontiac
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds	Total
	Food Service Fund	Student and School Activity Fund	Bond 2020 Series I Debt Fund	Bond 2023 Series II Debt Fund	Moved to Major Fund Sinking Fund	Nonmajor Governmental Funds
Other Financing Sources						
Transfers in	$ 76,345	$ -	$ -	$ -		$ 76,345
Net change in fund balances	(25,922)	(2,205)	(224,613)	82,871		(169,869)
Fund balances - beginning, as previously stated	25,922	177,163	1,177,089	-	5,933,978	7,314,152
Changes within financial reporting entity (nonmajor to major fund)	-	-	-	-	(5,933,978)	(5,933,978)
Fund balances - beginning, as adjusted	25,922	177,163	1,177,089	-		1,380,174
Fund balances - ending	$ -	$ 174,958	$ 952,476	$ 82,871		$ 1,210,305

School District of the City of Pontiac
Other Supplementary Information
General Fund
Combining Balance Sheet
June 30, 2024

	General Fund	Categorical Funded Programs	Athletics	Noncenter Special Education Programs	Debt Fund	Eliminations	Total
Assets							
Cash and investments	$ 34,380,536	$ 6,370,193	$ -	$ -	$ -	$ (14,065,341)	$ 26,685,388
Accounts receivable	-	7,171,952	-	-	-	-	7,171,952
Leases receivable	939,379	-	-	-	-	-	939,379
Due from other governmental units	3,770,658	-	-	2,049,324	-	-	5,819,982
Prepaid items	1,003,650	-	18,494	-	-	-	1,022,144
Total assets	$ 40,094,223	$ 13,542,145	$ 18,494	$ 2,049,324	$ -	$ (14,065,341)	$ 41,638,845
Liabilities							
Accounts payable	$ 1,554,344	$ 595,255	$ 18,807	$ 69,361	$ -	$ -	$ 2,237,767
Checks written against future deposits	-	-	495,584	12,589,725	980,032	(14,065,341)	-
Accrued expenditures	281,245	411,943	-	249	-	-	693,437
Accrued salaries payable	3,084,664	618,218	4,847	585,220	-	-	4,292,949
Unearned revenue	-	12,696,596	-	-	-	-	12,696,596
Total liabilities	4,920,253	14,322,012	519,238	13,244,555	980,032	(14,065,341)	19,920,749

School District of the City of Pontiac
Other Supplementary Information
General Fund
Combining Balance Sheet
June 30, 2024

	General Fund	Categorical Funded Programs	Athletics	Noncenter Special Education Programs	Debt Fund	Eliminations	Total
Deferred Inflows of Resources							
Unavailable revenue							
Grants received	$ -	$ 4,053,746	$ -	$ -	$ -	$ -	$ 4,053,746
Leases	939,379	-	-	-	-	-	939,379
Total deferred inflows of resources	939,379	4,053,746	-	-	-	-	4,993,125
Fund Balances							
Non-spendable							
Prepaid items	1,003,650	-	18,494	-	-	-	1,022,144
Unassigned	33,230,941	(4,833,613)	(519,238)	(11,195,231)	(980,032)	-	15,702,827
Total fund balances	34,234,591	(4,833,613)	(500,744)	(11,195,231)	(980,032)	-	16,724,971
Total liabilities, deferred inflows of resources, and fund balances	$ 40,094,223	$ 13,542,145	$ 18,494	$ 2,049,324	$ -	$ (14,065,341)	$ 41,638,845

School District of the City of Pontiac
Other Supplementary Information
General Fund
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Categorical Funded Programs	Athletics	Noncenter Special Education Programs	Debt Fund	Eliminations	Total
Revenue from local sources							
Local sources	$ 41,503,263	$ 713,651	$ 15,231	$ (239,500)	$ -	$ -	$ 41,992,645
State sources	12,472,820	7,810,683	-	4,209,700	-	-	24,493,203
Federal sources	-	16,295,753	-	1,599,802	-	-	17,895,555
Interdistrict sources	14,081	-	-	4,527,045	-	-	4,541,126
Total revenues	53,990,164	24,820,087	15,231	10,097,047	-	-	88,922,529
Expenditures							
Current							
Education							
Instruction	19,472,809	10,373,908	-	8,812,676	-	-	38,659,393
Supporting services	25,790,833	15,887,422	675,877	5,509,698	-	-	47,863,830
Athletics	404	492,302	-	3,995	-	-	496,701
Capital outlay	248,526	436,085	1,568	-	-	-	686,179
Debt service							
Principal	8,500,000	-	-	-	19,235,000	-	27,735,000
Interest and other expenditures	83,094	-	-	-	377,075	-	460,169
Total expenditures	54,095,666	27,189,717	677,445	14,326,369	19,612,075	-	115,901,272
Excess (deficiency) of revenues over expenditures	(105,502)	(2,369,630)	(662,214)	(4,229,322)	(19,612,075)	-	(26,978,743)
Other Financing Sources (Uses)							
Proceeds from loans	7,000,000	-	-	-	-	-	7,000,000
Proceeds from capital leases	387,026	-	-	-	-	-	387,026
Proceeds from forgiveness of debt	-	-	-	-	18,361,947.00	-	18,361,947
Transfers in	857,359	-	-	-	-	(857,359)	-
Transfers out	(76,345)	(857,359)	-	-	-	857,359	(76,345)
Total other financing sources (uses)	8,168,040	(857,359)	-	-	18,361,947	-	25,672,628
Net change in fund balances	8,062,538	(3,226,989)	(662,214)	(4,229,322)	(1,250,128)	-	(1,306,115)
Fund balances (deficit) - beginning	26,172,053	(1,606,624)	161,470	(6,965,909)	270,096	-	18,031,086
Fund balances (deficit) - ending	$ 34,234,591	$ (4,833,613)	$ (500,744)	$ (11,195,231)	$ (980,032)	$ -	$ 16,724,971

School District of the City of Pontiac
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2024

Year Ending June 30,	2023 School Building and Site Bonds	2020 School Building and Site Bonds	2018A Revenue Bond	Tax Anticipation Note	Total
2025	$ -	$ 2,720,000	$ 1,030,000	$ 7,000,000	$ 10,750,000
2026	420,000	1,235,000	1,065,000	-	2,720,000
2027	440,000	1,355,000	1,100,000	-	2,895,000
2028	460,000	1,480,000	1,135,000	-	3,075,000
2029	485,000	1,610,000	1,175,000	-	3,270,000
2030	510,000	1,750,000	1,215,000	-	3,475,000
2031	535,000	1,900,000	-	-	2,435,000
2032	560,000	2,055,000	-	-	2,615,000
2033	590,000	2,220,000	-	-	2,810,000
2034	615,000	2,370,000	-	-	2,985,000
2035	650,000	2,530,000	-	-	3,180,000
2036	680,000	2,695,000	-	-	3,375,000
2037	715,000	2,870,000	-	-	3,585,000
2038	750,000	3,050,000	-	-	3,800,000
2039	790,000	3,235,000	-	-	4,025,000
2040	830,000	3,435,000	-	-	4,265,000
2041	870,000	3,640,000	-	-	4,510,000
2042	905,000	3,855,000	-	-	4,760,000
2043	940,000	4,080,000	-	-	5,020,000
2044	975,000	4,310,000	-	-	5,285,000
2045	1,030,000	4,555,000	-	-	5,585,000
2046	1,085,000	4,810,000	-	-	5,895,000
2047	1,140,000	5,075,000	-	-	6,215,000
2048	1,200,000	5,355,000	-	-	6,555,000
2049	1,260,000	5,645,000	-	-	6,905,000
2050	1,315,000	5,945,000	-	-	7,260,000
2051	1,370,000	-	-	-	1,370,000
2052	1,430,000	-	-	-	1,430,000
2053	1,490,000	-	-	-	1,490,000
Total	$ 24,040,000	$ 83,780,000	$ 6,720,000	$ 7,000,000	$ 121,540,000
Principal payments due the first day of	May 1	May 1	May 1	June 30	
Interest payments due the first day of	May 1 and November 1	May 1 and November 1	May 1 and November 1	June 30	
Interest rate	5.00%	4.00% - 5.00%	3.24%	5.65%	
Original issue	$ 24,040,000	$ 90,050,000	$ 8,660,000	$ 7,000,000	

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APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

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Founded in 1852
by Sidney Davy Miller

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FORM OF APPROVING OPINION

School District of the City of Pontiac
County of Oakland
State of Michigan

We have acted as bond counsel to the School District of the City of Pontiac, County of Oakland, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $18,015,000 designated 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of July 15, 2025, payable as to principal and interest as provided in the Bonds. The bonds are subject to redemption prior to maturity as set forth in the Bonds.

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

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

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

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

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

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

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

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

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

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

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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<u>FORM OF CONTINUING DISCLOSURE UNDERTAKING</u>

$18,015,000
SCHOOL DISTRICT OF THE CITY OF PONTIAC
COUNTY OF OAKLAND, STATE OF MICHIGAN
2025 SCHOOL BUILDING AND SITE BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the School District of the City of Pontiac, County of Oakland, State of Michigan (the "School District") in connection with the issuance of its 2025 School Building and Site Bonds (Unlimited Tax General Obligation) (the "Bonds"). The School District covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

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

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) *Continuing Disclosure.* The School District hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA on or before the last day of the 6th month after the end of its fiscal year the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2025 in an electronic format as prescribed by the MSRB:

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

a. School Enrollment – Historical Enrollment;
b. Property Valuations – Historical Valuation;
c. Major Taxpayers;
d. Tax Rates (per $1,000 of Valuation) – Pontiac Schools' Tax Rates;
e. Tax Levies and Collections;
f. State Aid Payments;
g. Labor Force;
h. Retirement Plan – MPSERS – Pension Contributions to MPSERS;
i. Debt Statement – Net Direct Debt;
j. General Fund Budget Summary in Appendix C.

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

Such annual financial information and operating data described above are expected to be provided directly by the School District or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the School District or related public entities.

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

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

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

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

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

Obligation of the School District, any of which reflect financial difficulties.

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

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

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

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

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

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

SCHOOL DISTRICT OF THE CITY OF PONTIAC
County of Oakland
State of Michigan

By:________________________________

Its: ________________________________

Dated: July 15, 2025

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