NEW ISSUE—Book-Entry-Only

RATING†*: Standard & Poor's Ratings Services: AA-
Michigan School Bond Qualification and Loan Program

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, the interest on the Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended. Bond Counsel expresses no opinion regarding the tax treatment of the interest on the Bonds under the laws of the State of Michigan. See "TAX MATTERS" and "DRAFT LEGAL OPINION OF BOND COUNSEL" herein.

$50,310,000
ROSEVILLE COMMUNITY SCHOOLS
COUNTY OF MACOMB
STATE OF MICHIGAN
2010 SCHOOL BUILDING AND SITE BONDS
(Unlimited Tax General Obligation)
(Federally Taxable – Build America Bonds – Direct Payment)

Dated: May 4, 2010 **Due:** May 1 as shown below

On May 2, 2006, the qualified electors of Roseville Community Schools, County of Macomb, State of Michigan (the "School District") approved two ballot proposals authorizing the issuance of bonds in the aggregate sum of not to exceed $110,000,000 to be issued in one or more series. Proceeds of the 2010 School Building and Site Bonds (Unlimited Tax General Obligation) (Federally Taxable – Build America Bonds – Direct Payment) (the "Bonds") in the amount of $50,310,000, represent the second and final series of bonds under the 2006 authorization and will be used for school building and site purposes. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on February 15, 2010 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

The School District has designated the Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") and will elect under Code Section 54AA(g) to receive a credit from the United States Treasury equal to 35% of the stated interest paid on the Bonds as provided in Code Section 6431. Payments are expected to be paid to the School District within 45 days of receipt by the IRS of IRS Form 8038-CP with respect to each interest payment date identifying the amount of interest to be paid. Each such Form may not be filed more than 90 days prior to the relevant interest payment date. In the Resolution, the School District has covenanted to deposit all such credits received by the School District into the debt retirement fund pledged for the payment of the Bonds.

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

Principal of and interest on the Bonds will be paid by the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan (the "Transfer Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to 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, 2010, to the Bondholders of record as of the applicable record dates herein described.

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

(Base CUSIP§:778017)

Maturity	Amount	Interest Rate	Price	CUSIP§	Maturity	Amount	Interest Rate	Price	CUSIP§
2012	$ 800,000	1.55%	100.00%	LQ4	2018	$1,520,000	5.00%	100.00%	LW1
2013	800,000	2.25	100.00	LR2	2019	1,555,000	5.10	100.00	LX9
2014	820,000	2.95	100.00	LS0	2020	1,600,000	5.25	100.00	LY7
2015	890,000	3.40	100.00	LT8	2021	1,665,000	5.45	100.00	LZ4
2016	1,110,000	4.00	100.00	LU5	2024	1,860,000	5.75	100.00	MC4
2017	1,370,000	4.60	100.00	LV3	2025	1,930,000	5.85	100.00	MD2

$3,500,000	5.650%	Term Bonds due May 1, 2023	Price	100.000%	CUSIP§	MB6
$4,060,000	6.000%	Term Bonds due May 1, 2027	Price	100.000%	CUSIP§	ME0
$8,965,000	6.550%	Term Bonds due May 1, 2031	Price	99.211%	CUSIP§	ML4
$17,865,000	6.625%	Term Bonds due May 1, 2034	Price	98.523%	CUSIP§	MN0

The Bonds maturing May 1, 2023, May 1, 2027, May 1, 2031 and May 1, 2034 (the "Term Bonds") are subject to mandatory redemption on the redemption dates and in the principal amounts set forth herein at a redemption price equal to the principal amount thereof without premium. See "THE BONDS – Mandatory Sinking Fund Redemption of Term Bonds" herein.

THE BONDS MATURING ON OR AFTER MAY 1, 2021 ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2020, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein. THE BONDS ARE ALSO SUBJECT TO EXTRAORINARY OPTIONAL REDEMPTION AS PROVIDED HEREIN. See "THE BONDS – Extraordinary Optional Redemption" herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Lansing and Detroit, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Clark Hill PLC, Birmingham, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about May 4, 2010.

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 NICOLAUS

Edward D. Jones & Co., L.P.

The date of this Official Statement is April 14, 2010.

† For an explanation of the rating, see "RATINGS" herein.
* As of date of delivery.

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

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

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

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

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

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OFFICIAL STATEMENT
relating to

$50,310,000
ROSEVILLE COMMUNITY SCHOOLS
COUNTY OF MACOMB
STATE OF MICHIGAN
2010 SCHOOL BUILDING AND SITE BONDS
(Unlimited Tax General Obligation)
(Federally Taxable – Build America Bonds – Direct Payment)

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 Roseville Community Schools, County of Macomb, State of Michigan (the "School District") of its 2010 School Building and Site Bonds (Unlimited Tax General Obligation) (Federally Taxable – Build America Bonds – Direct Payment) (the "Bonds") in the amount of $50,310,000.

PURPOSE AND SECURITY

On May 2, 2006, the qualified electors of the School District approved two ballot proposals authorizing the issuance of bonds in an aggregate amount of not to exceed $110,000,000, to be issued in one or more series. Proceeds of the Bonds in the amount of $50,310,000 represent the second and final series of bonds issued pursuant to the 2006 authorization. The Bonds are being issued for the purpose of erecting additions to existing School District buildings, including elementary school gymnasiums; remodeling existing School District buildings, including accessibility, fire alarm systems, boilers, roofs and restroom improvements and secondary school science labs; equipping, furnishing reequipping and refurnishing School District buildings and acquiring buses; improving and developing sites, including traffic flow and parking improvements, playgrounds, playfields and junior high athletic fields, drainage at high school athletic fields, facilities and structures in the School District; acquiring and installing technology infrastructure and equipment in and connecting School District buildings; and to pay the costs of issuing the Bonds.

The Bonds, as authorized for issuance by Resolution of the Board of Education of the School District adopted on February 15, 2010 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds will be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

The School District has designated the Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") and will elect under Code Section 54AA(g) to receive a credit from the United States Treasury equal to 35% of the stated interest paid on the Bonds as provided in Code Section 6431. Payments are expected to be paid to the School District within 45 days of receipt by the IRS of IRS Form 8038-CP with respect to each interest payment date identifying the amount of interest to be paid. Each such Form may not be filed more than 90 days prior to the relevant interest payment date. In the Resolution, the School District has covenanted to deposit all such credits received by the School District into the debt retirement fund pledged for the payment of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES	
Par Amount of Bonds	$50,310,000.00
Original Issue Discount	(334,599.90)
Total Sources	$49,975,400.10
USES	
Proposal 1 Capital Projects Fund	$43,846,105.33
Proposal 2 Capital Projects Fund	5,663,434.77
Underwriters' Discount	301,860.00
Estimated Costs of Issuance	164,000.00
Total Uses	$49,975,400.10

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of delivery. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2010. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

The corporate trust office of The Bank of New York Mellon Trust Company, N.A., Detroit, Michigan, or its successor will serve as the Transfer Agent (the "Transfer Agent") and also as bond registrar and paying agent. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

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

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

DTC, the world's largest 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, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

Transfer Outside Book-Entry-Only System

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

Optional Redemption

The Bonds or portions of the Bonds in multiples of $5,000 maturing on or after May 1, 2021, 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, 2020, at par plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption of Term Bonds

The Bonds maturing on May 1, 2023, May 1, 2027, May 1, 2031 and May 1, 2034 (the "Term Bonds"), are subject to mandatory sinking fund redemption, in part, by lot, on the redemption dates and in the principal amounts set forth below and at a redemption price equal to the principal amount thereof, without premium, together with interest thereon to the redemption date. When Term Bonds are purchased by the School District and delivered to the Transfer Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the Term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the School District.

Term Bonds due May 1, 2023

Redemption Dates	Principal Amounts
May 1, 2022	$1,725,000
May 1, 2023 (Maturity)	1,775,000

Term Bonds due May 1, 2027

Redemption Dates	Principal Amounts
May 1, 2026	$1,995,000
May 1, 2027 (Maturity)	2,065,000

Term Bonds due May 1, 2031

Redemption Dates	Principal Amounts
May 1, 2028	$2,110,000
May 1, 2029	2,180,000
May 1, 2030	2,290,000
May 1, 2031 (Maturity)	2,385,000

Term Bonds due May 1, 2034

Redemption Dates	Principal Amounts
May 1, 2032	$5,710,000
May 1, 2033	5,955,000
May 1, 2034 (Maturity)	6,200,000

Extraordinary Optional Redemption

If the United States Department of Treasury or any agency of the United States of America at any time ceases to remit to the School District all or any part of the interest credit payable with respect to the Bonds in accordance with Section 54AA of the Code, or if for any reason other than one attributable to the action or inaction of the School District, the School District is held by the Internal Revenue Service to be ineligible to receive all or part of the credit, the School District has the right to redeem and retire all or any part of the principal amount of the Bonds then outstanding in multiples of $5,000 within a single maturity in such order of maturity as the School District shall determine and within a single maturity by lot on any date at a redemption price of 103% of par plus accrued interest to the redemption date.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the registered owner at the registered address shown on the registration books kept by the Transfer Agent. The Bonds shall be called for redemption in multiples of $5,000 and Bonds of denominations of more than $5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by $5,000 and such

Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

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

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

QUALIFICATION BY THE STATE OF MICHIGAN

The Bonds will be fully qualified as of the date of delivery pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School District to make the payment. Article IX, Section 16 of the State Constitution as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing. See APPENDIX A, "State Qualification," in this Official Statement.

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

TAX PROCEDURES

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

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

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

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

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

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

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

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. The Legislature has appropriated funds to establish a base foundation allowance in 2009/10 ranging from $7,316 to $8,489 per pupil, depending upon the district's 1993/94 revenue though school districts will not receive the full foundation allowances as described below. 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 and the spread between the high and low per pupil allowance is reduced. The foundation allowance is funded by locally raised property taxes plus State 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 except, beginning in 2008, industrial personal property, a State sales and use tax, a real estate transfer tax and a cigarette tax.

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 (all taxable property other than principal residences, qualified agricultural property, qualified forest property and industrial personal property), except commercial personal property which is exempt from 12 of the 18 mills, in order for the district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for three enhancement mills for distribution to local constituent school districts on a per pupil basis. The enhancement mills are not counted toward the foundation allowance. Furthermore, districts whose per pupil foundation allowance in 2009/10 calculates to an amount in excess of $8,489 are authorized to levy additional millage ("hold harmless millage") to obtain the foundation allowance, first by reducing the exemption from the 18 mills against homestead property (principal residences, qualified agricultural property, industrial personal property and commercial personal property) 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 per pupil foundation allowance does not exceed $8,489, and the School District does not levy such additional millage.

State aid appropriations and the payment schedule for state aid may be changed by the Legislature at any time. See "STATE AID PAYMENTS" in APPENDIX B. Due to State budget constraints, the State School Aid Act, as amended, reduced categorical state school aid by $372 per pupil for 2008/09. The $372 per pupil reduction in 2008/09 was offset by Federal stimulus money received by the State of Michigan pursuant to the American Recovery and Reinvestment Act. In 2009/10, the State of Michigan again experienced reduced revenue in the State School Aid Fund resulting in an additional reduction of $71 per pupil (for a total of $443). Out of the total reduction of State school aid, it is anticipated that approximately $278 per pupil may be offset by Federal stimulus money in 2009/10, leaving a net reduction in 2009/10 of $165 per pupil from what was received in 2008/09 (taking into consideration the Federal stimulus money in both fiscal years).

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.

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.

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

Payments on the Bonds to a non-U.S. holder that has no connection with the United States other than holding its Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

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Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The tax discussion was written to support the promotion or marketing of the Bonds.

BOND COUNSEL'S RESPONSIBILITY

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX E. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

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.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

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

CERTAIN LEGAL MATTERS

Certain legal matters will be passed upon for the Underwriters by their counsel, Clark Hill PLC, Birmingham, Michigan. Miller, Canfield, Paddock and Stone, P.L.C., is currently representing Stifel, Nicolaus & Company, Incorporated in certain matters unrelated to the issuance of the Bonds. Both the

School District and Stifel, Nicolaus & Company, Incorporated have consented to these unrelated representations.

RATINGS

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

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

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10014, (212) 438-1000.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, and Edward D. Jones & Co., L.P., (the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee equals 0.600 percent of the original principal amount of the Bonds.

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

FINANCIAL ADVISOR'S OBLIGATION

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

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

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

Further information concerning the Bonds may be secured from Stauder, Barch & Associates, Inc., 3989 Research Park Drive, Ann Arbor, Michigan 48108, (734) 668-6688, Financial Advisor to the School District, or from Roseville Community Schools, 18975 Church Street, Roseville, Michigan, 48066-3952, (586) 445-5505.

CONTINUING DISCLOSURE

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

A failure by the School District to comply with the Undertaking will not constitute an event of default under the Resolution and Beneficial Owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the School District to comply with the Undertaking must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. The School District has not, in the previous five years, failed to comply, in any material respect, with any agreement or undertaking executed by the School District pursuant to the Rule.

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.

ROSEVILLE COMMUNITY SCHOOLS
COUNTY OF MACOMB
STATE OF MICHIGAN

By: /s/ John R. Kment
Its: Superintendent of Schools

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APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

ACT 92, PUBLIC ACTS OF MICHIGAN 2005, AS AMENDED
School Bond Qualification, Approval and Loan Act*

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

The People of the State of Michigan enact:

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

*Act 92 was signed into law with immediate effect on July 20, 2005. It repealed Act 108, Public Acts of Michigan, 1961, as amended.

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

Sec. 3. As used in this act:

(a) “Computed millage” means the number of mills in any year, not less than 7 mills and not more than 13 mills, determined on the date of issuance of the order qualifying the bonds or on a later date if requested by the school district and approved by the state treasurer, that, if levied by the school district, will generate sufficient annual proceeds to pay principal and interest on all the school district’s qualified bonds plus principal and interest on all loans related to those qualified bonds no later than the date specified in the note and repayment agreement entered into by the school district under this act.

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

(c) “Qualified loan” means a loan made under this act or 1961 PA 108, MCL 388.951 to 388.963, from this state to a school district to pay debt service on a qualified bond.

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

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

(f) “State treasurer” means the state treasurer or his or her duly authorized designee.

(g) “Superintendent of public instruction” means the superintendent of public instruction appointed under section 3 of article VIII of the state constitution of 1963.

(h) “Taxable value” means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

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

(2) Except with regard to qualification of new bonds, nothing in this act shall be construed to alter the terms and conditions applicable to outstanding qualified bonds issued in accordance with 1961 PA 108, MCL 388.951 to 388.963, and the loans associated with those qualified bonds. Unless otherwise amended as permitted by this act, outstanding qualified loans incurred in association with outstanding qualified bonds described in this subsection shall continue to bear interest and be due and payable as provided in the repayment agreements entered into between the school district and the state before the effective date of this act.

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

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

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

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

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

(c) A pro forma debt service projection showing the estimated mills the school district will levy to provide revenue the school district will use to pay the qualified bonds. For the purpose of the pro forma debt service projection, the school district may assume for the first 5 years following the date of the application the average growth in taxable value for the 5 years preceding the date of the application and the lesser of that average growth rate or 3% for the remaining term of the proposed bonds.

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

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

(f) Evidence that the school district will repay all outstanding qualified loans at the times described in section 9.

(g) The weighted average age of all school buildings in the school district based on square footage.

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

(i) The taxable value per pupil.

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

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

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

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

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

(a) The issuance of additional qualified bonds will not prevent the school district from repaying its outstanding qualified loans on the earlier of the dates described in section 9.

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

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

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

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

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

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

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

(f) The school district has paid a qualification fee of not less than $3,000.00 or the amount determined by the state treasurer, which shall be approximately equal to the amount required to pay the estimated administrative expenses incurred under this act for the fiscal year in which the state treasurer imposes the fee.

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

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

(4) If a school district does not issue its qualified bonds within 180 days after the date of the order qualifying bonds, the school district may reapply for qualification by filing an application and information necessary to update the contents of the original application for prequalification or qualification.

(5) The state treasurer shall qualify refunding bonds issued to refund qualified bonds if the state treasurer finds that the refunding bonds comply with the provisions of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

Sec. 8. A ballot submitted to the school electors of a school district after November 8, 2005 requesting authorization to issue unlimited tax general obligations that will be guaranteed by this state in accordance with section 16 of article IX of the state constitution of 1963 shall inform the electors that if the school district borrows from this state to pay debt service on the bonds, the school district may be required to continue to levy mills beyond the term of the bonds to repay this state.

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

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

(3) For qualified loans related to qualified bonds issued after July 20, 2005, the qualified loans shall be due not later than 72 months after the date on which the qualified bonds for which the school borrowed from this state are due and payable. This section does not preclude early repayment of qualified bonds or qualified loans.

(4) Except with regard to qualified loans described in subsection (2), each loan made or considered made to a school district under this act shall be for debt service on only a specific qualified bond issue. The state treasurer shall maintain separate accounts for each school district on the books and accounts of this state noting the qualified bond, the related qualified loans, the final payment date of the bonds, the final payment date of the qualified loans, and the interest rate accrued on the loans.

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

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

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

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

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

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

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

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

(8) Except as otherwise provided in this act, qualified loans shall bear interest at 1 of the following rates:

(a) The greater of 3% or the average annual cost of funds computed by the state treasurer not less often than annually on the basis of 1 of the following:

(i) All notes or bonds issued by the Michigan municipal bond authority to fund qualified loans or refinance those notes or bonds plus 0.125%.

(ii) If no bonds or notes issued by the Michigan municipal bond authority are outstanding, all bonds or notes issued by this state under sections 15 and 16 of article IX of the state constitution of 1963 plus 0.125%.

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

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

Sec. 11. The state treasurer shall promulgate rules to implement this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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

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

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

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

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

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

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

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

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

(5) When a school district's computed millage is sufficient to pay principal and interest on its qualified bonds, a school district shall file a loan activity statement with the state treasurer no later than 30 days before the date set for payment of the qualified bonds setting forth all of the following:

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

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

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

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

(6) Within 30 days after receipt of the loan activity statement under subsection (5), the state treasurer shall send an invoice to the school district for the amount of repayment the school district owes on its outstanding qualified loans, which shall be the difference between the debt service payable or paid to bondholders and the funds on hand at the school district, less a reasonable amount of funds on hand, as determined by the state treasurer, to cover minimum balance requirements or potential tax disputes. The school district shall remit the amount specified in the invoice within 30 days after the dated date of the invoice.

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

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

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

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

Sec. 16. The state treasurer shall deposit all fees collected under this act into a separate fund established within the state treasury, and shall use the proceeds of the fees solely for the purpose of administering and enforcing this act. The unexpended and unobligated balance of this fund at the end of each state fiscal year shall be carried forward over to the succeeding state fiscal year and shall not lapse to the general fund but shall be available for reappropriation for the next state fiscal year.

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

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

(a) To pay for enhancements to the projects approved by the school electors as described in the ballot proposing the qualified bonds.

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

(c) To repay this state.

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422 March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

APPENDIX B[1]

ROSEVILLE COMMUNITY SCHOOLS
GENERAL FINANCIAL INFORMATION

AREA

The areas encompassed by the School District and by the City of Roseville are as follows:

	School District	City of Roseville
Area in square miles	9.1	9.9

POPULATION

The estimated population for the School District and the U.S. Census population reported for the City of Roseville are as follows:

	School District	City of Roseville
2009 (Estimate)*	42,138	45,927
2000	44,158	48,129
1990	49,200	51,412
1980	51,324	54,311

*Southeast Michigan Council of Governments (SEMCOG) July, 2009 estimate.

PROPERTY VALUATIONS

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, 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 198, Public Acts of Michigan, 1974, as amended. **As a result of Proposal A, 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 more information.

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

Historical Valuations

Year	Homestead	Non-Homestead	Total Taxable Valuation
2009	$729,200,619	$485,620,324	$1,214,820,943*
2008	781,951,406	470,552,734	1,252,504,140†
2007	706,872,320	561,115,476	1,267,987,796
2006	683,023,463	543,567,248	1,226,590,711
2005	652,223,718	529,157,458	1,181,381,176

*The 2009 State Equalized Valuation is $1,268,574,364.

† As a result of changes (in 2008) to the Michigan Business Tax the taxable value of Commercial Personal Property is exempt from 12 of the 18 mills operating tax.

2009 Taxable Valuation	$1,214,820,943
Plus: 2009 IFT Taxable Valuation**	7,631,006
Total Valuation	$1,222,451,949

** Millage is levied at half rate against the amount listed. See "PROPERTY VALUATIONS - *Industrial Facilities Tax (IFT)*" herein.

[1] Information included in this Official Statement under the headings "General Financial Information, "General Economic Information," and "General School Information" was obtained from the School District, unless otherwise noted.

Note: The school district anticipates a decline in the overall taxable values for 2010. At this time the school district does not know the exact amount of the 2010 taxable values.

Per Capita Valuation

2009 Per Capita Taxable Valuation	$28,829.58
2009 Per Capita State Equalized Valuation	$30,105.23
2009 Per Capita Estimated True Cash Valuation	$60,120.47

Industrial Facilities Tax (IFT)

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

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

The 2009 IFT Taxable Valuation for properties granted IFT abatements within the School District's boundaries is $7,631,006, which is subsequently taxed at half rate. For further information see "PROPERTY VALUATIONS - *Historical Valuations"* herein

TAX BASE COMPOSITION [1]

Class	Taxable Valuation	Percent of Total
Real Property	1,109,942,423	91.37%
Personal Property	104,878,520	8.63
TOTAL	$1,214,820,943	100.00%
Use		
Commercial	$263,265,509	21.67%
Industrial	98,203,239	8.08
Residential	748,473,675	61.62
Personal Commercial	50,570,750	4.16
Personal Industrial	40,765,900	3.36
Personal Utility	13,541,870	1.11
TOTAL	$1,214,820,943	100.00%

Source: Macomb County

[1] Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the 12 mills of the 18 operating mills levied on non-homestead property only. In 2009 industrial personal property has a taxable value of $40,765,900 and commercial personal property has a taxable value of $50,570,750 in the School District.

PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS

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

MAJOR TAXPAYERS

The ten largest taxpayers in the School District and their 2009 Taxable Valuations are as follows:

Taxpayer	Product/Service	Taxable Valuation
Macomb Mall Properties	Shopping center	$17,293,917
Detroit Edison	Utility	9,068,251
Sears *	Retail	8,173,194
Meijer	Retail	7,756,712
Gratiot Center	Shopping center	7,226,265
Gratiot Plaza/Federal Realty	Real estate	6,722,393
American House Roseville	Senior assisted living	6,514,670
AZ Automotive	Manufacturing	5,901,798
K-Mart of Michigan, Inc.	Retail	5,527,898
RCO Enterprises	Manufacturing	5,423,915
TOTAL		$79,609,013

The Taxable Valuations of the major taxpayers represent 6.55% of the School District's 2009 Taxable Valuation of $1,214,820,943.

* Sears has filed an appeal with the State Tax Tribunal. See "PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS" above.

Source: Respective municipalities

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

Roseville Community Schools [1]	2009	2008	2007	2006	2005
Voted Operating	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	5.6500	5.5200	5.2000	5.2000	3.2000
TOTAL HOMESTEAD	5.65000	5.5200	5.2000	5.2000	3.2000
TOTAL NON-HOMESTEAD	23.65000	23.5200	23.2000	23.2000	21.2000

The School District's operating millage expires with the December 2019 levy. See "SOURCES OF SCHOOL OPERATING REVENUE" in this Official Statement.

[1] Commencing in 2008, commercial personal property is exempt from 12 mills of the School District's 18 mills of voted operating millage on non - homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forest property and industrial personal property). The School District will levy authorizing debt millage on all taxable property located within the School District.

Other Major Taxing Units	2009	2008
State Education Tax*	6.0000	6.0000
Macomb County (operating & drain)	4.5740	4.2055
City of Roseville	21.3800	21.3800
Macomb County I/S/D	2.9430	2.9430
Macomb County Community College	1.4212	1.4212

* The State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District.

Source: City of Roseville

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The foundation guarantee was set from $7,316 to $8,489 per pupil for the fiscal year 2009/10 depending upon the district's 1993/1994 revenue per pupil. In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

The following table shows a history and current estimate of the School District's total State aid revenues, including categoricals and other amounts and the Foundation Allowance per pupil.

Year	Total	State Amount Received per Pupil	Foundation Allowance per Pupil
2009/10 (Feb estimate)	$37,617,299	$6,400	$7,915*
2008/09	40,049,631	6,412	7,915*
2007/08	41,914,318	6,130	7,820
2006/07	41,214,167	6,133	7,737
2005/06	41,675,923	5,988	7,527

* While the foundation allowance per pupil was $7,915, the State aid component of that foundation allowance was reduced as described in "SOURCES OF SCHOOL OPERATING REVENUE" in this official statement.

Source: Michigan Department of Education

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 and December 1 of each fiscal year and are payable without interest on or before the following September 14 and February 14, respectively, 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 Treasurer for collection. Macomb County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection.

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

Levy Year	Operating Tax Levy	Collections to March 1 of Following Year		Collections Plus Funding To June 30 of Following Year	
2009	$9,044,590	(In process of collection)		N/A	
2008*	8,816,443	$8,027,196	91.05%	$8,770,658	99.48%
2007	10,161,188	9,350,845	92.03	10,018,542	98.60
2006	9,784,210	8,964,912	91.63	9,652,253	98.65
2005	9,524,834	8,650,864	90.82	9,390,977	98.59

* The School District's operating levy for 2008 reflects the commercial personal property exemption discussed in this official statement. See "TAX RATES - (Per $1,000 of Valuation)" herein.

The Tax Payment Fund is financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the County. Although the School District anticipates the continuance of this program by the County, the ability of the County to issue such GOLTNs is subject to market conditions at the time of offering. In addition, Act 206, Public Acts of Michigan, 1893, as amended, provides in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the third Tuesday in July in each year, a tax sale is held by the County at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years. Act 123, Public Acts of Michigan of 1999, as amended, shortened the amount of time property owners have to pay their delinquent taxes before losing their property. Property owners with taxes that are two years delinquent will be foreclosed and the property will be sold at public auction. For example, property owners who fail to pay their 2009 delinquent property taxes will lose their property in March 2012.

LABOR FORCE

A breakdown of the number of salaried employees of the School District and their affiliations with organized groups is as follows:

Employees	Number	Contract Bargaining Unit	Expiration
Administration:			
Administration	5	Non-Affiliated	N/A
Central	5	Roseville Fed. of Sch. Adm.	06/30/2011
Principals	16	Roseville Principal Assoc.	06/30/2011
Instruction:			
Teachers	350	Roseville Fed. of Teachers	08/31/2011
Pre-School Teachers & Aides	6	Roseville Fed. Of Teachers / Teamsters Local 214	8-31-11 / 6-30-11
Special Education Aides	15	AFSCME Local 732	06/30/2011
Instructional Aides	24	Non-Affiliated	N/A
Support:			
Administration Clerical	17	Teamsters Local 214	06/30/2011
Confidential Secretary	4	Non-Affiliated	N/A
Para Professionals	22	Roseville Fed. of Teachers	08/31/2011
Elementary Support	9	AFSCME Local 732	06/30/2011
Secondary Support	14	AFSCME Local 732	06/30/2011
Cafeteria/Custodian, etc.	99	AFSCME Local 732	06/30/2011
Lunchroom Supervisors	90	Teamsters Local 1103	06/30/2011
Crossing Guards	6	Non-Affiliated	N/A
Bus Drivers/Mechanics	22	AFSCME Local 732	06/30/2011
Cafeteria, Mail Drivers	3	AFSCME Local 732	06/30/2011
Child Care	7	Teamsters Local 214	06/30/2011
Printing/Mail	1	Non-Affiliated	N/A
Network Facilitator	1	Non-Affiliated	N/A
TOTAL STAFF	716		

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

PENSION FUND

For the period October 1 through September 30 the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("MPSERS") which is administered by the State of Michigan. These contributions are required by law and are calculated by using the contribution rates and periods provided in the table below of the employees' wages. The School District's estimated contribution to MPSERS for the 2009/10 fiscal year and the contributions for the previous four years are shown below.

Contribution Period	Contribution Rate
Oct. 1, 2009-Sept. 30, 2010	16.94%
Oct. 1, 2008-Sept. 30, 2009	16.54
Oct. 1, 2007-Sept. 30, 2008	16.72
Oct. 1, 2006-Sept. 30, 2007	17.74
Oct. 1, 2005-Sept. 30, 2006	16.34

Fiscal Year Ending June 30	Contributions to MPSERS
2010 (estimate)	$6,055,383
2009	5,933,109
2008	6,523,594
2007	6,361,885
2006	5,641,000

Source: Audited financial statements.

OTHER POST-EMPLOYMENT BENEFITS

MPSERS is a cost-sharing, multi-employer, statewide plan. Pension benefits and retiree health benefits are established by law and funded through employer contributions. The cost of retiree 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 above. Further information regarding MPSERS, including retiree health benefits, can be found at: www.michigan.gov/orsschools.

DEBT STATEMENT(As of April 30, 2010 and including the Bonds described herein)

DIRECT DEBT

Dated Date	Purpose	Type	Interest Spread	Maturities	Amount Outstanding
09/15/02	Energy Conservation	LTNQ	3.30 - 3.50%	05/01/10-12	$ 515,000
06/22/06	Building & Site	UTQ	4.00 - 5.00	05/01/10-31	61,075,000
05/04/10	Building & Site	UTQ	1.55 - 6.625	05/01/12-34	50,310,000
TOTAL DIRECT DEBT					$111,900,000

OVERLAPPING DEBT

Percent	Municipality	Amount Outstanding	District Share	
91.85%	Roseville	$16,040,833	$14,733,505	
3.93	Macomb County	60,310,437	2,370,200	
3.85	Macomb I/S/D	1,000,000	38,500	
NET OVERLAPPING DEBT				$ 17,142,205
NET DIRECT AND OVERLAPPING DEBT				$129,042,205

Source: Municipal Advisory Council of Michigan.

DEBT RATIOS

Per Capita (42,138)	
Net Direct Debt	$2,655.56
Net Direct and Overlapping Debt	$3,062.37
Ratio to 2009 Taxable Valuation ($1,214,820,943)	
Net Direct Debt	9.21%
Net Direct and Overlapping Debt	10.62%

Ratio to 2009 State Equalized Valuation ($1,268,574,364)	
Net Direct Debt	8.82%
Net Direct and Overlapping Debt	10.17%
Ratio to 2009 Estimated True Cash Valuation ($2,537,148,728)	
Net Direct Debt	4.41%
Net Direct and Overlapping Debt	5.09%

DEBT HISTORY

The School District has no record of default.

FUTURE FINANCING

The School District does not anticipate additional capital financing in the foreseeable future.

OTHER FINANCING

The School District issued bonds in the amount of $1,360,474 to the Michigan Municipal Bond Authority ("MMBA") on November 24, 1998, payable solely from state revenues pursuant to section 11g of the State School Aid Act of 1979, as amended. Such bonds do not, by statute, constitute a general obligation of the School District or a debt of the School District within the meaning of any constitutional or statutory debt limitation.

OTHER BORROWING

The School District has a 2009 State Aid Note in the amount of $4,000,000 which will mature on August 20, 2010. The School District also expects to issue a State Aid Note in April, 2010 of approximately 4,000,000.

LEGAL DEBT MARGIN

2009 State Equalized Valuation		$1,268,574,364
Debt Limit (15% of 2009 State Equalized Valuation)		$190,286,155
Debt Outstanding, including Bonds described herein	$111,900,000	
Less Bonds not subject to Debt Limit*	(111,385,000)	
Total Subject to Debt Limit		515,000
Additional Debt Which Could Be Legally Incurred		$189,771,155

* 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.

SCHOOL BOND QUALIFICATION AND LOAN PROGRAM

The School District does not currently have a School Loan Revolving Fund balance under the School Bond Qualification and Loan Program.

Source: State of Michigan Department of Treasury

GENERAL ECONOMIC INFORMATION

LOCATION AND AREA

Roseville Community Schools encompassing an area of approximately 9.1 square miles, is located entirely within and includes most of the City of Roseville. The School District is primarily a middle income, commercial and residential area. Roseville is intersected by Interstates 94 and 696, which then connect with other major thoroughfares traversing the State of Michigan and the nation.

3	miles northeast of Detroit
45	miles south of Port Huron
51	miles northeast of Ann Arbor
54	miles southeast of Flint
70	miles east of Lansing
83	miles southeast of Saginaw
95	miles southeast of Bay City

POPULATION BY AGE

The 2000 U.S. Census estimate of population by age for Macomb County is as follows:

	Number	Percent
Total Population	788,149	100.00%
0 through 17 years	189,784	24.08
18 through 64 years	490,714	62.26
65 years and over	107,651	13.66
Median age	36.9 years	

INCOME

The 2000 U.S. Census estimate of household income for Macomb County is as follows:

	Number	Percent
HOUSEHOLDS BY INCOME	309,502	100.00%
Less than $10,000	16,841	5.44
$10,000 to $14,999	14,229	4.59
$15,000 to $24,999	31,627	10.22
$25,000 to $34,999	35,120	11.35
$35,000 to $49,999	48,613	15.71
$50,000 to $74,999	70,908	22.91
$75,000 to $99,999	44,675	14.43
$100,000 to $149,999	35,966	11.62
$150,000 to $199,999	6,981	2.26
$200,000 or more	4,542	1.47
Median Income	$52,102	

EMPLOYMENT CHARACTERISTICS

The following employers located within the School District's boundaries and surrounding communities offer employment opportunities.

Employer	Product/Service	Approx. No. Employed*
Within the School District (100 or more employees)		
Roseville Community Schools	Education	716
AZ Automotive Corporation	Automotive parts supplier	608
Quality Prototype	Stamping prototype parts	500
RCO Engineering, Inc.	Industrial prototypes & automotive seating	400
Sears	Retail	350
City of Roseville	Government	250
Atlas Tool, Inc.	Stamping tools, prototype parts & contract machining	250
Meijer	Retail	250
Wal-Mart	Retail	250
Cadillac Products, Inc.	Plastic automotive parts	220
Kmart	Retail	220
Dominion Technologies Group, Inc.	Tool & die job shop	200
Validating Systems, Inc.	Automotive seats	200
Apollo Plating, Inc.	Automotive parts plating	175
National Precast, Inc. (HQ)	Architectural & structural precast concrete	150
Costco	Retail	100
Joe Randazzo's Fruit Vegetable	Retail	100
Kroger	Retail	100
Home Depot	Retail	100
Lincoln Die Casting, Inc.	Zinc & aluminum die casting	100
Turri's Italian Foods, Inc.	Frozen Italian food	100
Within Macomb County (top 20 employers)		
Chrysler Group L.L.C.	Automotive	8,221
U.S. Government	Government	5,561
General Motors	Automotive	5,529
Ford Motor Company	Automotive	4,893
St. Johns Health System	Health care	3,891
Henry Ford Health System	Health care	3,860
Utica Community Schools	Education	3,756
General Dynamics Land Systems	Armored vehicles and systems	3,000
Macomb County	Government	2,431
Chippewa Valley Schools	Education	1,750
U.S. Postal Service	Post office	1,600
Mount Clemens General Hospital	Health care	1,595
Warren Consolidated Schools	Education	1,551
L'Anse Creuse Public Schools	Education	1,319
State of Michigan	Government	1,186
Asset Acceptance Capital Corp.	Finance	802
Art Van Furniture	Retail home furnishings	725
Macomb Community College	Community Education	665
Johnson Controls	Automotive parts supplier	560

*The approximate number of employees listed above are as reported in the sources indicated below. Because of reporting time lags and other factors inherent in collecting and reporting such information, the numbers may not reflect recent changes in employment levels, if any, nor are they necessarily indicative of the current financial condition of the employers listed in light of the significant economic downturn currently affecting the nation and the State.

Source: 2009 Michigan Manufacturers Directory, 2010 Crain's Book of Lists, Manta Company Intelligence website, the Michigan Economic Development Council ("MEDC"), and individual employers.

EMPLOYMENT BREAKDOWN

The 2000 U. S. Census reports the occupational breakdown of persons 16 years and over for Macomb County as follows:

	Number	Percent
PERSONS BY OCCUPATION	390,791	100.00%
Professional Specialty Occupations	120,704	30.89
Service Occupations	51,220	13.11
Sales & Office Occupations	110,480	28.27
Farming, Fishing, & Forestry Occupations	430	0.11
Construction & Maintenance Occupations	38,664	9.89
Transportation & Material Moving Occupations	69,293	17.73

The breakdown by industry for persons 16 years and over in Macomb County is as follows:

	Number	Percent
PERSONS BY INDUSTRY	390,791	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	762	0.19
Construction	26,072	6.67
Manufacturing	102,034	26.12
Wholesale Trade	14,639	3.75
Retail Trade	49,112	12.57
Transportation	12,403	3.17
Information	8,006	2.04
Finance, Insurance, & Real Estate	21,477	5.50
Professional & Management Services	38,571	9.87
Educational, Health & Social Services	60,974	15.60
Arts, Entertainment, Recreation and Food Services	27,827	7.12
Other Professional and Related Services	17,014	4.35
Public Administration	11,900	3.05

UNEMPLOYMENT

The Michigan Department of Labor and Economic Growth, Office of Labor Market Information, reports unemployment averages for Macomb County as compared to the State of Michigan as follows:

	City of Roseville	County of Macomb	State of Michigan
2009 Annual Average	22.2%	16.3%	14.0%
2008 Annual Average	12.3	8.8	8.4
2007 Annual Average	10.5	7.4	7.1
2006 Annual Average	10.2	7.2	6.9
2005 Annual Average	9.8	6.9	6.8

RETAIL SALES

A breakdown of retail sales (000's omitted) for Macomb County as compared to the State of Michigan as reported in the 2006 Editor & Publishers Market Guide, is as follows:

	NUMBER OF STORES		ESTIMATE OF SALES (000's omitted)	
Product/Service	County of Macomb	State of Michigan	County of Macomb	State of Michigan
Auto	303	4,234	$4,709,824	$44,214,183
Furniture	160	1,970	560,437	4,554,363
Electrical Appliance	104	1,589	321,056	4,090,927
Lumber & Hardware	242	3,421	1,416,170	13,641,603
Food	456	5,973	1,736,469	17,543,450
Drugs	240	2,861	1,077,780	9,652,260
Gasoline	279	4,201	1,012,338	14,280,459
Apparel	330	4,792	537,395	7,370,355
General Merchandise	104	1,450	2,603,208	27,621,916
TOTALS	2,218	30,491	$13,974,677	$142,969,516

BANKING

The following banks have branches located within the School District's boundaries. Deposits are as reported in the Accuity American Financial Directory, July - December 2009.

Bank	Main Office	Total State-Wide Deposits
Comerica Bank	Dallas, TX	N/A
Fifth Third Bank	Cincinnati, OH	N/A
Bank of America	Charlotte, NC	N/A
Flagstar Bank	Troy, MI	$7,334,926,000
Community Central Bank	Mt. Clemens City, MI	360,945,000
Citizens State Bank	New Baltimore, MI	174,304,000
Charter One Bank, FSB	Cleveland, OH	N/A
The Huntington National Bank	Columbus, OH	N/A
JP Morgan Chase Bank	Columbus, OH	N/A

GENERAL SCHOOL INFORMATION

DESCRIPTION

The School District currently operates eight elementary schools, two middle schools, one high school and one additional facility. The School District's 2009/10 student enrollment is 5,829. A staff of 350 teachers, 5 administrators and 361 support personnel are employed by the School District.

BOARD OF EDUCATION

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

ADMINISTRATIVE STAFF

John R. Kment, SUPERINTENDENT

Mr. John R. Kment received his Bachelor of Science degree, with a double major in history and social studies, from Wayne State University in 1968. In 1970, he received his Master of Arts degree, with a major in social studies. In 1982, Mr. Kment received his Master of Arts degree in learning disabilities. Mr. Kment also has his Educational Specialist in School Administration.

Mr. Kment joined Roseville Community Schools in 1968. He has served in many capacities at the School District, including teacher, Director of the Summer School program, Director of Adult and Community Education, Assistant Principal and Principal of Roseville High School. Mr. Kment assumed his present position as Superintendent of Roseville Community Schools in 1988.

Lynn A. Hutchison, ASSISTANT SUPERINTENDENT OF BUSINESS AND FINANCE

Ms. Hutchison received her Associate's Degree of Applied Science in Business Data Processing from Macomb Community College and her Bachelor of Business Administration from Walsh College of Accountancy and Business Administration. Ms. Hutchison received her Master's Degree of Finance program at Walsh College of Accountancy and Business Administration in 1999.

Ms. Hutchison joined Roseville Community Schools in 1978 and served in various clerical and bookkeeping positions. In 1986 she was named Coordinator of Business Affairs, before assuming the position of Director of Business Affairs in October, 1991. In May 2006 Ms. Hutchison was named Assistant Superintendent of Business and Finance.

SCHOOL ENROLLMENT

Historical Enrollment

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

School Year	Enrollment	School Year	Enrollment
2009/10	5,829	2004/05	6,536
2008/09	6,079	2003/04	6,439
2007/08	6,303	2002/03	6,278
2006/07	6,389	2001/02	6,190
2005/06	6,505	2000/01	6,163

Enrollment by Grade

The enrollment by grade for the school year 2009/10 (Fall Pupil Count Day) is as follows:

Kindergarten	367	Ninth	464
First	344	Tenth	614
Second	399	Eleventh	338
Third	361	Twelfth	451
Fourth	406	*Sub Total*	5.448
Fifth	399	Special Ed.	281
Sixth	462	Alternative Ed.	100
Seventh	434		
Eighth	409	TOTAL	5,829

Projected Enrollment

The projected enrollment (2014/15) is as follows:

K-6	2,738
7-8	843
9-12	1,867
Special Ed.	281
Alternative Ed.	100
TOTAL	5,829

EXISTING SCHOOL FACILITIES**

School	Grades	Year Completed	Additions	Type of Construction
Elementary				
Alumni	K-6	1951	52/54/55/61/00	Masonry
Dort	K-6	1950	56/61/68	Masonry
Fountain	K-6	1951	56/59/68	Masonry
Huron Park	K-6	1949	54/61/68	Masonry
Kaiser	K-6	1947	51/54/67	Masonry
Patton	K-6	1959	65/67/99	Masonry
Steenland	K-6	2009	--	Masonry
Kment	K-6	2009	--	Masonry
Middle School				
Eastland Middle School	7-8	1955	56/57/66/89/00	Masonry
Roseville Middle School	7-8	1960	61/69/02	Masonry
High School				
Roseville High	9-12	1969	1974/01/09	Masonry

** The School District's long range demographic projections show that its enrollment expects to remain flat. Therefore, district wide student capacity will remain very similar to its current level. The proceeds from the bond proposals will allow the district to add, renovate and reconfigure spaces to better accommodate the current and future instructional needs of its students that have evolved significantly from the time that the current buildings were constructed.

OTHER SCHOOLS

There are two charter academies located within the School District's boundaries.

School	Grades Served	Approximate Enrollment
Connor Creek Academy East	K-6	520
Reach Academy	K-6	512

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APPENDIX C

ROSEVILLE COMMUNITY SCHOOLS
General Fund Summary
For Fiscal Year Ending June 30, 2010

	2009/10 Adopted Budget
REVENUE	
Local Sources	$8,132,754
State Sources	44,040,679
Federal Sources	4,393,854
TOTAL REVENUE	56,567,287
Incoming Transfers & Other Transactions	2,634,519
TOTAL REVENUE	59,201,806
EXPENDITURES	
INSTRUCTION:	
Basic Programs	27,687,519
Added Needs	8,148,708
Adult Education	14,946
TOTAL INSTRUCTION	35,851,173
SUPPORTING SERVICES:	
Pupil	4,920,110
Instructional	1,782,865
General administration	734,821
School administration	4,200,425
Business services	1,591,843
Operations/Maintenance	7,249,684
Pupil transportation	1,536,747
Central	1,539,546
Other Professional Education	0
Community Services	18,435
TOTAL SERVICES	23,574,476
TOTAL EXPENDITURES	59,425,649
Outgoing Transfers & Other Transactions	618,952
TOTAL EXPENDITURES	$60,044,601
REVENUE OVER (UNDER) EXPENDITURES	(842,795)
BEGINNING FUND BALANCE, JULY 1	3,870,155
ESTIMATED ENDING FUND BALANCE, JUNE 30	$3,027,360

The district is currently projecting a more substantial drawdown on fund balance by June 30 due to revenue reductions and has implemented mid-year reductions to help mitigate the impact. A staffing freeze has been in place since early 2010 and all non-essential spending has been curtailed until further notice.

The Board of Education typically adopts its budget amendment formally in late spring at the same time that it adopts the budget for the next year. However, understanding the weakening financial situation, the Board and administration are currently working on plans and options to restructure operations, in cooperation with its workforce, to reduce expenditures to correspond to further reductions in revenue.

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Independent Auditor's Report

To the Board of Education
Roseville Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools (the "School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements. These financial statements are the responsibility of Roseville Community Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roseville Community Schools as of June 30, 2009 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules are not required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information; however, we did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards,* we have also issued a report dated October 12, 2009 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, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

October 12, 2009

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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Education
Roseville Community Schools

We have audited the financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Roseville Community Schools as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 12, 2009. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Roseville Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and another that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2009-1 and 2009-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Finding 2009-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roseville Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We also noted certain matters that we have reported to management of Roseville Community Schools in a separate letter dated October 12, 2009.

Roseville Community Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Roseville Community Schools' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 12, 2009

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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance with OMB Circular A-133

To the Board of Education
Roseville Community Schools

Compliance

We have audited the compliance of Roseville Community Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The major federal programs of Roseville Community Schools are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Roseville Community Schools' management. Our responsibility is to express an opinion on Roseville Community Schools' compliance based on our audit.

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We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roseville Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Roseville Community Schools' compliance with those requirements.

In our opinion, Roseville Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

To the Board of Education
Roseville Community Schools

Internal Control Over Compliance

The management of Roseville Community Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Roseville Community Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 12, 2009

This section of Roseville Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2009. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Roseville 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 as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the 2006 Capital Projects Funds (Proposals 1 and 2), and the 2006 Debt Service Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net assets and the statement of changes in fiduciary net assets, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

Government-wide Financial Statements   Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - 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 assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net assets 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, child care, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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

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

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

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

The School District is the trustee, or fiduciary, for its Student Activity Funds and Scholarship Trust Fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2009 and 2008:

TABLE 1	Governmental Activities	
	2009	2008
	(in millions)	
Assets		
Current and other assets	$ 37.9	$ 69.4
Capital assets	67.5	35.4
Total assets	105.4	104.8
Liabilities		
Current liabilities	19.5	15.1
Long-term liabilities	65.2	68.2
Total liabilities	84.7	83.3

TABLE 1 (Continued)	Governmental Activities	
	2009	2008
	(in millions)	
Net Assets		
Invested in property and equipment - Net of related debt	$ 13.7	$ 11.3
Restricted - Debt service and capital projects	9.2	6.9
Unrestricted (deficit)	(2.2)	3.3
Total net assets	**$ 20.7**	**$ 21.5**

The above analysis focuses on the net assets (see Table 1). The change in net assets of the School District's governmental activities is discussed below (see Table 2). The School District's net assets were $20.7 million at June 30, 2009. Capital assets net of related debt, totaling $13.7 million, compares the original cost less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from debt covenants and capital project proceeds and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations.

Unrestricted net assets show a deficit of $2.2 million. This represents the accumulated results of all past years' operations, including long-term obligations, such as compensated absences, estimated risk liabilities and arbitrage liabilities, which will not be due until well into the future. The unrestricted net assets balance shows the School District's ability to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years 2009 and 2008 (see Table 2).

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TABLE 2	Governmental Activities 2009	2008
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 1.4	$ 1.6
Operating grants	11.3	10.5
General revenue:		
Property taxes	15.7	16.8
State foundation allowance	35.5	37.2
Federal stabilization funds	2.3	-
Other	3.1	4.3
Total revenue	69.3	70.4
Functions/Program Expenses		
Instruction	38.9	37.8
Support services	25.1	24.7
Food services	2.5	2.4
Athletics	0.5	0.5
Child care	0.2	0.2
Interest on long-term debt	2.9	3.1
Total functions/program expenses	70.1	68.7
(Decrease) Increase in Net Assets	**$ (0.8)**	**$ 1.7**

As reported in the statement of activities, the cost of all of our governmental activities this year was $70.1 million. Certain activities were partially funded from those who benefited from the programs ($1.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($11.3 million). We paid for the remaining "public benefit" portion of our governmental activities with $15.7 million in taxes, $35.5 million in state foundation allowance, $2.3 million in federal stabilization funds, and with our other revenues, i.e., interest and general entitlements.

The School District experienced a decrease in net assets of $0.8 million. The key reason for the change in net assets was the decrease in property taxes and investment income from the Capital Projects Funds as we continue our capital improvements.

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 $23.8 million, which is a decrease of $35.8 million from last year. The primary reason for the decrease is the increase in the Capital Project Funds expenditures.

In the General Fund, our principal operating fund, the fund balance decreased by $4.2 million to $3.9 million. This operating deficit is attributed to planned expenditures for general operations of the K-12 program, and planned subsidies to supporting activities in the Athletics Fund and payment of general obligation debt service.

The School District has responded to the issues of escalating costs outside of its control along with limited revenue streams from its main source, the State of Michigan. It has aggressively made cuts in expenditures over the past six years. Although the original budget for the year ended June 30, 2009 estimated use of fund balance of over $4.2 million, the Board of Education and administration continued stringent cost-cutting opportunities as they became available.

Our Special Revenue Funds remained stable compared to prior years, showing a net fund balance decrease of $59,000.

Combined, the Debt Service Funds showed a fund balance increase of $100,000. Millage rates and set-aside requirements are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year end.

Capital Projects Funds and Debt Service Funds fund balances are reserved since they can only be used to pay debt and capital projects service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues 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 just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were no significant revisions made to the 2008-2009 General Fund original budget. Budgeted revenues were decreased by $400,000 due to changes in the estimates of local taxes and state aid.

Budgeted expenditures were increased by $100,000 from the original estimate. Changes in estimates of salaries and employee benefits made up the majority of the changes.

There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2009, the School District had $67.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment, and construction in progress. This amount represents a net increase (including additions, disposals, and depreciation) of $32.1 million, or 90.8 percent, from last year.

	2009	2008
Land	$ 753,297	$ 753,297
Construction in progress	43,227,909	11,881,764
Buildings and building improvements	15,970,633	16,937,764
Land improvements	943,855	1,031,968
Buses and other vehicles	336,523	410,002
Furniture and equipment	6,255,257	4,363,108
Total capital assets	**$ 67,487,474**	**$ 35,377,903**

This year's additions consisted mainly of construction in progress. Debt was issued for these additions in fiscal year 2006.

The School District issued bonds in excess of $60.0 million for capital improvements in June 2006. Major renovations to all schools, including a large addition to the high school, the replacement of four elementary schools with two new buildings, and gymnasium additions to current elementary buildings, will be taking place over the next three years.

A second series of bonds will be issued in 2010 for continued financing of the projects approved by the electorate in May 2006. The total capital improvement plan exceeds $110.0 million between the 2006 and 2010 series of bonds.

The high school addition and renovation and the two new elementary school buildings are substantially complete and open for students this fall of 2009. Additions and renovations to the remainder of the buildings have started this summer.

Debt

At the end of this year, the School District had $62.3 million in bonds outstanding versus $66.4 million in the previous year - a net decrease of $4.1 million. The reduction is due to annual principal payments of the outstanding bonded debt. Further detail on the list of outstanding bonds is included in Note 7, shown later in this report.

	2009	2008
General obligation bonds	**$ 62,317,595**	**$ 66,373,310**

The School District's general obligation bond rating continues to be equivalent to the State's credit rating for bonds it guarantees. 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 $515,000 is significantly below the statutory limit.

Revenue Bonds - The School District issued bonds to the Michigan Municipal Bond Authority which are payable solely from state appropriations pursuant to Section 11g of the State School Aid Act of 1979, as amended. Such bonds do not, by statute, constitute a general obligation of the School District.

Other obligations of the School District include compensated absences, arbitrage, and self-insurance liabilities.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors

It is difficult to fully explain the current economic status of the School District at this time. The state of Michigan is still experiencing the ravages of a severely troubled economy. State revenues have fallen short of estimates since last spring, leaving uncertainty and looming cutbacks to its benefactors. At this writing, the state legislature and governor have been unable to establish a budget for 2009/2010 by its deadline of October 1.

So what does that say for our school district? Since the major source of revenue comes in the form of state aid, we are left in a very difficult position. Limited in the ability to replace revenues, the School District is forced to find ways to offer a challenging and rigorous educational experience for our students with fewer and fewer resources. And now, with the current year's state budget still in limbo, there is no way to really plan for the next year, let alone the future.

The Board of Education and administration implemented $6.8 million of cuts and instituted new grant programs for the 2009/2010 school year in an attempt to manage expenditures and balance the budget. Our question today is, did we anticipate, estimate, and/or forecast the revenue side of the equation adequately? Until the State has passed a budget, we won't know. Students are in school. Teachers and staff are working. It will be difficult to react to major changes in any meaningful manner since the school year is well under way.

The School District made substantial budget cuts in fiscal years 2004, 2005, and 2006. In the school years following, additional reductions were made through attrition, implementing modified benefit programs, and continued commodity purchasing of utilities and supplies. As mentioned earlier, $6.8 million of cutbacks will be in place for the upcoming school year. The expenditure side of the equation has not been forgotten. Unfortunately, however, it is difficult to keep pace with the volatile economy.

So we come back to the question of how to provide a quality educational program for our students in an ever-changing financial environment.

It is our job to not only react to these changes, but to try to develop a dynamic response that will meet the needs of the community now and in the future, while maintaining our fiscal health. Not an easy task, but one that must be accomplished.

Plans are in place to review district facilities, enrollment trends, and our educational delivery system. The board and administration are dedicated to meeting the challenge of change. We will do whatever is necessary to continue to provide the best educational opportunities for our community while remaining fiscally responsible.

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 Assistant Superintendent of Business and Finance, Roseville Community Schools, 19875 Church St., Roseville, Michigan 48066.

Roseville Community Schools

Statement of Net Assets
June 30, 2009

	Governmental Activities
Assets	
Cash and investments (Note 3)	$ 2,771,066
Receivables (Note 4)	8,809,351
Inventories	557,936
Restricted assets (Notes 1 and 3)	25,795,251
Capital assets - Net (Note 5)	67,487,474
Total assets	105,421,078
Liabilities	
Accounts payable	7,059,754
Accrued payroll and related liabilities	5,596,648
Accrued Interest	415,729
Deferred revenue (Note 4)	1,095,969
Noncurrent liabilities (Note 7):	
Due within one year	5,315,722
Due in more than one year	65,193,238
Total liabilities	84,677,060
Net Assets	
Invested in capital assets - Net of related debt	13,716,294
Restricted:	
Debt service	823,053
Capital projects	8,386,648
Unrestricted	(2,181,977)
Total net assets	$ 20,744,018

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The Notes to Financial Statements are an Integral Part of this Statement.

Roseville Community Schools

Statement of Activities
Year Ended June 30, 2009

		Program Revenues		Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 38,915,179	$ 44,871	$ 6,649,288	$ (32,221,020)
Support services	25,138,637	318,780	2,960,976	(21,858,881)
Food services	2,450,023	877,435	1,664,301	91,713
Athletics	514,229	29,730	-	(484,499)
Child care	149,382	148,836	-	(546)
Community services	16,234	-	10,654	(5,580)
Interest on long-term debt	2,865,160	-	-	(2,865,160)
Total primary government	**$ 70,048,844**	**$ 1,419,652**	**$ 11,285,219**	(57,343,973)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				8,799,519
Property taxes, levied for debt services				6,944,153
State aid not restricted to specific purposes				35,460,286
Federal stabilization funds				2,278,780
Interest and investment earnings				2,522,017
Other				568,933
Total general revenues				56,573,688
Change in Net Assets				(770,285)
Net Assets - Beginning of year				21,514,303
Net Assets - End of year				**$ 20,744,018**

The Notes to Financial Statements are an Integral Part of this Statement.

Governmental Funds
Balance Sheet
June 30, 2009

	General Fund	2006 Capital Projects Fund - Proposal 1	2006 Capital Projects Fund - Proposal 2	2006 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments (Note 3)	$ 2,738,644	$ -	$ -	$ -	$ 32,422	$ 2,771,066
Receivables (Note 4)	8,548,314	47	50	21,881	14,697	8,584,989
Due from other funds (Note 6)	248,238	435,232	1,111	795	451,670	1,137,046
Inventories	532,651	-	-	-	25,285	557,936
Restricted assets (Notes 1 and 3)	-	10,073,616	14,084,999	818,672	817,964	25,795,251
Total assets	**$ 12,067,847**	**$ 10,508,895**	**$ 14,086,160**	**$ 841,348**	**$ 1,342,038**	**$ 38,846,288**
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 930,992	$ 3,632,111	$ 2,523,099	$ 15,831	$ 7,150	$ 7,109,183
Accrued payroll and other liabilities	5,581,989	-	-	-	14,659	5,596,648
Due to other funds (Note 6)	462,256	26,387	446,298	224	152,452	1,087,617
Deferred revenue (Note 4)	1,222,455	-	-	15,979	1,873	1,240,307
Total liabilities	8,197,692	3,658,498	2,969,397	32,034	176,134	15,033,755
Fund Balances						
Reserved:						
Inventories	532,651	-	-	-	25,285	557,936
Debt service	-	-	-	809,314	13,739	823,053
Capital Projects Funds (bonded)	-	6,850,397	11,116,763	-	-	17,967,160
Unreserved:						
Designated, reported in Capital Projects Funds	-	-	-	-	804,289	804,289
Undesignated, reported in:						
General Fund	3,337,504	-	-	-	-	3,337,504
Special Revenue Funds	-	-	-	-	322,591	322,591
Total fund balances	3,870,155	6,850,397	11,116,763	809,314	1,165,904	23,812,533
Total liabilities and fund balances	**$ 12,067,847**	**$ 10,508,895**	**$ 14,086,160**	**$ 841,348**	**$ 1,342,038**	**$ 38,846,288**

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Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2009

Fund Balance - Total Governmental Funds		$ 23,812,533
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of capital assets	$ 93,939,514	
Accumulated depreciation	(26,452,040)	67,487,474
Other long-term assets not available to pay current period expenditures, therefore deferred in the governmental funds		144,338
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:		
Bonds payable including premium, discount, and deferred charges	(62,941,735)	
Compensated absences	(5,607,418)	
Arbitrage liability	(1,400,098)	
Self-insurance claims	(559,709)	(70,508,960)
Accrued interest payable is not included as a liability in governmental funds		(415,729)
Accrued interest receivable is not included as a asset in governmental funds		224,362
Net Assets - Governmental Activities		**$ 20,744,018**

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2009

	General Fund	2006 Capital Projects Fund - Proposal 1	2006 Capital Projects Fund - Proposal 2	2006 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Local sources	$ 9,261,744	$ 1,079,966	$ 1,139,345	$ 6,975,808	$ 1,091,973	$ 19,548,836
State sources	39,795,785	-	-	-	239,887	40,035,672
Federal sources	5,557,868	-	-	-	1,519,953	7,077,821
Interdistrict and other sources	2,516,410	-	-	-	-	2,516,410
Total revenue	57,131,807	1,079,966	1,139,345	6,975,808	2,851,813	69,178,739
Expenditures						
Current:						
Instruction	37,229,491	-	-	-	-	37,229,491
Support services	23,544,736	10,271	10,271	42,244	250	23,607,772
Food services	-	-	-	-	2,429,528	2,429,528
Athletics	-	-	-	-	514,229	514,229
Child care	-	-	-	-	149,382	149,382
Community services	16,234	-	-	-	-	16,234
Debt service:						
Principal	-	-	-	3,820,000	235,715	4,055,715
Interest	-	-	-	2,951,160	42,549	2,993,709
Capital outlay	172,879	18,854,806	14,934,115	-	6,622	33,968,422
Total expenditures	60,963,340	18,865,077	14,944,386	6,813,404	3,378,275	104,964,482
Excess of Revenue Over (Under) Expenditures	(3,831,533)	(17,785,111)	(13,805,041)	162,404	(526,462)	(35,785,743)
Other Financing Sources (Uses)						
Transfers in	191,522	-	-	-	590,265	781,787
Transfers out	(590,265)	-	-	-	(191,522)	(781,787)
Total other financing sources (uses)	(398,743)	-	-	-	398,743	-
Net Change in Fund Balances	(4,230,276)	(17,785,111)	(13,805,041)	162,404	(127,719)	(35,785,743)
Fund Balances - Beginning of year	8,100,431	24,635,508	24,921,804	646,910	1,293,623	59,598,276
Fund Balances - End of year	$ 3,870,155	$ 6,850,397	$ 11,116,763	$ 809,314	$ 1,165,904	$ 23,812,533

The Notes to Financial Statements are an Integral Part of this Statement.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2009

Net Change in Fund Balances - Total Governmental Funds		$ (35,785,743)
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:		
Depreciation expense	$ (2,303,128)	
Capitalized capital outlay	34,412,699	32,109,571
Governmental funds report accrued interest income when it is earned, not when it has been collected or collectible within 60 days of year end.		224,362
Revenue is reported in the statement of activities when earned: it is not reported in the funds until collected or collectible within 60 days of year end		(124,542)
Underwriter's premium, discount, and deferred charges are reported as expenditures and revenue in the funds and amortized in the statement of activities		26,734
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		4,055,715
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		101,815
Compensated absences and self-insured liability claims are recorded when earned in the statement of activities. In the current year, more was earned than was paid out		(1,378,197)
Change in Net Assets of Governmental Activities		**$ (770,285)**

The Notes to Financial Statements are an Integral Part of this Statement.

Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

	Scholarship Trust Fund	Agency Funds
Assets		
Cash and investments (Note 3)	$ 143,598	$ 336,347
Due from other funds (Note 6)	527	10,103
Interest receivable	12	-
Total assets	144,137	**$ 346,450**
Liabilities		
Accounts payable	62,000	$ 59,173
Due to student groups	-	227,218
Due to other funds (Note 6)	-	60,059
Total liabilities	62,000	**$ 346,450**
Net Assets - Reserved for scholarships	**$ 82,137**	

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Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2009

	Scholarship Trust Fund
Additions	
Interest earned	$ 1,136
Donations and fund-raising	75,705
Total additions	76,841
Deductions - Scholarships awarded	76,168
Change in Net Assets	673
Net Assets - Beginning of year	81,464
Net Assets - End of year	**$ 82,137**

Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of Roseville Community Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. 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. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state and federal aid.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

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

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

The School District reports the following major governmental funds:

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

2006 Capital Projects Funds - Proposals 1 and 2 - These two funds related to the 2006 bond issue are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The funds operate until the purpose for which they were created is accomplished.

2006 Debt Service Fund - The 2006 Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other debt service expenditures on the 2006 bond issues.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Food Services, Athletics, and Child Care Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

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Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Debt Service Funds - The 2002 Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the 2002 bond issue. The Durant 1998 Debt Service Fund is used to record the principal and interest payments associated with this bond. These payments are funded by the State of Michigan via a specific appropriation, which is recorded as revenue in the fund.

Capital Projects Funds - The 1998 Durant and Building and Site Funds are designated for the disbursement of invoices related to capital projects. The funds operate until the purpose for which they were created is accomplished.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent. Fiduciary fund net assets and results or operations are not included in the government-wide statements. Trust and agency funds are custodial in nature and do not involve measurement of results of operations.

<u>Assets, Liabilities, and Net Assets or Fund Balance</u>

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is allocated based on the aggregate balances of the participating funds.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All accounts and property taxes receivable are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and approximately 80 percent of the property taxes become a lien on July 1 and the remainder on December 1. Taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories - Inventories are valued at cost, on an average cost basis for central services and on a first-in, first-out basis for food services. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Services Fund is recorded as inventory.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Restricted Assets - The unspent bond proceeds and related interest in the Capital Projects Funds are required to be set aside for construction. The unspent property taxes levied of the Debt Service Funds are required to be set aside for future bond principal and interest payments. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include land, buildings, furniture and equipment, vehicles, and construction in progress, 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 $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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

Land improvements	20 to 25 years
Buildings and improvements	7 to 50 years
Buses and other vehicles	8 years
Furniture and equipment	5 to 25 years

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

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent management plans that may be subject to change.

Comparative Data - Comparative data is not included in the School District's financial statements.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all Special Revenue Funds, except that transfers from other funds are budgeted as revenue and capital outlay is budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end.

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

Encumbrance accounting is employed in governmental funds. Budget appropriations are considered spent when 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 Projects Fund Compliance - The Capital Projects 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.

Note 3 - 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, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated 10 financial institutions for the deposit of its funds.

The investment policy adopted by the Board of Education has authorized investments consistent with state statutory authority as described above.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk of bank deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of $107,549 was fully insured by the FDIC. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk of investments 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 does not address custodial credit risk. The School District does not have investments with custodial credit risk.

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

Note 3 - 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's investment policy does not further limit its investment choices.

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

Investment	Fair Value	Maturities	Rating	Rating Organization
Sweep account	$ 4,063,552	N/A	A1/P1/F1	Not required
Bank investment pooled funds	3,151,335	N/A	A1/P1/F1	Not required
Citigroup repurchase agreement	13,483,415	12/01/2010	A	S&P
Citigroup repurchase agreement	9,528,254	12/01/2010	A	S&P

Concentration of Credit Risk - The School District places no limit on the amount the School District may invest in any one issuer. More than 5 percent of the School District's investments are in repurchase agreements; these investments are 76 percent of the School District's 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 policy prohibit investment in foreign currency.

Note 4 - Receivables and Deferred Revenue

Receivables as of year end for the School District's individual major funds and the nonmajor funds in the aggregate, are as follows:

	General Fund	2006 Capital Projects Fund - Proposal 1	2006 Capital Projects Fund - Proposal 2	2006 Debt Service Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	$ 141,554	$ -	$ -	$ 21,849	$ -	$ 163,403
Accounts	38,729	-	-	-	14,631	53,360
Accrued interest receivable	346	99,024	125,435	32	66	224,903
Intergovernmental	8,367,685	-	-	-	-	8,367,685
Total	$ 8,548,314	$ 99,024	$ 125,435	$ 21,881	$ 14,697	$ 8,809,351

Note 4 - Receivables and Deferred Revenue (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds: Unavailable	Governmental Funds: Unearned	Total
Student food sales	$ -	$ (1,873)	$ (1,873)
Delinquent property taxes	(144,338)	-	(144,338)
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	(1,094,096)	(1,094,096)
Total	$ (144,338)	$ (1,095,969)	$ (1,240,307)

Note 5 - Capital Assets

Capital asset activity of the School District was as follows:

	Balance July 1, 2008	Additions	Disposals and Adjustments	Balance June 30, 2009
Capital assets not being depreciated:				
Land	$ 753,297	$ -	$ -	$ 753,297
Construction in progress	11,881,764	31,346,145	-	43,227,909
Subtotal	12,635,061	31,346,145	-	43,981,206
Capital assets being depreciated:				
Buildings and improvements	33,920,312	-	-	33,920,312
Land improvements	2,516,293	-	-	2,516,293
Buses and other vehicles	2,116,363	35,276	144,008	2,007,631
Furniture and equipment	14,045,578	3,031,278	5,562,784	11,514,072
Subtotal	52,598,546	3,066,554	5,706,792	49,958,308
Accumulated depreciation:				
Buildings and improvements	16,982,548	967,131	-	17,949,679
Land improvements	1,484,325	88,113	-	1,572,438
Buses and other vehicles	1,706,361	108,755	144,008	1,671,108
Furniture and equipment	9,682,470	1,139,129	5,562,784	5,258,815
Subtotal	29,855,704	2,303,128	5,706,792	26,452,040
Net capital assets being depreciated	22,742,842	763,426	-	23,506,268
Net governmental capital assets	$ 35,377,903	$ 32,109,571	$ -	$ 67,487,474

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to activities of the School District as follows:

Governmental activities:	
Instruction	$ 1,700,433
Support services	582,200
Food services	20,495
Total governmental activities	$ 2,303,128

Construction Commitments - The School District has active construction projects at year endrelated to the 2006 bond issues. At year end, the School District's commitments related to each of the 2006 Capital Projects Funds (Proposal 1 and Proposal 2) are as follows:

	Spent to Date	Remaining Commitments
Proposal 1	$ 24,761,133	$ 12,017,520
Proposal 2	25,569,625	4,302,704
Total	$ 50,330,758	$ 16,320,224

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	2006 Capital Projects Fund - Proposal 1	$ 25,276
	2006 Capital Projects Fund - Proposal 2	10,271
	Nonmajor governmental funds	152,452
	Agency Funds	60,015
	2006 Debt Fund	224
	Total General Fund	248,238
2006 Capital Projects Fund - Proposal 1	2006 Capital Projects Fund - Proposal 2	435,232
2006 Capital Projects Fund - Proposal 2	2006 Capital Projects Fund - Proposal 1	1,111
2006 Debt Service Fund	2006 Capital Projects Fund - Proposal 2	795
Nonmajor governmental funds	General Fund	451,626
	Agency Funds	44
	Total nonmajor governmental funds	451,670
Agency Funds	General Fund	10,103
Scholarship Fund	General Fund	527
	Total	$ 1,147,676

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Nonmajor governmental funds	$ 191,522
Nonmajor governmental funds	General Fund	590,265
	Total governmental funds	$ 781,787

Transfers from the General Fund provided funding for the Athletics and Debt Service Funds. The transfer from the Food Services Fund to the General Fund was to cover its portion of shared costs.

Note 7 - Long-term Debt

The School District issues bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, arbitrage liabilities, and certain risk liabilities.

Long-term debt activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds	$ 66,373,310	$ -	$ 4,055,715	$ 62,317,595	$ 4,419,316
Less deferred amounts:					
Bond premium	1,174,248	-	65,468	1,108,780	65,468
Bond discount	(488,374)	-	(21,234)	(467,140)	(21,234)
Deferred interest from refunding bonds	(35,000)	-	(17,500)	(17,500)	(17,500)
Total bonds payable	67,024,184	-	4,082,449	62,941,735	4,446,050
Other obligations	6,189,028	7,620,876	6,242,679	7,567,225	869,672
Total governmental activities	$ 73,213,212	$ 7,620,876	$ 10,325,128	$ 70,508,960	$ 5,315,722

Note 7 - Long-term Debt (Continued)

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

Years Ending June 30	Principal	Interest	Total
2010	$ 4,419,316	$ 2,832,744	$ 7,252,060
2011	2,240,044	2,815,935	5,055,979
2012	1,992,046	2,582,786	4,574,832
2013	1,916,189	2,503,342	4,419,531
2014	1,900,000	2,426,000	4,326,000
2015-2019	10,825,000	10,857,500	21,682,500
2020-2024	13,700,000	8,002,500	21,702,500
2025-2029	17,275,000	4,414,375	21,689,375
2030-2031	8,050,000	608,750	8,658,750
Total	$ 62,317,595	$ 37,043,932	$ 99,361,527

Governmental Activities

Bonded debt obligations consist of the following:

2006 unlimited tax $65,185,000 serial bonds due in annual installments of $1,600,000 to $4,175,000 through May 1, 2031; interest at 4.00 percent to 5.00 percent	$ 61,075,000
2002 limited tax energy conservation improvement $1,490,000 serial bonds due in annual installments of $165,000 to $180,000 through May 1, 2012; interest at 3.30 percent to 3.50 percent	515,000
1998 Durant Non-Plaintiff bond $1,360,474 serial bonds due in annual installments of $79,316 to $470,044 through May 15, 2013; interest at 4.76 percent. Annual payments (principal and interest) associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources	727,595
Total bonded debt	$ 62,317,595

Note 7 - Long-term Debt (Continued)

Other governmental activities long-term obligations include the following:

Employee compensated absences	$	5,607,418
Arbitrage liability		1,400,098
Self-insurance		559,709
Total	$	7,567,225

Advance and Current Refunding - In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2009, $3,530,000 of bonds outstanding are considered defeased.

Note 8 - Risk Management

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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 is self-insured for health, vision, and dental claims. The School District purchases commercial insurance for life and disability claims, and participates in a shared-risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for health, vision, and dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2009	2008
Estimated liability - Beginning of year	$ 519,944	$ 474,401
Claims incurred - Including changes in estimates	6,046,180	4,057,990
Claim payments	(6,006,415)	(4,012,447)
Estimated liability - End of year	$ 559,709	$ 519,944

Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

Plan Description - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), 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. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The 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 healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Pension Benefits - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 10.17 percent of covered payroll for the period from July 1, 2008 through September 30, 2008 and 9.73 percent for the period from October 1, 2008 through June 30, 2009. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2009, 2008, and 2007 were $3,490,275, $3,967,999, and $4,012,936, respectively.

Postemployment Benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent 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 on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.55 percent of covered payroll for the period from July 1, 2008 through September 30, 2008 and 6.81 percent for the period from October 1, 2008 through June 30, 2009. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2009, 2008, and 2007 were $2,442,834, $2,555,595, and $2,348,949, respectively

Note 10 - State Aid Anticipation Note

On August 20, 2009, the School District borrowed $4,000,000 on a state aid anticipation note. The note bears interest at 1.4 percent and is due August 20, 2010.

Required Supplemental Information

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Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual
Revenue			
Local sources	$ 10,766,135	$ 9,331,439	$ 9,261,744
State sources	41,436,994	39,728,115	39,795,785
Federal sources	2,984,025	5,719,750	5,557,868
Interdistrict and other sources	2,698,374	2,728,427	2,707,932
Total revenue	57,885,528	57,507,731	57,323,329
Expenditures - Current			
Instruction:			
Basic programs	29,158,801	29,164,756	29,033,824
Added needs	7,913,253	8,084,417	8,182,030
Adult and continuing education	24,842	16,842	14,222
Support services:			
Pupil	5,197,233	5,078,632	5,028,351
Instructional staff	1,797,321	1,936,189	1,866,185
General administration	749,786	748,986	724,191
School administration	4,343,434	4,332,283	4,404,826
Business services	1,316,626	1,386,852	1,367,756
Operation and maintenance	7,581,273	7,443,805	7,438,516
Transportation	1,568,613	1,529,249	1,456,781
Central staff	1,413,865	1,461,029	1,430,424
Other	-	3,515	-
Community services	19,395	15,360	16,234
Total expenditures	61,084,442	61,201,915	60,963,340
Other Financing Uses - Transfers out	(598,400)	(662,400)	(590,265)
Net Change in Fund Balance	(3,797,314)	(4,356,584)	(4,230,276)
Fund Balance - July 1, 2008	8,100,431	8,100,431	8,100,431
Fund Balance - June 30, 2009	**$ 4,303,117**	**$ 3,743,847**	**$ 3,870,155**

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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FORM OF APPROVING OPINION

Roseville Community Schools
County of Macomb
State of Michigan

We have acted as bond counsel to the Roseville Community Schools, County of Macomb, State of Michigan (the "Issuer") in connection with the issuance by the Issuer of bonds in the aggregate principal sum of $50,310,000, designated 2010 School Building and Site Bonds (Unlimited Tax General Obligation) (Federally Taxable – Build America Bonds – Direct Payment) (the "Bonds"). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of $5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of ________, 2010, payable as to principal and interest as provided in the Bonds, subject to redemption prior to maturity in the manner, at the times and at the prices specified in the Bonds.

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

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

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

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

3. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. We express no opinion regarding the tax treatment of the interest on the Bonds under the laws of the State of Michigan. We express no opinion regarding any other federal or state tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax opinion herein was not intended to be used, and cannot be used, for the purpose of avoiding

taxpayer penalties. This opinion was written to support the promotion or marketing of the Bonds.

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

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

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

Very truly yours,

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

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by the Roseville Community Schools, County of Macomb, State of Michigan (the "School District"), in connection with the issuance of its 50,310,000 2010 School Building and Site Bonds (Unlimited Tax General Obligation) (Federally Taxable – Build America Bonds – Direct Payment) (the "Bonds"). The School District covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

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

(b) *Continuing Disclosure.* The School District hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or before the last day of the 6th month after the end of the fiscal year of the School District, the following annual financial information and operating data, commencing with the fiscal year ended June 30, 2010, in an electronic format as prescribed by the MSRB:

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

a. Property Valuations – Historical Valuations;
b. Major Taxpayers;
c. Tax Rates;
d. State Aid Payments
e. Tax Levies and Collections;
f. Debt Statement – Direct Debt;
g. Legal Debt Margin;
h. School Enrollment – Historical Enrollment and Enrollment by Grade;
i. General Fund Budget; and

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

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

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

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

(d) *Occurrence of Events.* The School District agrees to provide or cause to be provided in a timely manner to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds, if applicable, if material:

(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 or events affecting the tax-exempt status of the security

(7) modifications to rights of security holders

(8) bond calls

(9) defeasances

(10) release, substitution, or sale of property securing repayment of the securities

(11) rating changes

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

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

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

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

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

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

ROSEVILLE COMMUNITY SCHOOLS
County of Macomb
State of Michigan

By: ______________________________________

Its: Superintendent

Dated: _________, 2010

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