PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 29, 2019

NEW ISSUE-Book-Entry-Only **RATING[†*] Moody's: "Aa3"**

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

$66,400,000**
GROSSE POINTE PUBLIC SCHOOL SYSTEM
COUNTY OF WAYNE, STATE OF MICHIGAN
2019 School Building and Site and Refunding Bonds**
(Unlimited Tax General Obligation)

Dated: Date of Delivery **Due: May 1, as shown below**

On November 6, 2018, the qualified electors of the Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District") authorized the issuance of bonds in the amount not to exceed $111,040,000 to be issued in one or more series. Proceeds of the 2019 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the amount of $66,400,000**, representing the first series of authorized bonds, will be used for school building and site purposes, refunding a portion of a prior bond issue of the School District**, and paying the costs of issuing the Bonds. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on January 14, 2019 (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, as provided by Article IX, Section 6 of the Michigan Constitution of 1963, as amended.

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 U.S. Bank National Association, Detroit, 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 the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing November 1, 2019, to the Bondholders of record as of the applicable record dates herein described.

(Base CUSIP§: ______)

Maturity (May 1)**	Amount**	Interest Rate	Price	CUSIP§	Maturity (May 1)**	Amount**	Interest Rate	Price	CUSIP§
2020	$2,065,000				2032	$4,250,000			
2021	2,585,000				2033	4,400,000			
2026	3,920,000				2034	4,550,000			
2027	4,040,000				2035	4,700,000			
2028	3,690,000				2036	4,850,000			
2029	3,800,000				2037	5,000,000			
2030	3,950,000				2038	5,150,000			
2031	4,100,000				2039	5,350,000			

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2030** ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY BEGINNING MAY 1, 2029**, 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 February ___, 2019.

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.

J.P. Morgan **Raymond James**

The date of this Official Statement is February __, 2019

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

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

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

$66,400,000[1]
GROSSE POINTE PUBLIC SCHOOL SYSTEM
COUNTY OF WAYNE, STATE OF MICHIGAN
2019 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 Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District") of its 2019 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds").

PURPOSE AND SECURITY

On November 6, 2018, the qualified electors of the Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District") authorized the issuance of bonds in the amount not to exceed $111,040,000, to be issued in one or more series. The Bonds, representing the first series of the approved bonds, are being issued for the purpose of (1) remodeling and/or constructing additions, primarily additions for secure vestibules, to existing School District buildings, including security, roof, energy conservation and mechanical systems improvements; (2) equipping, furnishing, reequipping and refurnishing School District buildings; (3) acquiring and installing technology infrastructure and instructional technology equipment; and (4) improving and developing sites, including outdoor athletic facilities, paving, fencing, and drains, in the School District, and paying the costs of issuing the Bonds.

The remaining proceeds of the Bonds will be used to currently refund the School District's outstanding 2007 Refunding Bonds (Unlimited Tax General Obligation), dated March 21, 2007, in the principal amount of $8,170,000, which are callable on or after May 1, 2017, and mature on May 1, 2027 ("Prior Bonds"). The Bonds, as authorized for issuance by a resolution of the Board of Education adopted on January 14, 2019 (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.

PLAN OF REFUNDING

At the time the Bonds are priced, the School District will decide whether to proceed with the refunding portion of the Bonds. If the School District proceeds with the 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 U.S. Bank National Association, Detroit, Michigan, as escrow agent (the "Escrow Agent") and will be used to pay the principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Escrow Agent to make the payment of principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be

[1] Preliminary, subject to change.

such that the cash and the principal 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 are called for early redemption, as set forth in the following table.

Principal of and Interest on the Prior Bonds to be paid from the Escrow Fund[1]

Date	Principal	Interest	Total
March 28, 2019	$8,170,000	$100,082.50	$8,270,082.50

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 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. Such verification of accuracy of the computations shall be based on 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
- Original Issue Premium
- Original Issue Discount
- Contribution from Prior Bonds' Debt Retirement Fund
  - Total Sources

USES
- Escrow Fund
- Capital Projects Fund
- Capitalized Interest
- Underwriters' Discount
- Estimated Costs of Issuance
  - Total Uses

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of delivery. Interest on the Bonds shall be payable semiannually each May and November to maturity or early redemption, commencing November 1, 2019. 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 U.S. Bank National Association, Detroit, Michigan or its successor will serve as the Transfer Agent (the "Transfer Agent") and also as bond registrar and transfer agent if the Bonds

[1] Preliminary, subject to change.

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 "Record 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 DTC 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. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 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 DTC 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 the 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 notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, 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 detail information from the School District or the 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 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as 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 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 to DTC.

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 to 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[1]

The Bonds or portions of the Bonds in multiples of $5,000 maturing on or after May 1, 2030[1], are subject to redemption prior to maturity 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, 2029[1], 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 Bond by $5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bonds 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

[1] Preliminary, subject to change.

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 on 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 Building and Site Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

TAX PROCEDURES

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

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

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.

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 2018/19 ranging from $7,871 to $8,409 per pupil, depending upon the school district's 1993/94 per pupil 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 property[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

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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.

foundation allowance. The Wayne County Regional Educational Service Agency, the intermediate school district for Wayne county, has received voter approval for a 2 mill enhancement millage, which is distributed to all constituent school districts within its boundaries, including the School District, on a per-pupil basis. Furthermore, school districts whose per pupil foundation allowance in 2018/19 calculates to an amount in excess of $8,409 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property[1] as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2018/19 per pupil foundation allowance exceeds $8,409, and the School District levies 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 2017/18 fiscal year the amended School Aid Act increased the School District's per pupil foundation allowance to $9,984 and for the 2018/19 fiscal year it was further increased to $10,104. 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 A.

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

THE 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 November 5, 2013, March 28, 2014, and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to phase-out most personal property taxation in Michigan. The bills were contingent on Michigan voters approving a ballot question authorizing a new municipal entity, the Local Community Stabilization Authority ("LCSA"), to levy a local component of the statewide use tax and distribute that revenue to local units of government to offset their revenue losses resulting from the personal property tax reform. On August 5, 2014, voters approved that ballot question.

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the "small taxpayer exemption," the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than $80,000 became exempt from ad valorem taxes in that collecting unit beginning in 2014. For businesses that do not qualify for the "small taxpayer exemption," all "eligible manufacturing personal property" (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased

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

and placed into service before 2006 or during or after 2013 became exempt beginning in 2016. Taxation on "eligible manufacturing personal property" placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the School District's operating millage will come from the State use tax component, which is deposited into the school state aid fund.[1] While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2018, school districts will only be reimbursed in 2018 or 2019 for either (a) debt losses attributable to debt obligations that voters approved before January 1, 2015 or were incurred before January 1, 2015 or (b) debt millage calculated pursuant to a statutory formula. For 2020 and thereafter, the reimbursement shall be for either (a) debt losses attributable to debt obligations that voters approved before January 1, 2013 or were incurred before January 1, 2013, or (b) debt millage calculated pursuant to a statutory formula.

The School District expects to be reimbursed for lost debt millage revenue resulting from the personal property tax exemptions for that portion of the Bonds used to refund the Prior Bonds. The School District will not be reimbursed for lost debt millage revenue for the new money portion of the Bonds.

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 against it, seeking to restrain or enjoin the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the Underwriters at the time of the original delivery of the Bonds.

TAX MATTERS

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. 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

[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.

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

The opinions of Bond Counsel are based on current legal authority and cover certain matters not directly addressed by such authority. They represent Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal and State of Michigan income tax purposes but are not 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[1]

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 Bond 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.

[1] Preliminary, subject to change.

Amortizable Bond Premium[1]

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.

[1] Preliminary, subject to change.

Future Developments

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. Copies of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX D. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, and as stated above, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Miller, Canfield, Paddock and Stone, P.L.C. periodically represents J.P. Morgan Securities LLC in certain matters unrelated to the issuance of the Bonds. Both the School District and J.P. Morgan Securities LLC 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 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATING

Moody's Investors Service ("Moody's") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "Aa3" to the Bonds.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to Moody's certain materials and information in addition to that provided here. Generally, the rating agency bases its rating on such information and materials, and on investigations, studies and assumptions. There is no assurance that such rating will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the view of Moody's. Further information is available upon request from Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, (212) 553-0377.

UNDERWRITING

J.P. Morgan Securities LLC, on behalf of itself and Raymond James, & Associates, Inc. (collectively, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices 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 for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the status of the Bonds or interest thereon as exempt from taxation in the State of Michigan and the interest on the Bonds is excluded from gross income for federal tax purposes (except as described under the heading "TAX MATTERS", above), 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 five 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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co. ") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

MUNICIPAL ADVISOR'S OBLIGATION

PFM Financial Advisors LLC, Ann Arbor, Michigan (the "Municipal 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 Municipal 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 Municipal 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 Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statement.

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

Further information concerning the Bonds may be secured from PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, (734) 994-9700, Municipal Advisor to the School District, or from Grosse Pointe Public School System, 389 Saint Clair St., Grosse Pointe, Michigan 48230-1501 (313) 432-3010.

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 hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreements, are set forth in APPENDIX E, "Form of Continuing Disclosure Undertaking."

A failure by the School District to comply with the Undertaking will not constitute an event of default under the Resolution and holders of the Bonds or Beneficial Owners are limited to the remedies described in the Undertaking. A failure by the School District to comply with the Undertaking must be reported 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 provided herein, the School District has not, in the previous five years, failed to comply, in all material respects, with any previous continuing disclosure undertaking executed by the School District pursuant to the Rule.

Within the last five years, the School District filed late material event notices of rating changes affecting its underlying rating and the ratings of the bond insurers (the "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 notifications from the Insurers or rating agencies of the rating changes related to the Insurers' ratings regarding the Outstanding Bonds. Material event disclosures regarding those rating changes were filed in 2014. The School District has established procedures to ensure compliance with future filing requirements.

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.

GROSSE POINTE PUBLIC SCHOOL SYSTEM
COUNTY OF WAYNE
STATE OF MICHIGAN

By: ______________________________
Its: Superintendent of Schools

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APPENDIX A*

GROSSE POINTE PUBLIC SCHOOL SYSTEM

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

The Grosse Pointe Public School System (the "School District") is located in the County of Wayne. Primarily suburban and residential in character, the School District serves an area of 13 square miles and includes all of the Cities of Grosse Pointe, Grosse Pointe Farms, Grosse Pointe Park, Grosse Pointe Woods and portions of the City of Harper Woods and the City of the Village of Grosse Pointe Shores.

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

	adjacent to Detroit			
15	miles	southeast	of	Warren
15	miles	east	of	Dearborn
19	miles	south	of	Mount Clemens

POPULATION

The U.S. Census reported and 2017 estimated populations for the School District are as follows:

	School District
2017 Estimate	49,682
2010 U.S. Census	51,055
2000 U.S. Census	53,699[1]

[1]Based upon an extrapolation of the figures of the local units within the School District.
Source: U.S. Census Bureau via American FactFinder website

BOARD OF EDUCATION

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

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

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

School Year End 30-Jun	Fall Enrollment Count	Change	School Year End 30-Jun	Fall Enrollment Count	Change
2019*	7,620	-2.69%	2014	8,352	-0.05%
2018	7,831	-1.15	2013	8,356	-0.72
2017	7,922	-1.03	2012	8,417	0.31
2016	8,005	-2.31	2011	8,391	-0.30
2015	8,194	-1.89	2010	8,417	--

*Unaudited.

2018/2019 Fall Count*

Kindergarten	511.57	8th	566.32
1st	461.11	9th	647.55
2nd	450.09	10th	671.82
3rd	452.77	11th	732.33
4th	481.36	12th	701.60
5th	522.65	*Sub Total*	7,297.78
6th	524.59	Other	1.73
7th	574.02	Special Ed.	320.79
		Total	7,620.30

*Unaudited.

SCHOOL DISTRICT FACILITIES

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

Facility	Grades Served	Year Built	Last Remodel/Additions	Type of Construction
Elementary Schools:				
Defer	K - 5	1923	2012	Masonry
Ferry	K - 5	1954	2001	Masonry
Kerby	K - 5	1949	1994	Masonry
Maire	K - 5	1936	2001	Masonry
Monteith	K - 5	1951	2011	Masonry
Mason	K - 5	1929	2016	Masonry
Poupard	K - 5	1951	2006	Masonry
Richard	K - 5	1930	2016	Masonry
Trombley	K - 5	1927	2012	Masonry
Barnes Early Childhood	K / SE	1954	1995	Masonry
Middle Schools:				
Brownell	6 - 8	1956	2010	Masonry
Parcells	6 - 8	1948	2010	Masonry
Pierce	6 - 8	1939	2013	Masonry
High Schools:				
North	9 - 12	1969	2011	Masonry
South	9 - 12	1928	2016	Masonry
Other Facilities:				
Administration Building	--	1906	2005	Masonry

OTHER SCHOOLS

The following are the private and parochial schools located within the School District's boundaries:

Name of School	Grades Served	Approximate Enrollment
Grosse Pointe Academy	P - 8	249
Our Lady Star of the Sea Elementary	P - 8	258
St. Clare of Montefalco School	P - 8	124
St. Paul on the Lake Catholic School	P - 8	314
University Liggett School	P - 12	607
		1,552

Source: 2019 Michigan Education Directory

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. The base foundation allowance has been set from $7,871 to $8,409 per pupil for fiscal year 2018/2019.

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

The following table shows a five year history and a current estimate of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance (including the 2018/19 allowance), which reflects the changes in sources of school operating revenue described herein:

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments	Blended Pupil Count	Amount Received per Pupil[1]
2019	$10,104	$67,309,963[2]	7,638.89[2]	$8,811[2]
2018	9,984	70,054,775	7,840.55	8,935
2017	9,874	67,597,339	7,937.24	8,516
2016	9,864	67,734,645	8,024.23	8,441
2015	9,794	67,341,560	8,193.45	8,219
2014	9,744	67,314,409	8,352.46	8,059

[1]Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".
[2]Preliminary estimated, subject to change.
Source: Michigan Department of Education via website www.michigan.gov

PROPERTY VALUATIONS

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

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

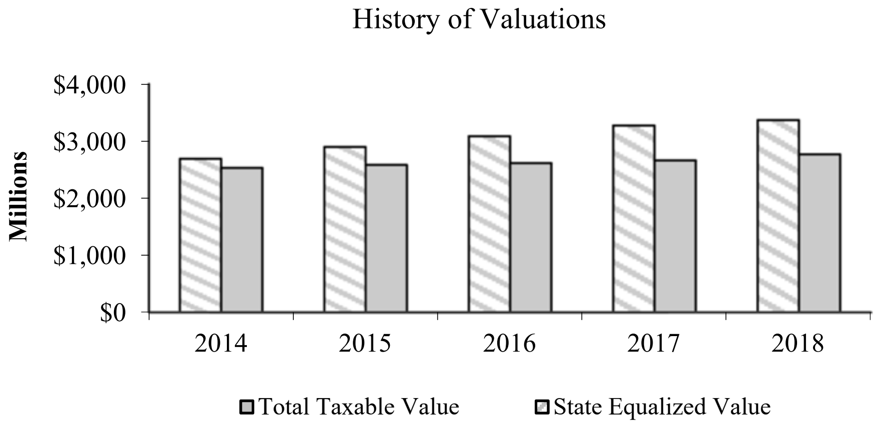
History of Valuations

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

Year	Principal Residence[1]	Non- Principal Residence[1]	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2018	$2,309,238,549	$464,886,687	$2,774,125,236	4.05%	$3,371,455,757	2.90%
2017	2,223,068,430	443,174,951	2,666,243,381	1.77	3,276,450,702	6.03
2016	2,169,973,005	449,879,209	2,619,852,214	1.23	3,090,189,643	6.45
2015	2,145,836,714	442,246,467	2,588,083,181	2.11	2,902,870,495	7.69
2014	2,113,279,764	421,309,521	2,534,589,285	----	2,695,636,805	----

[1]All industrial personal property, to the extent not otherwise exempt, is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only, to the extent not otherwise exempt. In 2018, industrial personal property had a taxable value of $0 and commercial personal property had a taxable value of $19,709,700 in the School District.

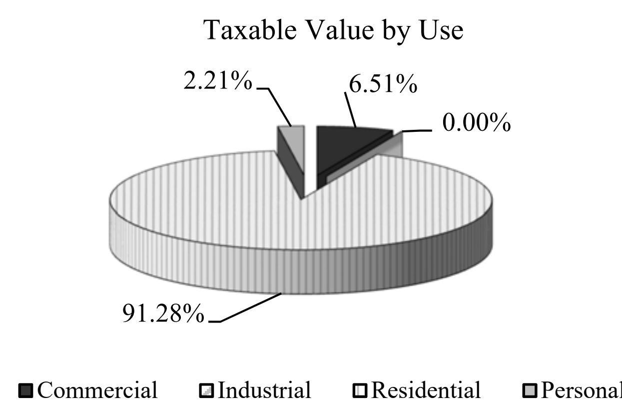
Source: Wayne County Equalization Department



Taxable Value by Class and Use

A breakdown of the School District's 2018 Taxable Value by class and use is as follows:

By Class:	2018 Taxable Value	Percent of Total
Real Property	$2,712,908,933	97.79%
Personal Property	61,216,303	2.21
TOTAL	$2,774,125,236	100.00%
By Use:		
Commercial	$180,515,022	6.51%
Industrial	112,749	0.00
Residential	2,532,281,162	91.28
Personal	61,216,303	2.21
TOTAL	$2,774,125,236	100.00%



Source: Wayne County Equalization Department

Tax Base Composition

A breakdown of the School District's 2018 Taxable Value by municipality is as follows:

Municipality	Total Taxable Value	Percent of Total
County of Wayne		
City of Grosse Pointe	$352,099,348	12.69%
City of Grosse Pointe Farms	773,410,324	27.88
City of Grosse Pointe Park	595,230,958	21.46
City of Grosse Pointe Woods	696,024,629	25.09
City of Harper Woods	90,957,006	3.28
City of the Village of Grosse Pointe Shores	266,402,971	9.60
TOTAL	$2,774,125,236	100.00%

Source: Wayne County Equalization Department

MAJOR TAXPAYERS

Shown below are the ten largest identifiable taxpayers in the School District based on their 2018 total valuation subject to taxation.

Taxpayer	Product/Service	2018 Taxable Value
Mich Con Gas	Utility	$15,072,000
DRSN Real Estate GP LLC*	Real Estate	13,308,600
Detroit Edison	Utility	12,191,555
Kercheval Development Co.	Development	10,506,745
Health Care Reit, Inc.*	Assisted Living Facility	7,032,406
Pointe Plaza	Shopping	4,965,085
American House Grosse Pointe LLC	Assisted Living Facility	4,666,300
Krogers	Retail Grocer	4,437,953
Pointe Park LLC	Apartments	3,749,020
Country Club of Detroit*	Country Club	3,652,814
TOTALS		$79,582,478
Total 2018 Taxable Value		$2,774,125,236
Top 10 Taxpayers as a % of 2018 Total Taxable Value		2.87%

*Appealing its taxes with the Michigan Tax Tribunal.
Source: Wayne County Equalization Department

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

The following table shows the total School District tax rates for the past five years.

	2018	2017	2016	2015	2014
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Hold Harmless – Voted	6.0943	6.3175	6.6692	6.7535	7.1616
Debt	1.6400	1.6408	1.6222	1.6421	1.7550
Sinking Fund	0.9784	0.9900	0.9936	1.0000	1.0000
Total Non-Principal Residence	20.6184	20.6308	20.6158	20.6421	20.7550
Total Principal Residence	8.7127	8.9483	9.2850	9.3956	9.9166

The School District levies 18 mills voted operating millage on non-principal residence property and sinking fund millage and authorized debt millage on all property within the School District. The voted operating millage, including the hold harmless component levied on principal residence property, expires with the 2019 levy. The sinking fund millage expires with the 2019 levy. The School District plans to place renewals of both the operating (including hold harmless) and sinking fund millages on the November 2019 ballot.

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

The following table provides the 2018 and 2017 tax rates for select municipal units of government that overlap with the School District's boundaries.

	2018	2017
State Education Tax	6.0000	6.0000
Grosse Pointe Public Library	2.1925	2.2186
Wayne County	7.8220	7.8220
City of Grosse Pointe	16.6277	16.6274
City of Grosse Pointe Farms	14.9500	14.3500
City of Grosse Pointe Park	18.4268	17.3521
City of Grosse Pointe Woods	17.7866	20.1353
City of Harper Woods	26.0653	18.8794
City of the Village of Grosse Pointe Shores	17.7031	15.4370
SMART/WCTA Transit	1.0000	1.0000
Huron Clinton Metro Authority	0.2129	0.2140
Wayne Co. Reg. Ed. Service Agency*	5.4643	5.4643
Wayne County Comm. College	3.2408	3.2408

*Includes 2 enhancement mills which provide approximately $2.7 million annually to the School District.
Source: Wayne County Equalization Department

TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Wayne County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection.

A history of operating tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2018	$29,634,000*	(In process of collection)		N/A	
2017	29,014,639	$27,994,866	96.49%	$28,955,004	99.79%
2016	28,988,604	27,372,603	94.43	28,983,604	99.98
2015	29,397,347	27,744,265	94.38	29,393,347	99.99
2014	29,882,777	28,328,231	94.80	29,882,777	100.00

*Estimated.

RETIREMENT PLAN

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

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

In 2010, Michigan Governor Jennifer Granholm 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 structure. On July 13, 2017, Governor Rick 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 with different assumptions and cost sharing.

Since 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"). The School District's annual contribution rates under both the Basic Plan and the Pension Plus Plan and the estimated annual contribution to MPSERS for the 2018-19 school year and the previous four school years are shown below:

Contribution Rates

Contribution Period	Basic Plan	Pension Plus Plan
Oct. 1, 2018 – Sept. 30, 2019	25.32-27.82%	25.39-30.16%
Feb. 1, 2018 – Sept. 30, 2018	25.21-27.31	25.28-30.16
Oct. 1, 2017 - Jan. 31, 2018	25.21-27.31	25.28-29.96
Oct. 1, 2016 - Sept. 30, 2017	24.94-26.96	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

Contribution to MPSERS

Fiscal Year Ended 30-Jun	Amount
2019	$20,945,000*
2018	20,164,824
2017	20,641,752
2016	20,422,288
2015	19,185,821

*Estimated.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2018 financial statements, the School District reported a proportionate share of the net pension liability of $165,138,568 as of September 30, 2017.

Source: Audited Financial Statements and School District.

OTHER POST EMPLOYMENT BENEFITS

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2018 financial statements, the School District reported a proportionate share of the net OPEB liability of $56,412,508 as of September 30, 2017.

Source: Audited Financial Statements and School District.

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrators	30	GP Adm. Assoc. GPPA	06/30/19
Teachers	532	GPEA/MEA	08/15/19
Secretaries/Aides	50	GPAEOP/MEA	06/30/19
Custodial	60	GPPA/MEA	06/30/20
Para Professionals	143	GPPSS/MEA	06/30/19
Other	43	Non-Affiliated	06/30/19
TOTAL	858		

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

DEBT STATEMENT* - (As of 01/29/19 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Before Refunding	Refunding (Refunded) Bonds		Principal After Refunding	
03/21/07	Refunding	UTNQ	05/01/27	$8,170,000	($8,170,000)		$0	
02/23/17	Refunding	UTNQ	05/01/25	21,940,000	0		21,940,000	
__/__/19	Building & Site & Refunding	UTNQ	05/01/39	58,440,000	7,960,000	*	66,400,000	*
NET DIRECT DEBT				$88,550,000			$88,340,000	*

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
100.00%	City of Grosse Pointe	$20,825,000	$20,825,000
100.00	City of Grosse Pointe Farms	16,720,000	16,720,000
100.00	City of Grosse Pointe Park	4,300,000	4,300,000
100.00	City of Grosse Pointe Woods	32,376,357	32,376,357
49.47	City of Harper Woods	22,108,287	10,936,970
95.94	City of the Village of Grosse Pointe Shores	4,710,000	4,518,774
6.86	Wayne County	277,714,211	19,051,195
6.77	Wayne Co. RESA	0	0
11.71	Wayne County Comm. College	0	0
100.00	Grosse Pointe Public Library	10,550,000	10,550,000

TOTAL OVERLAPPING DEBT	$119,278,296	
NET DIRECT AND OVERLAPPING DEBT	$207,618,296	*

*Preliminary, subject to change.
Source: Municipal Advisory Council of Michigan

OTHER DEBT

The School District has a $15,000,000 line of credit with Comerica Bank for cash flow purposes. The line of credit expires June 30, 2019.

DEBT HISTORY

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

FUTURE FINANCING

The School District expects to issue the second series of the 2018 voter authorization in 2021 in the approximate amount of $43,085,000.

DEBT RATIOS*

Estimated School District Population	49,682
2018 Taxable Value	$2,774,125,236
2018 State Equalized Value (SEV)	$3,371,455,757
2018 True Cash Value (TCV)	$6,742,911,514
Per Capita 2018 Taxable Value	$55,837.63
Per Capita 2018 State Equalized Value	$67,860.71
Per Capita 2018 True Cash Value	$135,721.42
Per Capita Net Direct Debt	$1,778.11
Per Capita Net Direct and Overlapping Debt	$4,178.94
Percent of Net Direct Debt of 2018 Taxable Value	3.18%
Percent of Net Direct and Overlapping Debt of 2018 Taxable Value	7.48%
Percent of Net Direct Debt of 2018 SEV	2.62%
Percent of Net Direct and Overlapping Debt of 2018 SEV	6.16%
Percent of Net Direct Debt of 2018 TCV	1.31%
Percent of Net Direct and Overlapping Debt of 2018 TCV	3.08%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 01/29/19 – including the Bonds described herein)

2018 State Equalized Value		$3,371,455,757
Legal Debt Limit for voted Bonds - 15% of SEV		$505,718,364
Total Bonded Debt Outstanding	$88,340,000	
Less: SLRF Qualified Bonds[1]	0	
Net Amount Subject to Legal Debt Limit		88,340,000
LEGAL DEBT MARGIN AVAILABLE		$417,378,364

*Preliminary, subject to change.

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

EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
Within the School District (50 + employees)		
Beaumont Hospital	Health Care	1,415
Grosse Pointe School System	Education	858
Henry Ford Health System	Health Care	600
Kroger's	Grocery	110
Lochmoor Club	Country Club	100
Country Club of Detroit	Country Club	95
City of Grosse Pointe	Government	60
Trader Joe's	Grocery	50
Grosse Pointe News	Newspaper Publishing	50
Wayne County (5,981+ employees)		
Ford Motor Company	Automotive	42,740
Rock Ventures	Investment & Real Estate	16,617
Beaumont Health	Health Care System	9,436
City of Detroit	Government	9,066
Detroit Medical Center	Health Care System	9,014
Henry Ford Health System	Health Care System	8,923
Ilitch Companies	Food, Sports & Entertainment	7,686
U.S. Government	Government	6,361
General Motors Co.	Automotive Manufacturer	6,341
Detroit Public Schools	Education	5,794
FCA US LLC	Automotive Manufacturer	5,981

Source: 2018 Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists 2018 edition, Manta via www.manta.com and individual employers.

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2013-2017 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Grosse Pointe Farms and the City of Grosse Pointe Woods are as follows:

	City of Grosse Pointe Farms		City of Grosse Pointe Woods	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	4,141	100.00%	7,707	100.00%
Management, Business, Science & Arts	2,601	62.81	4,470	58.00
Service	256	6.18	816	10.59
Sales & Office	889	21.47	1,695	21.99
Natural Resources, Construction & Maintenance	106	2.56	296	3.84
Production, Transportation & Material Moving	289	6.98	430	5.58

The U.S. Census Bureau, 2013-2017 American Community Survey reports the breakdown by industry for persons 16 years and over in the City of Grosse Pointe Farms and the City of Grosse Pointe Woods are as follows:

	City of Grosse Pointe Farms		City of Grosse Pointe Woods	
	Number	Percent*	Number	Percent*
PERSONS BY INDUSTRY	4,141	100.00%	7,707	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	0	0.00	9	0.12
Construction	114	2.75	249	3.23
Manufacturing	601	14.51	922	11.96
Wholesale Trade	120	2.90	193	2.50
Retail Trade	275	6.64	549	7.12
Transportation, Warehousing & Utilities	151	3.65	229	2.97
Information	152	3.67	131	1.70
Finance, Insurance & Real Estate	508	12.27	787	10.21
Professional, Scientific & Management Services	740	17.87	1,045	13.56
Educational, Health & Social Services	999	24.12	2,334	30.28
Arts, Entertainment, Recreation & Food Services	202	4.88	549	7.12
Other Services except Public Administration	107	2.58	398	5.16
Public Administration	172	4.15	312	4.05

*Totals may not add due to rounding.

UNEMPLOYMENT

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

Annual Average	County of Wayne	State of Michigan
November, 2018	4.6%	3.6%
2017	5.4	4.6
2016	6.3	5.0
2015	6.9	5.4
2014	9.7	7.2

POPULATION BY AGE

The 2010 U.S. Census estimate of population by age for the City of Grosse Pointe Farms and the City of Grosse Pointe Woods are as follows:

	City of Grosse Pointe Farms		City of Grosse Pointe Woods	
	Number	Percent	Number	Percent
Total Population	9,479	100.00%	16,135	100.00%
0 through 19 years	2,613	27.57	4,166	25.82
20 through 64 years	5,205	54.91	9,107	56.44
65 years and over	1,661	17.52	2,862	17.74
Median Age	45.1	years	37.3	years

INCOME

The U.S. Census Bureau, 2013-2017 American Community Survey estimates of household income for the City of Grosse Pointe Farms and the City of Grosse Pointe Woods are as follows:

	City of Grosse Pointe Farms		City of Grosse Pointe Woods	
	Number	Percent*	Number	Percent*
HOUSEHOLDS BY INCOME	3,113	100.00%	6,024	100.00%
Less than $ 10,000	46	1.48	267	4.43
$ 10,000 to $ 14,999	29	0.93	88	1.46
$ 15,000 to $ 24,999	47	1.51	274	4.55
$ 25,000 to $ 34,999	135	4.34	416	6.91
$ 35,000 to $ 49,999	129	4.14	427	7.09
$ 50,000 to $ 74,999	285	9.16	762	12.65
$ 75,000 to $ 99,999	394	12.66	972	16.14
$100,000 to $149,999	697	22.39	1,429	23.72
$150,000 to $199,999	452	14.52	632	10.49
$200,000 or MORE	899	28.88	757	12.57
Median Income	$132,390		$95,697	

*Totals may not add due to rounding.

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APPENDIX B
GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

Grosse Pointe Public School System
General Fund Budget Summary

	As Amended 2018/19
Revenue:	
Local Sources	$23,720,501
State Sources	66,863,550
Federal Sources	2,849,440
Incoming Transfers & Other Transactions	6,415,400
Enhancement Millage	2,795,000
Total Revenue	$102,643,891
Expenditures:	
Instructional Services	
Basic Program	$49,952,197
Added Needs	13,706,559
Support:	
Pupil	8,237,658
Instructional Staff	4,279,327
General Administration	987,497
School Administration	6,295,733
Business Services	1,677,734
Operation & Maintenance	10,394,986
Transportation	1,038,323
Central Services	3,309,712
Athletics	1,807,184
Community Services	604,478
Non-Public Schools	225,587
Total Expenditures	$102,516,975
Excess of Expenditures (over) under Revenues	$126,916
Beginning Fund Balance - July 1	$10,544,653
Projected Fund Balance - June 30	$10,671,569

Source: School District

Grosse Pointe Public School System
General Fund

Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2016	2017	2018
Assets:			
Cash and Investments	$6,776,688	$7,196,293	$13,053,422
Accounts Receivable	13,041,034	13,168,658	0
Taxes Receivable	0	0	765,113
Other Receivables	0	0	1,285,356
Due from Other Governments	0	0	12,429,264
Due from Other Funds	0	458,860	0
Prepaid Expenses & Other Assets	0	0	34,963
Total Assets	$19,817,722	$20,823,811	$27,568,118
Liabilities:			
Accounts Payable	$430,292	$805,790	$1,633,136
Accrued Payroll-related Liabilities	10,074,144	10,671,695	11,376,918
Other Current Liabilities	6,880	0	10,420
Due to Other Funds	2,209,211	1,838,392	3,340,502
Unearned Revenue	70,113	651,389	415,885
Unavailable Revenue	44,233	0	246,604
Total Liabilities	$12,834,873	$13,967,266	$17,023,465
Fund Balance:			
Nonspendable	$0	$0	$34,963
Assigned	0	0	150,000
Unassigned	6,982,849	6,856,545	10,359,690
Total Fund Balance	$6,982,849	$6,856,545	$10,544,653
Total Liabilities and Fund Balance	$19,817,722	$20,823,811	$27,568,118

Source: Audited Financial Statements

Grosse Pointe Public School System
General Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

	For Fiscal Years Ended June 30th		
	2016	2017	2018
Revenue:			
Property Taxes			
Local Sources	$23,407,847	$22,340,070	$23,929,356
State Sources	67,739,335	67,448,035	69,963,152
Federal Sources	2,663,207	2,649,977	2,581,925
Interdistrict Sources	4,858,165	6,173,949	6,266,391
County-wide Enhancement Millage	0	2,726,789	2,632,939
Total Revenue	$98,668,554	$101,338,820	$105,373,763
Expenditures:			
Current:			
Instruction	$63,592,276	$64,268,568	$63,702,185
Supporting Services	33,157,282	33,886,266	34,592,521
Athletics	1,568,561	1,679,207	1,728,237
Community Service	436,054	705,823	746,573
Capital Outlay	549,364	925,260	916,139
Total Expenditures	$99,303,537	$101,465,124	$101,685,655
Excess of Revenue Over (Under) Expenditures	($634,983)	($126,304)	$3,688,108
Fund Balance - Beginning	$7,617,832	$6,982,849	$6,856,545
Fund Balance - Ending	$6,982,849	$6,856,545	$10,544,653

Source: Audited Financial Statements

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APPENDIX C

AUDITED FINANCIAL STATEMENTS

The auditor has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of such financial documents, statements or materials.

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Grosse Pointe Public School System

Financial Report
with Supplemental Information
June 30, 2018

Contents

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Independent Auditor's Report

To the Board of Education
Grosse Pointe Public School System

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Grosse Pointe Public School System (the "School District") as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Grosse Pointe Public School System'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, the major fund, and the aggregate remaining fund information of Grosse Pointe Public School System as of June 30, 2018 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, as of July 1, 2017, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's unrestricted net position has been restated as of July 1, 2017 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

To the Board of Education
Grosse Pointe Public School System

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system and OPEB schedules of funding progress and employer contributions, and the major fund budgetary comparison schedule 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, which 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 supplemental 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 an opinion on the financial statements that collectively comprise Grosse Pointe Public School System's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018 on our consideration of Grosse Pointe Public School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Grosse Pointe Public School System's internal control over financial reporting and compliance.

October 12, 2018

This section of the Grosse Pointe Public School System's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Grosse Pointe Public School System financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant fund, the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Funds

Schedules of the School District's Proportionate Share of the Net Pension and OPEB Liability

Schedules of Pension and OPEB Contributions

Other Supplemental Information

Reporting the School District as a Whole - Government-wide Financial Statements

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

These two statements report the School District’s net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District’s financial health or financial position. Over time, increases or decreases in the School District’s net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District’s operating results. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District’s services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

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

Governmental Funds

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

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District’s fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2018 and 2017:

	Governmental Activities 2018	Governmental Activities 2017
	(in millions)	
Assets		
Current and other assets	$ 28.9	$ 21.6
Capital assets	68.9	71.9
Total assets	97.8	93.5
Deferred Outflows of Resources	37.6	22.1
Liabilities		
Current liabilities	15.3	15.8
Noncurrent liabilities	34.8	36.1
Net pension liability	165.1	161.6
Net OPEB liability	56.4	-
Total liabilities	271.6	213.5
Deferred Inflows of Resources	20.5	7.3
Net Position		
Net investment in capital assets	37.5	37.3
Restricted	2.1	1.2
Unrestricted	(196.3)	(143.7)
Total net position	$ (156.7)	$ (105.2)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $(156.7) million at June 30, 2018. Net investment in capital assets totaling $37.5 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(196.3) million) was unrestricted.

The $(196.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have an impact on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 75. This standard required the inclusion of the School District's proportionate share of the Michigan Public School Employees' Retiree Health Care Plan within the School District's financial statements, effective July 1, 2017. The effect of the adoption was to decrease July 1, 2017 beginning net position by $57.1 million and to include the net OPEB obligation and related deferred inflows and outflows of resources in the June 30, 2018 financial statements. All governments participating in the plan were required to adopt this new standard.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2018 and 2017:

	Governmental Activities 2018	Governmental Activities 2017
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 3.6	$ 3.3
Operating grants	19.4	15.8
General revenue:		
Taxes	29.8	28.0
State aid not restricted to specific purposes	60.6	60.5
Other	3.4	3.3
Total revenue	116.8	110.9
Expenses		
Instruction	64.4	64.2
Support services	35.4	34.5
Athletics	1.7	1.7
Food services	1.2	1.1
Community services	2.6	2.7
Debt service	1.4	0.9
Depreciation expense (unallocated)	4.5	4.4
Total expenses	111.2	109.5
Change in Net Position	5.6	1.4
Net Position - Beginning of year, as previously reported	(105.2)	(106.6)
Cumulative Effect of Change in Accounting	(57.1)	-
Net Position - Beginning of year	(162.3)	(106.6)
Net Position - End of year	$ (156.7)	$ (105.2)

As reported in the statement of activities, the cost of all of our governmental activities this year was $111.2 million. Certain activities were partially funded from those who benefited from the programs ($3.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($19.4 million). We paid for the remaining "public benefit" portion of our governmental activities with $29.8 million in taxes, $60.6 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $5.6 million. Key reasons for the change in net position were increase in the General Fund fund balance of $3.7 million. In addition, the fund balance of the nonmajor funds of the School District increased by $2.1 million to $2.9 million. The fund balance of the capital projects ($1.0 million) and the debt fund ($1.0 million) are restricted funds to be used for capital projects and debt service only. Information on the changes in the School District funds is below under "The School District's Funds."

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $13.5 million, which is an increase of $5.8 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased $3.7 million to $10.5 million. The 2018 budget was developed with a surplus for fiscal year 2018 in order to increase the fund balance to provide resources for any future uncertainties, such as changes in funding from the State, employee contracts, or other economic factors.

Fund balance of our special revenue funds increased $0.6 million from last year to $0.9 million this year as a result of programming changes in both the tuition-based programs (school service fund) and the Food Service Fund. The fiscal year 2018 budgets included changes in fees structures and staffing to provide a surplus budget. The increase in fund balance will allow the School District to invest in capital and other needs of the program and maintain a fund balance for future uncertainties.

The fund balance of our debt service funds decreased $0.1 million. Millage rates in 2018 were increased slightly from 1.6222 mills to 1.6408. The debt millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

The fund balance of our capital project funds (sinking fund) increased $1.7 million. This increase is primarily due to the district-planned use of funds in 2018 to provide a surplus and fund balance for any future uncertainties.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2018. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were revisions made to the 2017-2018 General Fund original budget. Budgeted revenue was increased $3.1 million due to several items, including one-time revenue from delinquent taxes, increase in state categorical funding for the pension system (147 or UAAL), career-technical education (CTE), prior year tax adjustments, and special education reimbursement. In addition, funding for federal grants and County Act 18 funding for special education increased from the original budget.

Budgeted expenditures for fiscal year 2018 were increased $2.6 million to primarily due to the increase in the funding for pension system indicated above (147 or UAAL). The increase in revenue is offset with an increase in expenditures. The budget for expenditures in salaries, benefits purchased services, and supplies increased to reflect the state, federal, and county grant increases, as well as projections for actual costs for salaries, substitutes, supplies, utilities, transportation, and other costs.

Overall, there was not a budget variance for revenue in the General Fund. Local revenue, including property taxes, was higher than anticipated. State categorical revenue was greater than budget for special education reimbursements. Federal and county program revenue were less than anticipated, and expenditures would be offset by less spending in these programs. Due to timing of some tax distributions, the Wayne County enhancement millage was less than budget. We anticipate the enhancement millage funds to be available in the 2019 fiscal year.

There was a budget variance of $1.5 million better than anticipated in expenditures in the General Fund. The variances are accounted for salaries and benefits, utilities, and curriculum materials. In addition, there were timing issues with unspent grant allocations.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the School District had $68.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $3.0 million, or 4.2 percent, from last year.

	2018	2017
Land	$ 3,613,267	$ 3,613,267
Construction in progress	55,745	309,615
Buildings and equipment	145,473,813	143,759,765
Total capital assets	149,142,825	147,682,647
Less accumulated depreciation	80,246,756	75,748,151
Total capital assets - Net of accumulated depreciation	**$ 68,896,069**	**$ 71,934,496**

This year's additions of $1.5 million included technology and building renovations. No debt was issued for these additions. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $30.1 million in bonds outstanding versus $33.2 million in the previous year - a change of 9.2 percent. Those bonds consisted of the following:

	2018	2017
General obligation bonds	$ 30,110,000	$ 33,165,000

The School District's general obligation bond rating continues to be AA-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of $30.1 million is significantly below the statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2018-2019 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2018-2019 budget was adopted in June 2018 based on an estimate of students who will enroll in September 2018. Approximately 75.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2018 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2019 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Collective bargaining agreements were settled and approved by the Board of Education after the 2018-2019 budget was adopted. The first budget amendment in fiscal year 2019 will reflect any changes in the budget as a result of any contract changes.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue-estimating conference to estimate revenue. If the State changes funding during the year, the School District would amend the budget to reflect the new state aid amount.

The School District has put forth a bond proposal to the voters. The proposal is scheduled to be put on the ballot for a vote on November 6, 2018. The proposal is for $111 million and will be used to update student safety and school security, make infrastructure improvements, and upgrade technology infrastructure. By state law, school district bond proceeds are restricted and may not be used for salaries, benefits, pensions, or other general operating expenditures of the School District. The last bond proposal approved by the voters was in 2002. If passed, the bond will be sold in two series, and it is expected that the debt millage will increase by 1.5 mills.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at 389 St Clair, Grosse Pointe, Michigan 48230.

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 13,194,564
Receivables:	
Property taxes receivable	943,036
Other receivables	1,388,894
Due from other governments	12,429,264
Prepaid expenses and other assets	35,863
Restricted assets	877,045
Capital assets - Net (Note 6)	68,896,069
Total assets	97,764,735
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	565,536
Deferred pension costs (Note 10)	34,028,997
Deferred OPEB costs (Note 10)	3,044,008
Total deferred outflows of resources	37,638,541
Liabilities	
Accounts payable	3,232,642
Accrued payroll-related liabilities	11,597,256
Unearned revenue (Note 5)	491,356
Other current liabilities	10,629
Noncurrent liabilities:	
Due within one year (Note 9)	3,511,531
Due in more than one year (Note 9)	31,191,787
Net pension liability (Note 10)	165,138,568
Net OPEB liability (Note 10)	56,412,508
Total liabilities	271,586,277
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	6,533,110
Deferred pension cost reductions (Note 10)	12,093,015
Deferred OPEB cost reductions (Note 10)	1,907,154
Total deferred inflows of resources	20,533,279
Net Position	
Net investment in capital assets	37,542,416
Restricted:	
Debt service	815,053
Food service	289,619
Capital projects	988,484
Unrestricted	(196,351,852)
Total net position	**$ (156,716,280)**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2018

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 64,380,266	$ 78,471	$ 11,863,643	$ (52,438,152)
Support services	35,430,632	-	6,877,282	(28,553,350)
Athletics	1,732,785	566,797	-	(1,165,988)
Food services	1,234,004	673,893	632,924	72,813
Community services	2,623,779	2,328,774	-	(295,005)
Interest	1,332,382	-	-	(1,332,382)
Other debt costs	575	-	-	(575)
Depreciation expense (unallocated)	4,498,605	-	-	(4,498,605)
Total primary government	$ 111,233,028	$ 3,647,935	$ 19,373,849	(88,211,244)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				22,845,071
Property taxes, levied for debt service				4,386,516
Property taxes, levied for capital projects				2,595,878
State aid not restricted to specific purposes				60,621,191
Interest and investment earnings				33,112
Penalties, interest, and other taxes				24,313
County-wide enhancement millage				2,632,939
Other				643,956
Total general revenue				93,782,976
Change in Net Position				5,571,732
Net Position - Beginning of year, as previously reported				(105,233,345)
Cumulative Effect of Change in Accounting				(57,054,667)
Net Position - Beginning of year				(162,288,012)
Net Position - End of year				$ (156,716,280)

Governmental Funds Balance Sheet

June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Assets			
Cash and investments (Note 4)	$ 13,053,422	$ 141,142	$ 13,194,564
Receivables:			
Property taxes receivable	765,113	177,923	943,036
Other receivables	1,285,356	103,538	1,388,894
Due from other governments	12,429,264	-	12,429,264
Due from other funds (Note 7)	-	1,978,755	1,978,755
Prepaid expenses and other assets	34,963	900	35,863
Restricted assets	-	877,045	877,045
Total assets	$ 27,568,118	$ 3,279,303	$ 30,847,421
Liabilities			
Accounts payable	$ 1,633,136	$ 194,400	$ 1,827,536
Due to other funds (Note 7)	3,340,502	43,359	3,383,861
Accrued payroll-related liabilities	11,376,918	24,272	11,401,190
Unearned revenue (Note 5)	415,885	75,471	491,356
Other current liabilities	10,420	209	10,629
Total liabilities	16,776,861	337,711	17,114,572
Deferred Inflows of Resources - Unavailable revenue (Note 5)	246,604	-	246,604
Total liabilities and deferred inflows of resources	17,023,465	337,711	17,361,176
Fund Balances			
Nonspendable - Prepaids	34,963	900	35,863
Restricted:			
Debt service	-	1,011,119	1,011,119
Capital projects	-	988,484	988,484
Food service	-	289,619	289,619
Assigned	150,000	651,470	801,470
Unassigned	10,359,690	-	10,359,690
Total fund balances	10,544,653	2,941,592	13,486,245
Total liabilities, deferred inflows of resources, and fund balances	$ 27,568,118	$ 3,279,303	$ 30,847,421

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

	June 30, 2018
Fund Balances Reported in Governmental Funds	$ 13,486,245
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	149,142,825
Accumulated depreciation	(80,246,756)
Net capital assets used in governmental activities	68,896,069
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	246,604
Deferred inflows and outflows related to bond refundings are not reported in the funds	565,536
Bonds payable are not due and payable in the current period and are not reported in the funds	(31,919,189)
Accrued interest is not due and payable in the current period and is not reported in the funds	(196,066)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(659,154)
Provision for health and/or workers' compensation claims	(2,124,975)
Net pension liability and related deferred inflows and outflows	(143,202,586)
Net OPEB liability and related deferred inflows and outflows	(55,275,654)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(6,533,110)
Net Position of Governmental Activities	**$ (156,716,280)**

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Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2018

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenue			
Local sources	$ 23,929,356	$ 10,247,425	$ 34,176,781
State sources	69,963,152	94,124	70,057,276
Federal sources	2,581,925	589,485	3,171,410
Interdistrict	6,266,391	-	6,266,391
County-wide enhancement millage	2,632,939	-	2,632,939
Total revenue	105,373,763	10,931,034	116,304,797
Expenditures			
Current:			
Instruction	63,702,185	-	63,702,185
Support services	34,592,521	230	34,592,751
Athletics	1,728,237	-	1,728,237
Food services	-	1,234,004	1,234,004
Community services	746,573	1,858,315	2,604,888
Debt service:			
Principal	-	3,055,000	3,055,000
Interest	-	1,536,649	1,536,649
Other debt costs	-	575	575
Capital outlay	916,139	1,111,921	2,028,060
Total expenditures	101,685,655	8,796,694	110,482,349
Net Change in Fund Balances	3,688,108	2,134,340	5,822,448
Fund Balances - Beginning of year	6,856,545	807,252	7,663,797
Fund Balances - End of year	**$ 10,544,653**	**$ 2,941,592**	**$ 13,486,245**

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2018

Net Change in Fund Balances Reported in Governmental Funds	$	5,822,448
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, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		1,460,178
Depreciation expense		(4,498,605)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		246,604
Revenue in support of pension contributions made subsequent to the measurement date		(1,587,131)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		3,262,275
Interest expense is recognized in the government-wide statements as it accrues		(3,008)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		868,971
Change in Net Position of Governmental Activities	**$**	**5,571,732**

See notes to financial statements.

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2018

		Agency Funds
Assets		
Cash and cash equivalents (Note 4)	$	1,262,953
Receivables		14,053
Due from other funds (Note 7)		1,405,106
Total assets	**$**	**2,682,112**
Liabilities		
Accounts payable	$	215,567
Due to student activities		2,466,545
Total liabilities	**$**	**2,682,112**

See notes to financial statements.

Note 1 - Nature of Business

Grosse Pointe Public School System (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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 or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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 and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

<u>Governmental Funds</u>

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District's only major fund is the General Fund, which is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District’s special revenue funds account for food service (primary revenue source of food sales and federal grants) and school services (primary revenue source from community swim, Kids Club, Camp O Fun, and preschool tuition). Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Capital Projects Sinking Fund is used to record tax revenue and the disbursement of invoices specifically designated for building and grounds acquisition and repairs.
- The Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The fund is retained until the purpose for which it was created has been accomplished.

<u>Fiduciary Funds</u>

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. Activities that are reported as fiduciary include the following:

- The Student Activity Fund is used to record the transactions of student groups for schools and school-related purposes. The funds are segregated and held in trust for the students.

<u>Interfund Activity</u>

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full 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.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for the bank investment pooled fund (J Fund), which is valued at amortized cost. Pooled investment income from the J Fund is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the Debt Service Fund are required to be set aside for future bond principal and interest payments.
- Unspent property taxes levied and held in the Sinking Fund are required to be set aside for construction or allowable purchases.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	25 - 50
Furniture and equipment	5 - 15
Buses and other vehicles	7 - 15

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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 expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as an "other financing source" and bond discounts as "other financing uses." The General Fund and Debt Service Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges on bond refundings and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Board of Education has adopted a fund balance policy. The fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund and School Services Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Properties are assessed as of December 1, and the related property taxes become a lien on February 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Note 2 - Significant Accounting Policies (Continued)

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

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

Adoption of New Accounting Pronouncement

As of July 1, 2017, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the School District to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees' Retirement System (MPSERS). The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

In accordance with the statement, the School District has reported a net OPEB liability of $59,502,699, deferred outflows of financial resources for OPEB contributions of $4,288,522 made subsequent to the measurement date, and deferred inflows of financial resources for revenue received from State Aid in support of OPEB contributions of $1,840,490 that was received subsequent to the measurement date, as the effects of these changes in accounting principles on the School District's net position as of July 1, 2017.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2021.

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In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2019.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund or 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. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Support services - Business	$ 1,938,998	$ 2,322,235

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Sinking Fund Compliance

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated three banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had $11,881,277 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District does not have a policy for custodial credit risk. At June 30, 2018, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring structuring of 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 School District's cash requirements. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Bank investment pool - J Fund	$ 2,108,714	N/A	N/A

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Although the School District places no limit on the amount that may be invested in any one issuer, the School District minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

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Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2018, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds		
	Deferred Inflow - Unavailable	Liability - Unearned	Total
Enhancement millage receivable unavailable for use in the current period	$ 246,604	$ -	$ 246,604
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	415,885	415,885
Program fees	-	75,471	75,471
Total	$ 246,604	$ 491,356	$ 737,960

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2017	Reclassifications	Additions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 3,613,267	$ -	$ -	$ 3,613,267
Construction in progress	309,615	(309,615)	55,745	55,745
Subtotal	3,922,882	(309,615)	55,745	3,669,012
Capital assets being depreciated - Buildings and equipment	143,759,765	309,615	1,404,433	145,473,813
Accumulated depreciation - Buildings and equipment	75,748,151	-	4,498,605	80,246,756
Net capital assets being depreciated	68,011,614	309,615	(3,094,172)	65,227,057
Net governmental activities capital assets	$ 71,934,496	$ -	$ (3,038,427)	$ 68,896,069

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. The projects were funded from the Sinking Fund. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Monteith school masonry restoration	$ 3,845	$ 55,181
South High School masonry restoration	5,675	81,420
North High School masonry restoration	2,777	41,840
Catch basin repairs	2,005	13,515
Rain conductor phase II	36,894	345,727
Total	$ 51,196	$ 537,683

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Primary Government		
	Fund Due From		
Fund Due To	General Fund	Nonmajor Funds	Total
Nonmajor funds	$ 1,935,396	$ 43,359	$ 1,978,755
Agency Fund	1,405,106	-	1,405,106
Total	$ 3,340,502	$ 43,359	$ 3,383,861

These balances result from a pooled cash arrangement and the time lag between the dates that goods and services are provided for the funds and when the reimbursements between funds are made.

Note 8 - Line of Credit

Under a revolving line of credit agreement with a bank, the School District has available borrowings of approximately $15,000,000, which matured on June 30, 2018. Interest is payable monthly at a rate of LIBOR plus a margin of 1.75 percent. The School District had no outstanding borrowings on the line of credit at June 30, 2018. The School District renewed the line of credit on July 5, 2018 with a maximum borrowing of $15,000,000, interest payable monthly at a rate of LIBOR plus a margin of 1.50 percent, and an expiration date of June 30, 2019.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2018 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligations	$ 33,165,000	$ -	$ (3,055,000)	$ 30,110,000	$ 3,210,000
Unamortized bond premiums	2,110,720	-	(301,531)	1,809,189	301,531
Total bonds payable	35,275,720	-	(3,356,531)	31,919,189	3,511,531
Compensated absences	823,448	-	(164,294)	659,154	-
Claims and judgments - Self-insurance (Note 11)	1,775,284	10,009,402	(9,659,711)	2,124,975	-
Total governmental activities long-term debt	$ 37,874,452	$ 10,009,402	$ (13,180,536)	$ 34,703,318	$ 3,511,531

The School District had deferred outflows of $565,536 related to deferred charges on bond refundings at June 30, 2018.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. County contractual agreements and installment purchase agreements are also general obligations of the School District. General obligations outstanding at June 30, 2018 are as follows:

Purpose	Year Issued	Interest Rates	Maturing May 1	Outstanding
Governmental Activities				
$48,385,000 General Obligation (2007 Refunding Bonds)	2007	3.00 - 5.00	2027	$ 8,170,000
$24,995,000 General Obligation (2017 Refunding Bonds)	2017	3.00 - 5.00	2025	21,940,000
Total bonded debt				$ 30,110,000

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities		
Years Ending June 30	Principal	Interest	Total
2019	$ 3,210,000	$ 1,239,800	$ 4,449,800
2020	2,740,000	1,111,400	3,851,400
2021	2,885,000	974,400	3,859,400
2022	3,035,000	830,150	3,865,150
2023	3,195,000	678,400	3,873,400
2024-2027	15,045,000	1,238,500	16,283,500
Total	$ 30,110,000	$ 6,072,650	$ 36,182,650

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The School District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2018 were $17,488,409, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of $6,533,110 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018. For the year ended June 30, 2018, the contributions also include a one-time payment to the School District received under Section 147c(2) of the State Aid act, which the School District then remitted as a contribution to the plan.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2018 were $3,962,908, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2018, the School District reported a liability of $165,138,568 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School 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, 2017 and 2016, the School District's proportion was 0.64% and 0.65%, respectively.

Net OPEB Liability

At June 30, 2018, the School District reported a liability of $56,412,508 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the School District's proportion was 0.64%.

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For the year ended June 30, 2018, the School District recognized pension expense of $16,487,259, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,435,167	$ (810,300)
Changes in assumptions	18,092,242	-
Net difference between projected and actual earnings on pension plan investments	-	(7,894,710)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	930,046	(3,388,005)
The School District's contributions to the plan subsequent to the measurement date	13,571,542	-
Total	$ 34,028,997	$ (12,093,015)

The $6,533,110 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2019	$ 2,378,935
2020	5,005,130
2021	1,610,549
2022	(630,174)
Total	$ 8,364,440

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For the year ended June 30, 2018, the School District recognized OPEB expense of $3,774,908.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (600,627)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,306,527)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	7,211	-
Employer contributions to the plan subsequent to the measurement date	3,036,797	-
Total	$ 3,044,008	$ (1,907,154)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2019	$ (459,256)
2020	(459,256)
2021	(459,256)
2022	(459,256)
2023	(62,919)
Total	$ (1,899,943)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2017 is based on the results of an actuarial valuation as of September 30, 2016 and rolled forward. The total pension and OPEB liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00% - 7.50%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.50%	Net of investment expenses based on the groups
Salary increases	3.50% - 12.30%	Including wage inflation of 3.50 percent
Healthcare cost trend rate	7.50%	Year 1 graded to 3.5 percent year 12
Mortality basis		RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2007 to 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 - 7.50 percent as of September 30, 2017 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. 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 district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.60 %
Private equity pools	18.00	8.70
International equity pools	16.00	7.20
Fixed-income pools	10.50	(0.10)
Real estate and infrastructure pools	10.00	4.20
Real return, opportunistic, and absolute pool	15.50	5.00
Short-term investment pools	2.00	(0.90)
Total	100.00 %	

MPSERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05 percent and 7.15 percent, respectively. As a result, the actuarial computed employer contributions, the net pension liability, and net OPEB liability will increase for the measurement period ended September 30, 2018.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1 Percent Increase (8.00 - 8.50%)
Net pension liability of the School District	$ 215,120,627	$ 165,138,568	$ 123,056,857

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	$ 66,075,352	$ 56,412,508	$ 48,211,780

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	$ 47,773,812	$ 56,412,508	$ 66,221,147

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2018, the School District reported a payable of $2,813,702 and $701,263 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees, for which the School District carries commercial insurance. For medical benefits, the School District pays up to $150,000 per claim, with amounts greater than $150,000 covered by insurance. The School District is completely self-insured for both employee dental and vision claims. For workers' compensation and employer's liability, the School District is self-insured for losses up to $300,000 per claim. Losses above that amount for workers' compensation and employer's liability are covered by insurance.

The School District estimates claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2018	2017
Estimated liability - Beginning of year	$ 1,775,284	$ 1,887,976
Estimated claims incurred, including changes in estimates	10,009,402	7,926,860
Claim payments	(9,659,711)	(8,039,552)
Estimated liability - End of year	$ 2,124,975	$ 1,775,284

Note 12 - Leases

Operating Leases

The School District leases copiers and computers under noncancelable operating leases. In addition to monthly rental payments for the equipment, the School District is charged a fee per click under the terms of the lease. Total costs for such leases were approximately $769,000 for the current year. The future minimum lease payments for these leases are as follows:

Years Ending		Amount
2019	$	256,131
2020		2,053
Total	$	258,184

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2018, the School District's property tax revenue was reduced by approximately $73,700 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately $73,700 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the School District.

Required Supplemental Information

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Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 22,841,393	$ 23,585,864	$ 23,929,356	$ 343,492
State sources	67,877,806	69,649,433	69,963,152	313,719
Federal sources	2,678,623	2,884,015	2,581,925	(302,090)
Interdistrict	6,215,400	6,396,400	6,266,391	(130,009)
County-wide enhancement millage	2,600,000	2,795,000	2,632,939	(162,061)
Total revenue	102,213,222	105,310,712	105,373,763	63,051
Expenditures				
Current:				
Instruction:				
Basic programs	51,398,387	50,264,457	49,951,777	(312,680)
Added needs	12,214,659	14,039,677	13,797,125	(242,552)
Support services:				
Pupil	7,710,757	8,154,951	8,020,910	(134,041)
Instructional staff	3,871,366	4,009,116	3,628,999	(380,117)
General administration	972,706	970,993	911,105	(59,888)
School administration	6,366,258	6,475,771	6,354,180	(121,591)
Business	1,455,606	1,938,998	2,322,235	383,237
Operations and maintenance	10,229,780	10,275,053	9,822,519	(452,534)
Pupil transportation services	966,000	984,500	1,006,961	22,461
Central	2,969,948	3,426,741	3,395,034	(31,707)
Total support services	34,542,421	36,236,123	35,461,943	(774,180)
Athletics	1,683,902	1,822,284	1,728,237	(94,047)
Community services	761,109	849,617	746,573	(103,044)
Total expenditures	100,600,478	103,212,158	101,685,655	(1,526,503)
Net Change in Fund Balance	1,612,744	2,098,554	3,688,108	1,589,554
Fund Balance - Beginning of year	6,856,545	6,856,545	6,856,545	-
Fund Balance - End of year	**$ 8,469,289**	**$ 8,955,099**	**$ 10,544,653**	**$ 1,589,554**

Required Supplemental Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Four Plan Years

Plan Years Ended September 30

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.63725 %	0.64755 %	0.65777 %	0.64854 %
School District's proportionate share of the net pension liability	$ 165,138,568	$ 161,557,987	$ 160,661,458	$ 142,849,595
School District's covered employee payroll	$ 53,031,858	$ 54,125,669	$ 54,761,386	$ 55,798,142
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	311.40 %	298.49 %	293.38 %	256.01 %
Plan fiduciary net position as a percentage of total pension liability	63.96 %	63.01 %	62.92 %	66.20 %

Grosse Pointe Public School System

Required Supplemental Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Four Fiscal Years
Years Ended June 30

	2018	2017	2016	2015
Statutorily required contribution	$ 16,070,626	$ 15,335,525	$ 14,741,401	$ 11,840,380
Contributions in relation to the statutorily required contribution	16,070,626	15,335,525	14,741,401	11,840,380
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Employee Payroll	$ 52,842,572	$ 55,148,060	$ 54,711,972	$ 55,491,765
Contributions as a Percentage of Covered Employee Payroll	30.41 %	27.81 %	26.94 %	21.34 %

See notes to required supplemental information.

Grosse Pointe Public School System

Required Supplemental Information
Schedule of Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

Last Plan Year
Plan Year Ended September 30

	2017
School District's proportion of the net OPEB liability	0.63704 %
School District's proportionate share of the net OPEB liability	$ 56,412,508
School District's covered employee payroll	$ 53,031,858
School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	106.37 %
Plan fiduciary net position as a percentage of total OPEB liability	36.53 %

See notes to required supplemental information.

Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Fiscal Year
Year Ended June 30

	2018
Statutorily required contribution	$ 3,816,674
Contributions in relation to the statutorily required contribution	3,816,674
Contribution Deficiency	$ -
School District's Covered Employee Payroll	$ 52,842,572
Contributions as a Percentage of Covered Employee Payroll	7.22 %

See notes to required supplemental information.

Notes to Required Supplemental Information

June 30, 2018

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.5 percent to 7.00 - 7.50 percent based on the group.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by GASB 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms in 2017.

Changes in Assumptions

There were no changes of benefit assumptions in 2017.

Covered Payroll

The employers' covered payroll to be reported in the required supplemental information is defined by GASB 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the School District, covered payroll represents payroll on which contributions to both plans are based.

Other Supplemental Information

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Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2018

	Special Revenue Funds		Debt Service Fund	Capital Project Fund	
	School Services Fund	Food Services Fund	Debt Fund	Sinking Fund	Total
Assets					
Cash and investments	$ -	$ 141,142	$ -	$ -	$ 141,142
Receivables:					
Property taxes receivable	-	-	129,081	48,842	177,923
Other receivables	69,104	34,434	-	-	103,538
Due from other funds	701,469	191,772	28,410	1,057,104	1,978,755
Prepaid expenses and other assets	900	-	-	-	900
Restricted assets	-	-	877,045	-	877,045
Total assets	**$ 771,473**	**$ 367,348**	**$ 1,034,536**	**$ 1,105,946**	**$ 3,279,303**
Liabilities					
Accounts payable	$ 14,145	$ 62,793	$ -	$ 117,462	$ 194,400
Due to other funds	-	19,942	23,417	-	43,359
Accrued payroll-related liabilities	24,272	-	-	-	24,272
Unearned revenue	80,686	(5,215)	-	-	75,471
Other current liabilities	-	209	-	-	209
Total liabilities	119,103	77,729	23,417	117,462	337,711
Fund Balances					
Nonspendable	900	-	-	-	900
Restricted:					
Debt service	-	-	1,011,119	-	1,011,119
Capital projects	-	-	-	988,484	988,484
Food service	-	289,619	-	-	289,619
Assigned - School services	651,470	-	-	-	651,470
Total fund balances	652,370	289,619	1,011,119	988,484	2,941,592
Total liabilities and fund balances	**$ 771,473**	**$ 367,348**	**$ 1,034,536**	**$ 1,105,946**	**$ 3,279,303**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue Funds		Debt Service Funds	Capital Project Fund	
	School Services Fund	Food Services Fund	Debt Fund	Sinking Fund	Total
Revenue					
Local sources	$ 2,357,244	$ 673,893	$ 4,411,684	$ 2,804,604	$ 10,247,425
State sources	-	36,557	57,567	-	94,124
Federal sources	-	589,485	-	-	589,485
Total revenue	2,357,244	1,299,935	4,469,251	2,804,604	10,931,034
Expenditures					
Current:					
Support services	-	-	143	87	230
Food services	-	1,234,004	-	-	1,234,004
Community services	1,858,315	-	-	-	1,858,315
Debt service:					
Principal	-	-	3,055,000	-	3,055,000
Interest	-	-	1,536,649	-	1,536,649
Other debt costs	-	-	575	-	575
Capital outlay	2,157	-	-	1,109,764	1,111,921
Total expenditures	1,860,472	1,234,004	4,592,367	1,109,851	8,796,694
Net Change in Fund Balances	496,772	65,931	(123,116)	1,694,753	2,134,340
Fund Balances - Beginning of year	155,598	223,688	1,134,235	(706,269)	807,252
Fund Balances - End of year	$ 652,370	$ 289,619	$ 1,011,119	$ 988,484	$ 2,941,592

Other Supplemental Information
Schedule of Bonded Indebtedness

June 30, 2018

Years Ending June 30	2007 Refunding Principal	2017 Refunding Principal	Total
2019	$ -	$ 3,210,000	$ 3,210,000
2020	-	2,740,000	2,740,000
2021	-	2,885,000	2,885,000
2022	-	3,035,000	3,035,000
2023	-	3,195,000	3,195,000
2024	-	3,365,000	3,365,000
2025	-	3,510,000	3,510,000
2026	4,025,000	-	4,025,000
2027	4,145,000	-	4,145,000
Total remaining payments	$ 8,170,000	$ 21,940,000	$ 30,110,000
Principal payments due	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	
Interest rate	3.00% to 5.00%	3.00% to 5.00%	
Original issue	$ 48,385,000	$ 24,995,000	

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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FORM OF APPROVING OPINION

Grosse Pointe Public School System
County of Wayne
State of Michigan

We have acted as bond counsel to the Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District") in connection with the issuance by the School District of bonds in the aggregate principal sum of $__________, designated 2019 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 __________, 2019, payable as to principal and interest as provided in the Bonds, with the option of 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 School District and are valid and binding obligations of the School District.

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

3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except 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 School District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be)

excludable from gross income for federal and Michigan income tax purposes. The School District 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.

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

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Grosse Pointe Public School System, County of Wayne, State of Michigan (the "School District"), in connection with the issuance of its $_________ 2019 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 (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

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

"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 or data of substantially the same nature, commencing with the fiscal year ending June 30, 2019, 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 and General Fund Budget Summary in the Official Statement as described below:

a. ENROLLMENT – Historical Enrollment;
b. STATE AID PAYMENTS;
c. PROPERTY VALUATIONS – History of Valuations;
d. MAJOR TAXPAYERS;
e. SCHOOL DISTRICT TAX RATES - (Per $1,000 of Valuation);
f. TAX LEVIES AND COLLECTIONS;
g. RETIREMENT PLAN – Contributions to MPSERS;
h. DEBT STATEMENT – DIRECT DEBT;
i. LEGAL DEBT MARGIN;
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, including official statements of debt issues of the School District or related public entities.

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

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

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

(1) principal and interest payment delinquencies;

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

GROSSE POINTE PUBLIC SCHOOL SYSTEM
County of Wayne
State of Michigan

By ________________________________

Its_________________________________

Dated: _______________, 2019

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