

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 13, 2025**

**NEW ISSUE—Book-Entry-Only**

**RATING††:** Moody's Investors Service: "Aa3"

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



**\$54,900,000\*\***  
**SOUTH LYON COMMUNITY SCHOOLS**  
**COUNTIES OF OAKLAND, WASHTENAW AND LIVINGSTON**  
**STATE OF MICHIGAN**  
**2025 REFUNDING BONDS**  
**(GENERAL OBLIGATION - UNLIMITED TAX)**

**Dated: Date of Delivery**

**Due: May 1, as shown below**

The 2025 Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") were authorized by the Board of Education of South Lyon Community Schools, Counties of Oakland, Washtenaw and Livingston, State of Michigan (the "School District") by resolutions adopted on December 10, 2024 and expected to be adopted on February \_\_, 2025 (together, the "Resolutions"). The Bonds are being issued for the purpose of currently refunding all or a portion of a prior bond issue of the School District. The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are 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 Trust Company, National Association, Detroit, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on November 1 and May 1, commencing November 1, 2025 to the Bondholders of record as of the applicable record dates as stated in the Bonds.

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment. See "POTENTIAL FOR BOND INSURANCE" herein.

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

<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>	<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>
2026	\$12,000,000				2034	\$3,305,000			
2027	1,365,000				2035	3,275,000			
2028	1,765,000				2036	3,245,000			
2029	3,490,000				2037	3,235,000			
2030	3,455,000				2038	3,215,000			
2031	3,420,000				2039	3,205,000			
2032	3,385,000				2040	3,190,000			
2033	3,350,000								

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

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about March \_\_, 2025.

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

**STIFEL**

**Raymond James**

The date of this Official Statement is February \_\_, 2025.

† For an explanation of the rating, see "RATING" herein.

\* As of date of delivery.

\*\* Preliminary, subject to change.

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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary 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. As of this date, this Preliminary Official Statement has been deemed "final" by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

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 responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriters).

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency will have passed upon the adequacy of this Official Statement, or, except for the School District, 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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Daniel Schwegler, Vice President  
Jennifer Urtel, Secretary  
Martin D. Leftwich, Treasurer  
Teresa M. Laszlo, Trustee  
Patrick Maguire, Trustee  
Ann Rimanelli, Trustee

ADMINISTRATIVE STAFF

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**OFFICIAL STATEMENT**  
**relating to**

**\$54,900,000<sup>1</sup>**

**SOUTH LYON COMMUNITY SCHOOLS**  
**COUNTIES OF OAKLAND, WASHTENAW AND LIVINGSTON, STATE OF MICHIGAN**  
**2025 REFUNDING BONDS**  
**(GENERAL OBLIGATION – UNLIMITED TAX)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the South Lyon Community Schools, Counties of Oakland, Washtenaw and Livingston, State of Michigan (the "School District") of its 2025 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$54,900,000<sup>1</sup>.

**PURPOSE AND SECURITY**

The Bonds are being issued for the purpose of currently refunding all or part of that portion of the School District's outstanding 2015 School Building and Site Bonds, dated July 7, 2015, which are due and payable May 1, 2026 through May 1, 2035, inclusive, May 1, 2038 and May 1, 2040 (the "Prior Bonds"); and paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on December 10, 2024, and expected to be adopted on March \_\_, 2025 (together, the "Resolutions"), 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.

**POTENTIAL FOR BOND INSURANCE**

The School District has applied for municipal bond insurance to insure the Bonds, but has not, as of the date hereof, received or accepted a commitment for such insurance. The School District will, together with its financial advisor, evaluate any commitment that is received and determine whether it is cost effective to accept the commitment to insure the Bonds. If the Bonds are insured, information regarding the bond insurance, the bond insurer, and the effect of insurance on the ratings for the Bonds will be included in the final Official Statement.

**PLAN OF REFUNDING**

A portion of the proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and, together with other available funds of the School District, 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 Trust Company, 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 such that the cash and the principal of and interest payments received on investments 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.

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

**Principal of and Interest on the  
Prior Bonds to be paid from the Escrow Fund<sup>1</sup>**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/2025	<u>\$58,900,000.00</u>	<u>\$1,167,087.50</u>	<u>\$60,067,087.50</u>

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 on May 1, 2025; and (ii) the yield on the Prior Bonds as originally issued and the yield of such obligations in the Escrow Fund purchased with the contribution from the Prior Bonds debt retirement fund; supporting the conclusion of Bond Counsel that the interest on the Bonds is excluded from gross income for federal tax purposes as indicated under the caption "TAX MATTERS" herein, will be verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas (the "Verification Agent"). Such verification of accuracy of the computations shall be based upon information supplied by the Underwriters and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

**ESTIMATED SOURCES AND USES OF FUNDS**

**SOURCES**

- Par Amount of the Bonds
- Original Issue Premium
- Original Issue Discount
- Contribution from Prior Bonds Debt Retirement Fund
- Total Sources

**USES**

- Escrow Fund
- Underwriters' Discount
- Costs of Issuance for the Bonds
- Total Uses

**THE BONDS**

**Description and Form of the Bonds**

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2025. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of U.S. Bank Trust Company, National Association, Detroit, Michigan, will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers, exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

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

## **Book-Entry-Only System**

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

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

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

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

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

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

### **Transfer Outside Book-Entry-Only System**

In the event that the book-entry-only system is discontinued, the Paying 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 Resolutions, 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 Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Transfer Agent shall not be required to effect or register any transfer or exchange of any bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School



District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

### **Optional Redemption**<sup>1</sup>

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2036<sup>1</sup>, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2035<sup>1</sup>, 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 Paying 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 Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

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

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

## **TAX PROCEDURES**

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

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased or reduced by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

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

When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local board of review, the Michigan Tax Tribunal, and ultimately to the Michigan appellate courts.

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

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

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

The Resolutions authorizing the issuance of the Bonds and State law obligate the School District to levy a tax annually in an amount sufficient so that the estimated collections therefrom, together with other amounts, if any, will be sufficient to pay promptly when due the principal of and interest on the Bonds becoming due prior to the time of the next tax levy. The tax levy shall not be subject to limitation as to rate or amount. Taxes for the payment of the principal of or interest on the Bonds are certified for collection each year with the school tax levies. In the event of the failure of the proper officials to certify taxes for the payment of the principal and interest requirements, a timely action in the nature of mandamus could compel certification and collection of adequate taxes.

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. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 120 of 2024 ("PA 120"), the Legislature established a 2024/25 target foundation allowance of \$9,608 per pupil. In the future, the

foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property<sup>1</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties<sup>2</sup> in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2024/25 calculates to an amount in excess of \$9,608 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property<sup>3</sup> as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2024/25 per pupil foundation allowance does not exceed \$9,608, and the School District does not levy such additional millage.

State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State school aid fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts. See "STATE AID PAYMENTS" in APPENDIX A.

Public Act 103 of 2023 amended the State School Aid Act for the 2023/24 fiscal year increasing the School District's foundation allowance to \$9,608 per pupil.

PA 120 amended the State School Aid Act for the 2024/25 fiscal year maintaining the School District's foundation allowance at \$9,608 per pupil.

Pursuant to PA 120, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2023/24 fiscal year, see the School District's audited financial statements in APPENDIX C.

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

As required under Michigan law, available ESSER Funds have been appropriated and allocated to qualifying school districts. The School District has been awarded \$169,420 of the ESSER I Funds; \$1,075,289 of the ESSER II Funds; and \$9,438,820 of the ESSER III Funds. ESSER Funds already received by the School District are incorporated into the information in APPENDIX B and APPENDIX C. The School District may have received additional payments related to the ESSER Funds.

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

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

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

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

### **MICHIGAN PROPERTY TAX REFORM**

On November 5, 2013, March 28, 2014, and April 1, 2014, a package of bills amended and replaced 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, with such threshold being increased by the legislature to a combined true cash value in a local tax collecting unit of less than \$180,000 beginning in 2023. 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 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 zones that were to expire after 2012, until the voter approved personal property tax exemptions take effect.

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 State school aid fund.<sup>1</sup> While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, the School District will be reimbursed for debt millage calculated pursuant to a statutory formula.

### **LITIGATION**

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

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<sup>1</sup> A school district that increases its millage rate, without voter approval, to replace debt millage revenue loss would not be eligible to receive reimbursement distributions. Because much of the reimbursement funds are deposited into the State school aid fund, the legislature may, in the future, change the funding formulas in the State School Aid Act of 1979 or appropriate funds therein for other purposes.

## TAX MATTERS

### State

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

### Federal

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

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

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

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, as set forth on the cover of this Official Statement, may be greater than the stated redemption prices at maturity (the "Premium Bonds"), and constitutes for the original purchasers of the Premium Bonds an amortizable bond premium. Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of a taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such Premium Bonds.

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

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

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

## **Future Developments**

No assurance can be given that any future legislation or clarifications or amendments to the Code or to Michigan statutes, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

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

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

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

## **APPROVAL OF LEGAL PROCEEDINGS**

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds are subject to the approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

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

Certain legal matters will be passed upon for the Underwriters by their counsel, Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

### **APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY**

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, Act 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department 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 herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of 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, telephone: (212) 553-0377.

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated 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 corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals \_\_\_\_\_ percent of the aggregate principal amount of the Bonds.

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

Stifel, Nicolaus & Company, Incorporated ("Stifel") and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

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

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

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

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

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

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

### **CONTINUING DISCLOSURE**

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, are set forth in "APPENDIX E: Form of Continuing Disclosure Agreement." Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings "ENROLLMENT - Historical Enrollment," "STATE AID PAYMENTS," "PROPERTY VALUATIONS - History of Valuations," "MAJOR TAXPAYERS," "SCHOOL DISTRICT TAX RATES - (Per \$1,000 of Valuation)," "TAX LEVIES AND COLLECTIONS," "RETIREMENT PLAN - Contribution to MPSERS," "LABOR RELATIONS," "DEBT STATEMENT - DIRECT DEBT," in APPENDIX A and General Fund Budget Summary in APPENDIX B.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and Beneficial Owners of the Bonds are limited to the remedies described in the Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities



dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

**OTHER MATTERS**

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

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

SOUTH LYON COMMUNITY SCHOOLS  
COUNTIES OF OAKLAND, WASHTENAW  
AND LIVINGSTON  
STATE OF MICHIGAN

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

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**APPENDIX A\***  
**SOUTH LYON COMMUNITY SCHOOLS**  
**GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION**

**LOCATION AND AREA**

The School District encompasses an area of approximately 83.5 square miles, which includes all of the City of South Lyon, most of the Township of Lyon, and portions of the Townships of Green Oak, Milford, Northfield and Salem and the Cities of Novi and Wixom. The School District is located in Oakland, Washtenaw and Livingston Counties.

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

- 19 miles northeast of Ann Arbor
- 42 miles northwest of Detroit
- 46 miles south of Flint
- 57 miles southeast of Lansing

**POPULATION**

The U.S. Census reported and 2022 estimated populations for the School District and the City of South Lyon are as follows:

	School District	City of South Lyon
2022 Estimate	54,043	11,788
2020 U.S. Census	54,116	11,746
2010 U.S. Census	38,425 <sup>1</sup>	11,327

<sup>1</sup>Based upon an extrapolation of the figures of the local units within the School District.  
Source: U.S. Census Bureau via [data.census.gov](https://data.census.gov) website

**BOARD OF EDUCATION**

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

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\* 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	Full-time Equivalent	Change	School Year End 30-Jun	Full-time Equivalent	Change
2025*	8,316	-0.06%	2020	8,774	1.50%
2024	8,321	-0.79	2019	8,644	2.60
2023	8,387	0.19	2018	8,425	1.48
2022	8,371	2.26	2017	8,302	3.44
2021	8,186	-6.70	2016	8,026	--

\*Unaudited.

### 2024/2025 Fall Count\*

Kindergarten	667	8 <sup>th</sup>	633
1 <sup>st</sup>	609	9 <sup>th</sup>	619
2 <sup>nd</sup>	640	10 <sup>th</sup>	608
3 <sup>rd</sup>	647	11 <sup>th</sup>	558
4 <sup>th</sup>	645	12 <sup>th</sup>	638
5 <sup>th</sup>	657	Subtotal	8,235
6 <sup>th</sup>	625	Special Ed.	81
7 <sup>th</sup>	689	Total	8,316

\*Unaudited.

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

## SCHOOL DISTRICT FACILITIES

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

Facility	Grades Served	Year Built	Last Remodel/Addition	Type of Construction
<i>Elementary Schools:</i>				
Bartlett	K - 5	1951	2024	Masonry
Brummer	K - 5	2000	2017	Masonry
Dolsen	K - 5	1957	2022	Masonry
Hardy	K - 5	2004	2017	Masonry
Kent Lake	K - 5	2001	2021	Masonry
Pearson	K - 5	2017	--	Masonry
Salem	K - 5	1963	2019	Masonry
Sayre	K - 5	1960	2017	Masonry
<i>Middle Schools:</i>				
Centennial	6 - 8	2002	2024	Masonry
Millennium	6 - 8	1969	2024	Masonry
<i>High Schools:</i>				
South Lyon	9 - 12	1989	2024	Masonry
South Lyon East	9 - 12	2007	2024	Masonry
<i>Additional Facilities:</i>				
Early Childhood Center	PK	2001	2019	Masonry

## OTHER SCHOOLS

The following is the only other school located within the School District’s boundaries:

Name of School	Grades Served	Approximate Enrollment
St. Catherine of Siena Academy	9 - 12	193

Source: 2025 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. Public Act 120 of 2024 has set the target foundation allowance at \$9,608 for fiscal year 2024/2025.

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 2024/25 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 <sup>1</sup>
2025	\$9,608	\$87,533,328 <sup>2</sup>	8,323.86 <sup>2</sup>	\$10,516 <sup>2</sup>
2024	9,608	95,387,071	8,342.29	11,434
2023	9,150	90,693,518 <sup>3</sup>	8,391.65	10,808 <sup>3</sup>
2022	8,700	76,459,546	8,370.65	9,134
2021	8,111	76,591,169 <sup>4</sup>	8,635.70	8,869 <sup>4</sup>
2020	8,111	74,261,457 <sup>5</sup>	8,762.66	8,475 <sup>5</sup>

<sup>1</sup>Represents the “Total State Aid Payments” divided by the “Blended Pupil Count”.

<sup>2</sup>Preliminary estimate, subject to change.

<sup>3</sup>Fiscal year 2023 State Aid Payments included \$5,308,045.32 of non-recurring revenue that was paid to the Michigan Public School Employees Retirement System toward the pension system’s unfunded accrued liability.

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

<sup>5</sup>Public Act 146 of 2020 provided for a prorated reduction in State school aid payments to the School District, but also provided for additional funds from the federal Coronavirus Aid, Relief, and Economic Security Act to offset the state aid loss and provided additional funds to school districts.

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

## PROPERTY VALUATIONS

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

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

### History of Valuations

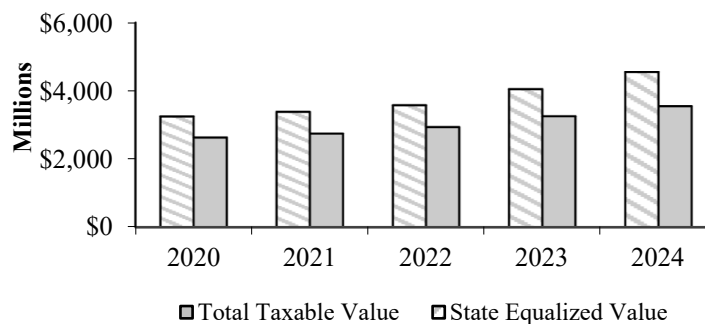
A history of the property valuations in the School District is shown below:

Year	Principal Residence <sup>1</sup>	Non- Principal Residence <sup>1</sup>	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2024	\$2,784,064,986	\$765,766,544	\$3,549,831,530	9.03%	\$4,553,487,643	12.44%
2023	2,554,266,280	701,658,880	3,255,925,160	10.85	4,049,773,700	13.16
2022	2,337,635,232	599,629,385	2,937,264,617	6.95	3,578,911,585	5.76
2021	2,197,848,521	548,648,860	2,746,497,381	4.35	3,383,845,350	4.16
2020	2,099,619,695	532,478,533	2,632,098,228	---	3,248,834,230	---

<sup>1</sup>All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2024, industrial personal property had a taxable value of \$14,280,910 and commercial personal property had a taxable value of \$65,682,500 in the School District.

Source: Oakland, Washtenaw, and Livingston Counties Equalization Departments

History of Valuations



A summary of the 2024 valuation is as follows:

2024 Taxable Value	\$3,549,831,530
Plus: 2024 Equivalent IFT Taxable Value <sup>1</sup>	<u>21,166,735</u>
Total 2024 Equivalent Taxable Value	\$3,570,998,265
Less: 2024 Disabled Veterans Exemption Taxable Value <sup>2</sup>	<u>14,976,635</u>
Net 2024 Taxable Value	<u>\$3,585,974,900</u>

<sup>1</sup>See “INDUSTRIAL FACILITY TAX ABATEMENTS” herein.

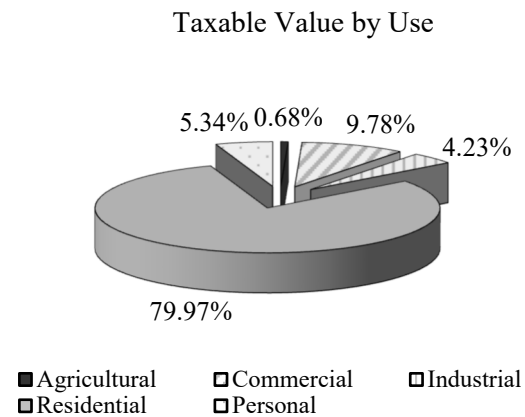
<sup>2</sup>Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or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

Source: Oakland, Washtenaw, and Livingston Counties Equalization Departments

## Tax Base Composition

A breakdown of the School District's 2024 Taxable Value by class and use is as follows:

	2024	Percent
By Class:	Taxable Value	of Total
Real Property	\$3,360,147,340	94.66%
Personal Property	189,684,190	5.34
<b>TOTAL</b>	<b>\$3,549,831,530</b>	<b>100.00%</b>
By Use:		
Agricultural	\$24,092,241	0.68%
Commercial	347,331,209	9.78
Industrial	150,036,635	4.23
Residential	2,838,687,255	79.97
Personal	189,684,190	5.34
<b>TOTAL</b>	<b>\$3,549,831,530</b>	<b>100.00%</b>



A breakdown of the School District's 2024 Taxable Value by municipality is as follows:

Municipality	2024	Percent
	Taxable Value	of Total
<i>County of Livingston:</i>		
Township of Green Oak	\$480,795,542	13.54%
<i>County of Oakland:</i>		
City of Novi	139,285,490	3.92
City of South Lyon	539,631,150	15.20
City of Wixom	62,508,770	1.76
Township of Lyon	1,879,946,440	52.96
Township of Milford	40,029,690	1.14
<i>County of Washtenaw:</i>		
Township of Northfield	101,921,085	2.87
Township of Salem	305,713,363	8.61
<b>TOTAL</b>	<b>\$3,549,831,530</b>	<b>100.00%</b>

Source: Oakland, Washtenaw, and Livingston Counties Equalization Departments

## INDUSTRIAL FACILITY TAX ABATEMENTS

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

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198.

The 2024 Taxable Value for the properties which have been granted IFT abatements within the School District’s boundaries is \$42,333,470, all of which is taxed at ½ rate. For purposes of computing “Equivalent” Taxable Value, it has been shown in the “History of Valuations” section as 50% of the Taxable Value.

*Source: Oakland County Equalization Department*

## MAJOR TAXPAYERS

Shown below are the ten largest taxpayers in the School District based on their 2024 total valuation subject to taxation.

Taxpayer	Product/Service	2024 Taxable Value
DTE Electric Company	Utility	\$57,180,170
Consumers Energy	Utility	46,539,350
Watermark at Lyon Twp MI, LLC	Apartments	24,693,630
Colonial Acres Phase 5	Retirement Community	22,284,060
55111 Grand River Partners LLC	Industrial Warehouse	17,382,920
Design USA Holdings LLC	Automation Company	12,932,036
Rushton Green Oak Land Co.	Real Estate	11,271,109
Colonial Acres Development	Retirement Community	10,131,210
Woodland Ridge Titleholders, LLC	Mobile Home Park	10,109,289
Abbey Park at Mill River	Senior Living Community	8,333,810
TOTALS		<u>\$220,857,584</u>
Total 2024 Taxable Value		\$3,549,831,530
Top 10 Taxpayers as a % of 2024 Total Taxable Value		6.22%

*Source: Oakland, Washtenaw, and Livingston Counties Equalization Departments*

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

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

	2024	2023	2022	2021	2020
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	7.0000	7.0000	7.0000	7.0000	7.1000
Total Non-Principal Residence	<u>25.0000</u>	<u>25.0000</u>	<u>25.0000</u>	<u>25.0000</u>	<u>25.1000</u>
Total Principal Residence	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.1000</u>

The School District levies voted operating millage on non-principal residence property and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2034 levy.



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

The following table provides the 2024 and 2023 tax rates for select units of government that overlap with the School District's boundaries.

	2024	2023
State Education Tax	6.0000	6.0000
Livingston County	3.5688	3.5695
Oakland County	5.2421	5.2617
Washtenaw County	7.3433	6.8343
City of Novi	10.5376	10.5376
City of South Lyon	18.7109	18.0813
City of Wixom	12.9526	12.9487
Township of Green Oak	8.6957	6.8873
Township of Lyon	7.6364	7.6364
Township of Milford	9.7860	9.8978
Township of Northfield	9.2043	9.2451
Salem-South Lyon Distr. Library	1.5059	1.5111
Huron-Clinton Metro Authority	0.2062	0.2070
Oakland Schools	3.1541	3.1658
Oakland Community College	1.4836	1.4891

Source: Oakland, Washtenaw, and Livingston Counties Equalization Departments

## TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due July 1 of each fiscal year and are payable without interest on or before the following September 14, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurers for collection. Oakland, Washtenaw and Livingston Counties (the "Counties") annually pay from their Tax Payment Funds delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection.

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2024	\$14,162,706*	In Process of Collections		N/A	
2023	12,619,634	\$12,492,314	98.99%	\$12,619,634	100.00%
2022	10,881,114	10,685,836	98.21	10,881,114	100.00
2021	10,033,341	10,011,961	99.79	10,033,341	100.00
2020	10,041,326	9,732,182	96.92	10,025,605	99.84

\*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 ("MPERS"), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

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

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

**Contribution to MPSERS**

The School District’s estimated annual contribution to MPSERS for the 2024-25 fiscal year and the previous four fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount
2025	\$25,164,735	\$5,028,147 <sup>1</sup>	\$30,192,882 <sup>1</sup>
2024	23,872,353	4,771,518	28,643,871
2023	25,438,304	4,441,776	29,880,080 <sup>2</sup>
2022	17,767,410	4,086,497	21,853,907
2021	15,743,472	3,841,461	19,584,933

<sup>1</sup>Estimated.

<sup>2</sup>In fiscal year end 2023 the School District received a non-recurring State Aid categorical revenue amount (Section 147c(2) MPSERS One-Time Deposit) of \$5,308,045.32 for a payment to the MPSERS unfunded liability.

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, 2024 financial statements, the School District reported a proportionate share of the net pension liability of \$176,975,741 as of September 30, 2023.

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, 2024 financial statements, the School District reported a proportionate share of the net OPEB liability of (\$3,162,125) as of September 30, 2023, with a plan fiduciary net position as a percentage of total OPEB liability of 105.04%

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

*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	44	Non-Affiliated	N/A
Teachers	537	SLEA/MEA/NEA	06/30/26
Secretaries / Aides / Caregivers	159	MESPA/MEA/NEA	06/30/26
Transportation	47	TEAMSTERS Local 214	06/30/26
Maint. / Custodial / Food Service	92	Non-Affiliated	N/A
Mechanics	3	Int. Union of Operating Engineers	06/30/26
<b>TOTAL</b>	<b>882</b>		

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

**DEBT STATEMENT\* - (As of 02/13/25 – including the Bonds described herein)**

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding before Refunding	Refunding (Refunded) Bonds	Principal Outstanding after Refunding
07/07/15	Building & Site	UTNQ	05/01/40	\$60,275,000	(\$58,900,000)	\$1,375,000*
02/03/16	Refunding	UTNQ	05/01/28	25,410,000	0	25,410,000
10/27/20	Building & Site, Series I	UTNQ	05/01/40	39,345,000	0	39,345,000
06/28/23	Building & Site, Series II	UTNQ	05/01/43	36,715,000	0	36,715,000
__/_/25	Refunding	UTNQ	05/01/40	0	54,900,000	54,900,000*
NET DIRECT DEBT				<u>\$161,745,000</u>	<u>(\$4,000,000)</u>	<u>\$157,745,000*</u>

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
2.79%	City of Novi	\$3,750,000	\$104,625
100.00	City of South Lyon	8,570,000	8,570,000
5.63	City of Wixom	23,520,000	1,324,176
33.30	Township of Green Oak	22,722,582	7,566,620
94.79	Township of Lyon	37,725,000	35,759,528
3.12	Township of Milford	1,895,000	59,124
20.82	Township of Northfield	10,765,000	2,241,273
60.36	Township of Salem	0	0
3.79	County of Livingston	20,560,000	779,224
3.30	County of Oakland	147,352,450	4,862,631
1.73	County of Washtenaw	9,052,806	156,614
4.42	Oakland Schools	38,215,000	1,689,103
4.43	Oakland Community College	0	0
83.08	Salem-South Lyon Distr. Library	585,000	486,018

TOTAL OVERLAPPING DEBT

NET DIRECT AND OVERLAPPING DEBT

63,598,936  
\$221,343,936\*

\*Preliminary, subject to change.

Source: *Municipal Advisory Council of Michigan*

**OTHER DEBT**

The School District has no short-term borrowing outstanding.

**DEBT HISTORY**

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

**FUTURE FINANCING**

The School District does not have plans for capital financings in the next 12 months.

## DEBT RATIOS\*

Estimated School District Population	54,043
2024 Taxable Value	\$3,549,831,530
2024 State Equalized Value (SEV)	\$4,553,487,643
2024 True Cash Value (TCV)	\$9,106,975,286
Per Capita 2024 Taxable Value	\$65,685.32
Per Capita 2024 State Equalized Value	\$84,256.75
Per Capita 2024 True Cash Value	\$168,513.50
Per Capita Net Direct Debt	\$2,918.88
Per Capita Net Direct and Overlapping Debt	\$4,095.70
Percent of Net Direct Debt of 2024 Taxable Value	4.44%
Percent of Net Direct and Overlapping Debt of 2024 Taxable Value	6.24%
Percent of Net Direct Debt of 2024 SEV	3.46%
Percent of Net Direct and Overlapping Debt of 2024 SEV	4.86%
Percent of Net Direct Debt of 2024 TCV	1.73%
Percent of Net Direct and Overlapping Debt of 2024 TCV	2.43%

\*Preliminary, subject to change.

## LEGAL DEBT MARGIN\* - (As of 02/13/25 – including the Bonds described herein)

2024 State Equalized Value		\$4,553,487,643
Legal Debt Limit - 15% of SEV		\$683,023,146
Total Bonded Debt Outstanding	\$157,745,000	
Less: SLRF Qualified Bonds <sup>1</sup>	<u>0</u>	
Net Amount Subject to Legal Debt Limit		<u>157,745,000</u>
<b>LEGAL DEBT MARGIN AVAILABLE</b>		<b><u><u>\$525,278,146</u></u></b>

\*Preliminary, subject to change.

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

## EMPLOYMENT CHARACTERISTICS

Listed below are the largest employers that are located within the School District and Oakland and Washtenaw Counties:

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
South Lyon Community Schools	Education	882
Pratt & Miller Engineering & Fabrication, Inc.	Race Cars & Components	400
Meijer	Retail	350
Henrob Corporation	Rivets	270
Michigan Seamless Tube LLC	Seamless Tubing	220
Lowe's	Retail	200
Exotic Automation & Supply Inc	Automation Equipment	178
G. M. Refractories, Inc.	Industrial equipment supplier	125
Martin Motor Sports, LLC	Engines	125
South Lyon Senior Care & Rehab Center	Nursing Home	120
Cummins, Inc. - Bridgeway Div.	Engines	100
SW North America, Inc.	CNC Machinery	100
<i>Within the County of Oakland</i>		
Croswell Health (Formerly BSHS System)	Health Care	14,580
Stellantis (Formerly FCA US LLC)	Auto Manufacturer	11,524
General Motors Company	Auto Manufacturer	7,451
UWM Holdings Corp.	Mortgage Lender	6,000
Henry Ford Health System	Health Care	5,301
Ascension Michigan	Health Care	5,219
U.S. Postal Service	Postal Service	4,927
Oakland County	County Government	3,679
Amazon.com Inc.	Ecommerce	3,650
Trinity Health Michigan	Health Care	3,159
<i>Within the County of Washtenaw</i>		
University of Michigan	Public University	23,316
Trinity Health Michigan	Health Care	5,427
U.S. Government	Federal Government	3,522
Ann Arbor Public Schools	Education	2,579
IHA Health Services	Health Care	1,693
Forvia North America	Automotive Interiors	1,600
Eastern Michigan University	Public University	1,500
State of Michigan	Government	1,312
Washtenaw County	Government	1,285
Washtenaw Community College	Community College	1,283

Source: 2024 Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists 2024 edition, MEDC website via [www.michiganbusiness.org](http://www.michiganbusiness.org), and individual employers.

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2018-2022 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of South Lyon and County of Oakland as follows:

	City of South Lyon		County of Oakland	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	6,509	100.00%	659,664	100.00%
Management, Business, Science & Arts	3,322	51.04	347,071	52.61
Service	768	11.80	84,998	12.89
Sales & Office	1,537	23.61	128,772	19.52
Natural Resources, Construction & Maintenance	397	6.10	34,037	5.16
Production, Transportation & Material Moving	485	7.45	64,786	9.82

The U.S. Census Bureau, 2018-2022 American Community Survey reports the breakdown by industry for persons 16 years and over in the City of South Lyon and County of Oakland as follows:

	City of South Lyon		County of Oakland	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	6,509	100.00%	659,664	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	31	0.48	1,919	0.30
Construction	292	4.49	30,854	4.68
Manufacturing	1,262	19.39	131,284	19.90
Wholesale Trade	216	3.32	14,332	2.17
Retail Trade	663	10.19	63,509	9.63
Transportation, Warehousing & Utilities	209	3.21	22,170	3.36
Information	94	1.44	10,013	1.52
Finance, Insurance & Real Estate	424	6.51	53,529	8.11
Professional, Scientific & Management Services	719	11.05	97,552	14.79
Educational, Health & Social Services	1,428	21.93	140,472	21.29
Arts, Entertainment, Recreation & Food Services	406	6.24	49,075	7.44
Other Services except Public Administration	339	5.21	26,944	4.08
Public Administration	426	6.54	18,011	2.73

## UNEMPLOYMENT

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

Annual Average	County of Oakland	State of Michigan
December, 2024	3.8%	5.0%
2023	2.9	3.9
2022	3.0	4.1
2021*	4.6	5.7
2020*	9.1	10.0

\*The above unemployment figures reflect job losses from the COVID-19 pandemic.

## POPULATION BY AGE

The U.S. Census Bureau, 2018-2022 American Community Survey reports the breakdown of population by age for the City of South Lyon and the County of Oakland as follows:

	City of South Lyon		County of Oakland	
	Number	Percent	Number	Percent
Total Population	11,788	100.00%	1,272,264	100.00%
0 through 19 years	2,456	20.83	289,316	22.74
20 through 64 years	7,284	61.79	760,408	59.77
65 years and over	2,048	17.38	222,540	17.49
Median Age	46.7	years	41.1	years

## INCOME

The U.S. Census Bureau, 2018-2022 American Community Survey reports the breakdown of household income for the City of South Lyon and the County of Oakland as follows:

HOUSEHOLDS BY INCOME	City of South Lyon		County of Oakland	
	Number	Percent	Number	Percent
Less than \$ 10,000	270	5.27	19,033	3.63
\$ 10,000 to \$ 14,999	114	2.23	14,230	2.71
\$ 15,000 to \$ 24,999	211	4.12	26,586	5.07
\$ 25,000 to \$ 34,999	221	4.32	32,436	6.18
\$ 35,000 to \$ 49,999	562	10.97	47,896	9.13
\$ 50,000 to \$ 74,999	881	17.20	73,471	14.00
\$ 75,000 to \$ 99,999	739	14.43	66,840	12.74
\$100,000 to \$149,999	724	14.14	99,062	18.87
\$150,000 to \$199,999	611	11.93	58,814	11.21
\$200,000 or MORE	788	15.39	86,394	16.46
Median Income	\$82,753		\$92,620	

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**APPENDIX B**  
**GENERAL FUND BUDGET SUMMARY AND**  
**COMPARATIVE FINANCIAL STATEMENTS**

**South Lyon Community Schools**  
**General Fund Budget Summary**

	2024/25 <u>As Amended</u>
<b>Revenues</b>	
Local	\$16,425,111
State	93,283,694
Federal	3,439,684
Interdistrict Sources	6,171,135
Other Financing Sources	19,057
Incoming Transfers	400,000
<b>Total Revenues</b>	<u>\$119,738,681</u>
<b>Expenditures</b>	
Basic Programs	\$59,793,129
Added Needs	14,573,396
Pupil Support	12,000,033
Instructional Support	4,078,349
General Administration	1,216,595
School Administration	7,029,892
Business Services	1,338,885
Operations & Maintenance	10,128,227
Transportation	4,915,678
Central Support	2,288,814
Athletics	2,540,864
Community Services	183,786
Other Financing Sources	40,000
Transfers to Other Funds	200,000
<b>Total Expenditures</b>	<u>\$120,327,648</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>(\$588,967)</u>
<b>Beginning Fund Balance - July 1</b>	<u>\$17,635,618</u>
<b>Projected Fund Balance - June 30</b>	<u><u>\$17,046,651</u></u>

*Source: School District*

**South Lyon Community Schools  
General Fund**

**Comparative Balance Sheet**

	For Fiscal Years Ended June 30th		
	2022	2023	2024
<b>Assets</b>			
Cash and Investments	\$14,729,933	\$17,158,903	\$20,504,152
Receivables:			
Accounts	1,521,793	2,105,082	2,884,912
Due from Other Governments	13,927,927	16,482,043	17,222,361
Due from Other Funds	--	817,133	743,382
Prepaid Expenses and Other Assets	1,121,932	212,229	61,684
<b>Total Assets</b>	<u>\$31,301,585</u>	<u>\$36,775,390</u>	<u>\$41,416,491</u>
<b>Liabilities</b>			
Accounts Payable	\$674,363	\$956,149	\$1,151,856
Accrued Liabilities and Other	12,953,788	14,415,022	12,893,640
Due to Other Funds	4,132,145	5,087,528	7,828,289
Unearned Revenue	182,081	1,953,541	1,902,288
<b>Total Liabilities</b>	<u>\$17,942,377</u>	<u>\$22,412,240</u>	<u>\$23,776,073</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	\$91,880	\$374,615	\$4,800
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>\$18,034,257</u>	<u>\$22,786,855</u>	<u>\$23,780,873</u>
<b>Fund Balances</b>			
Nonspendable	\$1,121,932	\$212,229	\$61,684
Committed			
Compensated Absences	2,611,766	--	--
Subsequent Years' Building Allocations	2,024,007	1,600,124	615,235
Unassigned	7,509,623	12,176,182	16,958,699
<b>Total Fund Balances</b>	<u>\$13,267,328</u>	<u>\$13,988,535</u>	<u>\$17,635,618</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$31,301,585</u>	<u>\$36,775,390</u>	<u>\$41,416,491</u>

Source: Audited Financial Statements

**South Lyon Community Schools  
General Fund**

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

	For Fiscal Years Ended June 30th		
	2022	2023	2024
<b>Revenue</b>			
Local Sources	\$11,618,014	\$12,922,504	\$15,098,542
State Sources	78,620,238	89,824,734	94,253,650
Federal Sources	3,550,420	7,707,783	8,043,282
Interdistrict Sources	4,380,902	4,731,551	5,386,078
Other	--	65,641	--
<b>Total Revenue</b>	<b>\$98,169,574</b>	<b>\$115,252,213</b>	<b>\$122,781,552</b>
<b>Expenditures</b>			
Current:			
Instruction	\$61,157,800	\$69,241,250	\$71,549,210
Supporting Services	34,807,625	40,809,232	41,568,889
Athletics	2,010,030	2,335,672	2,326,032
Community Service	113,222	87,692	134,231
Other	--	323,535	287,567
Capital Outlay	587,400	1,250,427	1,485,557
<b>Total Expenditures</b>	<b>\$98,676,077</b>	<b>\$114,047,808</b>	<b>\$117,351,486</b>
<b>Other Financing Sources (Uses)</b>			
Sale of District Assets	\$45,855		
Transfers In	230,985	\$292,802	\$417,017
Transfers Out	(721,000)	(776,000)	(2,200,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$444,160)</b>	<b>(\$483,198)</b>	<b>(\$1,782,983)</b>
<b>Excess of Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<b>(\$950,663)</b>	<b>\$721,207</b>	<b>\$3,647,083</b>
<b>Fund Balance - Beginning</b>	<b>\$14,217,991</b>	<b>\$13,267,328</b>	<b>\$13,988,535</b>
<b>Fund Balance - Ending</b>	<b>\$13,267,328</b>	<b>\$13,988,535</b>	<b>\$17,635,618</b>

Source: Audited Financial Statements

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**APPENDIX C**  
**AUDITED FINANCIAL STATEMENTS**

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

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**Independent Auditor's Report**

To the Board of Education  
 South Lyon Community Schools

**Report on the Audit of the Financial Statements**

**Opinions**

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

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

To the Board of Education  
 South Lyon Community Schools

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

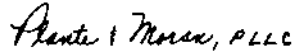
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



To the Board of Education  
South Lyon Community Schools

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2024 on our consideration of the School District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



October 16, 2024

**South Lyon Community Schools**

**Management's Discussion and Analysis**

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

**Using This Annual Report**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand South Lyon Community Schools 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 and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2023 Bond Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

**Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

**Required Supplementary Information**

Budgetary Comparison Schedule - General Fund

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

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

Schedule of OPEB Contributions

**Other Supplementary 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.



## South Lyon Community Schools

### Management's Discussion and Analysis (Continued)

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 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

Most of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps 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 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 90.7	\$ 106.4
Capital assets	238.7	219.2
Total assets	329.4	325.6
<b>Deferred Outflows of Resources</b>	72.3	77.2
<b>Liabilities</b>		
Current liabilities	21.9	23.0
Noncurrent liabilities	181.0	196.8
Net pension liability	177.0	194.1
Net OPEB liability	-	11.2
Total liabilities	379.9	425.1
<b>Deferred Inflows of Resources</b>	54.1	38.2
<b>Net Position (Deficit)</b>		
Net investment in capital assets	98.6	88.1
Restricted	7.1	2.8
Unrestricted	(138.0)	(151.4)
Total net position (deficit)	\$ (32.3)	\$ (60.5)

## South Lyon Community Schools

### Management's Discussion and Analysis (Continued)

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 \$(32.3) million at June 30, 2024. Net investment in capital assets totaling \$98.6 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, \$(138.0) million, was unrestricted.

The \$(138.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of recording the School District's share of the net pension and OPEB liabilities (assets) from the state-managed retirement system. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities (assets) will have a significant impact on the change in unrestricted net position from year to year.

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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 3.6	\$ 4.6
Operating grants	45.0	27.6
General revenue:		
Taxes	35.6	31.5
State aid not restricted to specific purposes	69.6	70.7
Other	5.5	3.7
Total revenue	159.3	138.1
<b>Expenses</b>		
Instruction	73.3	70.0
Support services	42.4	44.0
Athletics	2.2	2.4
Food services	3.2	2.5
Community services	2.0	2.2
Debt service	7.7	6.5
Other	0.3	0.5
Total expenses	131.1	128.1
<b>Change in Net Position</b>	28.2	10.0
<b>Net Position (Deficit) - Beginning of year</b>	(60.5)	(70.5)
<b>Net Position (Deficit) - End of year</b>	\$ (32.3)	\$ (60.5)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$131.1 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 (\$45.0 million). We paid for the remaining public benefit portion of our governmental activities with \$35.6 million in taxes, \$69.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$28.2 million.

## South Lyon Community Schools

### Management's Discussion and Analysis (Continued)

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 \$66.7 million, which is a decrease of \$17.4 million from last year. The primary reason for the decrease is the spending down of the 2020 and 2023 bond capital project funds.

#### **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 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

There were revisions made to the 2023-2024 General Fund original budget. Budgeted revenue was increased by \$8.4 million due to anticipated increases in state grants, federal grants, and special education funding.

Budgeted expenditures were increased \$2.8 million due to anticipated increases in state grants, federal grants, salary, and benefit increases due to contractual obligations.

There were no significant variances from final budget to actual.

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

As of June 30, 2024 and 2023, the School District had \$238.7 million and \$219.2 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$(19.5) million from 2023 to 2024.

	2024	2023
Land	\$ 9,703,246	\$ 9,703,246
Construction in progress	17,067,086	32,574,962
Buildings and improvements	290,678,406	269,477,452
Furniture and equipment	8,727,754	6,779,860
Buses and other vehicles	7,091,792	6,429,036
Land improvements	43,544,048	24,578,398
Total capital assets	376,812,332	349,542,954
Less accumulated depreciation	138,157,380	130,351,363
Total capital assets - Net of accumulated depreciation	<b>\$ 238,654,952</b>	<b>\$ 219,191,591</b>

This year's additions of \$27.3 million included technology, vehicles, building renovations, and construction in progress. We present more detailed information about our capital assets in the notes to the financial statements.

## South Lyon Community Schools

### Management's Discussion and Analysis (Continued)

#### **Debt**

At the end of this year, the School District had approximately \$163.0 million in bonds outstanding versus \$178.5 million in the previous year.

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 approximately \$163.0 million is significantly below this statutorily imposed limit.

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

#### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors 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 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in August 2024.

#### **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.

**South Lyon Community Schools**

**Statement of Net Position**

	<b>June 30, 2024</b>
	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 22,881,402
Receivables:	
Property taxes receivable	212,733
Accounts receivable	2,978,782
Due from other governments	17,222,361
Inventory	38,021
Prepaid expenses	64,665
Restricted assets (Note 8)	44,128,834
Net OPEB asset (Note 12)	3,162,125
Capital assets: (Note 6)	
Assets not subject to depreciation	26,770,332
Assets subject to depreciation - Net	<u>211,884,620</u>
Total assets	329,343,875
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 9)	1,658,205
Deferred pension costs (Note 12)	58,259,879
Deferred OPEB costs (Note 12)	<u>12,414,132</u>
Total deferred outflows of resources	72,332,216
<b>Liabilities</b>	
Accounts payable	5,782,290
Accrued liabilities and other	14,111,914
Unearned revenue (Note 5)	2,011,264
Noncurrent liabilities:	
Due within one year (Note 9)	17,803,835
Due in more than one year (Note 9)	163,213,895
Net pension liability (Note 12)	<u>176,975,741</u>
Total liabilities	379,898,939
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	11,060,487
Deferred pension cost reductions (Note 12)	18,131,095
Deferred OPEB cost reductions (Note 12)	<u>24,886,306</u>
Total deferred inflow of resources	54,077,888
<b>Net Position (Deficit)</b>	
Net investment in capital assets	98,616,164
Restricted:	
Debt service	2,435,229
Capital projects	1,471,647
Net OPEB asset	3,162,125
Unrestricted	<u>(137,985,901)</u>
Total net position (deficit)	<u><b>\$ (32,300,736)</b></u>

See notes to financial statements.

**South Lyon Community Schools**

**Statement of Activities**

	<b>Year Ended June 30, 2024</b>			
	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Position</u>
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 73,348,084	\$ 660,329	\$ 25,937,292	\$ (46,750,463)
Support services	42,386,545	599,752	14,977,709	(26,809,084)
Athletics	2,227,413	681,568	-	(1,545,845)
Food services	3,204,559	151,856	3,981,699	928,996
Community services	2,048,789	1,501,411	159,819	(387,559)
Other	287,567	-	-	(287,567)
Interest	6,658,161	-	-	(6,658,161)
Other debt costs	1,065,724	-	-	(1,065,724)
Total primary government	<u><b>\$ 131,226,842</b></u>	<u><b>\$ 3,594,916</b></u>	<u><b>\$ 45,056,519</b></u>	(82,575,407)
General revenue:				
Taxes:				
Property taxes levied for general purposes				12,670,092
Property taxes levied for debt service				22,882,570
State aid not restricted to specific purposes				69,643,380
Interest and investment earnings				4,420,922
Other				<u>1,108,478</u>
Total general revenue				<u>110,725,442</u>
<b>Change in Net Position</b>				28,150,035
<b>Net Position (Deficit) - Beginning of year</b>				<u>(60,450,771)</u>
<b>Net Position (Deficit) - End of year</b>				<u><b>\$ (32,300,736)</b></u>

See notes to financial statements.

**South Lyon Community Schools**

**Governmental Funds  
Balance Sheet**

**June 30, 2024**

	General Fund	2023 Bond Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 4)	\$ 20,504,152	\$ -	\$ 2,377,250	\$ 22,881,402
Receivables:				
Property taxes receivable	-	-	212,733	212,733
Accounts receivable	2,884,912	975	92,895	2,978,782
Due from other governments	17,222,361	-	-	17,222,361
Due from other funds (Note 7)	743,382	1,215,584	6,612,705	8,571,671
Inventory	-	-	38,021	38,021
Prepaid expenses	61,684	-	2,981	64,665
Restricted assets (Note 8)	-	40,900,611	3,228,223	44,128,834
<b>Total assets</b>	<b>\$ 41,416,491</b>	<b>\$ 42,117,170</b>	<b>\$ 12,564,808</b>	<b>\$ 96,098,469</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,151,856	\$ 4,271,275	\$ 359,159	\$ 5,782,290
Due to other funds	7,828,289	-	743,382	8,571,671
Accrued liabilities and other	12,893,640	-	98,299	12,991,939
Unearned revenue (Note 5)	1,902,288	-	108,976	2,011,264
<b>Total liabilities</b>	<b>23,776,073</b>	<b>4,271,275</b>	<b>1,309,816</b>	<b>29,357,164</b>
<b>Deferred Inflows of Resources - Unavailable revenue (Note 5)</b>	<b>4,800</b>	<b>-</b>	<b>-</b>	<b>4,800</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>23,780,873</b>	<b>4,271,275</b>	<b>1,309,816</b>	<b>29,361,964</b>
<b>Fund Balances</b>				
Nonspendable	61,684	-	41,002	102,686
Restricted:				
Debt service	-	-	3,555,204	3,555,204
Capital projects	-	37,845,895	-	37,845,895
Food service	-	-	1,913,115	1,913,115
Committed:				
Capital projects	-	-	2,517,903	2,517,903
Community education	-	-	2,513,087	2,513,087
Subsequent years' building allocations	615,235	-	-	615,235
Student activities	-	-	714,681	714,681
Unassigned	16,958,699	-	-	16,958,699
<b>Total fund balances</b>	<b>17,635,618</b>	<b>37,845,895</b>	<b>11,254,992</b>	<b>66,736,505</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 41,416,491</b>	<b>\$ 42,117,170</b>	<b>\$ 12,564,808</b>	<b>\$ 96,098,469</b>

See notes to financial statements.

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**South Lyon Community Schools**

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

**June 30, 2024**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 66,736,505</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	376,812,332
Accumulated depreciation	<u>(138,157,380)</u>
Net capital assets (including right-to-use assets) used in governmental activities	238,654,952
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	4,800
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,658,205
Bonds payable and the related unamortized premiums and discounts and notes payable are not due and payable in the current period and are not reported in the funds	(177,006,017)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,119,975)
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	(2,946,489)
Net pension liability and related deferred inflows and outflows	(136,846,957)
Net OPEB (asset) liability and related deferred inflows and outflows	(9,310,049)
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	(11,060,487)
Other long-term liabilities, such as arbitrage rebate liability, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(1,065,224)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b>\$ (32,300,736)</b>

See notes to financial statements.

12

**South Lyon Community Schools**

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

Year Ended June 30, 2024

	General Fund	Formerly Major - 2020 Bond Fund	2023 Bond Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 15,098,542	\$ -	\$ 2,519,318	\$ 27,059,118	\$ 44,676,978
State sources	94,253,650	-	-	2,288,224	96,541,874
Federal sources	8,043,282	-	-	1,736,645	9,779,927
Interdistrict sources	5,386,078	-	-	-	5,386,078
Total revenue	122,781,552	-	2,519,318	31,083,987	156,384,857
<b>Expenditures</b>					
Current:					
Instruction	71,549,210	-	-	-	71,549,210
Support services	41,568,889	-	-	851,720	42,420,609
Athletics	2,326,032	-	-	-	2,326,032
Food services	-	-	-	3,305,155	3,305,155
Community services	134,231	-	-	2,066,969	2,201,200
Other	287,567	-	-	-	287,567
Debt service:					
Principal (Note 9)	-	-	-	15,609,259	15,609,259
Interest	-	-	-	7,466,262	7,466,262
Other debt costs	-	-	-	500	500
Capital outlay	1,485,557	-	11,788,525	15,318,261	28,592,343
Total expenditures	117,351,486	-	11,788,525	44,618,126	173,758,137
<b>Excess of Revenue Over (Under) Expenditures</b>	5,430,066	-	(9,269,207)	(13,534,139)	(17,373,280)
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 7)	417,017	-	-	3,352,155	3,769,172
Transfers out (Note 7)	(2,200,000)	-	-	(1,569,172)	(3,769,172)
Total other financing (uses) sources	(1,782,983)	-	-	1,782,983	-
<b>Net Change in Fund Balances</b>	3,647,083	-	(9,269,207)	(11,751,156)	(17,373,280)
<b>Fund Balances - Beginning of year, as previously reported</b>	13,988,535	14,537,434	47,115,102	8,468,714	84,109,785
<b>Change within Financial Reporting Entity (Note 2)</b>	-	(14,537,434)	-	14,537,434	-
<b>Fund Balances - Beginning of year, as restated</b>	13,988,535	-	47,115,102	23,006,148	84,109,785
<b>Fund Balances - End of year</b>	<u>\$ 17,635,618</u>	<u>\$ -</u>	<u>\$ 37,845,895</u>	<u>\$ 11,254,992</u>	<u>\$ 66,736,505</u>

See notes to financial statements.

13

**South Lyon Community Schools**

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

Year Ended June 30, 2024

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (17,373,280)</b>
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	27,269,378
Depreciation expense	(7,806,017)
Total	19,463,361
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	(369,815)
Revenue in support of pension contributions made subsequent to the measurement date	3,361,835
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	16,549,793
Interest expense is recognized in the government-wide statements as it accrues	(132,433)
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	7,715,798
Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(1,065,224)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 28,150,035</u></b>

See notes to financial statements.

14

**Note 1 - Nature of Business**

South Lyon Community Schools (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-basis 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.

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

**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 health care-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.

**Note 2 - Significant Accounting Policies (Continued)**

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.

**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 the following fund types:

**Governmental Funds**

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, and capital project funds. The School District reports the following funds as major governmental funds:

- The General Fund 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.
- The 2023 Bond Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new equipment and remodeling. The fund operates until the purpose for which it was created is accomplished.

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 expenditures for specified purposes. The School District's special revenue funds are the Food Service Fund, the Student Activities Fund, and the Community Education Fund. Revenue sources for the Food Service Fund include sales to customer and dedicated grants from federal and state sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Revenue sources for the Community Education Fund include service fee revenue. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2020 Bond Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new equipment and remodeling. The fund operates until the purpose for which it was created is accomplished.
- The 2007 Refunding, 2013 Debt Refunding, 2015 Debt Service, 2016 Refunding Debt, and 2020 Debt Service debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on bonded debt issues.
- The Bus Purchases, Technology, and Capital Improvements capital project funds are financed by support of the General Fund and are used for acquiring new school sites equipment and for major repairs.

**Note 2 - Significant Accounting Policies (Continued)**

**Interfund Activity**

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 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 the 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.

**Specific Balances and Transactions**

**Cash and Investments**

Cash and cash equivalents include cash on hand and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, based on quoted market prices, except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from debt service is generally allocated to each fund using various mileage rates.

**Inventories**

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items**

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. Prepaid items are accounted for using the consumption method and are recorded as expenditures when consumed.

**Restricted Assets**

The unspent bond proceeds and related interest of the capital project funds require amounts to be set aside for construction. In addition, the unspent property taxes levied in the debt service funds are required to be set aside for future bond principal and interest. These amounts have been classified as restricted assets.

**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 \$29,572 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

**Note 2 - Significant Accounting Policies (Continued)**

Buildings, land improvements, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings, building improvements, and land improvements	25 to 50
Furniture and other equipment	5 to 10
Buses and other vehicles	5 to 10

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenses at the time they are incurred.

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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 (expenditure) until then.

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

In addition to liabilities, the statement of net position and/or balance sheet 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 deferred inflow amounts relate 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.

**Note 2 - Significant Accounting Policies (Continued)**

**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.

**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 Board of Education assigns 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 exist only 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 either to remove or revise a commitment.

Amounts in the unassigned fund balance do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

**Note 2 - Significant Accounting Policies (Continued)**

The Board of Education has adopted a fund balance policy. The fund balance policy prescribes that the School District maintain a total fund balance in the General Fund between 8 and 16 percent of expenditures in the General Fund. Of this balance, the unassigned fund balance is to be maintained at no less than 5 percent of total General Fund expenditures. 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. Furthermore, the School District will maintain a minimum fund balance in each of its special revenue funds of 10 percent of total expenditures for the respective special revenue fund. In addition to the unassigned fund balance, the School District will maintain a committed fund balance to earmark funds for significant future liabilities.

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as they are collected by the assessing municipalities through March 1, at which time they are considered delinquent and are 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.

**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 either for 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 (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS 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 as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.



**Note 2 - Significant Accounting Policies (Continued)**

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.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or models existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Accounting Changes and Error Corrections

Changes to or within the Financial Reporting Entity

Change in Major Funds

The 2020 Bond Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2024. The effects of this change in major funds are shown in the table below.

**Note 2 - Significant Accounting Policies (Continued)**

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	June 30, 2023		June 30, 2023
	As Previously Reported	Change to or within the Financial Reporting Entity	As Restated
Governmental funds:			
Major funds:			
General Fund	\$ 13,988,535	\$ -	\$ 13,988,535
2023 Bond	47,115,102	-	47,115,102
Formerly major - 2020 Bond	14,537,434	(14,537,434)	-
Nonmajor funds	8,468,714	14,537,434	23,006,148
Total governmental funds	<u>\$ 84,109,785</u>	<u>\$ -</u>	<u>\$ 84,109,785</u>

**Note 3 - Stewardship, Compliance, and Accountability**

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except for capital outlay, which has been budgeted within each function, and state law for the General Fund, special revenue, debt service, and capital project funds. The annual budget for the debt service funds is adopted in the aggregate, not for each fund individually. All annual appropriations lapse at fiscal year end. The School District presents budget information with capital outlay included at the function level.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted for in the General Fund and special revenue funds 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.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and 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

The School District did not have significant expenditure budget variances.

Capital Project Fund Compliance

The 2020 Bond and 2023 Bond capital project funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. These bonds are two Series of the same bonded construction project that were approved by community vote as a singular project. The 2020 Bond and 2023 Bond, therefore, are both considered to be one bonded construction project when considering substantial completion of those funds. The funds are not yet considered substantially complete, and a subsequent year audit is expected.

**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 no 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 are in accordance with statutory authority.

The School District has designated 12 bank accounts 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, except for a 1-day minimum investment period on Michigan Liquid Asset Fund (MILAF) cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits. At year end, the School District's bank deposit balance of \$4,060,317 had \$3,810,317 (certificates of deposit and checking and savings accounts) that was 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.

**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's investment policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and, by board preapproval, the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy.

**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 does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the 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; 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.

**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 year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Michigan Liquid Asset Fund	\$ 62,441,640	AAAm	Standard & Poor's
Comerica Govt Cash Investment Fund J	820,233	Not rated	N/A
Total investments	<u>\$ 63,261,873</u>		

**Concentration of Credit Risk**

The School District places no limit on the amount it may invest in any one issuer. The School District's policy 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. At June 30, 2024, the School District had no investments in issuers that were greater than 5 percent of total investments.

**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.

**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. Proprietary funds report unearned revenue in connection with resources that have been received but not yet earned.

At June 30, 2024, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Revenue not received within 60 days of year end	\$ 4,800	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,902,288
Payments received but not yet earned	-	108,976
Total	<u>\$ 4,800</u>	<u>\$ 2,011,264</u>

**South Lyon Community Schools**

Notes to Financial Statements

June 30, 2024

**Note 6 - Capital Assets**

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

**Governmental Activities**

	Balance		Reclassifications	Additions	Disposals and Adjustments	Balance	
	July 1, 2023					June 30, 2024	
Capital assets not being depreciated:							
Land	\$ 9,703,246	\$ -	\$ -	\$ -	\$ -	\$ 9,703,246	
Construction in progress	32,574,962	(32,049,561)	16,541,685	-	-	17,067,086	
Subtotal	42,278,208	(32,049,561)	16,541,685	-	-	26,770,332	
Capital assets being depreciated:							
Buildings and improvements	269,477,452	17,434,802	3,766,152	-	-	290,678,406	
Furniture and equipment	6,779,860	452,741	1,495,153	-	-	8,727,754	
Buses and other vehicles	6,429,036	-	662,756	-	-	7,091,792	
Land improvements	24,578,398	14,162,018	4,803,632	-	-	43,544,048	
Subtotal	307,264,746	32,049,561	10,727,693	-	-	350,042,000	
Accumulated depreciation:							
Buildings and improvements	106,271,023	-	5,684,469	-	-	111,955,492	
Furniture and equipment	4,361,551	-	665,322	-	-	5,026,873	
Buses and other vehicles	5,385,926	-	310,322	-	-	5,696,248	
Land improvements	14,332,863	-	1,145,904	-	-	15,478,767	
Subtotal	130,351,363	-	7,806,017	-	-	138,157,380	
Net capital assets being depreciated	176,913,383	32,049,561	2,921,676	-	-	211,884,620	
Net governmental activities capital assets	\$ 219,191,591	\$ -	\$ 19,463,361	\$ -	\$ -	\$ 238,654,952	

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 5,464,212
Support services	2,341,805
Total governmental activities	\$ 7,806,017

**Construction Commitments**

The School District has active construction projects at year end related to the 2020 and 2023 Bond issues. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2020 and 2023 Bond funds	\$ 64,701,837	\$ 18,367,684

**South Lyon Community Schools**

Notes to Financial Statements

June 30, 2024

**Note 7 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	2023 Bond Fund	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 743,382	\$ 743,382
2023 Bond Fund	1,215,584	-	-	1,215,584
Nonmajor governmental funds	6,612,705	-	-	6,612,705
Total	\$ 7,828,289	\$ -	\$ 743,382	\$ 8,571,671

Interfund balances represent routine deposits received by the General Fund that will be transferred to the other funds and temporary cash flow assistance between funds. Interfund balances between nonmajor governmental funds represent allocations for debt service payments.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 2,200,000
Nonmajor governmental funds	General Fund	417,017
	Nonmajor governmental funds	1,152,155
	Total	\$ 3,769,172

Transfers from the General Fund to the nonmajor governmental funds for the year ended June 30, 2024 provide excess resources, capped by regulatory requirements, where applicable, to supplement nonmajor governmental fund operations. Transfers from nonmajor governmental funds to the General Fund were from the Food Service Fund and Community Education Fund to reimburse the General Fund for indirect costs.

**Note 8 - Restricted Assets**

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds	\$ 40,900,611
Bond debt service reserve	3,228,223
Total	\$ 44,128,834

June 30, 2024

**Note 9 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements - Bus loans payable	\$ 109,259	\$ -	\$ (109,259)	\$ -	\$ -
Other debt - General obligations	178,470,000	-	(15,500,000)	162,970,000	16,365,000
Unamortized bond premiums	15,474,852	-	(1,438,835)	14,036,017	1,438,835
Total bonds and notes payable	194,054,111	-	(17,048,094)	177,006,017	17,803,835
Compensated absences	2,757,356	364,003	(174,870)	2,946,489	-
Arbitrage liability	-	1,065,224	-	1,065,224	-
Total governmental activities long-term debt	\$ 196,811,467	\$ 1,429,227	\$ (17,222,964)	\$ 181,017,730	\$ 17,803,835

The School District had deferred outflows of \$1,658,205 related to deferred charges on bond refundings at June 30, 2024.

**General Obligation Bonds**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's bonds are qualified bonds and are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
\$64,400,000 2015 serial bonds	\$1,375,000 - \$4,365,000	3.75 - 4.00	May 1, 2040	\$ 60,275,000
\$66,480,000 2016 refunding bonds	\$6,315,000 - \$6,385,000	5.00	May 1, 2028	25,410,000
\$41,670,000 2020 serial bonds	\$1,225,000 - \$4,090,000	4.00 - 5.00	May 1, 2040	40,570,000
\$43,715,000 2023 serial bonds	\$1,610,000 - \$7,380,000	4.00 - 5.00	May 1, 2043	36,715,000
Total governmental activities				\$ 162,970,000

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

June 30, 2024

**Note 9 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 16,365,000	\$ 7,115,276	\$ 23,480,276
2026	10,965,000	6,421,326	17,386,326
2027	11,365,000	5,931,076	17,296,076
2028	11,825,000	5,412,176	17,237,176
2029	7,570,000	4,870,026	12,440,026
2030-2034	41,520,000	19,380,830	60,900,830
2035-2039	48,360,000	9,991,588	58,351,588
2040-2043	15,000,000	1,145,350	16,145,350
Total	\$ 162,970,000	\$ 60,267,648	\$ 223,237,648

**Note 10 - 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. The School District has purchased commercial insurance for medical benefit claims and for workers' compensation and participates in the SET-SEG risk pool for claims relating to property and casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There have been no significant changes in insurance coverage in the current year.

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

**Note 11 - Tax Abatements**

For the year ended June 30, 2024, the School District had no significant tax abatements.

**Note 12 - Michigan Public School Employees' Retirement System**

**Plan Description**

The School District participates in the Michigan Public School Employees' Retirement System (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 health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care 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 supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

June 30, 2024

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Benefits Provided**

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 health care 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 by 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.

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. Some members who do not receive an annual increase are eligible to receive a supplementary 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 health care 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.

June 30, 2024

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care 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 participants in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The School District's contributions are determined based on employee elections. There are multiple different pension and health care 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 ranges of rates are as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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, 2024 were \$24,430,716, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pension contributions include an allocation of \$11,060,487 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$5,169,057, which includes the School District's contributions required for those members with a defined contribution benefit.

**Net Pension Liability**

At June 30, 2024, the School District reported a liability of \$176,975,741 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was 0.55 and 0.52 percent, respectively, representing a change of 5.95 percent.

June 30, 2024

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**Net OPEB Asset**

At June 30, 2024, the School District reported an asset of \$(3,162,125) for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District's proportion of the net OPEB asset 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, 2023 and 2022, the School District's proportion was 0.56 and 0.53 percent, respectively, representing a change of 5.76 percent.

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

For 2024, the School District recognized pension expense of \$24,821,557, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,586,584	\$ (271,099)
Changes in assumptions	23,981,018	(13,826,910)
Net difference between projected and actual earnings on pension plan investments	-	(3,621,497)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	7,719,234	(411,589)
The School District's contributions to the plan subsequent to the measurement date	20,973,043	-
<b>Total</b>	<b>\$ 58,259,879</b>	<b>\$ (18,131,095)</b>

The \$11,060,487 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, 2025. 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
2025	\$ 6,133,769
2026	4,859,745
2027	9,816,277
2028	(1,654,050)
<b>Total</b>	<b>\$ 19,155,741</b>

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

June 30, 2024

**Note 12 - 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, 2024, the School District recognized OPEB recovery of \$4,810,039.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (23,894,640)
Changes in assumptions	7,039,442	(847,682)
Net difference between projected and actual earnings on OPEB plan investments	9,641	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,761,548	(143,984)
Employer contributions to the plan subsequent to the measurement date	3,603,501	-
<b>Total</b>	<b>\$ 12,414,132</b>	<b>\$ (24,886,306)</b>

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 asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	\$ (5,376,741)
2026	(5,118,325)
2027	(1,816,786)
2028	(1,724,491)
2029	(1,342,436)
Thereafter	(696,896)
<b>Total</b>	<b>\$ (16,075,675)</b>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.25% - 7.50%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2024

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2022 for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percent for members under 65 and an increase of 1.0 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

**Discount Rate**

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2023. 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	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Short-term investment pools	10.00	7.30
Real return/opportunistic pools	2.00	0.30
<b>Total</b>	<b>100.00 %</b>	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

June 30, 2024

**Note 12 - Michigan Public School Employees' Retirement System (Continued)**

**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 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 239,093,708	\$ 176,975,741	\$ 125,260,287

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) 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 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the School District	\$ 3,278,175	\$ (3,162,125)	\$ (8,696,930)

**Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate**

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	\$ (8,710,730)	\$ (3,162,125)	\$ 2,843,284

**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, 2024, the School District reported a payable of \$4,597,721 and \$574,529 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Required Supplementary Information

South Lyon Community Schools

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 12,997,632	\$ 14,896,264	\$ 15,098,542	\$ 202,278
State sources	88,789,124	94,552,634	94,253,650	(298,984)
Federal sources	7,804,358	8,002,961	8,043,282	40,321
Interdistrict sources	4,810,649	5,373,164	5,386,078	12,914
Other	27,000	2,000	-	(2,000)
<b>Total revenue</b>	<b>114,428,763</b>	<b>122,827,023</b>	<b>122,781,552</b>	<b>(45,471)</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	58,364,976	57,558,254	57,205,081	(353,173)
Added needs	12,838,626	14,740,295	14,501,764	(238,531)
<b>Total instruction</b>	<b>71,203,602</b>	<b>72,298,549</b>	<b>71,706,845</b>	<b>(591,704)</b>
Support services:				
Pupil	11,261,871	11,615,676	11,476,952	(138,724)
Instructional staff	4,927,288	3,840,285	3,714,866	(125,419)
General administration	1,110,007	1,100,355	1,095,855	(4,500)
School administration	6,993,504	6,920,335	6,937,342	17,007
Business	1,443,038	1,384,626	1,367,311	(17,315)
Operations and maintenance	9,926,074	10,597,459	10,525,993	(71,466)
Pupil transportation services	4,886,154	5,347,127	5,201,289	(145,838)
Central	878,814	2,426,901	2,331,098	(95,803)
<b>Total support services</b>	<b>41,426,750</b>	<b>43,232,764</b>	<b>42,650,706</b>	<b>(582,058)</b>
Athletics	2,401,700	2,420,014	2,572,137	152,123
Community services	135,534	149,106	134,231	(14,875)
Other	420,000	281,948	287,567	5,619
<b>Total expenditures</b>	<b>115,587,586</b>	<b>118,382,381</b>	<b>117,351,486</b>	<b>(1,030,895)</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(1,158,823)</b>	<b>4,444,642</b>	<b>5,430,066</b>	<b>985,424</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	400,000	400,000	417,017	17,017
Transfers out	(421,000)	(2,000,000)	(2,200,000)	(200,000)
<b>Total other financing uses</b>	<b>(21,000)</b>	<b>(1,600,000)</b>	<b>(1,782,983)</b>	<b>(182,983)</b>
<b>Net Change in Fund Balance</b>	<b>(1,179,823)</b>	<b>2,844,642</b>	<b>3,647,083</b>	<b>802,441</b>
<b>Fund Balance - Beginning of year</b>	<b>13,988,535</b>	<b>13,988,535</b>	<b>13,988,535</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 12,808,712</b>	<b>\$ 16,833,177</b>	<b>\$ 17,635,618</b>	<b>\$ 802,441</b>



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

	<b>Last Ten Plan Years</b>									
	<b>Plan Years Ended September 30</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.54679 %	0.51610 %	0.51600 %	0.51350 %	0.50916 %	0.49564 %	0.47921 %	0.44258 %	0.43150 %	0.40645 %
School District's proportionate share of the net pension liability	\$ 176,975,741	\$ 194,100,041	\$ 122,165,732	\$ 176,393,437	\$ 168,618,253	\$ 148,997,547	\$ 124,183,507	\$ 110,419,033	\$ 105,393,810	\$ 89,527,056
School District's covered payroll	\$ 55,905,449	\$ 51,487,510	\$ 47,054,070	\$ 45,953,961	\$ 45,219,402	\$ 43,117,937	\$ 41,570,891	\$ 37,989,382	\$ 36,138,721	\$ 34,914,698
School District's proportionate share of the net pension liability as a percentage of its covered payroll	316.56 %	376.98 %	259.63 %	383.85 %	372.89 %	345.56 %	298.73 %	290.66 %	291.64 %	256.42 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	62.12 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Note: The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

See notes to required supplementary information.

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

	<b>Last Ten Fiscal Years</b>									
	<b>Years Ended June 30</b>									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 23,872,353	\$ 25,438,304	\$ 17,767,410	\$ 15,743,472	\$ 14,426,651	\$ 13,426,172	\$ 12,715,104	\$ 11,145,340	\$ 10,332,248	\$ 7,809,157
Contributions in relation to the statutorily required contribution	<u>23,872,353</u>	<u>25,438,304</u>	<u>17,767,410</u>	<u>15,743,472</u>	<u>14,426,651</u>	<u>13,426,172</u>	<u>12,715,104</u>	<u>11,145,340</u>	<u>10,332,248</u>	<u>7,809,157</u>
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 58,079,993</b>	<b>\$ 55,182,823</b>	<b>\$ 50,145,995</b>	<b>\$ 46,161,697</b>	<b>\$ 46,013,593</b>	<b>\$ 44,695,967</b>	<b>\$ 43,105,267</b>	<b>\$ 40,648,258</b>	<b>\$ 37,512,444</b>	<b>\$ 36,358,112</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>41.10 %</b>	<b>46.10 %</b>	<b>35.43 %</b>	<b>34.11 %</b>	<b>31.35 %</b>	<b>30.04 %</b>	<b>29.50 %</b>	<b>27.42 %</b>	<b>27.54 %</b>	<b>21.48 %</b>

See notes to required supplementary information.

**South Lyon Community Schools**

Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability  
Michigan Public School Employees' Retirement System

	<b>Last Seven Plan Years</b>						
	<b>Plan Years Ended September 30</b>						
	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.55898 %	0.52853 %	0.51817 %	0.51624 %	0.51570 %	0.50520 %	0.47848 %
School District's proportionate share of the net OPEB (asset) liability	\$ (3,162,125)	\$ 11,194,513	\$ 7,909,286	\$ 27,656,142	\$ 37,015,510	\$ 40,157,927	\$ 42,371,329
School District's covered payroll	\$ 55,905,449	\$ 51,487,510	\$ 47,054,070	\$ 45,953,961	\$ 45,219,402	\$ 43,117,937	\$ 41,570,891
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.66)%	21.74 %	16.81 %	60.18 %	81.86 %	93.14 %	101.93 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

**South Lyon Community Schools**

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

	<b>Last Seven Fiscal Years</b>						
	<b>Years Ended June 30</b>						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 4,771,518	\$ 4,441,776	\$ 4,086,497	\$ 3,841,461	\$ 3,697,468	\$ 3,495,170	\$ 3,103,127
Contributions in relation to the statutorily required contribution	4,771,518	4,441,776	4,086,497	3,841,461	3,697,468	3,495,170	3,103,127
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 58,079,993</b>	<b>\$ 55,182,823</b>	<b>\$ 50,145,995</b>	<b>\$ 46,161,697</b>	<b>\$ 46,013,593</b>	<b>\$ 44,695,967</b>	<b>\$ 43,105,267</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>8.22 %</b>	<b>8.05 %</b>	<b>8.15 %</b>	<b>8.32 %</b>	<b>8.04 %</b>	<b>7.82 %</b>	<b>7.20 %</b>

Note: GASB Statement No. 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See notes to required supplementary information.

## South Lyon Community Schools

### Notes to Required Supplementary Information

June 30, 2024

#### **Budgetary Information**

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

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

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

#### **Pension Information**

##### **Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

##### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

## South Lyon Community Schools

### Notes to Required Supplementary Information

June 30, 2024

#### **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 for each of the reported plan years ended September 30.

##### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points, and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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**APPENDIX D**  
**FORM OF APPROVING OPINION**

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**DRAFT LEGAL OPINION**

South Lyon Community Schools  
Counties of Oakland, Washtenaw and Livingston  
State of Michigan

We have acted as bond counsel in connection with the issuance by South Lyon Community Schools, Counties of Oakland, Washtenaw and Livingston, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of \$\_\_\_\_\_ designated 2025 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are in fully registered form and issued without coupons, are dated \_\_\_\_\_, 2025, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on May 1 of each year, and bear interest payable on November 1, 2025, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rates as follows:

Year      Amount      Rate      Year      Amount      Rate

The Bonds maturing on May 1, 20\_\_, are term Bonds subject to mandatory redemption in part, by lot, on the redemption dates and at the redemption price equal to the principal amount thereof as provided in the Bonds.

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, and a specimen of the Bond certificates.

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

- (1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;
- (2) the Bonds are the general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;



South Lyon Community Schools  
Counties of Oakland, Washtenaw and Livingston  
State of Michigan

\_\_\_\_\_, 2025

Page 2

(3) the Issuer has the power, and is obligated, to levy taxes on all taxable property now situated within the corporate boundaries of the Issuer, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds;

(4) the Bonds and the interest thereon are exempt from all taxation in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof; and

(5) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an “applicable corporation” as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

THRUN LAW FIRM, P.C.

TLF/CJI



**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

§ \_\_\_\_\_  
**SOUTH LYON COMMUNITY SCHOOLS  
COUNTIES OF OAKLAND, WASHTENAW AND LIVINGSTON  
STATE OF MICHIGAN  
2025 REFUNDING BONDS  
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by South Lyon Community Schools, Counties of Oakland, Washtenaw and Livingston, State of Michigan (the “Issuer”), in connection with the issuance of its \$\_\_\_\_\_ 2025 Refunding Bonds (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on December 10, 2024 and \_\_\_\_\_, 2025 (together, the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule. The Issuer acknowledges that this Agreement does not address the scope of any application of Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act to the Annual Reports or notices of the Listed Events provided or required to be provided by the Issuer pursuant to this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Bondholder” means the registered owner of a Bond or any person which (a) 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 other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Dissemination Agent” means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent’s successors and assigns.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access which provides continuing disclosure services for the receipt and public availability of continuing disclosure documents and related information required by Rule 15c2-12 promulgated by the SEC.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) provided; however, that a “Financial Obligation”

shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“Official Statement” shall mean the final Official Statement for the Bonds dated \_\_\_\_\_, 2025.

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

“Resolution” shall mean the resolutions duly adopted by the Issuer authorizing the issuance, sale and delivery of the Bonds.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

### SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2025, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

(b) The Annual Report shall be submitted to EMMA either through a web-based electronic submission interface or through electronic computer-to-computer data connections with EMMA in accordance with the submission process, document format and configuration requirements established by the MSRB. The Annual Report shall also include all related information required by MSRB to accurately identify: (i) the category of information being provided; (ii) the period covered by the Annual Report; (iii) the issues or specific securities to which the Annual Report is related (including CUSIP number, Issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the Issuer; (v) the name and date of the document; and (vi) contact information for the Dissemination Agent or the Issuer’s submitter.

(c) If the Issuer is unable to provide to EMMA an Annual Report by the date required in subsection (a), the Issuer shall send a notice in a timely manner to the MSRB in substantially the form attached as Appendix A.

(d) If the Issuer's fiscal year changes, the Issuer shall send a notice of such change to the MSRB in substantially the form attached as Appendix B. If such change will result in the Issuer's fiscal year ending on a date later than the ending date prior to such change, the Issuer shall provide notice of such change to the MSRB on or prior to the deadline for filing the Annual Report in effect when the Issuer operated under its prior fiscal year. Such notice may be provided to the MSRB along with the Annual Report, provided that it is filed at or prior to the deadline described above.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) audited financial statements of the Issuer prepared pursuant to State laws, administrative rules and guidelines and pursuant to accounting and reporting policies conforming in all material respects to generally accepted accounting principles as applicable to governmental units as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time; and

(b) additional annual financial information and operating data as set forth in the Official Statement under "CONTINUING DISCLOSURE".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which previously have been provided to each of the Repositories or filed with the SEC. If the document included by specific reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice in a timely manner not in excess of ten business days of the occurrence of any of the following events with respect to the Bonds in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or other obligated person, any of which affect security holders, if material;
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would constitute material information for the Bondholders, provided that any event other than those listed under Section 5(a)(2), (6), (7), (8), (10), (13), (14) or (15) above will always be deemed to be material. Events listed under Section 5(a)(6) and (8) above will always be deemed to be material except with respect to that portion of those events which must be determined to be material.

(c) The Issuer shall promptly cause a notice of the occurrence of a Listed Event, determined to be material in accordance with the Rule, to be electronically filed with EMMA, together with a significant event notice cover sheet substantially in the form attached as Appendix C. In connection with providing a notice of the occurrence of a Listed Event described in Section 5(a)(9) above, the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

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

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

## SECTION 6. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Agreement shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds.

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

SECTION 7. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Agreement, this Agreement may be amended, and any provision of this Agreement may be waived to the effect that:

(a) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or the types of business in which the Issuer is engaged;

(b) this Agreement as so amended or taking into account such waiver, 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, in the opinion of independent legal counsel; and

(c) such amendment or waiver does not materially impair the interests of the Bondholders, in the opinion of independent legal counsel.

If the amendment or waiver results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Agreement, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. If the amendment or waiver involves a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared based on the new accounting principles and those prepared based on the former accounting principles. The comparison should include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison should also be quantitative. A notice of the change in the accounting principles should be sent by the Issuer to the MSRB. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

SECTION 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Resolution or the Bonds, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with the Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the Bondholders and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

SOUTH LYON COMMUNITY SCHOOLS  
COUNTIES OF OAKLAND, WASHTENAW  
AND LIVINGSTON  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

Dated: \_\_\_\_\_, 2025



**APPENDIX A**

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: South Lyon Community Schools, Oakland, Washtenaw and Livingston Counties, Michigan

Name of Bond Issue: 2025 Refunding Bonds (General Obligation - Unlimited Tax)

Date of Bonds: \_\_\_\_\_, 2025

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

SOUTH LYON COMMUNITY SCHOOLS  
COUNTIES OF OAKLAND, WASHTENAW  
AND LIVINGSTON  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

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



**APPENDIX B**

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

Name of Issuer: South Lyon Community Schools, Oakland, Washtenaw and Livingston Counties, Michigan

Name of Bond Issue: 2025 Refunding Bonds (General Obligation - Unlimited Tax)

Date of Bonds: \_\_\_\_\_, 2025

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

SOUTH LYON COMMUNITY SCHOOLS  
COUNTIES OF OAKLAND, WASHTENAW  
AND LIVINGSTON  
STATE OF MICHIGAN

By: \_\_\_\_\_  
Its: Superintendent

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



## APPENDIX C

### SIGNIFICANT EVENT NOTICE COVER SHEET

This cover sheet and significant event notice should be provided in an electronic format to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or other Obligated Person's Name: \_\_\_\_\_

Issuer's Six-Digit CUSIP Number(s): \_\_\_\_\_

or Nine-Digit CUSIP Number(s) to which this significant event notice relates: \_\_\_\_\_

Number of pages of attached significant event notice: \_\_\_\_\_

Description of Significant Events Notice (Check One):

1. \_\_\_\_\_ Principal and interest payment delinquencies
2. \_\_\_\_\_ Non-payment related defaults
3. \_\_\_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_\_\_ Substitution of credit or liquidity providers, or their failure to perform
6. \_\_\_\_\_ Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. \_\_\_\_\_ Modifications to rights of security holders
8. \_\_\_\_\_ Bond calls
9. \_\_\_\_\_ Tender offers
10. \_\_\_\_\_ Defeasances
11. \_\_\_\_\_ Release, substitution, or sale of property securing repayment of the securities
12. \_\_\_\_\_ Rating changes
13. \_\_\_\_\_ Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person
14. \_\_\_\_\_ The consummation of a merger, consolidation, or acquisition involving the Issuer or other obligated person or the sale of all or substantially all of the assets of the Issuer or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. \_\_\_\_\_ Appointment of a successor or additional trustee or the change of name of a trustee
16. \_\_\_\_\_ Incurrence of a financial obligation of the Issuer or other obligated person
17. \_\_\_\_\_ Agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation that affect security holders
18. \_\_\_\_\_ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer or other obligated person that reflect financial difficulties
19. \_\_\_\_\_ Other significant event notice (specify) \_\_\_\_\_

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Employer: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Voice Telephone Number: (\_\_\_\_\_) \_\_\_\_\_

**The MSRB Gateway is [www.msrb.org](http://www.msrb.org) or through the EMMA portal at [emma.msrb.org/submission/Submission\\_Portal.aspx](http://emma.msrb.org/submission/Submission_Portal.aspx). Contact the MSRB at (703) 797-6600 with questions regarding this form or the dissemination of this notice. The cover sheet and notice may also be faxed to the MAC at (313) 963-0943.**

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