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

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, 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 is exempt from all taxation by the State of Michigan or by any taxing authority within in the State of Michigan except inheritance and 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.

$70,615,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2017 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

Dated: November 28, 2017 **Due:** May 1, as shown below

On August 8, 2017, the qualified electors of Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District") approved a proposal authorizing the issuance of bonds not to exceed an aggregate principal amount of $71,705,000 to be issued in one or more series. Proceeds from the 2017 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the amount of $50,605,000, representing the first series of bonds under the voter authorization, will be used for school building and site purposes and proceeds from the Bonds in the amount of $20,010,000 will be used to advance refund a portion of a bond issue of the School District. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on October 9, 2017 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

Principal of and interest on the Bonds will be paid by the corporate trust office of 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 May 1, 2018, to the Bondholders of record as of the applicable record dates herein described.

(Base CUSIP§: 252255)

Maturity	Amount	Interest Rate	Price	CUSIP§	Maturity	Amount	Interest Rate	Price	CUSIP§
2022	$4,865,000	4.000%	110.347%	LJ1	2029	$6,775,000	4.000%	111.545%**	LR3
2023	4,430,000	4.000	111.650	LK8	2030	7,050,000	4.000	110.314**	LS1
2024	4,765,000	4.000	112.772	LL6	2031	7,340,000	4.000	109.185**	LT9
2025	5,095,000	4.000	113.513	LM4	2032	7,600,000	3.000	98.613	LU6
2026	5,445,000	4.000	114.185	LN2	2033	7,835,000	3.000	98.056	LV4
2027	3,515,000	4.000	114.694	LP7	2034	2,025,000	3.125	98.793	LW2
2028	3,875,000	4.000	112.882**	LQ5					

THE BONDS MATURING ON OR AFTER MAY 1, 2028 ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2027, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Thrun Law Firm, P.C., Novi, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about November 28, 2017.

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

STIFEL

Raymond James

The date of this Official Statement is November 2, 2017.

† For an explanation of the ratings, see "RATINGS" herein.
* As of date of delivery.
** Priced to call date, May 1, 2027.
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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the Underwriters. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

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

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS 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.

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OFFICIAL STATEMENT
relating to

$70,615,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2017 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District") of its 2017 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the amount of $70,615,000.

PURPOSE AND SECURITY

On August 8, 2017, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed $71,705,000 to be issued in one or more series. A portion of the proceeds of the Bonds in the amount of $50,605,000, representing the first series of bonds issued under the 2017 authorization, will be issued for the purpose of erecting, completing, equipping and furnishing a new elementary school building; constructing additions to and remodeling, equipping, re-equipping, furnishing, re-furnishing school buildings, and other facilities, including for technology, energy conservation and security improvements and purchasing school buses; acquiring land and preparing, developing, or improving sites, including school buildings, outdoor athletic fields, athletic facilities, playfields, playgrounds and other facilities; acquiring, installing, equipping and re-equipping school buildings and other facilities, including classrooms; and paying a portion of the costs of issuing the Bonds.

The remaining $20,010,000 of Bond proceeds will be used for the purpose of advance refunding a portion of the School District's outstanding 2008 School Building and Site and Refunding Bonds, dated September 29, 2008, which are due and payable May 1, 2019 through May 1, 2023, inclusive, May 1, 2025, May 1, 2027 and May 1, 2028 (the "Prior Bonds"), and paying the remaining portion of the costs of issuing the Bonds.

The Bonds, as authorized for issuance by a resolution of the Board of Education of the School District adopted on October 9, 2017 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

PLAN OF REFUNDING

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

Principal of, Interest and Redemption Premium on the Prior Bonds to be paid from the Escrow Fund

Date	Principal	Interest	Total
05/01/2018	$22,095,000.00	$501,990.63	$22,596,990.63

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

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES	
Par Amount of the Bonds	$70,615,000.00
Original Issue Premium	6,288,084.30
Original Issue Discount	(282,166.15)
Total Sources	$76,620,918.15
USES	
Capital Projects Fund	$53,766,695.96
Escrow Fund	22,479,386.00
Underwriters' Discount	141,230.00
Estimated Costs of Issuance	233,606.19
Total Uses	$76,620,918.15

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity or early redemption, commencing May 1, 2018. 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 and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

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

Optional Redemption

The Bonds or portions of the Bonds in multiples of $5,000 maturing on or after May 1, 2028, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2027, at par plus accrued interest to the date fixed for redemption.

Notice of Redemption and Manner of Selection

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

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

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

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 Comprehensive Annual Financial Report ("CAFR") prepared by the State's Office of the State Budget are available from the State Budget Office web site www.michigan.gov/budget. The State has agreed to file its CAFR 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.

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

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

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. The Legislature under the School Aid Act appropriated funds to establish a base foundation allowance in 2017/18 ranging from $7,631 to $8,289 per pupil, depending upon the school district's 1993/94 revenue. In the future, this base foundation allowance may be adjusted annually as part of the State's budgeting process. The foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the School Aid Act. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property[1], a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties[2] in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2017/18 calculates to an amount in excess of $8,289 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property[3] as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2017/18 per pupil foundation allowance does not exceed $8,289, and the School District does not levy such additional millage.

The appropriation of funds by the Legislature to establish the foundation allowance under the School Aid Act may be adjusted annually as part of the State's budgeting process. For the 2016/17 school year the amended School Aid Act increased the School District's per pupil foundation allowance to $7,799 and for the 2017/18 school year it was further increased to $7,905. State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. See "STATE AID PAYMENTS" in APPENDIX B.

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,

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[1] "Taxable property" in this context does not include industrial personal property. See also "MICHIGAN PROPERTY TAX REFORM" herein regarding recent amendments exempting certain types of personal property from school operating taxes.

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

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

bilingual programs and other instructional and non-instructional programs. The type and amount of these categorical grants are determined by the State pursuant to the annual amendments to the School Aid Act. For further information regarding the type and amount of categorical grants received by the School District see the Audited Financial Statements in APPENDIX D.

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

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property taxation 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 is exempt from ad valorem taxes beginning in 2014. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support becomes exempt beginning in 2016. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the 2014 legislation also included a formula to reimburse school districts for lost personal property tax revenue for 100% of lost debt millage revenue associated with bonds approved by voters prior to January 1, 2013 and lost operating millage revenue and lost sinking fund millage revenue.[1] To provide the reimbursement, the legislation reduced the State use tax and created a Local Community Stabilization Authority which levies a local use tax component and distributes that revenue to qualifying local units. The final impact of this legislation cannot be determined at this time.

Since the Prior Bonds are associated with debt obligations that received voter approval prior to January 1, 2013, the School District expects to be reimbursed for debt millage revenue it could have otherwise generated, without exemptions, to make payments on that portion of the Bonds used to refund the Prior Bonds. The School District will not be reimbursed for debt millage revenue it could have otherwise generated, without the exemptions, to make payments on that portion of the Bonds used for school building and site purposes since such obligations received voter approval after January 1, 2013.

LITIGATION

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

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[1] A school district that increases its millage rate to replace debt millage revenue loss would not be eligible to receive reimbursement distributions. Further, because much of the foregone revenue is deposited into and disbursed to the State 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.

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 imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. 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 inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

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

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

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, 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 Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

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

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

Amortizable Bond Premium

For federal income tax purposes, the excess of the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold over the amount payable at maturity thereof constitutes for the original purchasers of such Bonds (collectively, the "Original Premium Bonds") an amortizable bond premium. The 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 TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of 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. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

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

Certain legal matters will be passed upon for the Underwriters by their counsel, Thrun Law Firm, P.C., Novi, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status.

RATINGS

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

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated and Raymond James & Associates, Inc. (together, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee equals 0.200 percent of the original principal amount of the Bonds.

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

FINANCIAL ADVISOR'S OBLIGATION

H.J. Umbaugh & Associates, Certified Public Accountants, LLP (the "Financial Advisor") has been retained by the School District to provide certain financial advisory services. The information contained in the Official Statement was prepared in part by the Financial Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Financial Advisor's knowledge, all of the information contained in the Official Statement, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material fact, or make any untrue statement which would be misleading in light of the circumstances under which these statements are being made. However, the Financial Advisor has not or will not independently verify the completeness and accuracy of the information contained in the Official Statement.

The Financial Advisor's duties, responsibilities and fees arise solely as financial advisor to the School District and it has no underwriting, secondary market obligations or other responsibility to the School District. The Financial Advisor's fees are expected to be paid from Bond proceeds.

Further information concerning the Bonds may be secured from H.J. Umbaugh & Associates, Certified Public Accountants, LLP, 2150 Associate Drive, Suite 100, Okemos, Michigan 48864, telephone: (517) 321-0110, Financial Advisor to the School District, or from Dexter Community Schools, 7714 Ann Arbor Street, Dexter, Michigan 48130-1322, telephone: (734) 424-4100.

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

Except as noted herein, the School District has not, in the previous five years, failed to comply, in any material respect, with any agreement or undertaking executed by the School District pursuant to the Rule.

The School District has timely filed its audited financial statements and annual disclosure information in four of the past five years in compliance, in all material respects, with the previous continuing disclosure agreements executed by the School District. In 2015, the School District timely filed its annual disclosure information, but inadvertently failed to file its audited financial statements. The School District mistakenly filed the 2015 annual disclosure information a second time in place of its audited financial statements for 2015. While timely making the required audit and disclosure filing for 2016, the School District discovered this mistake and filed its 2015 audited financial statements on December 14, 2016, 353 days late. Additionally, the School District filed late material event notices of rating changes affecting the bond insurers for certain prior bond issues of the School District (the "Outstanding Bonds").

To the best of the School District's knowledge, the School District did not receive any notification from the rating agencies or the bond insurers of the rating changes related to the Outstanding Bonds. All material event disclosures have been filed by the School District at this time.

OTHER MATTERS

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

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

DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON
STATE OF MICHIGAN

By: /s/ Dr. Christopher J. Timmis
Its: Superintendent of Schools

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APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

[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[1]
SCHOOL DISTRICT DATA

Location and Area

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

Existing school facilities include an early childhood center which includes a daycare and preschool serving ages six weeks to five; two elementary schools serving Young 5's Kindergarten to second grade; one elementary serving grades three and four; an intermediate school serving grades five and six, one middle school serving grades seven and eight; and one high school serving grades nine to twelve.

Population[2]

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

2000	16,155
2010	19,591

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

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

* Includes portions of the population for the City of Dexter which was incorporated in November 2014. The City of Dexter's estimated 2016 population is 4,420.

Board of Education

The School District is governed by seven elected Board of Education members who serve staggered six- year terms.

[1] Unless otherwise noted, the information contained in Appendix B was provided by the School District.
[2] Sources: U.S. Census of Population.

Enrollments[1]

The following tables show total full time equivalent enrollments as of the Fall pupil count day at the School District for the past ten years and the 2016/2017 enrollment by grade.

Enrollment History

2016/17	3,585	2011/12	3,595
2015/16	3,550	2010/11	3,624
2014/15	3,547	2009/10	3,647
2013/14	3,550	2008/09	3,641
2012/13	3,544	2007/08	3,642

2016/17 Enrollment by Grade

PreK	72	7th	316
Kindergarten	217	8th	295
1st	233	9th	286
2nd	218	10th	283
3rd	256	11th	271
4th	266	12th	284
5th	268	Special Ed.	45
6th	275		
		Total	3,585

School District Facilities

	Grades Served	Year Constructed	Additions/ Remodeling
Bates Elementary	PreK-2	1952	1967, 1988, 1995, 2001
Cornerstone Elementary	PreK-2	1995	
Wylie Elementary	3-4	1965	1967, 1972, 1988, 1995, 2002
Creekside Intermediate	5-6	1956	1973, 1988, 1995, 2000, 2010, 2011
Mill Creek Middle School	7-8	1995	2000, 2009
Dexter High School	9-12	2002	2009
Copeland Administration Bldg.		1936	1951, 1980, 1988, 1995, 2001, 2002
Athletic Services Bldg.		1979	2002
Transportation Facility		1988	2002, 2011, 2012
Swimming Pool Facility		1992	2011
Dalton House Facility		1948	
Proctor House Facility		1950	2001, 2002

Other Schools

There is one non-public school located within the School District's boundaries: Daycroft Montessori School, serving grades PreK-6, with 93 students.

[1]Projected K-12 enrollment is 3,624 for 2017/18, 3,671 for 2018/19, 3,709 for 2019/20, 3,741 for 2020/21 and 3,757 for 2021/22 as estimated by the School District.

Labor Relations

Class	Number	Affiliation	Contract Expiration Date
Superintendent	1	Non-affiliated	June 30, 2021
Chief Financial Officer	1	Non-affiliated	June 30, 2019
Executive Director H.R.	1	Non-affiliated	June 30, 2018
Administrators	12	Dexter Administrators Association	June 30, 2018
Teachers	240	DEA/MEA/NEA	June 30, 2019
Para-Professionals, Secretarial, Technology, Maintenance, Custodial and Food Service	167	Dexter Educational Support Personnel Association/MEA/NEA	June 30, 2018
Bus Drivers and Bus Monitors	34	West Washtenaw Bus Drivers and Monitors Association	June 30, 2018
Other Non-Affiliated Personnel	55	Non-affiliated	N/A
Total	511		

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

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.

In 2010, Michigan Governor Rick Snyder signed into law Public Act 75 of 2010 ("Act 75") which significantly modified MPSERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution benefit structure. On July 13, 2017, Governor Snyder signed into law Public Act 92 of 2017 ("Act 92"), which 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.

Beginning in 2010 the annual MPSERS contribution rates have been set separately for the pre-July 1, 2010 hires (the "Basic Plan") and the post-July 1, 2010 hires (the "Pension Plus Plan").

Contribution Rates

Contribution Period	Contribution Rate	Pension & Pension Plus
Oct. 1, 2017 - Jan. 31, 2018	25.21-27.31%	25.28-27.03%
Oct. 1, 2016 - Sept. 30, 2017	25.18-26.72%	25.31-27.09%
Oct. 1, 2015 - Sept. 30, 2016	25.39-27.35%	25.56-27.13%
Oct. 1, 2014 - Sept. 30, 2015	25.78-27.27%	25.70-27.17%
Oct. 1, 2013 - Sept. 30, 2014	24.79-26.96%	25.56-26.63%

Contributions to MPSERS

The School District's estimated annual contribution to MPSERS for the 2017/18 school year and the previous four school years are shown below:

Fiscal Year Ending June 30	Contribution to MPSERS
2018	$8,429,000 (Est.)
2017	$8,157,000*
2016	$7,899,000*
2015	$7,225,000*
2014	$6,075,000*

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

3% Healthcare Contributions under MPSERS

Beginning on July 1, 2010, Act 75 also required all current public school employees to contribute 3% of their wages to a public employee retirement health care fund to help defray the costs of retiree healthcare (the "Mandatory 3% Contributions"). Shortly after the enactment of Act 75 a lawsuit was filed to prevent enforcement of the Mandatory 3% Contributions, and on August 16, 2012, the Michigan Court of Appeals held that the Mandatory 3% Contributions were unconstitutional. The State appealed the Court of Appeals' decision to the Michigan Supreme Court. However, the Michigan Supreme Court ordered that the application to appeal be held in abeyance pending the decision in the legal challenge to Act 300 which is discussed below.

On September 4, 2012, in response to the Michigan Court of Appeals' decision with respect to Act 75, Governor Snyder signed into law Public Act 300 of 2012 ("Act 300") which further modified MPSERS and with respect to the retiree healthcare contributions required that all members of MPSERS, active as of September 4, 2012, elect one of two options regarding their retirement healthcare, within a limited window of time. Under the first option, active members hired on or before September 4, 2012 could choose to continue to have their employer apply the 3% reduction to their compensation and have it contributed to the retiree healthcare fund (the "Optional 3% Contributions").

Alternatively, active members hired on or before September 4, 2012 could elect to participate in a two part retirement program. Act 300 also eliminated retiree healthcare for all new employees hired after September 4, 2012.

After the enactment of Act 300 a lawsuit was filed to prevent the enforcement of the Optional 3% Contributions under Act 300. On December 12, 2012, the Michigan Court of Claims upheld Act 300 as constitutional, but required an extension of the deadline by which to elect one of the two options. This decision was appealed to the Michigan Court of Appeals which agreed with the Court of Claims upholding the constitutionality of Act 300. The Court of Appeals decision was appealed to the Michigan Supreme Court. On April 8, 2015 the Michigan Supreme Court released its opinion holding that the Optional 3% Contributions under Act 300 do not violate the Michigan Constitution.

After the Supreme Court upheld the constitutionality of the Optional 3% Contribution under Act 300 it vacated the 2012 Court of Appeals ruling that the Mandatory 3% Contributions under Act 75 were unconstitutional. The Supreme Court remanded the Act 75 case back to the Court of Appeals for a reconsideration of its holding in light of the Supreme Court's holding on Act 300. On June 7, 2016 the Court of Appeals issued its opinion on the reconsideration which upheld its prior holding that the Mandatory 3% Contributions under Act 75 were unconstitutional. In addition the Court of Appeals remanded the case to the trial court with direction to return to the employees the Mandatory 3% Contributions previously contributed to the health care fund with interest. The State of Michigan has filed an application for Leave to Appeal to the Michigan Supreme Court, which leave to appeal was granted on May 31, 2017.

The Mandatory 3% Contributions under Act 75 withheld from employees' wages beginning on July 1, 2010 through the enactment of Act 300 on September 4, 2012, have been held by the State in escrow pending the outcome of the challenge to Act 75. Currently there is in excess of $550 million in this escrow. If the Mandatory 3% Contributions under Act 75 are ultimately held to be unconstitutional the amounts being held in the escrow will be returned to the employees. Presumably these amounts will be deemed wages subject to all applicable income and payroll taxes. The School District and its employees may be liable for additional income and payroll taxes on the returned Mandatory 3% Contributions withheld from School District employees from July 1, 2010 through September 4, 2012.

With respect to the Optional 3% Contributions under Act 300 the School District has taken the position that these contributions are exempt from all federal, State and local income and payroll taxes. Recently the Internal Revenue Service ("IRS") has sent notices to several Michigan school districts challenging the tax-exempt treatment of the Optional 3% Contributions. A Michigan school district has submitted a ruling request on this issue and several school districts have also filed appeals to the IRS. If the IRS is successful in its position, the School District and its employees may be liable for additional income and payroll taxes on the Optional 3% Contributions withheld from School District employees since September 4, 2012.

Other Post-Employment Benefits

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

GENERAL FINANCIAL INFORMATION

Assessed Valuations[1]

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

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

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

The following tables show a history of assessed valuations for the School District and an analysis of the 2017 taxable value by class and by municipal unit.

History of Valuations – State Equalized Valuation and Taxable Valuation[1,2]

	State Equalized Valuation	Taxable Valuation
2017	$1,572,280,747	$1,267,390,387
2016	1,492,829,088	1,225,539,135
2015	1,400,798,781	1,201,675,830
2014	1,290,189,197	1,162,043,625
2013	1,221,125,562	1,122,070,648

2017 Taxable Value by Class[1, 2]

	Taxable Value	% of Total Taxable Value
Agriculture	$34,580,259	2.73%
Commercial	64,691,652	5.10%
Industrial	51,331,436	4.05%
Residential	1,044,146,825	82.39%
Developmental	2,987,607	.24%
Commercial Personal	9,885,051	.78%
Industrial Personal	12,576,862	.99%
Utility Personal	47,190,695	3.72%
Total	$1,267,390,387	100.00%

2017 Taxable Valuation by Municipal Unit[1,2,3]

Name of Unit	Homestead[3]	Non-Homestead[3]	Total Taxable Valuation	% of Total Valuation
Washtenaw County				
Dexter City	$144,198,493	$80,110,820	$224,309,313	17.70%
Dexter Township	168,333,363	49,882,860	218,216,223	17.22%
Freedom Township	279,875	400,557	680,432	0.05%
Lima Township	80,719,425	11,709,657	92,429,082	7.29%
Lodi Township	7,643,201	414,117	8,057,318	0.64%
Northfield Township	1,695,207	458,635	2,153,842	0.17%
Scio Township	215,493,293	67,262,696	282,755,989	22.31%
Webster Township	333,958,544	42,261,817	376,220,361	29.68%
Livingston County				
Hamburg Township	55,688,251	6,879,576	62,567,827	4.94%
Total	$1,008,009,652	$259,380,735	$1,267,390,387	100.00%

[1] Sources: Washtenaw and Livingston County Equalization Departments.
[2] See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications and exemptions that took effect in the 2014 and 2016 tax years.
[3] Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base, to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, to the extent not otherwise exempt, it is exempt from the first 12 mills levied on non-homestead property only.

Industrial Facilities Tax (IFT) Valuation[1]

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

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198. The 2017 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is $13,012,447, which is taxed at one-half rate of the total IFT valuations.

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

Tax Increment Authorities[2]

Act 450 of the Public Acts of Michigan, 1980, as amended (the "TIFA Act"), Act 197 of the Public Acts of Michigan, 1975, as amended (the "DDA Act"), Act 281 of the Public Acts of Michigan, 1986 (the "LDFA Act") and Act 381 of the Public Acts of Michigan, 1996 (the "BRDA Act," and, together the "TIF Acts"), authorize the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts and Brownfield Redevelopment District Authority ("BRDA") Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions. The City of Dexter established a DDA District in 1986 within the School District's boundaries. The City of Dexter DDA does not capture the School District's millage. Scio Township established a DDA District in 1988. A portion of DDA is within the School District's boundaries. The captured valuation of the portion of Scio Township DDA District that is within the School District's boundaries in 2016 was $32,077,560. The Scio Township DDA captures 50% of the School District's operating millage, but does not capture the School District's debt millage.

Department of Natural Resources Property Valuation[1]

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

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[1]Source: Washtenaw County Equalization Department.
[2]Source: Scio Township Assessor.

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

The DNR properties are maintained on a separate tax roll. The 2017 taxable valuation of DNR properties in the School District is $1,614,472. Pursuant to Act 451, the School District will not receive payment in lieu of taxes for operating purposes, but will receive payment in lieu of taxes for a portion of its debt millage. The exact amount to be received is not known at this time.

Tax Levies and Collections

The School District's fiscal year begins July 1. School District property taxes are levied on December 1 of each fiscal year and are payable without penalty or interest on or before the following February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurer for collection with penalties and interest. On the first Tuesday in May in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

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

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

School Year	Total Tax Levy	Collections To March 1, Each Year		Collections to June 30 Fiscal Year End		Collections Including Tax Payment Fund	
2017/18	$15,312,001	In Process of Collection		In Process of Collection		In Process of Collection	
2016/17	14,892,126	$14,333,850	96.25%	$14,890,512	99.99%	$14,890,631	99.99%
2015/16	15,111,395	13,929,298	95.20	14,624,089	99.95	14,628,196	96.80%
2014/15	14,578,465	13,291,521	94.14	14,056,646	99.55	14,282,686	97.97%
2013/14	13,562,660	12,500,177	92.17	13,220,063	97.47	13,446,028	99.14%
2012/13	13,284,549	12,278,433	92.43	12,650,471	95.23	13,123,039	98.78%

State Aid Payments

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The base foundation allowance for all school districts in the State of Michigan is from $7,631 to 8,289 per pupil for fiscal year 2017/18. In future years, this allowance may be adjusted by an index based upon the change in revenues to the State school aid fund and the change in the total number of pupils statewide. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

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

Year	Blended Pupil Count	Foundation Allowance Per Pupil	Total State Aid Payments
2017/18	3,624	$7,905	$28,951,443 (Est.)
2016/17	3,582	7,799	28,562,243
2015/16	3,550	7,693	27,719,067
2014/15	3,538*	7,569	26,841,302
2013/14	3,548*	7,519	25,841,848
2012/13	3,550	7,468	25,354,276

*Blended pupil count is calculated on 10% prior school year spring and 90% current school year fall counts. For 2013/14 and 2014/15 the blended calculation was 90% current school year fall and 10% current school year spring.

Constitutional Millage Rollback

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

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

	2017	2016	2015	2014	2013
Operating – Extra Voted[1]	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	8.5000	8.5000	8.5000	8.5000	8.5000
Total Homestead	8.5000	8.5000	8.5000	8.5000	8.5000
Total Non-Homestead	26.5000	26.5000	26.5000	26.5000	26.5000

[1] The School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate to the extent not otherwise exempt. See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications and exemptions that took effect in the 2014 and 2016 tax years. The School District's extra voted millage authorization of 21 mills, which has been rolled back to 20.9223 mills by the Headlee Amendment, and of which 18 mills may be levied, expires with the December 2033 levy.

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

	2016	2015	2014	2013
State Education Tax	6.0000	6.0000	6.0000	6.0000
Washtenaw County	6.2432	6.3058	6.2838	5.7801
City of Dexter	14.3062	14.0562	14.0562	13.5562
Dexter Township	4.9092	4.9534	4.9674	4.9944
Freedom Township	1.2472	1.2476	1.2476	1.2476
Lima Township	2.5897	2.6155	2.6155	2.6191
Lodi Township	0.9501	0.9559	0.9595	0.9595
Northfield Township	7.9844	7.8609	7.9019	7.9269
Scio Township	1.7997	1.6547	1.4460	1.4460
Webster Township	3.2486	3.2661	3.2658	3.2721
Livingston County	3.9535	3.9535	3.9543	3.9543
Hamburg Township	6.1070	4.9751	5.0042	4.7264
Dexter District Library	1.5890	1.5786	1.5986	1.6686
Washtenaw Community College	3.4360	3.4576	3.4576	3.4576
Washtenaw ISD	5.4509	3.9745	3.9745	3.9745

Largest Taxpayers[1]

Shown below are the ten largest identifiable taxpayers in the School District based on their 2017 taxable valuations. The taxpayers listed below represent 5.67% of the School District's 2017 Taxable Valuation of $1,267,390,387.

Taxpayer	Product or Service	Taxable Value	Equivalent IFT*	Total Valuation Subject to Taxation
DTE Gas & Electric Company	Utility	$21,697,711		$21,697,711
Dexter Fastener Technologies	Engine fasteners	10,712,366	$834,744	11,547,110
Enbridge Pipelines	Oil pipeline system	9,307,777		9,307,777
International Transmission Company	Utility	8,993,100		8,993,100
Chelsea Health & Wellness	Wellness center	5,318,052		5,318,052
Thetford Corp.	Plastic components	4,748,688	141,450	4,890,138
United Methodist Retirement Comm.	Retirement development	4,889,604		4,889,604
Thomson-Shore Inc.	Publishing	2,206,137	1,252,300	3,458,437
Dapco Industries	Valves & fittings	1,633,096	373,417	2,006,513
Nagel Precision Inc.	Honing machines	2,413,396		2,413,396
Total		$71,919,927	$2,601,911	$74,521,838

*Equivalent IFT Valuation is half of the property's total taxable valuation.

Debt History

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

Future Financing

The School District does not anticipate issuing additional capital financing bonds in the next twelve months. A second series of bonds in the estimated par amount of $17,770,000 is currently anticipated to be issued in 2022.

[1] Sources: Washtenaw and Livingston County Equalization Departments, Michigan Department of Treasury.

School Bond Qualification and Loan Program[1]

As of November 1, 2017, the School District had an outstanding balance, including interest, of $24,841,570 in the School Loan Revolving Fund.

Direct Debt[2]

		Principal Outstanding
06/01/98	1998 School Building and Site Bonds (UTQ)	$28,875,000
09/29/08	2008 School Building and Site and Refunding Bonds (UTQ)	24,145,000
05/24/12	2012 School Building and Site and Refunding Bonds (UTQ)	7,575,000
Direct Debt		$60,595,000
Less:	2008 School Building and Site and Refunding Bonds (UTQ)	(22,095,000)
Plus:	2017 School Building and Site and Refunding Bonds (UTQ)	70,615,000
NET DIRECT DEBT (as of date of delivery)		$109,115,000

Overlapping Debt as of November 1, 2017 [2]

% Applicable	Municipality	Amount Outstanding	School District Share
100.00	Dexter City	$8,932,000	$8,932,000
60.25	Dexter Township	1,879,325	1,132,293
6.24	Hamburg Township	8,150,000	508,560
42.16	Lima Township	186,550	78,649
1.92	Lodi Township	634,000	12,173
0.63	Northfield Township	3,700,000	23,310
23.10	Scio Township	22,711,719	5,246,407
94.00	Webster Township	2,014,750	1,893,865
0.74	Livingston County	22,665,000	167,721
7.62	Washtenaw County	32,980,433	2,513,109
7.81	Washtenaw Community College	10,760,000	840,356
100.00	Dexter District Library	4,175,000	4,175,000
Net overlapping debt in the School District			$25,523,443
NET DIRECT AND OVERLAPPING DEBT			$134,638,443

[1] Source: Michigan Department of Treasury.
[2] Source: Municipal Advisory Council of Michigan.

Debt Ratios

2017 State Equalized Valuation (SEV)	$1,572,280,747
2017 Taxable Valuation	$1,267,390,387
2010 Population	19,591
Direct Debt (Including New Issue)	$109,115,000
Direct/Overlapping Debt	$134,638,443
Direct Debt Per Capita	$5,570
Direct/Overlapping Debt Per Capita	$6,872
Per Capita 2017 SEV	$80,255
Ratio of Direct Debt to 2017 SEV	6.94%
Ratio of Direct/Overlapping Debt to 2017 SEV	8.56%
Per Capita 2016 Taxable Valuation	$64,692
Ratio of Direct Debt to 2017 Taxable Valuation	8.61%
Ratio of Direct/Overlapping Debt to 2017 Taxable Valuation	10.62%

Legal Debt Margin

2017 State Equalized Valuation		$1,572,280,747
Debt Limit (15% of 2017 State Equalized Valuation)		$235,842,112
Debt Outstanding (as of the date of delivery)	$109,115,000	
Less bonds not subject to Debt Limit[1]	(109,115,000)	
Total Subject to Debt Limit		0
Additional Debt Which Could Be Legally Incurred		$235,842,112

[1] Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that bonds not included in the computation of the legal debt margin are (1) any bond qualified under Article IX, Section 16, of the Michigan Constitution of 1963, and (2) deficit budget bonds authorized under Section 1356. Section 1351(2) of Act 451, Public Acts of Michigan, 1976, as amended further provides that any bond issued for energy conservation improvements under Section 1274a of the same act shall not be included in the computation of the legal debt margin. 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.

ECONOMIC PROFILE

The School District is located the following distances from these cities:

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

Unemployment[1]

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

	Washtenaw County	Livingston County	State of Michigan
2017, Sept.	3.9%	3.3%	4.5%
2016	3.4	4.2	4.9
2015	3.7	4.6	5.4
2014	4.9	6.4	7.3
2013	5.9	7.4	8.8
2012	6.0	7.9	9.1

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

Major Employers[1]

Company	Product or service	Approximate # of employees
Within the Area of the School District (75 or more)		
Dexter Community Schools	Education	511
Thomson-Shore Inc.	Publishing	200
Paladin Attachments, LLC	Coupler systems and attachment tools	194
Dapco Industries	Valves and fittings	180
Dexter Fastener Technologies	Engine fasteners	173
Nagel Precision, Inc.	Horning machines	130
Thetford Corporation	Metal sanitary ware	80
Dexter Research Center, Inc.	Infrared detectors	70
Flexible Metal Inc.	Fabricated pipe & fittings	75
Variety Die & Stamping Company	Metal stampings	75
Valicor Separation Tech LLC	Filtration devices	75
Washtenaw County (Ann Arbor Area - More than 1,200 employees)		
University of Michigan	Public university and health system	30,835
Trinity Health	Health care system	7,169
General Motors Milford Proving Grounds	OEM research	3,750
VA Ann Arbor Healthcare System	Medical center	2,459
Ann Arbor Public Schools	Education	1,907
Faurecia North America	Automotive component mfg.	1,850
Eastern Michigan University	Public university	1,617
Integrated Health Associates (IHA)	Medical center	1,268
Washtenaw County	County government	1,260
Thomson Reuters	Software/IT	1,200
Livingston County (350 or more)		
Trinity Health	Health care	605
Citizens Insurance Co. of America	Insurance	600
Brighton Area Schools	Education	586
Livingston Educational Service Agency	Education	568
Livingston County	County government	559
Hartland Consolidated Schools	Education	527
State of Michigan	State government	521
Howell Public Schools	Education	475
Toyoda Gosei North America Corp.	Automotive parts mfg.	387
Pinckney School District	Education	340

[1] Sources: Ann Arbor SPARK, 2017 Michigan Harris Industrial Directory,

APPENDIX C

DEXTER COMMUNITY SCHOOLS

General Fund Budget Summaries
Fiscal Years Ending June 30, 2017 and 2018

	Audited 2016/17	Adopted 6/9/17 2017/18
REVENUES		
Local Sources	$5,162,551	$5,119,639
State Sources	28,505,546	28,951,443
Federal Sources	867,484	869,529
Other Financing Transactions	4,058,961	4,438,611
TOTAL REVENUES	$38,594,542	$39,383,003
EXPENDITURES		
Instruction		
Basic Programs	$23,054,562	$23,603,860
Support Services		
Pupil Support	3,920,852	4,256,589
Instructional	2,007,699	2,056,907
General Administration	632,188	777,838
School Administration	2,234,987	2,282,775
Business Services	605,440	678,381
Operations and Maintenance	3,511,325	3,513,190
Transportation	1,513,229	1,559,771
Other Central Support	275,149	284,456
Community Services	317,703	206,766
Other Financing Uses	144,958	567,591
TOTAL EXPENDITURES	$38,218,092	$39,788,124
Excess of Revenues Over (Under) Expenditures	$376,450	$(405,121)
Fund Balance - July 1	$6,149,119	$6,525,569
Estimated Fund Balance - June 30	$6,525,569	$6,120,448

Note: The School District budgets conservatively and expects revenues and expenditures to match by the end of the fiscal year, maintaining fund balances at current levels.

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Lewis & Knopf
CPAs, PC

October 9, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Dexter Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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10299 E Grand River Road | Suite M | Brighton, MI 48116 | 810-225-1808 | 810-225-1847 fax
1100 Torrey Road | Suite 400 | Fenton, MI 48430 | 810-629-1500 | 810-629-7441 fax
www.lewis-knopf.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dexter Community Schools' basic financial statements. The combining and individual non-major fund and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Such combining and individual non-major fund and other schedules are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2017, on our consideration of the Dexter Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dexter Community School'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 Dexter Community Schools' internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf
CPAs, PC

As administration of Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017.

Financial Highlights

* The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by $30,390,715 (net position).

* The District's total net position increased by $4,370,971. The increase was accomplished primarily by the repayment of bond principal.

* The general fund had an increase in fund balance of $376,450. At the end of the year, unassigned fund balance for the general fund was $1,660,720 or 4% of total general fund expenditures. Total fund balance for the general fund was $6,525,569 or 17% of total general fund expenditures.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-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 financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. 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 provide information about the School District's most significant funds - the General Fund, Debt Retirement Fund, and the Capital Projects Fund. All other funds are presented in one column as non-major funds.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities - One of the most important questions asked about the District's finances is, "Is the District better off or worse off 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 about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the School District's goal is to provide services to our students, not to generate profits as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net position and the statement of activities present information about the following:

Governmental Activities - All of the District's basic services are considered to be governmental activities, including instruction, support services, community services, food services, and transfers to other local districts. Property taxes, intergovernmental revenues (unrestricted and restricted State Aid), and charges for services finance most of these activities. These two statements report the District's net position and changes therein. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 1 - 2 of this report.

DEXTER COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

JUNE 30, 2017

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TABLE OF CONTENTS

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2017 and 2016, the District wide results of operations were:

	2017	2016
REVENUES		
Program Revenues:		
Charges for Services	$3,477,936	$3,654,041
Operating Grants	6,774,292	6,309,179
Total Program Revenues	$10,252,228	$9,963,220
General Revenues		
Property Taxes	14,989,843	14,285,381
Grants and State Aid	23,266,152	22,772,515
Interdistrict Sources	4,168,423	2,956,050
Other	531,239	331,880
Total General Revenues	$42,955,657	$40,345,826
Total Revenues	$53,207,885	$50,309,046
EXPENSES		
Instruction	22,027,844	23,029,981
Support Services	14,249,303	14,126,093
Community Services	2,894,030	3,104,430
Food Service	1,311,446	1,562,659
Outgoing Transfers and Other Uses	99,205	0
Interest on Long-Term Debt	3,694,723	3,934,899
Depreciation - Unallocated	4,560,363	4,489,485
Total Expenses	$48,836,914	$50,247,547
CHANGE IN NET POSITION	$4,370,971	$61,499
NET POSITION - BEGINNING OF YEAR	(34,761,686)	(34,823,185)
NET POSITION - END OF YEAR	($30,390,715)	($34,761,686)

The District's net position increased by $4,370,971 during the current fiscal year. The increase in net position differs from the change in fund balances and a reconciliation appears on page 4.

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 the School District's 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.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund.

During the fiscal year ended June 30, 2017, the School District amended the budget of the General Fund twice. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources was $39,035,563. That amount is more than the final budget estimate of $38,906,907. The variance was $128,656, or less than 1% favorable to the final budget.

The actual expenditures and other financing uses of the general fund were $38,659,113, which is below the final budget estimate of $39,041,928. The variance was $382,815, or 1% favorable to the final budget.

The general fund had total revenues of $39,035,563 and total expenditures of $38,659,113 with a net increase in fund balance of $376,450 and an ending fund balance of $6,525,569.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2017 amounted to $100,544,034 (net of accumulated depreciation). This investment in capital assets included building improvements, machinery and equipment, and school buses. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation)	
	2017	2016
Land	$5,822,892	$5,822,892
Buildings and Improvements	90,661,321	94,287,276
Equipment and Furniture	2,642,629	2,180,125
Vehicles	1,417,192	1,761,902
Total capital assets, net	$100,544,034	$104,052,195

Additional information on the District's capital assets can be found in Note 5.

Capital Asset and Debt Administration (Continued)

B. Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of $87,806,913. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2017	2016
General Obligation Bonds	$60,595,000	$67,435,000
MI School Bond Loan Fund	24,582,787	23,465,931
Unamortized Premium	1,207,452	1,460,730
Compensated Absences	1,421,674	1,271,762
Total Long-Term Debt	$87,806,913	$93,633,423

The District's total bonded debt decreased by $6,840,000 during the current fiscal year due to the District making scheduled debt payments. Additional information on the District's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budget

The following factors will affect the District in the future and were considered in preparing the District's budget for the 2017-18 fiscal year:

* Foundation Allowance

  The Board of Education and Administration agreed to an estimate of a foundation allowance of $7,887 per pupil for the 2017-18 fiscal year, an $88 per pupil increase from 2016-17, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions with local state representatives. The political debate regarding the funding of public education, the current economic climate in the State of Michigan will all affect this estimate before the final foundation allowance is known.

* Retirement Rate

  The Michigan School Employees Retirement System recommends a retirement rate to the legislature for approval. In 2017-18, the rate is anticipated to increase to 25.56% from 24.94% effective October 1, 2017. Additionally, the District will be required to pay 11.32%, for all wages earned October 1, 2017 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

The Dexter Community Schools 2017/2018 adopted budget is as follows:

REVENUE	$39,383,003
EXPENDITURES	39,788,124
NET (UNDER) BUDGET	($405,121)

Requests for Information

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

Sharon Raschke
Chief Financial Officer
Dexter Community Schools
7714 Ann Arbor St.
Dexter, Michigan 48130
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BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$5,118,844
Investments	7,978,249
Receivables:	
Accounts Receivable	56,463
Due from Other Governmental Units	5,302,396
Due from Internal Fund	14,439
Inventory	15,760
Prepaid Expenditures	64,806
Capital Assets, Not Being Depreciated - Land	5,822,892
Capital Assets, Net of Accumulated Depreciation	94,721,142
TOTAL ASSETS	$119,094,991
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	167,812
Related to Pensions	9,974,347
DEFERRED OUTFLOWS OF RESOURCES	$10,142,159
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$129,237,150
LIABILITIES	
Accounts Payable	142,283
Due to Other Governmental Units	480,611
Accrued Expenditures	1,463,840
Salaries Payable	2,444,420
Unearned Revenue	4,643,204
Non-Current Liabilities - Due in One Year	7,198,278
Non-Current Liabilities - Due in More than One Year	80,608,635
Net Pension Liability	62,177,767
TOTAL LIABILITIES	$159,159,038
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	468,827
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$159,627,865
NET POSITION	
Net Investment in Capital Assets	40,456,319
Restricted	953,050
Unrestricted	(71,800,084)
TOTAL NET POSITION	($30,390,715)

See notes to the financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues		Governmental Activities
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Program Specific Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental Activities:				
Instruction	$22,027,844	$146,515	$6,106,878	($15,774,451)
Support Services	14,249,303	302,721	300,611	(13,645,971)
Community Services	2,894,030	1,980,365	26,841	(886,824)
Outgoing Transfers and Other Transactions	99,205	0	0	(99,205)
Food Service	1,311,446	1,048,335	339,962	76,851
Interest - Long-Term Obligations	3,694,723	0	0	(3,694,723)
Depreciation - Unallocated	4,560,363	0	0	(4,560,363)
Total Governmental Activities	$48,836,914	$3,477,936	$6,774,292	($38,584,686)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				4,553,171
Property Taxes, Levied for Debt Retirement				10,436,672
State Sources - Unrestricted				23,266,152
Interdistrict Sources				4,168,423
Investment Earnings				76,145
Miscellaneous				455,094
Total General Revenues and Transfers				$42,955,657
Change in Net Position				$4,370,971
Net Position - Beginning of Year				(34,761,686)
Net Position - End of Year				($30,390,715)

See notes to the financial statements.

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DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Debt Retirement Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$4,703,991	$3,104	$0	$411,749	$5,118,844
Investments	5,004,964	1,426,360	1,546,925	0	7,978,249
Accounts Receivable	55,427	0	0	1,036	56,463
Due from Other Funds	41,520	0	0	38,651	80,171
Due from Other Governmental Units	5,243,185	0	0	59,211	5,302,396
Inventory	0	0	0	15,760	15,760
Prepaid Expenditures	64,363	0	0	443	64,806
TOTAL ASSETS	$15,113,450	$1,429,464	$1,546,925	$526,850	$18,616,689
LIABILITIES					
Accounts Payable	$131,801	$0	$0	$10,482	$142,283
Due to Other Funds	24,509	0	0	41,223	65,732
Due to Other Governmental Units	480,611	0	0	0	480,611
Accrued Expenditures	987,426	0	0	0	987,426
Salaries Payable	2,444,420	0	0	0	2,444,420
Unearned Revenue	4,519,114	0	0	124,090	4,643,204
Total Liabilities	$8,587,881	$0	$0	$175,795	$8,763,676
FUND BALANCES					
Non-Spendable					
Inventory	0	0	0	15,760	15,760
Prepaid Expenditures	64,363	0	0	0	64,363
Restricted					
Capital Projects	0	0	1,546,925	0	1,546,925
Debt Retirement	0	1,429,464	0	0	1,429,464
Food Service	0	0	0	335,295	335,295
Committed	4,395,365	0	0	0	4,395,365
Assigned					
Subsequent Year Expenditures	405,121		0	0	405,121
Unassigned	1,660,720	0	0	0	1,660,720
Total Fund Balances	$6,525,569	$1,429,464	$1,546,925	$351,055	$9,853,013
TOTAL LIABILITIES AND FUND BALANCES	$15,113,450	$1,429,464	$1,546,925	$526,850	$18,616,689

See notes to the financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total Governmental Fund Balances:		$9,853,013
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources - Related to Pensions		9,974,347
Deferred Inflows of Resources - Related to Pensions		(468,827)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Assets	167,483,955	
Accumulated Depreciation	(66,939,921)	
Capital Assets - Net of Accumulated Depreciation		$100,544,034
Accrued Interest on Long-Term Debt		(476,414)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	$60,595,000	
Unamortized Premium	1,207,452	
School Bond Loan Fund	24,582,787	
Compensated Absences Payable	1,421,674	
Total Long-Term Liabilities		(87,806,913)
Deferred Charge on Bond Refunding		167,812
Net Pension Liability		(62,177,767)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		($30,390,715)

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DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Debt Retirement Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Local Sources	$5,162,551	$10,521,225	$13,917	$3,038,457	$18,736,150
State Sources	28,505,546	164,480	0	86,332	28,756,358
Federal Sources	867,484	0	0	416,602	1,284,086
Interdistrict Sources	4,058,961	0	0	109,462	4,168,423
Total Revenues	$38,594,542	$10,685,705	$13,917	$3,650,853	$52,945,017
EXPENDITURES					
Instruction	23,054,562	0	0	0	23,054,562
Student Services	3,920,852	0	0	0	3,920,852
Instructional Support	2,007,699	0	0	0	2,007,699
General Administration	632,188	0	0	0	632,188
School Administration	2,234,987	0	0	0	2,234,987
Business Administration	605,440	0	0	0	605,440
Operation & Maintenance of Plant	3,511,325	0	0	0	3,511,325
Transportation	1,513,229	0	0	0	1,513,229
Other Support Services	275,149	0	0	0	275,149
Community Services	317,703	0	0	2,618,933	2,936,636
Food Service	0	0	0	1,346,366	1,346,366
Debt Service					
Principal	0	6,840,000	0	0	6,840,000
Interest	0	3,163,019	0	0	3,163,019
Other	0	15,190	0	0	15,190
Capital Outlay	0	0	1,017,299	0	1,017,299
Total Expenditures	$38,073,134	$10,018,209	$1,017,299	$3,965,299	$53,073,941
Excess (Deficiency) of Revenues (Under) Expenditures	$521,408	$667,496	($1,003,382)	($314,446)	($128,924)
OTHER FINANCING SOURCES (USES)					
Transfers In	178,153	0	0	486,774	664,927
Transfers (Out)	(486,774)	0	0	(178,153)	(664,927)
Bond Proceeds	0	1,110,170	0	0	1,110,170
Payments - MI School Bond Loan Fund	0	(757,925)	0	0	(757,925)
Prior Year State Aid Adjustments	(99,205)	0	0	0	(99,205)
Other Reimbursements	262,868	0	0	0	262,868
Total Other Financing Sources (Uses)	($144,958)	$352,245	$0	$308,621	$515,908
Net Change in Fund Balance	$376,450	$1,019,741	($1,003,382)	($5,825)	$386,984
FUND BALANCE - BEGINNING OF YEAR	6,149,119	409,723	2,550,307	356,880	9,466,029
FUND BALANCE - END OF YEAR	$6,525,569	$1,429,464	$1,546,925	$351,055	$9,853,013

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Total net change in fund balances - governmental funds		$386,984
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	1,064,198	
Loss on Sale of Assets	(11,996)	
Depreciation Expense	(4,560,363)	
Total		(3,508,161)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments reported as expenditures in the governmental funds.		6,840,000
Amortization of:		
Deferred Charge on Bond Refunding		(55,937)
Unamortized Premiums		253,278
Net Change Michigan School Bond Loan		(1,116,856)
(Increase) in Compensated Absences		(149,912)
Change in accrued interest on long-term liabilities		50,756
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental Funds.		
Pension Related Items		1,670,819
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$4,370,971

See notes to the financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2017

	Agency Fund
ASSETS	
Cash and Cash Equivalents	$960,851
Due from General Fund	1,761
TOTAL ASSETS	$962,612
LIABILITIES	
Accounts Payable	$353
Due to Other Funds	16,200
Due to Student Groups	946,059
TOTAL LIABILITIES	$962,612

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See notes to the financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B) REPORTING ENTITY
The District is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB 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 part of the District's reporting entity and which organizations are legally separate component units of the District. Based on application of the criteria, the District does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

C) GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

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

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

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to the financial statements is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates are primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

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

When an expense is incurred for the purpose for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

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. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is 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 School District.

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The School District reports the following major governmental funds:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

Debt Retirement Fund - The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Building and Site Capital Projects Funds - The Building and Site Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of funds specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The District has complied with the applicable provision of §1351a of the Revised School Code.

The School District reports the following fund types:

Special Revenue Funds - Special revenue funds are used to segregate, for administrative purposes, the transactions of the School District's food service and community service operations from General Fund revenue and expenditure accounts. The School District maintains full control of these funds. Any deficits generated by these activities are the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds, funds received from the State, and program revenue charges to customers.

Student Activities Agency Fund - The School District maintains an Agency Fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E) CASH AND CASH EQUIVALENTS/INVESTMENTS

Cash and cash equivalents include amounts in demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)
State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

F) INVENTORIES AND PREPAID COSTS
Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, including commodities received from the United States Department of Agriculture, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

G) CAPITAL ASSETS
General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a $5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles and Buses	5 – 10 years

H) INTERFUND BALANCES
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) UNEARNED REVENUE
The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

J) COMPENSATED ABSENCES
The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance 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 leave amounts are included both for employees who are currently eligible to receive termination payments and for other employees who are expected to become eligible in the future to receive such payments upon termination.

K) LONG-TERM OBLIGATIONS
In the government-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. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

L) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on refunding and pension contributions reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension contributions made after the plans measurement date, but before the fiscal year end. The amount is amortized in the plan year in which it applies.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Deferred Inflows

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. It is the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

M) DEFINED BENEFIT PLAN

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 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.

N) FUND BALANCE

Fund balances for each of the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

* Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

* Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The District's Capital Projects Fund, Debt Retirement Fund and Food Service balances are considered restricted.

* Committed fund balance – amounts that have been formally set aside by specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

* Assigned fund balance - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Education.

* Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The District would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these classified funds.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year end June 30, 2017. The District does not consider these amendments to be significant.

2) DEPOSITS AND INVESTMENTS

As of June 30, 2017, the District had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment Pool - MICMS	$0	N/A	AAAm	0.00%
MILAF External Investment Pool - MIMAX	7,978,249	N/A	AAAm	100.00%
Total fair value	$ 7,978,249			100.00%

Interest rate risk. In accordance with its investment policy, the 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.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2017, $6,200,233 of the District's bank balance of $6,703,337 was exposed to custodial credit risk.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

Fair value measurement. The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

2) DEPOSITS AND INVESTMENTS (Continued)

The asset or liability's fair measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MILAF-MIMAX investments fair value measurement is level 2.

The above amounts are reported in the financial statements as follows:

Cash – Agency Fund	$ 960,851
Cash – District Wide	5,118,844
Investments – District Wide	7,978,249
TOTAL	$ 14,057,944

The above amounts as previously reported in Note 2:

Deposits – Including Fiduciary Funds of $960,851	$ 6,077,145
Petty Cash	2,550
Investments	7,978,249
TOTAL	$ 14,057,944

3) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

For the year ended June 30, 2017, the District levied the following amounts per $1,000 of assessed valuation:

General Fund – Non-Homestead	18.000	Mills
Debt Funds – Homestead and Non-Homestead	8.500	Mills

4) RECEIVABLES

Receivables at June 30, 2017, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

GOVERNMENTAL ACTIVITIES	AMOUNT
State Aid	$ 5,163,495
Federal Grants	83,906
Other	54,995
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,302,396

5) CAPITAL ASSETS
Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
GOVERNMENTAL ACTIVITIES				
Land	$5,822,892	$0	$0	$5,822,892
Buildings and Improvements	149,122,856	25,303	0	149,148,159
Equipment and Furniture	7,961,449	1,038,895	(144,268)	8,856,076
Vehicles	3,656,828	0	0	3,656,828
Totals at Historical Cost	$166,564,025	$1,064,198	($144,268)	$167,483,955
Less: Accumulated Depreciation				
Buildings and Improvements	(54,835,580)	(3,651,258)	0	(58,486,838)
Equipment and Furniture	(5,781,324)	(564,395)	132,272	(6,213,447)
Vehicles	(1,894,926)	(344,710)	0	(2,239,636)
Total Accumulated Depreciation	($62,511,830)	($4,560,363)	$132,272	($66,939,921)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$104,052,195	($3,496,165)	($11,996)	$100,544,034

Depreciation expense was unallocated on the Statement of Activities as the District considers all fixed assets to have mixed use.

6) SHORT-TERM DEBT
The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes, and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2017.

7) GENERAL LONG-TERM DEBT

A) 1998 SCHOOL BUILDING AND SITE BONDS
On April 20, 1998, Dexter Community Schools issued School Building and Site Bonds, in the amount of $69,600,000, with interest rates varying from 5.00% to 5.1% per annum. The balance of the bonds as of June 30, 2017 was $28,875,000. Payments on this debt are recorded in the District's Debt Retirement Fund.

B) 2008 BUILDING AND SITE AND REFUNDING BONDS
On September 29, 2008, Dexter Community Schools issued $59,780,000 in General Obligation – Unlimited Tax Bonds with interest rates varying from of 3.25% to 5% per annum. The balance of the bonds at June 30, 2017 was $24,145,000. Payments on this debt are recorded in the District's Debt Retirement Fund.

C) 2012 BUILDING AND SITE AND REFUNDING BONDS
On May 24, 2012, the District issued $9,060,000 of General Obligation Refunding Bonds, Series 2012, with interest rates varying from 4.0% to 5.0% and annual maturities from May 2014 through May 2022. The District issued the bonds to refund $11,450,000 of the outstanding 2003 Refunding Bond Issue which are due and payable May 1, 2014 through May 1, 2019, inclusive, with a variable interest rate of 2.5% to 5.0%. The balance at June 30, 2017 was $3,365,000. Payments on this debt are recorded in the District's Debt Retirement Fund.

7) GENERAL LONG-TERM DEBT (Continued)

C) 2012 BUILDING AND SITE AND REFUNDING BONDS (Continued)
On May 24, 2012, Dexter Community Schools issued $6,610,000 in General Obligation – Unlimited Tax Bonds with interest rates varying from of 3.0% to 5.0% per annum. The bonds were issued for the purpose of remodeling and constructing additions to School District buildings, including energy conservation and security improvements; acquiring land and improving and developing sites, including playgrounds, playfields and outdoor athletic fields and facilities in the School District; furnishing refurnishing, equipping and reequipping School District buildings, including the acquisition of school buses; acquiring and installing technology equipment in School District buildings, including classroom technology and to pay a portion of the costs of issuing the Bonds. The balance of the bonds at June 30, 2017 was $4,210,000. Payments on this debt are recorded in the District's Debt Retirement Fund.

D) MICHIGAN SCHOOL BOND LOAN FUND
The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's Taxable Value times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of $764,611 has been assessed for the year ended June 30, 2017, and is included in the amount owing the State at that date. The balance payable at June 30, 2017 was $24,582,787.

E) Debt service requirements at June 30, 2017, were as follows:

YEAR ENDED JUNE 30,	BONDS	INTEREST	TOTAL
2018	$7,120,000	$2,858,482	$9,978,482
2019	6,945,000	2,524,307	9,469,307
2020	5,560,000	2,199,756	7,759,756
2021	5,920,000	1,945,481	7,865,481
2022	5,800,000	1,688,875	7,488,875
2023-2027	24,375,000	4,750,501	29,125,501
2028-2032	4,875,000	235,124	5,110,124
TOTAL	$60,595,000	$16,202,526	$76,797,526

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7) GENERAL LONG-TERM DEBT (Continued)

F) CHANGES IN LONG-TERM LIABILITIES

Governmental Activities:	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
School Bond Loan Fund	$23,465,931	$1,874,781	$757,925	$24,582,787	$0
Unamortized Premium	1,460,730	0	253,278	1,207,452	253,278
Building & Site Bonds	67,435,000	0	6,840,000	60,595,000	6,945,000
Compensated Absences	1,271,762	149,912	0	1,421,674	0
Total Governmental Activities	$93,633,423	$2,024,693	$7,851,203	$87,806,913	$7,198,278

The payment dates of sick days payable is undeterminable. The interest expenditures on long-term obligations for the year were $3,374,919.

8) UNEARNED REVENUE
Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded approximately $2,552,050 in unearned revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and TIFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of unearned revenue are as follows:

	Unavailable	Unearned	Total
Future State Aid Adjustment for Prior Year DDA/TIFA Captures	$2,552,050	$0	$2,552,050
Other	0	1,967,064	1,967,064
Fees and Prepaid Student Lunches	0	124,090	124,090
TOTAL	$2,552,050	$2,091,154	$4,643,204

9) COMMITTED FUND BALANCE
Portions of fund equity are committed for future specific uses as follows:

Athletic Facilities	$590,000
Facilities	874,000
Instruction Equipment	1,000,000
Performing Arts Equipment	110,000
Retirement/Severance	850,000
Supply Carryover	139,651
Technology	831,714
TOTAL	$4,395,365

10) INTERFUND ACTIVITY
Interfund balances at June 30, 2017, consisted of the following:

DUE TO	DUE FROM: General Fund	Food Service	Community Service	Trust & Agency	Total
General Fund	$0	$9,432	$31,675	$413	$41,520
Food Service	41	0	0	0	41
Community Service	22,823	0	0	15,787	38,610
Trust & Agency	1,645	46	70	0	1,761
TOTAL	$24,509	$9,478	$31,745	$16,200	$81,932

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

11) INTERFUND TRANSFERS
Interfund transfers for the year ended June 30, 2017, consisted of the following:

TRANSFERS TO	TRANSFERS FROM: General Fund	Food Service	Community Service	Total
General Fund	$0	$95,422	$82,731	$178,153
Community Service	486,774	0	0	486,774
TOTAL	$486,774	$95,422	$82,731	$664,927

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

12) TAX ABATEMENTS
Effective for the year ended June 30, 2017 the District is required to disclose significant tax abatements as required by GASB statement 77 (Tax abatements).

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
Scio Township	$ 10,068
Webster Township	16,267
City of Dexter	31,485
TOTAL	$ 57,820

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

13) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	$1,429,464
Less: Accrued Interest	(476,414)
TOTAL	$953,050

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at http://michigan.gov/mpsers-cafr.

Benefits Provided

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A Summary of the pension plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. Members who elected under Option 1 to increase their level of contribution contribute 4% (Basic Plan) or 7% (MIP).

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation (FAC).

Pension Plus

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Credited Service after the Transition Date times 1.5% times FAC.

Option 2 – Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 – Credited Service after the Transition Date times 1.25% times FAC.

Option 4 – None (Member will receive benefit through a Defined Contribution plan).

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation - Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7%. Plan members electing the defined contributions plan are not required to make additional contributions.

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14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Employer Contributions
Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 20 year period for fiscal year 2016.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

October 1, 2015 – September 30, 2016	14.56% - 18.95%
October 1, 2016 – September 30, 2017	15.27% - 19.03%

The District's pension contributions for the year ended June 30, 2017 were equal to the required contribution total. The District's recognized pension expense of approximately $6,162,000 with $5,956,000 specifically for the Defined Benefit Plan. These amounts include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (72.88% for pension and 27.12 for OPEB).

At June 30, 2017, the Reporting Unit 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
Differences Between Expected and Actual Experience	$774,899	($147,363)
Changes of Assumptions	972,101	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,033,394	0
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	1,655,902	(321,464)
Employer Contributions Subsequent to the Measurement Date	5,538,051	0
TOTAL	$9,974,347	($468,827)

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

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

Pension Liabilities

At June 30, 2017, the District reported a liability of $62,177,767 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016 and 2015, the District's proportion was 0.24921766 percent and 0.25069767 percent.

Measurement of the MPSERS Net Pension Liability
The plan's net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

MPSERS (Plan) Net Pension Liability - Non-University Employers	9-30-16	9-30-15
Total Pension Liability	$ 67,917,445,078	$ 66,312,041,902
Plan Fiduciary Net Position	(42,968,263,308)	(41,887,015,147)
Net Pension Liability	$ 24,949,181,770	$ 24,425,026,755
Proportionate Share	0.24921766%	0.25069767%
Net Pension Liability for the District	62,177,767	61,232,973

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

For the year ended June 30, 2017, the District recognized pension expense of approximately $5,514,000. This excludes contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate. These amounts have been recorded as a deferred outflow as of June 30, 2017.

$5,538,051, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending Sept. 30,	Amount
2017	$1,009,596
2018	928,261
2019	1,843,377
2020	186,235
TOTAL	$3,967,469

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Actuarial Assumptions

Investment rate of return - 8.0% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus plan).

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation - 3.0%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Male and Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2015. Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	**Target Allocation***	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	28.0%	5.9%
Alternate Investment Pools	18.0%	9.2%
International Equity	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate and Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%
Total	**100.0%**	

* Long term rate of return does not include 2.1% inflation.

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Reporting Unit's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent (7% for Pension Plus Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher than the current rate:

	1% Decrease Non-Hybrid/ Hybrid)* 6.0% - 7.0%	**Current Single Discount Rate Assumption Non-Hybrid/ Hybrid)* 7.0% - 8.0%**	**1% Increase Non-Hybrid/ Hybrid)* 8.0% - 9.0%**
Reporting Unit's proportionate share of the net pension liability	$80,069,313	$62,177,767	$47,093,473

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2016 Comprehensive Annual Financial Report.

Payables to the Pension Plan

At year end the School District is current on all required pension plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

Other Information

Discount Rate – Assumed Rate of Return

On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools Employees' Retirement System's Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit plan from 8% to 7.5% effective for the fiscal year 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for the fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions and the net pension liability will increase as a result of lowering the assumed investment rate of return.

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Other Information (Continued)

Pension Reform 2017
Senate Bill 401, to amend the Public School Employees Retirement Act (PA 300 of 1980, as amended),was presented to the Governor on June 29, 2017, and is awaiting his signature as of the date of this report.

The bill would close the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and create a new optional revised hybrid plan with similar benefit plan calculations but contains a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan would equal 6%. Further, the bill provides, under certain conditions, that the new hybrid plan would close to new employees if the actuarial funded ration falls below 85% for two consecutive years. The bill includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefit Provisions - Other Postemployment

Introduction

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. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, 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 health care 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.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

Retiree Healthcare Reform of 2012
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 will be deposited into their 401(k) accounts.

14) DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (Continued)

Employer Contributions
The District postemployment healthcare contributions to MPSERS for the year ended June 30, 2017, 2016 and 2015 were approximately $1,995,000, $1,968,000 and $724,000.

The employer contribution rate ranged from 5.52% to 6.45% of covered payroll for the period October 1, 2013 to March 9, 2015; 2.2% to 2.71% of covered payroll for the period from March 10, 2015 to September 30, 2015 and from 6.4% to 6.83% of covered payroll for the period from October 1, 2015 through September 30, 2016; and 5.69% to 5.91% of covered payroll for the period from October 1, 2016 through September 30, 2017 dependent upon the employees date of hire and plan election.

15) RISK MANAGEMENT
The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

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

Self Insurance
Prior to July 1, 2015, eligible District employees had an option to participate in the District's self-funded, comprehensive medical care benefits program. On May 31, 2015, the Dexter Education Association terminated participation in the self-funded medical care benefits program and enrolled in a fully insured program through MESSA on June 1, 2015. The remaining District employees terminated participation in the self-funded medical care benefits program on June 30, 2015. Claims incurred in the self-funded medical care benefits program will continue to be paid during the run out period of 24 months. As of June 30, 2017, the estimated liability for incurred but not reported claims was approximately $0.

16) UPCOMING ACCOUNTING PRONOUNCEMENT
Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* was issued by the GASB in June 2015 and will be effective for the District's 2018 fiscal year. The Statement requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. Statement 75 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

16) UPCOMING ACCOUNTING PRONOUNCEMENT (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and will be effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

REQUIRED SUPPLEMENTARY

INFORMATION

D-21

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$4,981,984	$5,171,734	$5,162,551	($9,183)
State Sources	27,367,578	28,262,647	28,505,546	242,899
Federal Sources	868,424	870,939	867,484	(3,455)
Total Revenues	$33,217,986	$34,305,320	$34,535,581	$230,261
EXPENDITURES				
Instruction	21,745,523	23,045,153	23,054,562	(9,409)
Student Services	3,998,729	4,046,614	3,920,852	125,762
Instructional Support	1,897,776	2,020,131	2,007,699	12,432
General Administration	698,664	702,219	632,188	70,031
School Administration	2,256,367	2,262,245	2,234,987	27,258
Business Administration	695,264	659,161	605,440	53,721
Operation & Maintenance of Plant	3,476,932	3,561,547	3,511,325	50,222
Transportation	1,558,050	1,544,615	1,513,229	31,386
Other Support Services	268,945	274,758	275,149	(391)
Community Services	1,800	331,344	317,703	13,641
Total Expenditures	$36,598,050	$38,447,787	$38,073,134	$374,653
Excess of Revenues Over Expenditures	($3,380,064)	($4,142,467)	($3,537,553)	$604,914
OTHER FINANCING SOURCES (USES)	3,304,719	4,007,446	3,914,003	(93,443)
Net Change in Fund Balance	($75,345)	($135,021)	$376,450	$511,471
FUND BALANCE - BEGINNING OF YEAR			6,149,119	
FUND BALANCE - END OF YEAR			$6,525,569	

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DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 9/30 OF EACH FISCAL YEAR)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)								0.24922%	0.25070%	0.23854%
Reporting unit's proportionate share of net pension liability								$62,177,767	$61,232,973	$52,543,111
Reporting unit's covered-employee payroll								$21,116,479	$21,237,606	$20,490,109
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll								294.45%	288.32%	256.43%
Plan fiduciary net position as a percentage of total pension liability								63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINTED AS OF 6/30 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions								$5,956,455	$4,836,283	$3,704,745
Contributions in relation to statutorily required contributions								5,956,455	4,836,283	3,704,745
Contribution deficiency (excess)								$0	$0	$0
Reporting unit's covered-employee payroll								$21,652,765	$21,237,606	$20,490,109
Contributions as a percentage of covered-employee payroll								27.51%	22.77%	18.08%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased/decreased budgeted amounts during the year in response to changes in funding and related expenditures.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, Dexter Community Schools had the following expenditure budget variances.

	Final Budget	Actual	Variance With Final Budget
Instruction	$23,045,153	$23,054,562	($9,409)
Other Support Services	274,758	275,149	(391)

PENSION RELATED

Changes of benefit terms: There were no changes of benefit terms for the plan year ended September 30, 2016.

Changes of assumptions: There were no changes of benefit assumptions for the plan year ended September 30, 2016.

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APPENDIX E

Founded in 1852
by Sidney Davy Miller

MICHIGAN: Ann Arbor
Detroit • Grand Rapids
Kalamazoo • Lansing • Troy

FLORIDA: Tampa
ILLINOIS: Chicago
NEW YORK: New York

CANADA: Windsor
CHINA: Shanghai
MEXICO: Monterrey
POLAND: Gdynia
Warsaw • Wrocław

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

November 28, 2017

Dexter Community Schools
Counties of Washtenaw and Livingston
State of Michigan

We have acted as bond counsel to Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $70,615,000, designated 2017 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of November 28, 2017, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

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

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

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

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

3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that with respect to corporations (as defined for federal income tax purposes), the interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. 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 inheritance and 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 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,

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

By ______________________________

Amanda Van Dusen

CONTINUING DISCLOSURE UNDERTAKING

$70,615,000
DEXTER COMMUNITY SCHOOLS
COUNTIES OF WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN
2017 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan (the "School District"), in connection with the issuance of its 2017 School Building and Site and Refunding 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 (i) 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 (ii) treated as the owner of any Bond for federal income tax purposes.

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

"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.

"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 the fiscal year of the School District, the following annual financial information and operating data, commencing with the fiscal year ending June 30, 2018, in an electronic format as prescribed by the MSRB:

(1) Updates of the numerical financial information and operating data included in the official statement of the School District relating to the Bonds (the "Official Statement") appearing in the Tables in the Official Statement as described below:

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

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

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

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

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

(g) *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.

(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.

(j) *Municipal Advisory Council of the State of Michigan*. The School District shall also file by electronic or other means any information or notice required to be filed with the MSRB through EMMA pursuant to this Undertaking in a timely manner with the Municipal Advisory Council of the State of Michigan.

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

DEXTER COMMUNITY SCHOOLS
Counties of Washtenaw and Livingston
State of Michigan

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

Dated: November 28, 2017

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