

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2026**

**NEW ISSUE – Book-Entry-Only**

**RATINGS<sup>(†)</sup> S&P Global Ratings: AA/A+  
Michigan School Bond Qualification and Loan Program/Underlying**

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



**\$39,560,000\***  
**GRASS LAKE COMMUNITY SCHOOLS**  
**COUNTIES OF JACKSON AND WASHTENAW, STATE OF MICHIGAN**  
**2026 SCHOOL BUILDING AND SITE BONDS**  
**(General Obligation – Unlimited Tax)**

**Dated: Date of Delivery**

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

On May 5, 2026, the qualified electors of Grass Lake Community Schools, Counties of Jackson and Washtenaw, State of Michigan (the “School District”) approved the issuance of bonds of the School District in the amount of not to exceed \$41,905,000. Proceeds of the 2026 School Building and Site Bonds (General Obligation – Unlimited Tax) (the “Bonds”) in the principal amount of \$39,560,000\* will be used for school building and site purposes. The Bonds were authorized by the Board of Education of the School District by resolutions adopted on May 11, 2026 and expected to be adopted on June \_\_, 2026 (together, the “Resolutions”). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

Principal of and interest on the Bonds will be paid by the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC’s Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC’s Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on each November 1 and May 1, commencing November 1, 2026, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

(Base CUSIP§: 388712)

<b>Maturity</b>	<b>Interest</b>	<b>Yield</b>	<b>CUSIP§</b>	<b>Maturity</b>	<b>Interest</b>	<b>Yield</b>	<b>CUSIP§</b>
<b>May 1*</b>	<b>Rate</b>			<b>May 1*</b>	<b>Rate</b>		
2028	\$125,000			2040	\$1,785,000		
2029	135,000			2041	1,870,000		
2030	160,000			2042	1,965,000		
2031	185,000			2043	2,065,000		
2032	260,000			2044	2,170,000		
2033	1,265,000			2045	2,275,000		
2034	1,330,000			2046	2,390,000		
2035	1,395,000			2047	2,510,000		
2036	1,465,000			2048	2,635,000		
2037	1,540,000			2049	2,765,000		
2038	1,615,000			2050	2,905,000		
2039	1,700,000			2051	3,050,000		

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2037\* ARE SUBJECT TO OPTIONAL REDEMPTION PRIOR TO MATURITY BEGINNING MAY 1, 2036\* IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See “THE BONDS – Optional Redemption” herein.

The Bonds will be offered when, as and if issued by the School District and accepted by the Underwriters subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about June \_\_, 2026.

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.

**RAYMOND JAMES®**

**Huntington Capital Markets**

The date of this Official Statement is June \_\_, 2026.

† For an explanation of the ratings, see “RATINGS” herein.

[1] As of the date of delivery.

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\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed “final” by the School District for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

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

Information herein has been obtained from the School District, The Depository Trust Company and other sources believed to be reliable. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its 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 MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INFORMATION PRESENTED IN THIS OFFICIAL STATEMENT CONCERNING THE SCHOOL DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

GRASS LAKE COMMUNITY SCHOOLS

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517.867.5540

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Shari Hein, Vice President  
Kyle McClure, Secretary  
Janey Bisard, Treasurer  
Joseph DeBoe, Trustee  
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**OFFICIAL STATEMENT**  
relating to

**\$39,560,000\***

**GRASS LAKE COMMUNITY SCHOOLS**  
**COUNTIES OF JACKSON AND WASHTENAW, STATE OF MICHIGAN**  
**2026 SCHOOL BUILDING AND SITE BONDS**  
**(General Obligation – Unlimited Tax)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by Grass Lake Community Schools, Counties of Jackson and Washtenaw, State of Michigan (the “School District”) of its 2026 School Building and Site Bonds (General Obligation – Unlimited Tax) (the “Bonds”) in the principal amount of \$39,560,000\*.

**PURPOSE AND SECURITY**

On May 5, 2026, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$41,905,000. The proceeds of the Bonds in the principal amount of \$39,560,000\* are being issued for the purposes of (i) partially remodeling, furnishing and refurbishing, and equipping and re-equipping the elementary school, middle school and high school buildings; erecting, furnishing and equipping additions to the middle school building; acquiring and installing instructional technology and instructional technology equipment for the school buildings; erecting, furnishing and equipping an indoor athletic facility structure; and preparing, developing, equipping and improving a playground and sites; and (ii) paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on May 11, 2026, and expected to be adopted on June \_\_, 2026 (together, the “Resolutions”), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program (“SBQLP”). See “QUALIFICATION BY THE STATE OF MICHIGAN” and APPENDIX A: “State Qualification” in this Official Statement.

**ESTIMATED SOURCES AND USES OF FUNDS**

**SOURCES**

Par Amount of the Bonds .....  
Original Issue Premium.....  
Total Sources.....

**USES**

Deposit to Capital Projects Fund.....  
Underwriters’ Discount.....  
Estimated Costs of Issuance .....  
Total Uses.....

\*Preliminary, subject to change.

## QUALIFICATION BY THE STATE OF MICHIGAN

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

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

## THE BONDS

### **Description and Form of the Bonds**

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of and bear interest from the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2026. 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 Argent Institutional Trust Company, Grand Rapids, Michigan, or its successor, will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers, exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

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

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

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

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

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

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

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

to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of 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 Bonds to be redeemed.

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

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

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

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

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

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

## **Optional Redemption**

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2037\*, are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036\*, at par plus accrued interest to the date fixed for redemption.

## **Notice of Redemption and Manner of Selection**

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

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

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

## **TAX PROCEDURES**

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

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

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.

\*Preliminary, subject to change

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

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

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

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

The Resolutions authorizing the issuance of the Bonds and State law obligate the School District to levy a tax annually in an amount sufficient so that the estimated collections therefrom, together with other amounts on hand, 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. There can, however, be no assurance that there will not be a delay in payment of debt service due to the procedural steps required of the School District to borrow from the School Loan Revolving Fund.

If sufficient funds for full payment of debt service on the Bonds do not reach the Paying Agent five business days prior to the debt service payment due date, the Paying 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 Paying 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 for the excerpt from the State Constitution and for the statute creating the School Loan Revolving Fund and the related opinions of the Attorney General of the State of Michigan.

## SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts.

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including but not limited to, a statewide property tax of 6 mills on all taxable property<sup>[1]</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties<sup>[2]</sup> in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property<sup>[3]</sup> as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance does not exceed \$10,050, and the School District does not levy such additional millage.

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

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

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

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

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

PA 15 amended the State School Aid Act for the 2025/26 fiscal year, increasing the School District’s foundation allowance to \$10,050 per pupil.

Pursuant to PA 15, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, “at-risk” students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District’s receipt of categorical funds for the 2024/25 fiscal year, see the School District’s audited financial statements in APPENDIX D.

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

### **MICHIGAN PROPERTY TAX REFORM**

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

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the “small taxpayer exemption,” the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than \$80,000 became exempt from ad valorem taxes in that collecting unit beginning in 2014, with such threshold being increased by the legislature to a combined true cash value in a local tax collecting unit of less than \$180,000 beginning in 2023. For businesses that do not qualify for the “small taxpayer exemption,” all “eligible manufacturing personal property” (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased and placed into service before 2006 or during or after 2013 became exempt beginning in 2016. Taxation on “eligible manufacturing personal property” placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the voter approved personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the school district’s operating millage will come from the State use tax component, which is deposited into the State school aid fund.<sup>[1]</sup> While the legislation provides reimbursement for prospective

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

school operating losses, pursuant to legislative changes made in 2020, the School District will be reimbursed for debt millage calculated pursuant to a statutory formula.

## **LITIGATION**

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

## **TAX MATTERS**

### **State**

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

### **Federal**

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

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

### **Original Issue Discount\***

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

### **Original Issue Premium\***

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

### **Future Developments**

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

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

\*Preliminary, subject to change.

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

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

### **APPROVAL OF LEGAL PROCEEDINGS**

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

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

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

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

### **RATINGS**

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 SBQLP 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 SBQLP.

No application has been made to any other ratings service for ratings on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, the rating agency bases its 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 effect on the market price of the Bonds. Any ratings assigned represent only the view of S&P. Further information is available upon request from S&P.

## **UNDERWRITING**

Raymond James & Associates, Inc. and Huntington Securities, Inc. d/b/a Huntington Capital Markets (the “Underwriters”) have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals \_\_\_\_\_ percent of the original principal amount of the Bonds.

The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions, including, among other things, that (i) no event has occurred which impairs or threatens to impair the validity of the Bonds or the status of the Bonds or the interest thereon as exempt from taxation in the State and interest on the Bonds is excluded from gross income for federal income tax purposes (except as described under the heading “TAX MATTERS” herein) and (ii) proceedings relating to the Bonds are not pending or threatened by the Commission.

The Bond Purchase Agreement further provides that the School District will provide to the Underwriters within seven business days of the date of the Bond Purchase Agreement an electronic copy of the Official Statement to enable the Underwriters to comply with the requirements of Rule 15c2-12(b)(4) under the Exchange Act.

The Bonds were authorized at an election held on May 5, 2026. The results of the election were certified by the Jackson County Board of Canvassers on May 12, 2026. Pursuant to State law, an action claiming that material fraud or error was committed at the election may be brought within thirty (30) days from the date the canvass of the election was certified. The Bonds are expected to be priced within the time period during which an action can be brought claiming material fraud or error in the election, and the School District’s obligation to sell and deliver the Bonds under the bond purchase agreement will be subject to the condition that no such action has been filed within thirty (30) days from the date the canvass of the election was certified. As of the date hereof, the School District is unaware of any filing of such a claim or the threat of a filing of such a claim.

## **MUNICIPAL ADVISOR’S OBLIGATION**

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

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

Requests for information concerning the School District should be addressed to PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: 734.994.9700.

## **CONTINUING DISCLOSURE**

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

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

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

## **OTHER MATTERS**

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

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

GRASS LAKE COMMUNITY SCHOOLS  
Counties of Jackson and Washtenaw  
State of Michigan

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

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**APPENDIX A  
STATE QUALIFICATION**

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

**State loans to school districts.**

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

**Amount of loans.**

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

**Qualified bonds.**

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

**Repayment of loans, tax levy by school district.**

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

**Bonds, state loans, repayment.**

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

**Power to tax unlimited.**

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

**Rights and obligations to remain unimpaired.**

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

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

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

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

*The People of the State of Michigan enact:*

**388.1921 Short title.**

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

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

**388.1922 Purpose of act.**

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

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

**388.1923 Definitions.**

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

### **388.1925 Preliminary qualification; application.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **388.1926 Prequalification of bonds; determination by state treasurer.**

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

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

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

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

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

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

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

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

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

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

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

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

(d) The weighted average maturity of the qualified bond issue does not exceed 120% of the average reasonably expected useful life of the facilities, excluding land and site improvements, being financed or refinanced with the proceeds of the bonds, determined as of the later of the date on which the qualified bonds

will be issued or the date on which each facility is expected to be placed in service.

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

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

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

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

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

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

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

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

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

### **388.1928 Submission of ballot to electors; ballot.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **388.1930 Certificates of qualification or approval; file; delivery.**

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

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

### **388.1931 Rules; bulletins.**

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

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

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

Sec. 12. If a school district does not apply for prequalification or qualification or approval of a bond issue

before the issuance of those bonds, the state treasurer shall not approve or qualify those bonds as qualified bonds under this act.

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

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

Sec. 13. (1) If a school district owes a balance due to the revolving loan fund or has been identified as a potential borrower, the school district shall file an annual loan activity application with the state treasurer not less than 60 days before certifying its annual tax levy. The annual loan activity application shall be submitted in a format prescribed by the state treasurer and shall provide the taxable value, debt service, and any other information necessary to determine the proper required millage levy required under this act. The application shall contain a resolution passed by the local school board authorizing a designated school district official to complete all necessary documents to obtain a loan from the revolving loan fund or for making repayment to the revolving loan fund for the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **388.1935 Default; repayment.**

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

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

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

### **388.1936 Charging and disposition of fees.**

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

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

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

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

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

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

### **388.1938 Use of remaining proceeds.**

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

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

(b) To repay this state.

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

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

### **388.1939 Actions by designee.**

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

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

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

CONSTITUTIONAL LAW:  
SCHOOL BONDS:  
MUNICIPAL FINANCE COMMISSION:

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

No. 4422

March 12, 1965.

Hon. Sanford A. Brown  
State Treasurer  
Lansing, Michigan

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

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

"The state \* \* \* may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.

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

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

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

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

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

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

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

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

FRANK J. KELLEY,  
Attorney General

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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

STATE TREASURER: Payment of principal and interest on qualified school district bonds.

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

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

August 29, 1966.

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.<sup>1</sup>

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.<sup>2</sup>

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<sup>1</sup>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.

<sup>2</sup>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<sup>3</sup> 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.<sup>4</sup> 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.<sup>5</sup> 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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<sup>3</sup>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.

<sup>4</sup>Other details set forth in amended Section 6 have been omitted.

<sup>5</sup>Other details set forth in amended Section 7 have been omitted.

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

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

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

FRANK J. KELLEY,  
Attorney General

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# APPENDIX B<sup>1</sup>

## GRASS LAKE COMMUNITY SCHOOLS

### GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

#### LOCATION AND AREA

The School District encompasses an area of 64.6 square miles. The School District encompasses all of the Village of Grass Lake and portions of the townships of Grass Lake, Leoni and Waterloo in Jackson County, and a portion of Sharon Township in Washtenaw County.

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

10	miles East of Jackson
24	miles West of Ann Arbor
26	miles North of Adrian
38	miles South of Lansing

#### POPULATION

The U.S. Census reported and 2024 estimated populations for the School District, the Charter Township of Grass Lake and the County of Jackson are as follows:

	<u>School District</u>	<u>Charter Township of Grass Lake</u>	<u>County of Jackson</u>
2024 Estimate	7,382	6,177	160,060
2020 U.S. Census	7,124	6,069	160,366
2010 U.S. Census	6,766	5,684	160,248

Source: U.S. Census Bureau via [data.census.gov](https://data.census.gov) website

#### BOARD OF EDUCATION

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

#### ENROLLMENT

##### Historical Enrollment

Historical fall enrollment for the School District is as follows:

<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>	<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>
2026	1,292	-3.15%	2021	1,278	-3.69%
2025	1,334	0.23	2020	1,327	2.71
2024	1,331	1.45	2019	1,292	2.78
2023	1,312	0.85	2018	1,257	-0.79
2022	1,301	1.80	2017	1,267	--

<sup>1</sup>Information included in APPENDIX B of this Official Statement was obtained from the School District unless otherwise noted.

2025/2026 Fall Count

Kindergarten	109	8 <sup>th</sup>	76
1 <sup>st</sup>	91	9 <sup>th</sup>	98
2 <sup>nd</sup>	78	10 <sup>th</sup>	86
3 <sup>rd</sup>	86	11 <sup>th</sup>	81
4 <sup>th</sup>	87	12 <sup>th</sup>	<u>85</u>
5 <sup>th</sup>	97	Subtotal	1,167
6 <sup>th</sup>	111	Special Ed.	<u>125</u>
7 <sup>th</sup>	82	Total	<u><u>1,292</u></u>

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

**SCHOOL DISTRICT FACILITIES**

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

<u>Facility</u>	<u>Grades Served</u>	<u>Year Built</u>	<u>Last Remodel/Addition</u>	<u>Type of Construction</u>
<i>Elementary School:</i>				
George Long	K - 5	1959	2006	Masonry
<i>Middle School:</i>				
Grass Lake	6 - 8	1955	2006	Masonry
<i>High School:</i>				
Grass Lake	9 - 12	2000	2010	Masonry

**OTHER SCHOOLS**

There are no private, charter or parochial schools located within the School District’s boundaries.

**STATE AID PAYMENTS**

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 15 of 2025 set the target foundation allowance at \$10,050 for fiscal year 2025/2026.

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

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

<u>Fiscal Year End 30-Jun</u>	<u>Foundation Allowance per Pupil</u>	<u>Total State Aid Payments<sup>1</sup></u>	<u>Blended Pupil Count</u>	<u>Amount Received per Pupil<sup>2</sup></u>
2026	\$10,050	\$15,582,310 <sup>3</sup>	1,293.97 <sup>3</sup>	\$12,042 <sup>3</sup>
2025	9,608	15,575,911	1,332.93	11,685
2024	9,608	15,278,903	1,330.07	11,487
2023	9,150	13,961,226	1,310.74	10,651
2022	8,700	12,030,235	1,297.75	9,270
2021	8,111	11,705,572 <sup>4</sup>	1,312.85	8,916 <sup>4</sup>

<sup>1</sup>Includes payments received for MPSERS UAAL rate stabilization. See “RETIREMENT PLAN - Contribution to MPSERS” herein.

<sup>2</sup>Represents the “Total State Aid Payments” divided by the “Blended Pupil Count”.

<sup>3</sup>Preliminary estimate, subject to change.

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

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

## PROPERTY VALUATIONS

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

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

### History of Valuations

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

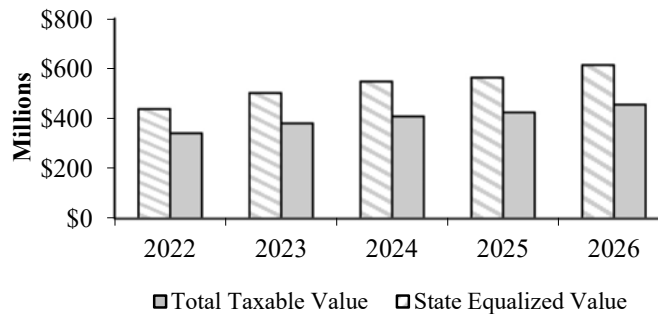
Year	Principal Residence <sup>1</sup>	Non- Principal Residence <sup>1</sup>	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2026	\$357,212,676	\$98,842,412	\$456,055,088	7.39%	\$614,165,966 <sup>2</sup>	8.91%
2025	337,336,641	87,325,068	424,661,709	3.95	563,930,122	2.81
2024	325,093,405	83,427,698	408,521,103	7.29	548,511,382	9.16
2023	301,755,749	79,023,680	380,779,429	11.48	502,472,614	14.73
2022	267,282,383	74,288,512	341,570,895	----	437,973,634	----

<sup>1</sup>All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2026, industrial personal property had a taxable value of \$16,700,700 and commercial personal property had a taxable value of \$3,426,628 in the School District.

<sup>2</sup>As equalized by the County. Subject to final equalization by the State.

Source: Jackson and Washtenaw Counties Equalization Departments

History of Valuations



### Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

2026 Taxable Value	\$456,055,088
Plus: 2026 Equivalent IFT Taxable Value <sup>1</sup>	<u>1,077,361</u>
Total 2026 Equivalent Taxable Value	\$457,132,449
Less: 2026 Disabled Veterans Exemption Taxable Value <sup>2</sup>	<u>(5,153,454)</u>
Net 2026 Annual Equivalent Valuation	<u><u>\$451,978,995</u></u>

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

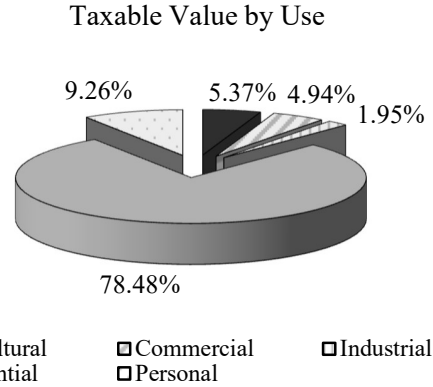
<sup>2</sup>Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or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

Source: Jackson and Washtenaw Counties Equalization Departments

## Tax Base Composition

A breakdown of the School District’s 2026 Taxable Value by class and use is as follows:

By Class:	2026 Taxable Value	Percent of Total
Real Property	\$413,818,558	90.74%
Personal Property	42,236,530	9.26
<b>TOTAL</b>	<b>\$456,055,088</b>	<b>100.00%</b>
By Use:		
Agricultural	\$24,490,452	5.37%
Commercial	22,535,899	4.94
Industrial	8,884,401	1.95
Residential	357,907,806	78.48
Personal	42,236,530	9.26
<b>TOTAL</b>	<b>\$456,055,088</b>	<b>100.00%</b>



A breakdown of the School District’s 2026 Taxable Value by municipality is as follows:

Municipality	2026 Taxable Value	Percent of Total
<i>County of Jackson</i>		
Grass Lake Township	\$371,336,398	81.42%
Leoni Township	47,132,746	10.33
Waterloo Township	34,769,730	7.62
<i>County of Washtenaw</i>		
Sharon Township	2,816,214	0.63
<b>TOTAL</b>	<b>\$456,055,088</b>	<b>100.00%</b>

Source: Jackson and Washtenaw Counties Equalization Departments

## INDUSTRIAL FACILITY TAX ABATEMENTS

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

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

The 2026 Taxable Value for the properties which have been granted IFT abatements within the School District’s boundaries is \$2,154,721, all of which is taxed at ½ rate. For purposes of computing “Equivalent” Taxable Value, it has been shown in the “History of Valuations” section as 50% of the Taxable Value.

Source: Jackson and Washtenaw Counties Equalization Departments

## TAX INCREMENT AUTHORITIES

Act 57 of the Public Acts of Michigan, 2018, as amended (the “Recodified Tax Increment Financing Act”) and Act 381 of the Public Acts of Michigan, 1996, as amended (the “Brownfield Act”) (together the “TIF Acts”) authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA”) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts, Corridor Improvement Authority (“CIA”) Districts or Brownfield Redevelopment Authority (“BRDA”) Districts, which are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization, historic preservation and environmental cleanup within the district.

Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value (“TIF Captured Value”) of real and personal property located within an approved development area while any tax increment financing plans by an established district are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

The Village of Grass Lake has one DDA district. The DDA district does not capture the School District's operating or debt millage.

Source: *Village of Grass Lake*

**MAJOR TAXPAYERS**

Shown below are the ten largest taxpayers in the School District based on their 2026 total valuation subject to taxation.

Taxpayer	Product/Service	2026 Taxable Value	"Equivalent" IFT Value <sup>1</sup>	2026 Total Valuation
Letts Creek Solar LLC	Solar Farm	\$15,801,700	\$0	\$15,801,700
Consumers Energy Co	Utility / Corporate HQ	15,280,036	0	15,280,036
Michigan Electric Transmission CO	Utility	6,755,600	0	6,755,600
W A Foote Memorial Hospital	Hospital	4,941,606	0	4,941,606
Tenneco Inc.	Auto Parts Manufacturer	3,523,983	658,914	4,182,897
American Tooling Center Inc	Tool & Die Shop	1,386,304	418,447	1,804,751
Greenwood Acres Properties LLC	Campground	1,692,902	0	1,692,902
Zenz Farms Real Estate LLC	Farm	1,314,108	0	1,314,108
Wellfleet 8 LLC	Developer	1,298,820	0	1,298,820
J Wyers Homes LLC	Apartments	1,023,208	0	1,023,208
<b>TOTALS</b>	Laboratory	<u>\$53,018,267</u>	<u>\$1,077,361</u>	<u>\$54,095,628</u>
Total 2026 Values		\$456,055,088		\$457,132,449
Top 10 Taxpayers as a % of 2026 Total Values		11.63%		11.83%

<sup>1</sup>Represents 50% of the actual Taxable Value.

Source: *Jackson and Washtenaw Counties Equalization Departments*

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

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

	2025	2024	2023	2022	2021
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	7.6500	7.6500	7.6500	7.6500	7.6500
Total Non-Principal Residence	<u>25.6500</u>	<u>25.6500</u>	<u>25.6500</u>	<u>25.6500</u>	<u>25.6500</u>
Total Principal Residence	<u>7.6500</u>	<u>7.6500</u>	<u>7.6500</u>	<u>7.6500</u>	<u>7.6500</u>

The School District levies voted operating millage on non-principal residence property and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2033 levy.

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

The following table provides the 2025 and 2024 tax rates for select units of government that overlap with the School District's boundaries.

	2025	2024
State Education Tax	6.0000	6.0000
Jackson County	7.1054	7.1479
Grass Lake Township	2.3031	2.3129
Leoni Township	2.1675	2.0442
Waterloo Township	1.6817	1.6995
Village of Grass Lake	11.0000	11.0000
Jackson County ISD	8.6614	8.7078
Jackson College	1.1260	1.1327

Source: *Jackson and Washtenaw Counties Equalization Departments*

## TAX LEVIES AND COLLECTIONS

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

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025	\$1,513,973	\$1,408,970	93.06%	N/A	
2024	1,427,845	1,357,062	95.04	\$1,427,845	100.00%
2023	1,341,070	1,280,498	95.48	1,280,498	95.48
2022	1,247,025	1,208,679	96.93	1,247,025	100.00
2021	1,202,340	1,198,441	99.68	1,202,340	100.00
2020	1,129,874	1,102,927	97.62	1,129,874	100.00

## RETIREMENT PLAN

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

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

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

### Contribution to MPERS

The School District’s estimated annual contribution to MPERS for the previous five fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPERS Direct Offset Payments <sup>1</sup>
2025	\$3,149,978	\$632,606	\$3,782,584	\$1,025,590
2024	2,535,919	581,522	3,117,441	1,471,658
2023	2,487,437	557,646	3,045,083	1,981,971
2022	2,168,367	535,805	2,704,172	1,129,833
2021	1,992,287	510,285	2,502,572	935,918

<sup>1</sup>Represents the amount the School District received in state aid categorical revenue (Section 147c MPERS UAAL Rate Stabilization and One-Time Deposits) to directly pay for a portion of the School District’s MPERS unfunded liability. This amount is included in the Total Amount shown in the table above.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net pension liability of \$18,445,474 as of September 30, 2024.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net OPEB asset of \$3,275,948 as of September 30, 2024.

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

Source: Audited Financial Statements and School District

## LABOR RELATIONS

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

<u>Employee Group</u>	<u>No. of Employees</u>	<u>Affiliation</u>	<u>Exp. Date of Contract</u>
Administrators	12	Non-Affiliated	06/30/28
Superintendent	1	Non-Affiliated	06/30/27
Teachers	82	GLEA	12/31/28
Support Staff	52	GLESPA	06/30/28
Non-Affiliated	34	Non-Affiliated	N/A
<b>TOTAL</b>	<b>181</b>		

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

## DEBT STATEMENT\* - (As of 06/02/26 – including the Bonds described herein)

### DIRECT DEBT:

<u>Dated Date</u>	<u>Purpose</u>	<u>Bond Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
02/04/25	Refunding	UTQ	05/01/31	\$3,995,000
__/__/26	School Building & Site	UTQ	05/01/51	39,560,000*
<b>NET DIRECT DEBT</b>				<b>\$43,555,000*</b>

### OVERLAPPING DEBT:

<u>Percent Share</u>	<u>Municipality</u>	<u>Net Debt</u>	<u>District's Share</u>
93.75%	Grass Lake Township	\$0	\$0
7.48	Leoni Township	0	0
1.98	Sharon Township	0	0
19.32	Waterloo Township	0	0
100.00	Village of Grass Lake	273,000	273,000
6.53	Jackson County	83,455,000	5,449,612
0.01	Washtenaw County	5,275,518	528
6.52	Jackson County ISD	5,325,000	347,190
6.53	Jackson College	24,220,000	1,581,566
0.01	Washtenaw Community College	1,195,000	120
<b>TOTAL OVERLAPPING DEBT</b>			<b>7,652,016</b>
<b>NET DIRECT AND OVERLAPPING DEBT</b>			<b>\$51,207,016*</b>

\*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

## SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District had a SLRF balance of \$5,062,295.96 as of June 2, 2026.

### OTHER DEBT

The School District has no short-term borrowing outstanding.

### DEBT HISTORY

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

### FUTURE FINANCING

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

### DEBT RATIOS\*

Estimated School District Population	7,382
2026 Taxable Value	\$456,055,088
2026 State Equalized Value (SEV)**	\$614,165,966
2026 True Cash Value (TCV)	\$1,228,331,932
Per Capita 2026 Taxable Value	\$61,779.34
Per Capita 2026 State Equalized Value	\$83,197.77
Per Capita 2026 True Cash Value	\$166,395.55
Per Capita Net Direct Debt	\$5,900.16
Per Capita Net Direct and Overlapping Debt	\$6,936.74
Percent of Net Direct Debt of 2026 Taxable Value	9.55%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	11.23%
Percent of Net Direct Debt of 2026 SEV	7.09%
Percent of Net Direct and Overlapping Debt of 2026 SEV	8.34%
Percent of Net Direct Debt of 2026 TCV	3.55%
Percent of Net Direct and Overlapping Debt of 2026 TCV	4.17%

\*Preliminary, subject to change.

\*\* As equalized by the County. Subject to final equalization by the State.

### LEGAL DEBT MARGIN\* - (As of 06/02/26 – including the Bonds described herein)

2026 State Equalized Value		\$614,165,966
Legal Debt Limit - 15% of SEV**		\$92,124,894
Total Bonded Debt Outstanding	\$43,555,000	
Less: SLRF Qualified Bonds <sup>1</sup>	<u>(43,555,000)</u>	
Net Amount Subject to Legal Debt Limit		<u>0</u>
LEGAL DEBT MARGIN AVAILABLE		<u><u>\$92,124,894</u></u>

\*Preliminary, subject to change.

\*\* As equalized by the County. Subject to final equalization by the State.

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

## EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Tenneco Automotive	Exhaust Systems	245
Grass Lake Community Schools	Education	181
American Tooling Center, Inc.	Tool & Die Shop	150
Frank's Shop-Rite Supermarket	Grocery Store	40
Coy Laboratory Products	Lab Equipment	22
HLF Furniture, Inc.	Furniture	22
Solid Manufacturing Inc.	Metal Fabrication	20
<i>Within the County of Jackson</i>		
Henry Ford Jackson Hospital (fka Henry Ford Allegiance Health)	Healthcare	3,348
Consumers Energy	Utility	3,000
MI Department of Corrections	Correctional Institution	2,040
CMS Energy	Utility	1,500
Elara Caring Hospice Foundation (fka Great Lakes Home Health/Hospice)	Health & Hospice Services	1,200
Michigan Automotive Compressor, Inc.	Air Compressors	900
Jackson County	County Government	870
TAC Manufacturing, Inc.	Automotive Safety Equipment	850
Jackson County ISD	Education	726
Jackson College	Higher Education	716
Melling Tool Company	Oil Pumps	700
Eaton Corporation	Aerospace Hydraulic Equipment	656
Jackson Public Schools	Education	534
Meijer, Inc.	Grocery/Retail	468

Source: 2025 Michigan Manufacturers Directory, MEDC website via [www.michiganbusiness.org](http://www.michiganbusiness.org) and individual employers

## EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2020-2024 American Community Survey reports the occupational breakdown of persons 16 years and over for the Charter Township of Grass Lake and County of Jackson as follows:

PERSONS BY OCCUPATION	Charter Township of Grass Lake		County of Jackson	
	Number	Percent	Number	Percent
	2,997	100.00%	69,868	100.00%
Management, Business, Science & Arts	1,422	47.44	24,688	35.34
Service	371	12.38	12,530	17.93
Sales & Office	593	19.79	13,866	19.85
Natural Resources, Construction & Maintenance	281	9.38	6,563	9.39
Production, Transportation & Material Moving	330	11.01	12,221	17.49

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown by industry for persons 16 years and over for the Charter Township of Grass Lake and County of Jackson as follows:

PERSONS BY INDUSTRY	Charter Township of Grass Lake		County of Jackson	
	Number	Percent	Number	Percent
	2,997	100.00%	69,868	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	15	0.50	838	1.20
Construction	191	6.37	4,389	6.28
Manufacturing	549	18.32	13,716	19.63
Wholesale Trade	70	2.34	1,208	1.73
Retail Trade	396	13.21	6,597	9.44
Transportation, Warehousing & Utilities	39	1.30	3,844	5.50
Information	15	0.50	818	1.17
Finance, Insurance & Real Estate	169	5.64	3,619	5.18
Professional, Scientific & Management Services	253	8.44	5,128	7.34
Educational, Health & Social Services	955	31.87	17,317	24.79
Arts, Entertainment, Recreation & Food Services	94	3.14	5,428	7.77
Other Services except Public Administration	125	4.17	3,619	5.18
Public Administration	126	4.20	3,347	4.79

## UNEMPLOYMENT

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

Annual Average	County of Jackson	State of Michigan
March, 2026	5.0%	5.1%
2025	5.4	5.2
2024	4.8	4.7
2023	4.2	3.9
2022	4.5	4.2

## POPULATION BY AGE

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of population by age for the Charter Township of Grass Lake and County of Jackson as follows:

	Charter Township of Grass Lake		County of Jackson	
	Number	Percent	Number	Percent
Total Population	6,177	100.00%	160,060	100.00%
0 through 19 years	1,493	24.17	37,287	23.30
20 through 64 years	3,290	53.26	92,262	57.64
65 years and over	1,394	22.57	30,511	19.06
Median Age	42.8 years		41.5 years	

## INCOME

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of household income for the Charter Township of Grass Lake and County of Jackson as follows:

	Charter Township of Grass Lake		County of Jackson	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	2,472	100.00%	62,540	100.00%
Less than \$ 10,000	30	1.21	2,840	4.54
\$ 10,000 to \$ 14,999	57	2.31	2,458	3.93
\$ 15,000 to \$ 24,999	81	3.28	4,200	6.72
\$ 25,000 to \$ 34,999	84	3.40	5,043	8.06
\$ 35,000 to \$ 49,999	260	10.52	8,432	13.48
\$ 50,000 to \$ 74,999	477	19.29	12,030	19.24
\$ 75,000 to \$ 99,999	390	15.78	7,903	12.64
\$100,000 to \$149,999	421	17.03	10,962	17.53
\$150,000 to \$199,999	375	15.17	4,506	7.20
\$200,000 or MORE	297	12.01	4,166	6.66
Median Income	\$95,692		\$66,073	

## APPENDIX C

### GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

#### Grass Lake Community Schools General Fund Budget Summary

	As Amended 2025/26
<b>Revenue:</b>	
Local Sources	\$1,413,973
Admissions	75,000
Other (ESSERSIII Included)	309,000
State Aid	14,844,707
Title I, II & IV	95,280
Special Education Reimbursement	613,320
PreSchool (Includes GSRP)	962,935
<b>Total Revenue</b>	<u>\$18,314,215</u>
<b>Expenditures:</b>	
Instructional Services	
Basic Program	\$10,486,110
Added Needs	1,348,809
Support:	
Pupil	65,818
Added Needs	550,167
Curriculum and Instruction	188,280
Title I, II & IV	95,280
School Administration	1,594,178
Board of Education	65,600
Business Services	506,281
Operation & Maintenance	1,618,815
Transportation	927,209
Technology	731,448
Athletics	481,319
Other Expenditures	44,401
<b>Total Expenditures</b>	<u>\$18,703,715</u>
<b>Excess of Expenditures (over) under Revenues</b>	<u>(\$389,500)</u>
<b>Beginning Fund Balance - July 1</b>	<u>\$3,400,161</u>
<b>Projected Fund Balance - June 30</b>	<u><u>\$3,010,661</u></u>

Source: School District

**Grass Lake Community Schools  
General Fund**

**Comparative Balance Sheet**

	For Fiscal Years Ended June 30th		
	2023	2024	2025
<b>Assets:</b>			
Cash and Cash Equivalents	\$1,551,588	\$2,441,531	\$3,029,695
Due from Other Governmental Units	2,491,524	2,694,259	2,635,915
<b>Total Assets</b>	<b>\$4,043,112</b>	<b>\$5,135,790</b>	<b>\$5,665,610</b>
<b>Liabilities:</b>			
Accounts Payable	\$170,532	\$197,211	\$265,686
Salaries & Benefits Payable	1,369,521	1,328,888	1,685,882
Unearned Revenue	193,787	--	52,533
Due to Other Funds	325,232	458,201	261,348
<b>Total Liabilities</b>	<b>\$2,059,072</b>	<b>\$1,984,300</b>	<b>\$2,265,449</b>
<b>Fund Balance:</b>			
Unassigned	1,984,040	3,151,490	3,400,161
<b>Total Fund Balance</b>	<b>\$1,984,040</b>	<b>\$3,151,490</b>	<b>\$3,400,161</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$4,043,112</b>	<b>\$5,135,790</b>	<b>\$5,665,610</b>

*Source: Audited Financial Statements*

**Grass Lake Community Schools  
General Fund**

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

	For Fiscal Years Ended June 30th		
	2023	2024	2025
<b>Revenue:</b>			
Local Sources	\$2,294,177	\$2,420,592	\$2,656,145
State Sources	13,913,501	14,571,116	14,897,985
Federal Sources	747,193	1,058,501	588,986
Interdistrict Sources and Other	469,749	535,365	580,405
<b>Total Revenue</b>	<u>\$17,424,620</u>	<u>\$18,585,574</u>	<u>\$18,723,521</u>
<b>Expenditures:</b>			
Current:			
Instruction	\$11,400,539	\$11,363,530	\$11,818,593
Supporting Services	6,463,509	6,658,909	6,414,945
Community Services	16,214	--	--
Debt Service - Principal	133,830	283,977	261,308
Debt Service - Interest & Fiscal Charges	4,070	11,996	11,714
<b>Total Expenditures</b>	<u>\$18,018,162</u>	<u>\$18,318,412</u>	<u>\$18,506,560</u>
<b>Excess of Revenue Over (Under)</b>			
<b>Expenditures</b>	<u>(\$593,542)</u>	<u>\$267,162</u>	<u>\$216,961</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Installment Purchase Agreement	\$72,476	--	--
Sale of Capital Assets	--	\$27,000	--
Proceeds from Lease Issuance	--	633,319	--
Transfers In	--	46,182	\$31,710
<b>Total Other Financing Sources (Uses):</b>	<u>\$72,476</u>	<u>\$706,501</u>	<u>\$31,710</u>
<b>Excess of Revenue &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<u>(\$521,066)</u>	<u>\$973,663</u>	<u>\$248,671</u>
<b>Fund Balance - Beginning</b>	<u>\$2,505,106</u>	<u>\$2,177,827*</u>	<u>\$3,151,490</u>
<b>Fund Balance - Ending</b>	<u>\$1,984,040</u>	<u>\$3,151,490</u>	<u>\$3,400,161</u>

\*As Restated.

Source: Audited Financial Statements

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**APPENDIX D**  
**AUDITED FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
 Grass Lake Community Schools  
 Jackson, Michigan

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grass Lake Community Schools (the "School District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 the School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter – Implementation of New Accounting Standard***

As discussed in Note 16 to the financial statements, the School District implemented Governmental Accounting Standards Board Statement No. 101, Compensated Absences, during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, 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 and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Gabridge & Company, PLC  
Grand Rapids, MI  
October 31, 2025

**Grass Lake Community Schools  
Management's Discussion and Analysis  
June 30, 2025**

This section of Grass Lake Community Schools (the "School District"), Jackson County, Michigan's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. It is to be read in conjunction with the School District's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2025.

**Management's Discussion and Analysis**

***Financial Highlights***

- The liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at the close of this fiscal year by \$6,734,885 (shown as a deficit *net position*). The School District had a deficit *unrestricted net position* of \$(23,927,144).
- Revenues of \$23,551,754 exceeded expenses of \$19,392,260 leading to an increase in net position of \$4,159,494 during the year.
- During the year, the School District's fund balances increased by \$336,439 for an ending fund balance of \$4,575,323.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,400,161, or 18.4% of the general fund's total expenditures. Fund balance of the general fund *increased* by \$248,671 during the year.

***Overview of the Financial Statements***

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, the statement of net position and the statement of activities, are *district-wide financial statements* that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. *Governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary information follows and includes combining and individual fund statements as well as a budgetary comparison schedule for the general fund as well as schedules showing the School District's funding status of its pension and OPEB retirement plans.

#### **District-wide Financial Statements**

The district-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the School District's net position, and how they have changed. Net position – the difference between the School District's assets, deferred outflows and inflows, and liabilities - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one should consider additional non-financial factors such as changes in the School District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the School District's activities are presented as governmental activities. *Governmental activities* include the School District's basic services, such as regular and special education, instructional support, transportation, administration, community services, food service, and athletics. State aid and property taxes finance most of these activities.

#### **Financial Analysis of the School District as a Whole**

The School District's cash and investments increased by \$690,695 during the year being similar to the increase in governmental fund balance.

The School's net OPEB (Other Post-Employment Benefits) asset increased \$2,853,652 to \$3,275,948 as of June 30, 2025. This change was primarily due to strong investment returns of 15.45% on MPERS OPEB plan assets during the most recent valuation. Similarly, the School's net pension liability decreased from \$23,932,123 as of June 30, 2024, to \$18,445,474. This reduction was largely driven by an 15.47% return on MPERS pension plan assets during the most recent valuation. Pension and OPEB-related deferred outflows decreased by \$498,730, while deferred inflows increased by \$848,507. These changes reflect the amortization of prior year gains and losses and the higher-than-expected investment returns for the year ending September 30, 2024. The excess returns will be spread out over the next four years.

The schedule on the following page summarizes the School Districts net position for each of the past two fiscal years.

#### **Grass Lake Community School's Net Position**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 3,791,608	\$ 3,100,913
Due from other governmental units	2,800,566	2,790,519
Inventory	20,452	17,263
<b>Total Current Assets</b>	<b>6,612,626</b>	<b>5,908,695</b>
<i>Noncurrent Assets</i>		
Capital assets, net	19,454,324	20,047,877
Net OPEB asset	3,275,948	422,296
<b>Total Assets</b>	<b>29,342,898</b>	<b>26,378,868</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Charges from bond refunding	450,483	443,153
Pension related	4,482,717	7,159,149
OPEB related	872,720	1,371,450
<b>Total Deferred Outflows of Resources</b>	<b>5,805,920</b>	<b>8,973,752</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable	265,686	304,625
Salaries and benefits payable	1,685,882	1,328,888
Unearned revenue	85,735	36,298
Accrued interest	112,898	85,791
Current portion of compensated absences	227,996	-
Current portion of long-term debt	1,794,721	1,896,749
<b>Total Current Liabilities</b>	<b>4,172,918</b>	<b>3,652,351</b>
<i>Noncurrent Liabilities</i>		
Compensated absences	97,712	211,890
Long-term debt	9,889,528	12,651,367
Net pension liability	18,445,474	23,932,123
<b>Total Liabilities</b>	<b>32,605,632</b>	<b>40,447,731</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	5,094,328	2,464,032
OPEB related	4,183,743	3,335,236
<b>Total Deferred Inflows of Resources</b>	<b>9,278,071</b>	<b>5,799,268</b>
<b>NET POSITION</b>		
Net investment in capital assets	13,100,476	11,792,484
Restricted	4,091,783	1,164,234
Unrestricted	<u>(23,927,144)</u>	<u>(23,851,097)</u>
<b>Total Net Position</b>	<b>\$ (6,734,885)</b>	<b>\$ (10,894,379)</b>

The results of the fiscal year's operations for the School District as a whole are presented in the statement of activities, which shows the change in total net position for the year. This schedule shows the changes in net position for the past two fiscal years.

**Grass Lake Community School's Changes in Net Position**

	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for services	\$ 1,818,522	\$ 1,483,398
Operating grants and contributions	5,696,319	5,853,399
<b>Total Program Revenues</b>	<u>7,514,841</u>	<u>7,336,797</u>
<b>General Revenues</b>		
Property taxes	4,607,596	4,296,241
Unrestricted state sources	11,423,596	11,448,158
Interest and investment earnings	5,721	3,379
<b>Total General Revenues</b>	<u>16,036,913</u>	<u>15,747,778</u>
<b>Total Revenues</b>	<u>23,551,754</u>	<u>23,084,575</u>
<b>Expenses</b>		
Instruction	10,620,647	10,461,639
Supporting services	6,141,271	5,777,046
Food services	1,005,862	1,078,633
Interest on long-term debt and other related costs	543,946	646,190
Unallocated depreciation	1,080,534	1,112,855
<b>Total Expenses</b>	<u>19,392,260</u>	<u>19,076,363</u>
<b>Change in Net Position</b>	4,159,494	4,008,212
<i>Net Position at Beginning of Period</i>	<u>(10,894,379)</u>	<u>(14,902,591)</u>
<b>Net Position at End of Period</b>	<u>\$ (6,734,885)</u>	<u>\$ (10,894,379)</u>

Overall, revenues increased by \$467,179 during the year. The most notable change was an increase in property taxes of \$311,355 – driven by an increase in taxable values within the School District.

Expenditures saw a minor increase of \$315,897, or 1.66%, compared to the prior year.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs.

The School District utilizes *governmental funds* within this report. Most of the School District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements

provide a detailed short-term view that 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. Since the district-wide financial statements and the fund financial statements use different methods of accounting to report the School District's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

**Financial Analysis of the School District's Funds**

The School District uses funds to record and analyze financial information. The School District has two major funds.

The *general fund* is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,151,490. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents approximately 17.2% of total general fund expenditures.

The fund balance of the School District's general fund increased by \$973,663 for a total fund balance of \$3,151,490. Significant increases and decreases for revenues were within state and federal sources as a result of increased unrestricted state aid and increased ESSER funding.

The *debt service fund*, a major fund, had an increase of \$160,069 in fund balance for an ending balance of \$248,218. The increase in fund balance was a result increases in the taxable value of base of the school district.

**General Fund Budgetary Highlights**

During the year the School District revised its budget to attempt to match changes in the school funding environment and current needs of students and faculty. State law requires that budgets be amended during the year so actual expenditures do not exceed appropriations.

*Original budget compared to final budget.* There were significant amendments made to the original budget for both the original estimated revenues and the original appropriated expenditures. The required supplementary information section houses the budgetary comparison schedule for the general fund, as listed in the table of contents. Results for budgeted to actual results can be examined there in detail.

*Final budget compared to actual results.* The School District had the following expenditures in excess of the amounts budgeted during the year ended June 30, 2025:

<b>Department</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Negative Variance</b>
Basic programs	\$ 9,724,191	\$ 10,214,872	\$ (490,681)
Added needs	1,320,894	1,603,721	(282,827)
Instructional staff	77,105	93,291	(16,186)
General administration	434,980	462,715	(27,735)
School administration	1,036,545	1,136,874	(100,329)
Business	399,639	417,333	(17,694)
Operations and maintenance	1,760,805	1,788,159	(27,354)
Pupil transportation services	975,225	1,015,034	(39,809)
Central	900,535	927,528	(26,993)
Athletics	449,622	452,537	(2,915)

***Capital Asset and Debt Administration***

***Capital Assets***

At June 30, 2025, the School District had \$19,454,324 invested in capital assets, a 1% decrease in the amount reported from the prior year. This net decrease of \$593,553 was due to depreciation expense exceeding capital asset additions.

More detailed information about the School District’s capital assets can be found in the notes to the financial statements section of this document.

***Long-term Debt***

At year-end, the School District had total long-term debt of \$11,684,249, down from \$14,548,116.

The State limits the amount of general obligation debt that schools can issue. The School District is well under the State limit as of June 30, 2025.

More detailed information about the School District’s long-term debt can be found in the notes to the financial statements section of this document.

***Economic Factors and Next Year’s Budget and Rates***

The School District estimates that approximately \$18.3 million of revenues will be available for appropriation in the general fund in the upcoming budget. The School District continues to review all budget line items for opportunities to reduce expenditures when possible while providing an excellent education to the district it serves. The budget will be monitored during the year to identify any necessary amendments.

***Requests for Information***

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Superintendent:

Grass Lake Community Schools  
 899 South Union Street  
 Grass Lake, MI 49240

Basic Financial Statements

**Grass Lake Community Schools**  
**Statement of Net Position**  
**June 30, 2025**

<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 3,791,608
Due from other governmental units	2,800,566
Inventory	20,452
<b>Total Current Assets</b>	<u>6,612,626</u>
<i>Noncurrent Assets</i>	
Capital assets not being depreciated	225,287
Capital assets being depreciated, net	19,229,037
Net OPEB assets	3,275,948
<b>Total Assets</b>	<u>29,342,898</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on bond refunding	450,483
Pension related deferred outflows	4,482,717
OPEB related deferred outflows	872,720
<b>Total Deferred Outflows of Resources</b>	<u>5,805,920</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable	265,686
Salaries and benefits payable	1,685,882
Unearned revenue	85,735
Accrued interest	112,898
Current portion of long-term debt	1,794,721
Current portion of compensated absences	227,996
<b>Total Current Liabilities</b>	<u>4,172,918</u>
<i>Noncurrent Liabilities</i>	
Compensated absences	97,712
Long-term debt	9,889,528
Net pension liability	18,445,474
<b>Total Liabilities</b>	<u>32,605,632</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related deferred inflows	5,094,328
OPEB related deferred inflows	4,183,743
<b>Total Deferred Inflows of Resources</b>	<u>9,278,071</u>
<b>NET POSITION</b>	
Net investment in capital assets	13,100,476
<i>Restricted for:</i>	
Debt service	308,108
Food services	507,727
OPEB	3,275,948
<i>Unrestricted</i>	(23,927,144)
<b>Total Net Position</b>	<u>\$ (6,734,885)</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**Grass Lake Community Schools  
Statement of Activities  
For the year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 10,620,647	\$ 743,830	\$ 3,464,812	\$ --	\$ (6,412,005)
Supporting services	6,141,271	1,042,404	1,178,968	--	(3,919,899)
Food services	1,005,862	32,288	1,052,539	--	78,965
Unallocated depreciation	1,080,534	--	--	--	(1,080,534)
Interest on long-term debt	445,788	--	--	--	(445,788)
Bond issuance costs	98,158	--	--	--	(98,158)
<b>Total</b>	<b>\$ 19,392,260</b>	<b>\$ 1,818,522</b>	<b>\$ 5,696,319</b>	<b>\$ --</b>	<b>(11,877,419)</b>

General Purpose Revenues:	
Property taxes, levied for general operations	1,432,692
Property taxes, levied for debt service	3,174,904
Unrestricted investment earnings	5,721
Unrestricted state aid	11,423,596
<b>Total General Revenues</b>	<b>16,036,913</b>
<b>Change in Net Position</b>	<b>4,159,494</b>
<i>Net Position at Beginning of Period</i>	<i>(10,894,379)</i>
<b>Net Position at End of Period</b>	<b>\$ (6,734,885)</b>

The Notes to the Financial Statements are an integral part of these Financial Statements  
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**Grass Lake Community Schools  
Balance Sheet  
Governmental Funds  
June 30, 2025**

	Debt Service		Other Governmental Funds	Total Governmental Funds
	General	Debt Service		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,029,695	\$ 303,935	\$ 457,978	\$ 3,791,608
Due from other governmental units	2,635,915	--	164,651	2,800,566
Inventory	--	--	20,452	20,452
Due from other funds	--	4,173	257,175	261,348
<b>Total Assets</b>	<b>\$ 5,665,610</b>	<b>\$ 308,108</b>	<b>\$ 900,256</b>	<b>\$ 6,873,974</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 265,686	\$ --	\$ --	\$ 265,686
Salaries and benefits payable	1,685,882	--	--	1,685,882
Unearned revenue	52,533	--	33,202	85,735
Due to other funds	261,348	--	--	261,348
<b>Total Liabilities</b>	<b>2,265,449</b>	<b>--</b>	<b>33,202</b>	<b>2,298,651</b>
<b>FUND BALANCE</b>				
Nonspendable	--	--	20,452	20,452
Restricted	--	308,108	487,275	795,383
Committed	--	--	359,327	359,327
Unassigned	3,400,161	--	--	3,400,161
<b>Total Fund Balance</b>	<b>3,400,161</b>	<b>308,108</b>	<b>867,054</b>	<b>4,575,323</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 5,665,610</b>	<b>\$ 308,108</b>	<b>\$ 900,256</b>	<b>\$ 6,873,974</b>

The Notes to the Financial Statements are an integral part of these Financial Statements  
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**Grass Lake Community Schools**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2025**

Total Fund Balance - Governmental Funds	\$ 4,575,323
General government capital assets of \$41,586,760, net of accumulated depreciation of \$22,132,436, are not financial resources and, accordingly, are not reported in the funds.	19,454,324
Long-term liabilities, including bond premiums and bond discounts, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,233,766)
Net pension liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	(19,057,085)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(325,708)
Other post employment benefit liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.	(35,075)
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.	(112,898)
<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>(6,734,885)</u></b>

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The Notes to the Financial Statements are an integral part of these Financial Statements

Grass Lake Community Schools  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the year Ended June 30, 2025

	Special Revenue			Debt Service		Total Governmental Funds
	General	School Lunch (formerly a major fund)	Student Activities (formerly a major fund)	Debt Service	Other Governmental Funds	
<b>Revenues</b>						
Local sources	\$ 2,656,145	\$ --	\$ --	\$ 3,174,904	\$ 600,790	\$ 6,431,839
State sources	14,897,985	--	--	--	700,395	15,598,380
Federal sources	588,986	--	--	--	352,144	941,130
Interdistrict sources and other	580,405	--	--	--	--	580,405
<b>Total Revenues</b>	<u>18,723,521</u>	<u>--</u>	<u>--</u>	<u>3,174,904</u>	<u>1,653,329</u>	<u>23,551,754</u>
<b>Expenditures</b>						
Instruction	11,818,593	--	--	--	--	11,818,593
Supporting services	6,414,945	--	--	--	554,631	6,969,576
Food services	--	--	--	--	1,039,110	1,039,110
Debt service, principal	261,308	--	--	2,869,287	--	3,130,595
Debt service, interest and related fiscal charges	11,714	--	--	245,727	--	257,441
Debt service, bond issuance costs	--	--	--	98,158	--	98,158
<b>Total Expenditures</b>	<u>18,506,560</u>	<u>--</u>	<u>--</u>	<u>3,213,172</u>	<u>1,593,741</u>	<u>23,313,473</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>216,961</u>	<u>--</u>	<u>--</u>	<u>(38,268)</u>	<u>59,588</u>	<u>238,281</u>
<b>Other Financing Sources (Uses)</b>						
Refunding bonds issued	--	--	--	5,480,000	--	5,480,000
Premium on refunding bonds issued	--	--	--	335,569	--	335,569
Transfers in	31,710	--	--	--	--	31,710
Payment to refunded bond escrow agent	--	--	--	(5,717,411)	--	(5,717,411)
Transfers out	--	--	--	--	(31,710)	(31,710)
<b>Net Other Financing Sources (Uses)</b>	<u>31,710</u>	<u>--</u>	<u>--</u>	<u>98,158</u>	<u>(31,710)</u>	<u>98,158</u>
<b>Net Change in Fund Balance</b>	<u>248,671</u>	<u>--</u>	<u>--</u>	<u>59,890</u>	<u>27,878</u>	<u>336,439</u>
<i>Fund Balance at Beginning of Period, as originally stated</i>	3,151,490	493,720	345,456	248,218	--	4,238,884
Change within the reporting entity, note 16	--	(493,720)	(345,456)	--	839,176	--
<i>Fund Balance at Beginning of Period, as restated</i>	3,151,490	--	--	248,218	839,176	4,238,884
<b>Fund Balance at End of Period</b>	<u>\$ 3,400,161</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 308,108</u>	<u>\$ 867,054</u>	<u>\$ 4,575,333</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

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**Grass Lake Community Schools**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the year Ended June 30, 2025**

Total Net Change in Fund Balances - Governmental Funds	\$	336,439
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and expensed. This represents the amount by which depreciation expense of \$1,080,534 exceeds capital outlay of \$486,981.		(593,553)
Long-term debt payments are reported as financing uses in the governmental funds and thus contribute to the change in fund balance. However, debt payments reduce long-term debt on the statement of net position. This represents the amount of principal payment made during the year on long-term debt, the amortization of bond issue premium, the amortization of bond issue discount, and the amortization of deferred charge on bond refunding.		2,969,355
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. This represents the current year change in accrued interest.		(27,107)
The statement of activities reports changes to net OPEB asset and OPEB related deferrals as OPEB expense; however, the expenditures recorded on the governmental funds equals actual OPEB contributions.		1,506,415
The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.		179,921
Proceeds from the issuance of long-term debt are reported as other financing sources in the fund statements, but reported as liabilities in the statement of net position.		(98,158)
Compensated absences that are not payable from current year resources are not reported as expenditures of the current year in the funds. In the statement of activities, those costs represent expenses of the current year.		(113,818)
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>4,159,494</u></b>

**Notes to the Financial Statements**

The Notes to the Financial Statements are an integral part of these Financial Statements

Grass Lake Community Schools

Notes to the Financial Statements

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Grass Lake Community Schools (the “School District” or “government”) conform to generally accepted accounting principles as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District’s significant accounting policies are described below:

**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 Districts’ 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.

**District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. The district-wide statements report *governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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

Major individual funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are

Grass Lake Community Schools

Notes to the Financial Statements

recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible 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, or one year for reimbursement-based grants. 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.

Revenues susceptible to accrual are property taxes, state aid, federal, and inter-district revenues, and interest income and, accordingly, have been recognized as revenues of the current fiscal year. Other revenues are recognized when received.

The School District reports the following major funds:

The *general fund* is the general operating fund of the School District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *debt service fund* is used to record property tax revenue, interest income, other revenue for the payment of principal, debt service interest, and other expenditures related to bond issues.

Additionally, the School District reports the following fund type:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. 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 functional level for special revenue funds and the department level for the general fund. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Grass Lake Community Schools

Notes to the Financial Statements

Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be reappropriated and honored during the subsequent year.

**Property Taxes**

Property taxes levied by the School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14, and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected

**Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Fund Equity**

**Deposits and Investments**

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and School District policy authorize the School District to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

Grass Lake Community Schools

Notes to the Financial Statements

- External investment pools as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectible during the current year.

**Inventory**

Inventory is valued at the lower of cost (first in, first out) or market. Inventory in the food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

**Capital Assets**

Capital assets, which include land, buildings and building improvements, furniture and other equipment, buses and other vehicles, and intangible right-to-use lease assets, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Intangible right-to-use lease assets represent the present value of payments expected to be made during the lease term for assets under lease agreements meeting the criteria of GASB Statement

Grass Lake Community Schools

Notes to the Financial Statements

No. 87. These assets are initially measured at the lease liability amount plus any lease payments made at or before the commencement date, less any lease incentives received, and are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

Buildings and building improvements, furniture and equipment and business and other vehicles are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and building improvements	20 - 50
Buses and other vehicles	5 - 8
Furniture and equipment	5 - 20

The intangible right-to-use asset is amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. They are the: 1) pension and other postemployment benefits related items reporting in the government-wide statement of net position and 2) deferred charges associated with bond refundings. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. These amounts are expensed in the year in which they apply.

**Salaries Payable and Accrued Employee Benefits**

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the School District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for the employee health insurance premiums for the months of July and August. The School District pays these insurances for this period as part of the compensation for services rendered in the preceding school year.

Grass Lake Community Schools

Notes to the Financial Statements

**Compensated Absences**

School District employees are granted vacation and sick leave in varying amounts based on length of service and employment classification. Unused vacation and sick leave may accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and terms of employment.

In accordance with GASB Statement No. 101, *Compensated Absences*, a liability is recognized for leave that has been earned but not yet taken if (1) the leave is attributable to services already rendered, (2) the leave accumulates and may be used for time off or paid out when an employee separates from service, and (3) the leave is more likely than not to be used for time off or paid in cash or other benefits. The liability for compensated absences includes salary-related payments and is measured using the pay rates and other relevant factors in effect at the reporting date.

In the fund financial statements, only the matured liability for compensated absences (amounts expected to be liquidated with expendable available financial resources) is reported. The full liability is recognized in the government-wide financial statements.

**Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are recorded as a period expense. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Lease Obligations**

The School District leases various assets under agreements accounted for in accordance with GASB Statement No. 87, *Leases*. At the start of each lease, a lease liability and a corresponding intangible right-to-use lease asset are recorded. The lease liability is measured at the present value of future lease payments, and the right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Lease payments for short-term leases (those with a term of 12 months or less) are recognized as expenses when incurred.

**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

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position of the Michigan Public School District Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB)**

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

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the

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Notes to the Financial Statements

government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

*Unassigned fund balance* is the residual classification for the School District's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Education.

**Fund Balance Flow Assumptions**

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

**Net Position Flow Assumption**

Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the School District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

Grass Lake Community Schools

Notes to the Financial Statements

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Stewardship, Compliance, and Accountability**

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The School District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the School District for these budgeted funds were also adopted at the department level.

**Excess of expenditures over appropriations in budgeted funds** – The School District had the following expenditures in excess of the amounts appropriated as of June 30, 2025:

<u>Department</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Negative Variance</u>
Basic programs	\$ 9,724,191	\$ 10,214,872	\$ (490,681)
Added needs	1,320,894	1,603,721	(282,827)
Instructional staff	77,105	93,291	(16,186)
General administration	434,980	462,715	(27,735)
School administration	1,036,545	1,136,874	(100,329)
Business	399,639	417,333	(17,694)
Operations and maintenance	1,760,805	1,788,159	(27,354)
Pupil transportation services	975,225	1,015,034	(39,809)
Central	900,535	927,528	(26,993)
Athletics	449,622	452,537	(2,915)

**District-wide Deficit**

The School District has an unrestricted net position deficit for district-wide activities in the amount of (\$23,927,144) and a deficit total net position of (\$6,734,885) as of June 30, 2025. The primary cause for the unrestricted net position deficit is the School District's net pension liability.

**Note 3 - Cash and Cash Equivalents**

A reconciliation of cash and cash equivalents as shown on the statement of net position follows:

<b>Statement of Net Position</b>	
Cash and cash equivalents	<u>\$ 3,791,608</u>
<b>Deposits and Investments</b>	
Checking and savings accounts	\$ 3,790,818
Cash on hand	<u>790</u>
<b>Total Deposits and Investments</b>	<u>\$ 3,791,608</u>

Grass Lake Community Schools

Notes to the Financial Statements

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be returned. State law does not require, and the School District does not have a policy for deposit custodial credit risk. As of year-end, \$3,493,704 of the School District's bank balance of \$3,763,830 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the School District believes it is impractical to insure all bank deposits. As a result, the School District evaluates each financial institution with which it deposits School District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Note 4 - Interfund Balances and Transfers**

At June 30, 2025, interfund receivables and payables consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service	General	\$ 4,173
School Lunch	General	257,175

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

During the year ended June 30, 2025, the School Lunch Fund transferred \$31,710 to the General Fund for indirect costs incurred by the General Fund on behalf of the School Lunch Fund.

**Note 5 - Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue include charges for services payments received prior to meeting all eligibility requirements in the amount of \$85,735.

**Note 6 - State of Michigan School Aid**

The School District reports State of Michigan school aid in the fiscal year in which the School District is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 66.2% of the total revenues to the School District during the June 30, 2025 fiscal year.

Grass Lake Community Schools

Notes to the Financial Statements

**Note 7 - Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 225,287	\$ -	\$ -	\$ 225,287
Capital assets being depreciated:				
Buildings and building improvements	34,149,582	256,351	-	34,405,933
Buses and other vehicles	1,348,709	74,811	(635,713)	787,807
Furniture and equipment	5,378,595	155,819	-	5,534,414
Intangible Right to Use	633,319	-	-	633,319
Subtotal	41,510,205	486,981	(635,713)	41,361,473
Less accumulated depreciation:				
Buildings and building improvements	(15,350,819)	(691,837)	-	(16,042,656)
Buses and other vehicles	(1,183,582)	(75,391)	635,713	(623,260)
Furniture and equipment	(4,959,702)	(102,200)	-	(5,061,902)
Intangible Right to Use	(193,512)	(211,106)	-	(404,618)
Subtotal	(21,687,615)	(1,080,534)	635,713	(22,132,436)
Capital assets being depreciated, net	19,822,590	(593,553)	-	19,229,037
Capital assets, net	\$ 20,047,877	\$ (593,553)	\$ -	\$ 19,454,324

**Depreciation and Amortization**

Total depreciation and amortization expense for the fiscal year amounted to \$1,080,534. This amount includes amortization expense of \$211,106 related to intangible right-to-use lease assets recognized under GASB Statement No. 87, *Leases*.

The School District determined that it was impractical to allocate depreciation and amortization expense by function, as the capital assets and leased assets serve multiple instructional and administrative functions.

Grass Lake Community Schools

Notes to the Financial Statements

**Note 8 - Long-term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the school district. Other long-term obligations include accrued compensated absences. General obligation debt consist of:

2010 Refunding Bonds of \$1,750,000 due in annual principal amounts of \$109,375, plus interest at 6.25% through 2026	\$ 84,394
2025 Refunding Bonds, of \$5,480,000, due in annual installments ranging from \$870,000 through \$960,000 plus interest at 5.00% through 2031.	5,480,000
2022 School Bus Installment Loan, of \$113,822, due in annual installments ranging from \$12,904 through \$14,751 plus interest at 3.00% through 2026.	14,264
<b>Total general obligation debt</b>	<b>\$ 5,578,658</b>

**Refunding Bonds**

On February 4, 2025, the School District issued \$5,480,000 Refunding Bonds with coupons ranging from 5.00% and yields from 3.02%–3.15% to current refund a portion of the School District's 2015 Refunding Bonds, Series A that are callable on May 1, 2025. The District received \$335,569 of original issue premium, and after paying the underwriter's discount of \$7,961 and issuance costs of \$90,197, deposited \$5,717,411 into an irrevocable escrow. The escrow was used to pay \$5,635,000 of principal and \$140,875 of interest due on May 1, 2025; the refunded bonds are considered defeased and the related liability has been removed from the statement of net position. The difference between the reacquisition price and the net carrying amount of the refunded debt has been reported as a deferred outflow of resources and will be amortized over the shorter of the remaining life of the refunded or the refunding debt.

**Grass Lake Community Schools**

Notes to the Financial Statements

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>General obligation bonds</b>					
2010 refunding bonds	\$ 193,769	\$ -	\$ (109,375)	\$ 84,394	\$ 84,394
2015 refunding bonds, series A	7,170,000	-	(7,170,000)	-	-
2025 refunding bonds	-	5,480,000	-	5,480,000	1,485,000
<i>Total general obligation bonds</i>	<u>7,363,769</u>	<u>5,480,000</u>	<u>(7,279,375)</u>	<u>5,564,394</u>	<u>1,569,394</u>
<b>Installment purchase agreements (direct placement)</b>					
2022 school buses	44,358	-	(30,094)	14,264	14,264
2020 school buses	25,298	-	(25,298)	-	-
<i>Total installment purchase agreements</i>	<u>69,656</u>	<u>-</u>	<u>(55,392)</u>	<u>14,264</u>	<u>14,264</u>
Total direct borrowings/placements	<u>7,433,425</u>	<u>5,480,000</u>	<u>(7,334,767)</u>	<u>5,578,658</u>	<u>1,583,658</u>
<b>Lease obligation (direct placement)</b>					
2023 Bus lease	416,979	-	(205,916)	211,063	211,063
<b>Bond premiums</b>					
Premiums	848,142	335,569	(169,101)	1,014,610	-
<b>School loan funds (direct placement)</b>					
School bond loan, including interest	1,010	45	-	1,055	-
School loan revolving fund (SLRF)	5,848,560	255,215	(1,224,912)	4,878,863	-
<i>Total school loan funds</i>	<u>5,849,570</u>	<u>255,260</u>	<u>(1,224,912)</u>	<u>4,879,918</u>	<u>-</u>
<b>Total long-term debt</b>	<u>\$ 14,548,116</u>	<u>\$ 6,070,829</u>	<u>\$ (8,934,696)</u>	<u>\$ 11,684,249</u>	<u>\$ 1,794,721</u>
<b>Compensated absences</b>	<u>\$ 211,890</u>	<u>\$ 113,818</u>	<u>\$ -</u>	<u>\$ 325,708</u>	<u>\$ 227,996</u>

The change in compensated absences, as reported above, is a net change.

Annual debt service requirements, exclusive of school loan funds, compensated absences, leases, and bond premiums and discounts, for long-term debt outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,583,658	\$ 454,282	\$ 2,037,940
2027	725,000	391,612	1,116,612
2028	765,000	203,750	968,750
2029	800,000	166,750	966,750
2030	845,000	127,750	972,750
2031	860,000	131,000	991,000
<b>Totals:</b>	<u>\$ 5,578,658</u>	<u>\$ 1,475,144</u>	<u>\$ 7,053,802</u>

**Lease Payable**

The School District entered into a lease agreement for ten school buses on August 21, 2023, with a lease term of 36 months. Annual payments of \$216,340 are due over the lease term, with the first

**Grass Lake Community Schools**

Notes to the Financial Statements

payment made on August 21, 2023. The lease carries an interest rate of 2.5% and does not include a purchase option at the end of the term.

At lease commencement, the School District recorded an intangible right-to-use lease asset and a corresponding lease liability in the amount of \$633,319. The right-to-use asset is amortized over the 36-month lease term on a straight-line basis. The lease liability is reduced as payments are made and interest expense is recognized over the life of the lease.

Future principal and interest payments related to this lease are included in the long-term debt maturities schedule. The right-to-use asset is reported within capital assets, and the corresponding lease liability is reported within long-term obligations.

Future principal and interest payments related to the lease are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 211,063	\$ 5,277	\$ 216,340

**Note 9 - Net Investment in Capital Assets**

As of June 30, 2025, net investment in capital assets was comprised of the following:

Capital assets, net of depreciation	\$ 19,454,324
Capital related debt:	
General obligation bonds payable	(5,564,394)
Installment purchase agreements	(14,264)
Unamortized bond premium	(1,014,610)
Deferred charge on bond refunding	450,483
Lease obligations	(211,063)
Total capital related debt	<u>(6,353,848)</u>
<b>Net investment in capital assets</b>	<u>\$ 13,100,476</u>

**Note 10 - Pension Plan**

**Plan Description**

The Michigan Public School Employees' Retirement System ("System" or "MPSERS") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan ("State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the

**Grass Lake Community Schools**

Notes to the Financial Statements

provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

The System’s financial statements are available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Benefits Provided**

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

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

**Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued

**Grass Lake Community Schools**

Notes to the Financial Statements

liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2023, valuation will be amortized over a 15-year period beginning Oct. 1, 2023 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended Sept. 30, 2024:

<b>Benefit Structure</b>	<b>Member</b>	<b>Non-Universities</b>
Basic	0.0 - 4.0%	23.03%
Member investment plan	3.0 - 7.0%	23.03%
Pension plus	3.0 - 6.4%	19.17%
Pension plus 2	6.2%	20.10%
Defined contribution	0.0%	13.90%

Required contributions to the pension plan from the School were \$3,149,978 for the year ended Sept. 30, 2024

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

At June 30, 2025, the School reported a liability of \$18,445,474 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of Sept. 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At Sept. 30, 2024, the School’s proportion was .075343 percent, which was an increase of .00140 percent from its proportion measured as of Sept. 30, 2023.

For the year ending June 30, 2025, the School recognized pension expense of \$1,693,352. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 500,439	\$ 200,413
Changes of assumptions	1,923,050	1,351,470
Net difference between projected and actual earnings on pension plan investments	-	3,520,178
Changes in proportion and differences between employer contributions and proportionate share of contributions	561,675	22,267
Employer contributions subsequent to the measurement date	1,497,553	-
<b>Totals</b>	<b>\$ 4,482,717</b>	<b>\$ 5,094,328</b>

**Grass Lake Community Schools**

Notes to the Financial Statements

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Plan Year Ended September 30</b>	<b>Amount:</b>
2025	\$ (362,841)
2026	298,004
2027	(1,175,690)
2028	(868,637)

**Actuarial Assumptions**

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

**Grass Lake Community Schools**

Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00%, net of investment expenses
- Pension Plus Plan:	6.00%, net of investment expenses
- Pension Plus 2 Plan:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

*Notes:*

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2023 valuation. The total pension liability as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612 for non-university employers.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORSSchools](https://michigan.gov/ORSSchools).

Grass Lake Community Schools

Notes to the Financial Statements

**Long-term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a buildingblock method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of Sept. 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.2
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return**

For the fiscal year ended Sept. 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the

Grass Lake Community Schools

Notes to the Financial Statements

member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate**

The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

<u>1% Decrease (Non-Hybrid/Hybrid)</u>	<u>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)</u>	<u>1% Increase (Non-Hybrid/Hybrid)</u>
<b>5.00%</b>	<b>6.00%</b>	<b>7.00%</b>
\$27,041,263	\$18,445,474	\$11,287,826

**Michigan Public School Employees’ Retirement System (MPSERS) Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

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

Grass Lake Community Schools

Notes to the Financial Statements

The System’s financial statements are available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Benefits Provided**

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

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

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

**Contributions**

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

Grass Lake Community Schools

Notes to the Financial Statements

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the Sept. 30, 2023, valuation will be amortized over a 15-year period beginning Oct. 1, 2023 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended Sept. 30, 2024:

<u>Benefit Structure</u>	<u>Member</u>	<u>Non-Universities</u>
Premium subsidy	3.00%	8.31%
Personal healthcare fund (PHF)	0.00%	7.06%

Required contributions to the OPEB plan from the School were \$632,606 for the year ended Sept. 30, 2024.

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

At June 30, 2025, the School reported an asset of \$3,275,948 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of Sept. 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School’s proportion of the net OPEB asset was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At Sept. 30, 2024, the School’s proportion was .007611 percent, which was an increase of .000146 percent from its proportion measured as of Oct. 1, 2023.

**Grass Lake Community Schools**

Notes to the Financial Statements

For the year ending June 30, 2025, the School recognized OPEB expense of negative \$(1,171,999). At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ -	\$ 3,471,505
Changes of assumptions	715,514	82,242
Net difference between projected and actual earnings on OPEB plan investments	-	620,175
Changes in proportion and differences between employer contributions and proportionate share of contributions	142,718	9,821
Employer contributions subsequent to the measurement date	14,488	-
<b>Totals</b>	<b>\$ 872,720</b>	<b>\$ 4,183,743</b>

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

<b>Plan Year Ended September 30</b>	<b>Amount:</b>
2025	\$ (1,097,978)
2026	(645,368)
2027	(633,187)
2028	(578,343)
2029	(311,792)
Thereafter	(58,843)

**Actuarial Assumptions**

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

**Grass Lake Community Schools**

Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

**Notes:**

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2023 valuation. The total OPEB asset as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2834 for non-university employers.

Grass Lake Community Schools

Notes to the Financial Statements

- Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Long-term Expected Return on Plan Assets**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.0
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
<b>Total</b>	<b>100.0%</b>	

\*Long-term rates of return are net of administrative expenses and 2.3% inflation.

**Rate of Return**

For the fiscal year ended Sept. 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

A discount rate of 6.00% was used to measure the total OPEB asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal

Grass Lake Community Schools

Notes to the Financial Statements

to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

**Sensitivity of the School’s proportionate share of the net OPEB asset to changes in the discount rate**

The following presents the School’s proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the employer’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
(\$2,531,680)	(\$3,275,948)	(\$3,919,447)

**Sensitivity of the School’s proportionate share of the net OPEB asset to Healthcare Cost Trend Rate**

The following presents the School’s proportionate share of the net OPEB asset calculated using assumed trend rates, as well as what the School’s proportionate share of net OPEB asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
<u>(\$3,919,454)</u>	<u>(\$3,275,948)</u>	<u>(\$2,585,792)</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2024 MPSERS ACFR, available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

**Note 12 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Grass Lake Community Schools

Notes to the Financial Statements

**Note 13 - Contingent Liabilities**

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

**Note 14 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by various municipalities. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District’s property tax revenues were reduced by approximately \$47,162 under these programs. Operating revenues not paid to the district because of tax abatement agreements are reimbursed to the district by the State of Michigan through the per-pupil foundation allowance.

**Note 15 - Subsequent Events and Commitments**

The Administration and Board of Education is not aware of any subsequent events that would have a significant impact on the financial condition of the School District.

**Note 16 - Changes in Accounting and Financial Reporting**

**Implementation of New Accounting Standard**

During the fiscal year ended June 30, 2025, the School District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 101, *Compensated Absences*. GASB 101 establishes new recognition and measurement guidance for liabilities associated with compensated absences. Under the new standard, the School District recognizes a liability for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The implementation of GASB 101 did not have a material impact on the School District’s financial statements.

Grass Lake Community Schools

Notes to the Financial Statements

**Change in Fund Presentation**

Also during the fiscal year ended June 30, 2025, the School District reclassified the Food Service and Student Activity Funds, special revenue funds, as nonmajor governmental funds based on current financial reporting criteria in accordance with GASB Statement No. 34. Under GASB 34, individual governmental funds are classified as nonmajor if none of the following elements meet the following thresholds:

1. Total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total for all governmental or enterprise funds, as applicable; and
2. The same element is at least 5% of the total for all governmental and enterprise funds combined.

The School District determined that the School Lunch and Student Activities Funds no longer met these criteria for the current year. Accordingly, the funds have been reclassified from major to nonmajor and is now presented in the combining financial statements rather than the basic financial statements.

This reclassification affected fund presentation but had no impact on total governmental fund balances or activities. The following summarizes the reclassification:

Description	Governmental Funds		
	School Lunch	Student Activities	Nonmajor Governmental
June 30, 2024, as previously reported	\$ 493,720	\$ 345,456	\$ -
Change from major to nonmajor fund	(493,720)	(345,456)	(839,176)
<b>June 30, 2024, as adjusted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (839,176)</b>

**Grass Lake Community Schools**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the year Ended June 30, 2025**

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final to Actual</u>
<b>Revenues</b>				
Local sources	\$ 2,725,553	\$ 2,342,783	\$ 2,656,145	\$ 313,362
State sources	14,252,342	14,738,187	14,897,985	159,798
Federal sources	516,773	844,339	588,986	(255,353)
Interdistrict sources and other	549,849	549,852	580,405	30,553
<b>Total Revenues</b>	<u>18,044,517</u>	<u>18,475,161</u>	<u>18,723,521</u>	<u>248,360</u>
<b>Other Financing Sources</b>				
Transfers in	--	--	31,710	31,710
<b>Total Revenues and Other Financing Sources</b>	<u>18,044,517</u>	<u>18,475,161</u>	<u>18,755,231</u>	<u>280,070</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Basic programs	10,164,097	9,724,191	10,214,872	(490,681)
Added needs	1,360,896	1,320,894	1,603,721	(282,827)
<b>Total Instruction</b>	<u>11,524,993</u>	<u>11,045,085</u>	<u>11,818,593</u>	<u>(773,508)</u>
<b>Supporting Services</b>				
Pupil	550,915	561,397	394,496	166,901
Instructional staff	85,770	77,105	93,291	(16,186)
General administration	479,910	434,980	462,715	(27,735)
School administration	1,019,981	1,036,545	1,136,874	(100,329)
Business	409,021	399,639	417,333	(17,694)
Operations and maintenance	1,318,443	1,760,805	1,788,159	(27,354)
Pupil transportation services	971,129	975,225	1,015,034	(39,809)
Central	870,599	900,535	927,528	(26,993)
Athletics	433,756	449,622	452,537	(2,915)
<b>Total Supporting Services</b>	<u>6,139,524</u>	<u>6,595,853</u>	<u>6,687,967</u>	<u>(92,114)</u>
Student/school activities	380,000	--	--	--
<b>Total Expenditures</b>	<u>18,044,517</u>	<u>17,640,938</u>	<u>18,506,560</u>	<u>(865,622)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	<u>--</u>	<u>834,223</u>	<u>248,671</u>	<u>(585,552)</u>
<b>Net Change in Fund Balance</b>	<u>--</u>	<u>834,223</u>	<u>248,671</u>	<u>(585,552)</u>
<i>Fund Balance at Beginning of Period</i>	3,151,490	3,151,490	3,151,490	--
<b>Fund Balance at End of Period</b>	<u>\$ 3,151,490</u>	<u>\$ 3,985,713</u>	<u>\$ 3,400,161</u>	<u>\$ (585,552)</u>

Required Supplementary Information

Grass Lake Community Schools  
**Schedule of School District's Proportionate Share of Net Pension Liability**  
**Michigan Public School Employee Retirement Plan**  
**Last Ten Fiscal Years (amounts were determined as of September 30 of each fiscal year)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Portion of Net Pension Liability (%)	0.07534%	0.07394%	0.07308%	0.07222%	0.07250%	0.07307%	0.07352%	0.07278%	0.07058%	0.06890%
School District's Proportionate Share of Net Pension Liability	\$ 18,445,474	\$ 23,932,123	\$ 27,485,509	\$ 17,097,386	\$ 24,903,202	\$ 24,197,042	\$ 22,100,071	\$ 18,860,343	\$ 17,609,147	\$ 16,828,172
School District's Covered Payroll	\$ 8,019,238	\$ 7,444,642	\$ 7,071,119	\$ 6,469,946	\$ 6,376,513	\$ 6,328,914	\$ 6,271,336	\$ 6,151,069	\$ 6,029,541	\$ 5,742,325
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	230.02%	321.47%	388.70%	264.26%	390.55%	382.33%	352.40%	306.62%	292.05%	293.06%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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Grass Lake Community Schools  
**Schedule of School District's Pension Contributions**  
**Michigan Public School Employee Retirement Plan**  
**Last Ten School District Fiscal Years (amounts determined as of June 30 of each year)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	\$ 3,149,978	\$ 2,535,919	\$ 2,487,437	\$ 2,168,367	\$ 1,992,287	\$ 1,988,227	\$ 1,932,738	\$ 2,060,370	\$ 1,700,466	\$ 1,602,784
Contributions in Relation to Statutorily Required Contributions	(3,149,978)	(2,535,919)	(2,487,437)	(2,168,367)	(1,992,287)	(1,988,227)	(1,932,738)	(2,060,370)	(1,700,466)	(1,602,784)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 8,287,714	\$ 8,024,446	\$ 7,506,438	\$ 6,986,236	\$ 6,402,475	\$ 6,396,155	\$ 6,290,094	\$ 6,248,360	\$ 6,125,281	\$ 5,939,662
Contributions as a Percentage of Covered Payroll	38.01%	31.60%	33.14%	31.04%	31.12%	31.08%	30.73%	32.97%	27.76%	26.98%

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**Grass Lake Community Schools**  
**Schedule of School District's Proportionate Share of Net OPEB Liability (Asset)**  
**Michigan Public School Employee Retirement Plan**  
**Last Eight Fiscal Years (amounts were determined as of September 30 of each fiscal year)**

	2024	2023	2022	2021	2020	2019	2018	2017
School District's Portion of Net OPEB Liability (%)	0.07611%	0.07465%	0.07321%	0.07218%	0.07222%	0.07264%	0.07384%	0.07278%
School District's Proportionate Share of Net OPEB Liability (Asset)	\$ (3,275,948)	\$ (422,296)	\$ 1,550,582	\$ 1,101,700	\$ 3,869,268	\$ 5,214,044	\$ 5,869,317	\$ 6,445,234
School District's Covered Payroll	\$ 8,019,238	\$ 7,444,642	\$ 7,071,119	\$ 6,469,946	\$ 6,376,513	\$ 6,328,914	\$ 6,271,336	\$ 6,151,069
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	-40.85%	-5.67%	21.93%	17.03%	60.68%	82.38%	93.59%	104.78%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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**Grass Lake Community Schools**  
**Schedule of School District's OPEB Contributions**  
**Michigan Public School Employee Retirement Plan**  
**Last Eight School District Fiscal Years (amounts determined as of June 30 of each year)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily Required Contributions	\$ 632,606	\$ 581,522	\$ 557,646	\$ 535,805	\$ 510,285	\$ 510,943	\$ 493,649	\$ 411,009
Contributions in Relation to Statutorily Required Contributions	(632,606)	(581,522)	(557,646)	(535,805)	(510,285)	(510,943)	(493,649)	(411,009)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 8,287,714	\$ 8,024,446	\$ 7,506,438	\$ 6,986,236	\$ 6,402,475	\$ 6,396,155	\$ 6,290,094	\$ 6,248,360
Contributions as a Percentage of Covered Payroll	7.63%	7.25%	7.43%	7.67%	7.97%	7.99%	7.85%	6.58%

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**APPENDIX E**  
**FORM OF LEGAL OPINION**

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# THRUN LAW FIRM, P.C.

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## DRAFT LEGAL OPINION

Grass Lake Community Schools  
Counties of Jackson and Washtenaw  
State of Michigan

We have acted as bond counsel in connection with the issuance by Grass Lake Community Schools, Counties of Jackson and Washtenaw, State of Michigan (the “Issuer”), of its bonds in the aggregate principal amount of \$\_\_\_\_\_ designated 2026 School Building and Site Bonds (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are in fully registered form and issued without coupons, are dated \_\_\_\_\_, 2026, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on May 1 of the years shown below, and bear interest payable on November 1, 2026, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rates as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
-------------	---------------	-------------	-------------	---------------	-------------

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

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the electors and board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, a signed copy of the certificate of the Treasurer of the State of Michigan qualifying the Bonds for purposes of Article IX, Section 16, of the Michigan Constitution, and a specimen of the Bond certificates.

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

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



Grass Lake Community Schools  
Counties of Jackson and Washtenaw  
State of Michigan

\_\_\_\_\_, 2026

Page 2

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

(4) the Bonds have been fully qualified 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 Issuer will be or is unable to pay the principal and interest on the Bonds when due, then the Issuer shall borrow, and the State of Michigan shall lend to it, an amount sufficient to enable the Issuer to make the payment;

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

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

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

THRUN LAW FIRM, P.C.

**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

§ \_\_\_\_\_

**GRASS LAKE COMMUNITY SCHOOLS  
COUNTIES OF JACKSON AND WASHTENAW  
STATE OF MICHIGAN  
2026 SCHOOL BUILDING AND SITE BONDS  
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Grass Lake Community Schools, Counties of Jackson and Washtenaw, State of Michigan (the “Issuer”), in connection with the issuance of its \$ \_\_\_\_\_ 2026 School Building and Site Bonds (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on May 11, 2026 and \_\_\_\_\_, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

“Bondholder” means the registered owner of a Bond or any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

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

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

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



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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“Official Statement” shall mean the final Official Statement for the Bonds dated \_\_\_\_\_, 2026.

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

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

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

### SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 20\_\_\_, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

#### SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

(b) this Agreement as so amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, in the opinion of independent legal counsel; and

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

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

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

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

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

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

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

GRASS LAKE COMMUNITY SCHOOLS  
COUNTIES OF JACKSON AND WASHTENAW  
STATE OF MICHIGAN

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

Dated: \_\_\_\_\_, 2026

**APPENDIX A**

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Grass Lake Community Schools, Jackson and Washtenaw Counties,  
Michigan

Name of Bond Issue: 2026 School Building and Site Bonds (General Obligation - Unlimited  
Tax)

Date of Bonds: \_\_\_\_\_, 2026

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

GRASS LAKE COMMUNITY SCHOOLS  
COUNTIES OF JACKSON AND WASHTENAW  
STATE OF MICHIGAN

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

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



**APPENDIX B**

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

Name of Issuer: Grass Lake Community Schools, Jackson and Washtenaw Counties,  
Michigan

Name of Bond Issue: 2026 School Building and Site Bonds (General Obligation - Unlimited  
Tax)

Date of Bonds: \_\_\_\_\_, 2026

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

GRASS LAKE COMMUNITY SCHOOLS  
COUNTIES OF JACKSON AND WASHTENAW  
STATE OF MICHIGAN

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

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



## APPENDIX C

### SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

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

Description of Significant Events Notice (Check One):

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

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

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

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

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

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

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

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

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



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Additional information relative to this Bond issue may be obtained from:

**PFM Financial Advisors LLC**  
555 Briarwood Circle, Suite 333  
Ann Arbor, MI 48108  
(734) 994-9700



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