

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 13, 2026

NEW ISSUE—Book-Entry-Only

RATING†*:

S&P Global Ratings: "A"

In the opinion of Varnum LLP, Bond Counsel, under existing law, assuming compliance with certain covenants by the School District, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, and (iii) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and "APPENDIX D – Form of Approving Opinion of Bond Counsel" for a description of certain provisions of the Internal Revenue Code of 1986, as amended which may affect the tax treatment of interest on the Bonds for certain Bondholders.



\$57,035,000**
GRAND RAPIDS PUBLIC SCHOOLS
COUNTY OF KENT, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)

Dated: Date of Delivery

Due: May 1, as shown below

The 2026 Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") were authorized by the Board of Education of the Grand Rapids Public Schools, County of Kent, State of Michigan (the "School District") by a resolution adopted on December 8, 2025 (the "Resolution"). The Bonds are being issued for the purpose of currently refunding all or a portion of a prior bond issue of the School District. The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

Principal of and interest on the Bonds will be paid by the corporate trust office of 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 May 1 and November 1, commencing November 1, 2026, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

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

(Base CUSIP\$: _____)

Maturity**	Interest Rate	Yield	CUSIP\$	Maturity**	Interest Rate	Yield	CUSIP\$
2027	\$10,965,000			2034	\$2,470,000		
2028	4,845,000			2035	2,515,000		
2029	5,025,000			2036	2,580,000		
2030	8,655,000			2037	2,650,000		
2031	8,750,000			2038	2,715,000		
2032	2,345,000			2039	1,125,000		
2033	2,395,000						

THE BONDS OR PORTIONS OF THE BONDS MATURING ON OR AFTER MAY 1, 2037** ARE SUBJECT TO OPTIONAL REDEMPTION 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 Varnum LLP, Grand Rapids, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about February __, 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.

STIFEL

Huntington Capital Markets

Raymond James

The date of this Official Statement is January __, 2026.

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

* As of date of delivery.

** Preliminary, subject to change.

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

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

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

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

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

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BOARD OF EDUCATION

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Aarie Wade, Vice President
Amber Kilpatrick, Secretary
Eleanor Moreno, Treasurer
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APPENDIX B:	General Fund Budget Summary and Comparative Financial Statements
APPENDIX C:	Audited Financial Statements and Notes to Financial Statements of the School District for the Fiscal Year Ended June 30, 2025
APPENDIX D:	Form of Approving Opinion of Bond Counsel
APPENDIX E:	Form of Continuing Disclosure Undertaking

OFFICIAL STATEMENT
relating to

\$57,035,000¹

**GRAND RAPIDS PUBLIC SCHOOLS
COUNTY OF KENT, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the Grand Rapids Public Schools, County of Kent, State of Michigan (the "School District") of its 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$57,035,000¹.

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of currently refunding all or a portion of the School District's outstanding School Building and Site and Refunding Bonds, Series 2016, dated March 16, 2016, which are due and payable May 1, 2027 through May 1, 2035, inclusive, May 1, 2038 and May 1, 2041 (the "Prior Bonds") and paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolution of the Board of Education of the School District adopted on December 8, 2025 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount.

POTENTIAL FOR BOND INSURANCE

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

PLAN OF REFUNDING

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

¹ Preliminary, subject to change.

**Principal of and Interest on the
Prior Bonds to be paid from the Escrow Fund¹**

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/2026	\$60,760,000.00	\$1,519,000.00	\$62,279,000.00

The accuracy of the mathematical computations of (i) the adequacy of the cash and certain obligations to be held in the Escrow Fund and used, together with the earnings thereon, to pay the principal of and interest on the Prior Bonds at call for redemption on May 1, 2026, and (ii) the yield on the Prior Bonds as originally issued and the yield of such obligations in the Escrow Fund purchased with the contribution from the Prior Bonds debt retirement fund, supporting the conclusion of Bond Counsel that the interest on the Bonds is excluded from gross income for federal tax purposes as indicated under the caption "TAX MATTERS" herein, will be verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas, (the "Verification Agent"). Such verification of accuracy of the computations shall be based upon information supplied by the Underwriters and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

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

USES

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

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each May 1 and November 1 to maturity or early redemption, commencing May 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, 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 and exchanges on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

¹ Preliminary, subject to change.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. 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 Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the 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 each interest payment date on the date of mailing of any notice of redemption and 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 Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Optional Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2037¹, are subject to redemption at the option of the School District in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036¹, 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 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.

¹ Preliminary, subject to change.

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

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

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

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as 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 this Official Statement except as noted. Under limited circumstances, other State laws permit the partial abatement of certain taxes for other types of property for periods of up to 12 years.

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

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

Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

SOURCES OF SCHOOL OPERATING REVENUE

State School Aid

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. In 2021 the Legislature eliminated the foundation allowance range in the 2021/22 fiscal year that had been in place since the passage

of school finance reform legislation in 1994. In 2025 the Legislature established a base foundation allowance for fiscal year 2025/26 of \$10,050 per pupil.

The base foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the School Aid Act. The revenues for the State's contribution to the base 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 property¹, 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 property² in order for the school district to receive its full base foundation allowance. Furthermore, school districts whose budgeted foundation allowance in 2025/26 calculates to an amount in excess of the \$10,050 base foundation allowance are authorized to levy additional millage to obtain this budgeted foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to obtain the budgeted foundation allowance and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the budgeted foundation allowance.

The School District's 2025/26 per pupil budgeted foundation allowance does not exceed \$10,050 and accordingly the School District does not levy additional mills on homestead property.

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

The appropriation of funds by the Legislature to establish the base foundation allowance and the categorical grants under the School Aid Act may be adjusted annually as part of the State's budgeting process. 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.

The Revised School Code provides that an intermediate school district may seek voter approval for up to 3 enhancement mills for distribution to local constituent school districts on a per pupil basis to be used to enhance its operations ("Enhancement Millage"). Proceeds of the Enhancement Millage are not counted toward the foundation allowance. The School District is serviced by the Kent Intermediate School District which is the intermediate school district for constituent school districts located in Kent County. On May 2, 2017, the voters in Kent County approved a county-wide Enhancement Millage which authorized the levy of 0.9 mills (currently reduced to 0.8498 mill) for 10 years being the years 2017 through 2026. On November 4, 2025, the voters approved restoring the enhancement millage to 0.9 mills to be levied 2027 through 2037. The School District anticipates receiving approximately \$350 per pupil from that millage in 2025/26.

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

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

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

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

MICHIGAN PROPERTY TAX REFORM

On March 28 and April 1, 2014, the Governor of Michigan signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 became exempt from ad valorem taxes beginning in 2014, with such exemption increasing to \$180,000 beginning in 2023. All eligible manufacturing personal property purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support became exempt beginning in 2016. The legislation extended certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the 2014 legislation also included a formula to reimburse school districts for lost personal property tax revenue for 100% of lost debt millage revenue associated with bonds approved by voters prior to January 1, 2013, and lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduced the State use tax and created a Local Community Stabilization Authority that levies a local use tax component and distributes that revenue from such local component to qualifying local units.¹ While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, school districts 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

In the opinion of Varnum LLP, Bond Counsel, under existing law, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. Bond Counsel will express no opinion regarding any other federal or state tax consequences arising with respect to the Bonds and the interest thereon.

The opinions on federal and State of Michigan tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the School District contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income

¹ Reimbursement for the School District's operating millage loss will come, in part from the State use tax, which is deposited into the State School Aid Fund. A school district that increases its millage rate to replace debt millage revenue loss is not eligible to receive reimbursement distributions. Further, much of the foregone revenue is deposited into and disbursed to the State School Aid Fund; in the future the legislature may choose to change the funding formulas in the State School Aid Act of 1979 (Act 94) or appropriate funds therein for other purposes.

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

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

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, corporations (as defined in Section 59(k) of the Code) subject to the alternative minimum tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

Tax Treatment of Accruals on Original Issue Discount¹

Under existing law, if the initial public offering price to the public (excluding bond houses and brokers) of a Bond is less than the stated redemption price of such Bonds at maturity, then such Bond is considered to have "original issue discount" equal to the difference between such initial offering price and the amount payable at maturity (such Bonds are referred to as "OID Bonds"). Such discount is treated as interest excludable from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period) from the date of original issue with straight-line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

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

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

Amortizable Bond Premium¹

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

¹ Preliminary, subject to change.

premium. Bonds other than Original Premium Bonds may also be subject to an amortizable bond premium determined generally with regard to the taxpayer's basis (for purposes of determining loss on a sale or exchange) and the amount payable on maturity or, in certain cases, on an earlier call date (such bonds being referred to herein collectively with the Original Premium Bonds as the "Premium Bonds"). Such amortizable bond premium is not deductible from gross income. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the taxpayer's yield to maturity determined by using the taxpayer's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the taxpayer's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

All holders of the Premium Bonds should consult with their own tax advisors as to the amount and effect of the amortizable bond premium.

Market Discount

The "market discount rules" of the Code apply to the Bonds. Accordingly, holders acquiring their Bonds subsequent to the initial issuance of the Bonds will generally be required to treat market discount recognized under the provisions of the Code as ordinary taxable income (as opposed to capital gain income). Holders should consult their own tax advisors regarding the application of the market discount provisions of the Code and the advisability of making any of the elections relating to market discount allowed by the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid after March 31, 2007 on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing the Bonds through a brokerage account has executed a Form W-9 in connection with the establishment of such account no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the IRS.

Future Developments

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

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

REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE OF MICHIGAN TAX LEGISLATION.

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

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

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 Varnum LLP, Grand Rapids, 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.

Varnum LLP is currently representing Stifel, Nicolaus & Company, Incorporated in certain matters unrelated to the issuance of the Bonds. The School District and Stifel, Nicolaus & Company, Incorporated have consented to these unrelated representations.

Certain legal matters will be passed upon for the Underwriters by their counsel, 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.

RATING

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "A" to the Bonds.

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated ("Stifel"), Huntington Securities, Inc., dba Huntington Capital Markets and Raymond James & Associates, Inc. (collectively with Stifel, the "Underwriters") have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District.

The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

CONTINUING DISCLOSURE

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

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

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

OTHER MATTERS

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

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.

GRAND RAPIDS PUBLIC SCHOOLS
COUNTY OF KENT
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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APPENDIX A¹

GRAND RAPIDS PUBLIC SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Grand Rapids Public Schools (the "School District") boundaries closely coincide with those of the City of Grand Rapids, encompassing an area of approximately 42.9 square miles. The School District is located almost entirely within the City of Grand Rapids, in the southwest portion of the State, 30 miles inland from Lake Michigan. The City of Grand Rapids, which was first chartered in 1860, is the second largest city in the State.

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

30 miles southeast of Muskegon
65 miles northwest of Lansing
150 miles northwest of Detroit
170 miles northeast of Chicago

POPULATION

The U.S. Census reported and 2023 estimated populations for the School District, the City of Grand Rapids and the County of Kent are as follows:

	School District	City of Grand Rapids	County of Kent
2023 Estimate	191,602	197,768	658,844
2020 U.S. Census	191,473	198,917	657,974
2010 U.S. Census	182,019	188,040	602,622

Source: U.S. Census Bureau via data.census.gov website

BOARD OF EDUCATION

The Board of Education (the "Board") consists of nine 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:

School Year End 30-Jun	Full-time Equivalent	Change	School Year End 30-Jun	Full-time Equivalent	Change
2026*	13,360	-1.30%	2021	14,455	-6.05%
2025	13,536	-1.15	2020	15,386	-5.08
2024	13,694	0.20	2019	16,209	-2.79
2023	13,667	-5.13	2018	16,674	-0.70
2022	14,406	-0.34	2017	16,793	--

*Unaudited.

¹Information included in APPENDIX A of this Official Statement was obtained from the School District unless otherwise noted.

2025/2026 Fall Count*

Kindergarten	1,097	7 th	1,044
1 st	1,109	8 th	1,016
2 nd	1,140	9 th	946
3 rd	1,105	10 th	1,016
4 th	1,077	11 th	790
5 th	1,048	12 th	918
6 th	1,054	Total	<u>13,360</u>

*Unaudited.

Source: School District and Michigan Department of Education via website www.michigan.gov

SCHOOL DISTRICT FACILITIES

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

Facility	Grades Served	Year Completed ¹	Last Remodeling/Additions/Renovations
<i>Elementary and PreK-8 Schools:</i>			
Aberdeen ²	PreK-8	1929	2013/2015
Brookside ³	PreK-5	1954	2013/2014
Buchanan	PreK-5	1962	2018
Burton	PreK-5	1926	2008
CA Frost Environmental Science Elementary	PreK-5	1958	1995/2004
Campus	PreK-5	1956	1994/2018
Cesar Chavez	PreK-5	2009	2025
Coit Creative Arts	PreK-5	1950	2002/2014/2025
Congress	PreK-5	1920	2014/2023
Dickinson Academy	PreK-8	2007	2025
Gerald R. Ford Academic	PreK-8	2007	---
Grand Rapids Montessori (Fountain) ³	PreK-6	1918	2014/2023
Harrison Park	PreK-8	1925	2007/2025
Ken-O-Sha Park ⁴	PreK-5	1964	1975/2014
Kent Hills	PreK-5	1954	1954/1958/2008/2023/2025
Martin Luther King Jr.	PreK-8	2006	---
Mulick Park	PreK-5	1953	2013/2015
North Park Montessori ³	1-8	1908	1948/1953/2008
Palmer ³	PreK-5	1954	2006/2025
Ridgemoor Park Montessori	PreK-6	1972	2017
Shawmut Hills	PreK-8	1955	1995/2013/2015/2025
Sherwood Park Global Studies ³	PreK-6	1969	2003/2013
Sibley	PreK-5	2006	---
Southwest	PreK-6	1915	2002/2014/2015
Wellerwood - North Park Early Childhood Center ³	PreK-K	1959	---
<i>Middle Schools:</i>			
Alger	6-8	2006	2015/2025
Blandford	6	2013	---
Burton	6-8	1926	1960/1980/2025
Museum	6-8	2016	Leased from GR Public Museum
Riverside ⁴	6-8	1954	2014/2025
Westwood ³	6-8	1960	1980/2025

High Schools:

CA Frost Environmental Science Middle/High	6-12	2016	---
City High Middle (Incl. Center for Economicology)	6-12	1923	1928/1980/2017/2025
Innovation Central (Incl. GR Montessori Middle/High)	7-12	1910	1927/1931/1982/2023
Museum	9-12	1940	2018
Ottawa Hills	9-12	1960	1972/2020/2025
Southwest Middle/High	7-12	2020	---
Union	9-12	1967	1980/2013/2014/2015/2021/2025
University Prep Academy (UPREP)	6-12	2013	---

Alternative Schools:

Southeast Career Pathways (at Sigsbee)	9-12	2025	2025
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Other Facilities:

Alexander	Vacant	1975	---
Beckwith	---	1961	---
Campus Admin A	---	1916	1994/2014/2015
Campus Admin B	---	1925	1994
Campus Admin C	---	1930	1994
East Leonard ^{3,5,6}	PreK-5	1957	2015
GRPS University	---	1965	2014/2015/2018
Houseman Field ⁴	---	1923	2009/2025
Jefferson ^{3,5,6}	9-12	1967	1975/1995
Race Street (Nutrition Center)	---	1950	---
Roosevelt - Child Development Center ⁶	---	1967	Leased to Steepletown
Service Building	---	1963	2014/2015
Straight (Native American)	---	1975	---
Stocking ^{3,5}	PreK-5	1923	2014
Transportation Garage	---	1990	2025

¹All facilities are of masonry construction.

²New school is being built with proceeds of the 2024 Bonds.

³School buildings identified to be repurposed. Following closures, the School District will begin the process of gathering feedback from the community on what will happen at these sites in the future. Considerations could include affordable family housing, green space, parkland, or other uses that would benefit the community and the School District as a whole.

⁴Complete renovation is underway.

⁵Closed.

⁶Receiving monthly rental income.

OTHER SCHOOLS

There are numerous private, charter, or parochial schools located within the School District's boundaries serving grades Pre-K through 12, with an approximate enrollment of 16,700 students.

Source: 2026 Michigan Education Directory

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 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:

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments ¹	Blended Pupil Count	Amount Received per Pupil ²
2026	\$10,050	\$133,751,817 ³	13,300.52 ³	\$10,056 ³
2025	9,608	134,712,540	13,551.12	9,941
2024	9,608	144,327,329	13,684.65	10,547
2023	9,150	135,014,181	13,729.74	9,834
2022	8,700	123,156,679	14,419.10	8,541
2021	8,111	121,285,302 ⁴	15,225.51	7,966 ⁴

¹Includes payments received for MPSERS UAAL rate stabilization. See "RETIREMENT PLAN - Contribution to MPSERS" herein.

²Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".

³Preliminary estimate, subject to change.

⁴Public 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

PROPERTY VALUATIONS

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

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

History of Valuations

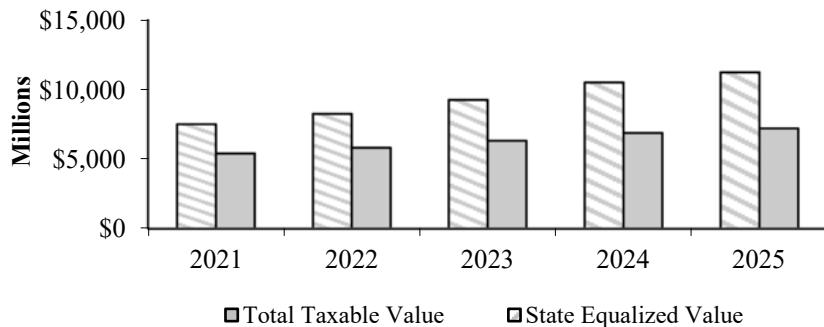
A history of the property valuations in the School District is shown below:

Year	Principal Residence ¹	Non- Principal Residence ¹	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2025	\$3,750,278,056	\$3,463,741,535	\$7,214,019,591	4.78%	\$11,245,431,800	6.91%
2024	3,541,129,807	3,343,923,637	6,885,053,444	8.84	10,518,601,550	13.52
2023	3,274,670,303	3,050,941,962	6,325,612,265	8.63	9,266,071,900	12.23
2022	3,034,266,508	2,789,043,243	5,823,309,751	7.61	8,255,971,150	9.86
2021	2,840,890,516	2,570,545,038	5,411,435,554	----	7,514,789,200	----

¹All 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 2025, industrial personal property had a taxable value of \$9,329,400 and commercial personal property had a taxable value of \$231,961,200 in the School District.

Source: Kent County Equalization Department

History of Valuations



Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$7,214,019,591
Plus: 2025 Equivalent IFT Taxable Value ¹	15,101,772
Total 2025 Equivalent Taxable Value	<u><u>\$7,229,121,363</u></u>
Less: 2025 Disabled Veterans Exemption Taxable Value ²	(13,572,988)
Net 2025 Annual Equivalent Valuation	<u><u>\$7,215,548,375</u></u>

¹See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.

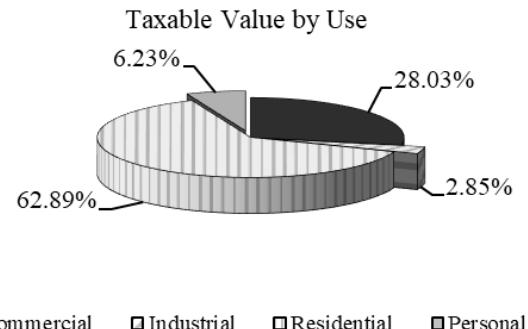
²Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled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

Source: Kent County Equalization Department

Tax Base Composition

A breakdown of the School District's 2025 Taxable Value by class and use is as follows:

By Class:	2025 Taxable Value	Percent of Total
Real Property	\$6,764,428,091	93.77%
Personal Property	449,591,500	6.23%
TOTAL	\$7,214,019,591	100.00%
By Use:		
Commercial	\$2,022,329,443	28.03%
Industrial	204,913,127	2.85%
Residential	4,537,185,521	62.89%
Personal	449,591,500	6.23%
TOTAL	\$7,214,019,591	100.00%



A breakdown of the School District's 2025 Taxable Value by municipality is as follows:

Municipality	2025 Taxable Value	Percent of Total
County of Kent		
City of Grand Rapids	\$7,213,707,276	100.00%
City of Wyoming	312,315	0.00
TOTAL	\$7,214,019,591	100.00%

Source: Kent County Equalization Department

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 2025 Taxable Value for the properties which have been granted IFT abatements within the School District’s boundaries is \$29,713,344 for new facility IFT’s, all of which is taxed at half rate and \$245,100 for rehab IFT’s which remains frozen. For purposes of computing “Equivalent” Taxable Value, new facility IFT’s have been shown at 50% of the Taxable Value and rehab IFT’s have been shown at 100% of the Taxable Value, for a total “Equivalent” taxable value of \$15,101,772.

Source: Kent County Equalization Department

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 Downtown Development Authority of the City of Grand Rapids (the “DDA”) is within the School District’s boundaries but does not capture any School District millage.

The City also has a SmartZone LDFA with two Certified Technology Parks. The SmartZone LDFA CTPs capture 50% of the School District’s operating millage, but may not capture voted debt millage such as the millage levied to pay the Bonds described in this Official Statement.

The Grand Rapids Brownfield Redevelopment Authority (the “GR BRA”) was established in 1996. Although the GR BRA may capture the School District’s operating millage, it may not capture voted debt millage, including the millage levied to pay the Bonds described in this Official Statement.

Source: Kent County Equalization Department

MAJOR TAXPAYERS

Shown below are the ten largest taxpayers in the School District based on their 2025 total valuation subject to taxation.

Taxpayer	Product/Service	2025 Taxable Value
Consumers Energy Company	Utility	\$134,062,744
DTE Gas Company	Utility	69,816,500
Amway Hotel Corporation	Hotel	51,643,238
B33 Shops at Centerpoint III LLC	Retail Center	35,600,200
HP3 LLC (JW Marriott)	Hotel	30,870,356
Grip Medical Properties I LLC	Real Estate Developer	30,006,425
Studio Park Lofts LLC	Apartments	25,541,583
Brix Grand Rapids Holdings LLC	Apartments	24,117,680
Michigan Christian Home	Retirement Community	23,517,748
Breton Village LLC	Retail Center	19,849,664
TOTALS		\$445,026,138
Total 2025 Taxable Value		\$7,214,019,591
Top 10 Taxpayers as a % of 2025 Total Taxable Value		6.17%

Source: Kent County Equalization Department

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

	2025	2024	2023	2022	2021
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	3.8500	3.8500	3.8500	3.8500	3.8500
Total Non-Principal Residence	<u>21.8500</u>	<u>21.8500</u>	<u>21.8500</u>	<u>21.8500</u>	<u>21.8500</u>
Total Principal Residence	<u>3.8500</u>	<u>3.8500</u>	<u>3.8500</u>	<u>3.8500</u>	<u>3.8500</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 2027 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
City of Grand Rapids	8.8587	8.9544
Kent County	6.0037	6.0494
Kent ISD ¹	5.3515	5.4020
Grand Rapids Community College	1.6793	1.6951

¹On May 2, 2017, the electors of Kent Intermediate School District approved a regional enhancement millage of 0.9 mill for a period of ten years, 2017-2026, inclusive. On November 4, 2025, the voters approved restoring the enhancement millage to 0.9 mills to be levied 2027 through 2037. The School District expects to receive approximately \$4,812,048 in fiscal year 2025/26 from the regional enhancement millage based on its pupil membership count.

Source: Kent County Equalization Department

TAX LEVIES AND COLLECTIONS

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

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year	Collections Plus Funding to June 30, Each Year
2025	\$56,454,380*	N/A	N/A
2024	54,107,184	\$51,897,900	95.92%
2023	49,125,616	46,375,600	94.40
2022	44,943,737	44,512,023	99.04
2021	36,555,269	35,449,168	96.97
2020	34,634,083	33,626,189	97.09

*Estimated.

RETIREMENT PLAN

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

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

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

Contribution to MPSERS

The School District's estimated annual contribution to MPSERS for the 2025-26 fiscal year and the previous four fiscal years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPSERS Direct Offset Payments ²
2026 ¹	\$47,500,000	\$3,500,000	\$51,000,000	\$17,418,373
2025	45,565,181	3,422,287	48,987,468	13,307,008
2024	41,474,243	8,363,121	49,837,364	19,018,669
2023	44,731,970	7,315,211	52,047,181	26,589,626
2022	34,150,282	7,539,852	41,690,134	15,777,283

¹Estimated.

²Represents the amount the School District received in state aid categorical revenue (Section 147c MPSERS UAAL Rate Stabilization and One-Time Deposits) to directly pay for a portion of the School District's MPSERS 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 \$235,345,001 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 \$41,900,564 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 C.

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Teachers	1,028	Grand Rapids Ed. Assn.	06/30/27
Food Service/Custodial/Maintenance/Facilities/ Secretaries/Admin Support Staff	357	Union of Grand Rapids Education Support Professionals ¹	TBD ²
Attendance Officers/ROTC	17	Grand Rapids Ed. Off. Assn.	06/30/27
Paraprofessionals	127	Grand Rapids Paraprof. Assn.	06/30/27
Exempt	223	Non-Affiliated	N/A
Support Non-Exempt	131	Non-Affiliated	N/A
TOTAL	1,883		

¹New union formed in 2025 from combining Grand Rapids Association of Educational Office Personnel, Grand Rapids Association of Child Care Workers, Employment Training Specialists, Non-Certified Teachers, Licensed Practical Nurses, Certified Occupational Therapist Assistants and Physical Therapy Assistants & Grand Rapids Educational Support Professionals Association.

²In negotiations.

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

DEBT STATEMENT* - (As of 01/13/26 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding before Refunding	Refunding (Refunded) Bonds	Principal Outstanding after Refunding
03/16/16	Building & Site and Refunding	UTNQ	05/01/39	\$65,695,000	(\$60,760,000)	\$4,935,000*
03/21/17	Refunding	UTNQ	05/01/29	19,730,000	0	19,730,000
05/14/19	Building & Site	UTNQ	11/01/43	56,250,000	0	56,250,000
03/06/24	Building & Site	UTNQ	05/01/49	87,200,000	0	87,200,000
/ /26	Refunding	UTNQ	05/01/39	0	57,035,000	57,035,000*
NET DIRECT DEBT				<u>\$228,875,000</u>		<u>\$225,150,000*</u>

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share	
94.46%	City of Grand Rapids	\$327,660,000	\$309,507,636	
0.01	City of Wyoming	0	0	
21.01	Kent County	58,454,544	12,281,300	
20.27	Kent ISD	0	0	
20.30	Grand Rapids Community College	16,175,000	3,283,525	
				<u>325,072,461</u>
				<u>\$550,222,461*</u>

*Preliminary, subject to change.

Source: *Municipal Advisory Council of Michigan*

OTHER DEBT

The School District has no short-term borrowing outstanding.

DEBT HISTORY

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

FUTURE FINANCING

The School District has approximately \$200,000,000 of remaining voted authorization that is expected to be issued in series over the next four years.

DEBT RATIOS*

Estimated School District Population	191,602
2025 Taxable Value	\$7,214,019,591
2025 State Equalized Value (SEV)	\$11,245,431,800
2025 True Cash Value (TCV)	\$22,490,863,600
Per Capita 2025 Taxable Value	\$37,651.07
Per Capita 2025 State Equalized Value	\$58,691.62
Per Capita 2025 True Cash Value	\$117,383.24
Per Capita Net Direct Debt	\$1,175.09
Per Capita Net Direct and Overlapping Debt	\$2,871.69
Percent of Net Direct Debt of 2025 Taxable Value	3.12%
Percent of Net Direct and Overlapping Debt of 2025 Taxable Value	7.63%
Percent of Net Direct Debt of 2025 SEV	2.00%
Percent of Net Direct and Overlapping Debt of 2025 SEV	4.89%
Percent of Net Direct Debt of 2025 TCV	1.00%
Percent of Net Direct and Overlapping Debt of 2025 TCV	2.45%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 01/13/26 – including the Bonds described herein)

2025 State Equalized Value	\$11,245,431,800
Legal Debt Limit - 15% of SEV	\$1,686,814,770
Total Bonded Debt Outstanding	\$225,150,000
Less: SRLF Qualified Bonds ¹	<u>0</u>
Net Amount Subject to Legal Debt Limit	<u>225,150,000</u>
LEGAL DEBT MARGIN AVAILABLE	<u><u>\$1,461,664,770</u></u>

*Preliminary, subject to change.

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

EMPLOYMENT CHARACTERISTICS

Listed below are the largest employers that are located within the Greater Grand Rapids Area:

Employer	Product or Service	Approx. No. of Employees
<i>Greater Grand Rapids Area</i>		
Corewell Health (formerly Spectrum Health)	Healthcare	25,000
Meijer, Inc. (HQ)	Retail & Grocery	10,340
Trinity Health Grand Rapids	Healthcare	8,500
Gordon Food Service (HQ)	Wholesale Food Products	5,000
Alticor, Inc. (formerly Amway Corp.) (HQ)	Household Products	3,791
Farmers Insurance Group/Foremost	Direct Property & Casualty Insurance Carrier	3,500
Steelcase Inc. ¹	Office Furniture Mfg.	3,400
Lacks Enterprises, Inc. (HQ)	Automotive Trim & Wheel Trim Systems	3,000
Amazon Fulfillment Center	Ecommerce / Distribution Center	2,500
Hope Network	Healthcare	2,162
Hearthside Food Solutions, LLC (4 locations)	Cookies, Snacks & Cereal	2,124
County of Kent	Government	1,943
Gerald R. Ford International Airport ²	Airport	1,900
Grand Rapids Public Schools	Education	1,883
Wolverine World Wide Inc. (HQ)	Work Apparel & Footwear	1,700
City of Grand Rapids	Government	1,557
Kentwood Public Schools	Education	1,512
GE Aviation Systems, LLC	Aerospace Company	1,300
Davenport University	Higher Education	1,262
Ventra Grand Rapids 5, LLC	Automotive Components & Assemblies	1,200
Grand Rapids Community College	Higher Education	1,168
Roskam Baking Co.	Wheat-based Croutons	1,000

¹Steelcase Inc. has been acquired by HNI Corporation. The Steelcase Inc. brand and its headquarters in Grand Rapids will be maintained following the transaction.

²In addition to the persons employed directly by the Airport Authority, the figure shown includes persons employed by airlines, TSA, rental car facilities, concessionaires, as well as other facilities at the airport.

Source: 2025 Michigan Manufacturers Directory, MEDC website via www.michiganbusiness.org, and individual employers.

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2019-2023 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Grand Rapids and County of Kent as follows:

PERSONS BY OCCUPATION	City of Grand Rapids		County of Kent	
	Number	Percent	Number	Percent
Management, Business, Science & Arts	43,264	41.54	144,490	42.03
Service	17,568	16.87	49,452	14.38
Sales & Office	19,561	18.78	68,858	20.03
Natural Resources, Construction & Maintenance	5,929	5.69	22,769	6.62
Production, Transportation & Material Moving	17,837	17.12	58,243	16.94

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Grand Rapids and County of Kent as follows:

	City of Grand Rapids		County of Kent	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY				
Agriculture, Forestry, Fishing, Hunting & Mining	709	0.69	2,356	0.69
Construction	4,399	4.22	18,946	5.51
Manufacturing	17,406	16.71	64,420	18.73
Wholesale Trade	3,181	3.05	11,851	3.45
Retail Trade	11,522	11.06	38,159	11.10
Transportation, Warehousing & Utilities	3,804	3.65	14,541	4.23
Information	1,451	1.40	4,161	1.21
Finance, Insurance & Real Estate	5,799	5.57	20,370	5.92
Professional, Scientific & Management Services	12,665	12.16	38,980	11.34
Educational, Health & Social Services	25,762	24.73	80,854	23.51
Arts, Entertainment, Recreation & Food Services	10,538	10.12	27,217	7.92
Other Services except Public Administration	5,036	4.83	15,049	4.38
Public Administration	1,887	1.81	6,908	2.01

UNEMPLOYMENT

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

Annual Average	City of Grand Rapids	County of Kent	State of Michigan
September, 2025	4.7%	3.9%	4.6%
2024	4.8	3.9	4.7
2023	4.0	3.3	3.9
2022	4.2	3.5	4.2
2021	5.6	4.7	5.7

POPULATION BY AGE

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of population by age for the City of Grand Rapids and County of Kent as follows:

	City of Grand Rapids		County of Kent	
	Number	Percent	Number	Percent
Total Population	197,768	100.00%	658,844	100.00%
0 through 19 years	48,390	24.47	173,667	26.36
20 through 64 years	123,953	62.67	389,693	59.15
65 years and over	25,425	12.86	95,484	14.49
Median Age	40.4 years		35.7 years	

INCOME

The U.S. Census Bureau, 2019-2023 American Community Survey reports the breakdown of household income for the City of Grand Rapids and County of Kent as follows:

HOUSEHOLDS BY INCOME	City of Grand Rapids		County of Kent	
	Number	Percent	Number	Percent
Less than \$ 10,000	79,944	100.00%	254,860	100.00%
\$ 10,000 to \$ 14,999	4,740	5.93	9,601	3.77
\$ 15,000 to \$ 24,999	4,736	5.92	7,978	3.13
\$ 25,000 to \$ 34,999	5,754	7.20	14,650	5.75
\$ 35,000 to \$ 49,999	5,849	7.32	16,186	6.35
\$ 50,000 to \$ 74,999	9,474	11.85	27,541	10.81
\$ 75,000 to \$ 99,999	14,328	17.91	42,716	16.76
\$100,000 to \$149,999	11,724	14.67	36,531	14.33
\$150,000 to \$199,999	13,987	17.50	50,038	19.63
\$200,000 or MORE	5,251	6.57	24,167	9.48
	4,101	5.13	25,452	9.99
Median Income		\$65,526		\$80,390

APPENDIX B
GENERAL FUND BUDGET SUMMARY AND
COMPARATIVE FINANCIAL STATEMENTS

Grand Rapids Public Schools
General Fund Budget Summary

	As Adopted 2025/26
Revenues	
Local Sources	\$86,388,969
State Sources	
Restricted	59,285,663
Unrestricted	77,845,000
Federal Sources	
Restricted	21,756,505
Unrestricted	38,000
Other Financing Sources	
Operating Transfers In	<u>991,105</u>
Total Revenues and Other Financing Sources	<u>\$246,305,242</u>
Expenditures	
Instruction	\$123,735,225
Support Services	132,664,057
Community Services	2,384,339
Facilities Acquisition/Building Improvements	<u>89,851</u>
Total Expenditures	<u>\$258,873,472</u>
Excess of Expenditures (over) under Revenues	<u>(\$12,568,230)</u>
Other Financing Sources (Uses)	
Transfers Out	<u>(\$960,179)</u>
Total Other Financing Sources (Uses)	<u>(\$960,179)</u>
Net Change in Fund Balance	(\$13,528,409)
Beginning Fund Balance - July 1	<u>\$30,920,914</u>
Projected Fund Balance - June 30	<u>\$17,392,505</u>

Source: School District

**Grand Rapids Public Schools
General Fund**

Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash and Investments	\$36,696,825	\$50,972,800	\$52,660,508
Receivables			
State Aid	25,029,357	29,434,263	23,954,163
Accounts Receivable	4,255,738	4,314,685	6,070,262
Property Taxes	--	--	883,254
Interest	22,270	28,476	17,632
Due from Other Governmental Agencies	10,477,067	15,994,961	5,416,467
Prepaid Expenditures	3,726,439	4,403,700	2,129,777
Due from Other Funds	2,382,105	2,055,056	3,076,663
Inventory	422,131	358,783	306,158
Total Assets	<u>\$83,011,932</u>	<u>\$107,562,724</u>	<u>\$94,514,884</u>
Liabilities			
Accounts Payable	\$9,219,159	\$13,701,018	\$7,735,575
Accrued Salaries, Benefits, Withholdings and Payroll Taxes	14,233,564	15,846,011	19,141,596
Other Liabilities	34,729	20,121	--
Unearned Revenue			
Programs Financed by Other Governmental Agencies	14,013,043	23,677,027	28,000,799
Due to Other Governmental Agencies	8,031,580	6,191,223	4,060,756
Due to Other Funds	5,068,859	6,678,182	2,775,990
Total Liabilities	<u>\$50,600,934</u>	<u>\$66,113,582</u>	<u>\$61,714,716</u>
Deferred Inflows of Resources			
Unavailable Revenue - Grants	\$1,511,108	\$870,000	\$1,879,254
Total Liabilities & Deferred Inflows of Resources	<u>\$52,112,042</u>	<u>\$66,983,582</u>	<u>\$63,593,970</u>
Fund Balances			
Nonspendable			
Inventory and Prepaid Expenditures	\$4,148,570	\$4,762,483	\$2,435,935
Assigned	--	11,034,281	13,528,409
Unassigned - General Fund	26,751,320	24,782,378	14,956,570
Total Fund Balances	<u>\$30,899,890</u>	<u>\$40,579,142</u>	<u>\$30,920,914</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$83,011,932</u>	<u>\$107,562,724</u>	<u>\$94,514,884</u>

Source: Audited Financial Statements

**Grand Rapids Public Schools
General Fund**

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

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Revenues			
Local Sources			\$87,141,902
Property Taxes	\$44,943,737	\$49,125,616	--
Investment Income	1,630,408	3,035,307	--
Payment from Local Governmental Agencies	25,026,120	24,479,967	--
Other	3,656,455	3,672,773	--
State Sources	--	--	139,383,011
Restricted	59,036,855	59,481,555	--
Unrestricted	79,527,682	82,509,846	--
Federal Sources	--	--	27,596,688
Restricted	51,889,317	70,656,011	--
Unrestricted	37,342	64,317	--
Total Revenues	<u>\$265,747,916</u>	<u>\$293,025,392</u>	<u>\$254,121,601</u>
Expenditures			
Instruction	\$126,811,444	\$137,342,475	\$123,857,643
Support Services	119,383,901	135,763,562	135,352,686
Community Services	2,465,135	1,704,294	2,657,725
Capital Outlay	283,116	107,750	4,832,174
Total Expenditures	<u>\$248,943,596</u>	<u>\$274,918,081</u>	<u>\$266,700,228</u>
Excess of Revenues Over (Under) Expenditures	<u>\$16,804,320</u>	<u>\$18,107,312</u>	<u>(\$12,578,627)</u>
Other Financing Sources (Uses)			
Transfers from Other Funds	\$923,772	\$705,162	\$1,019,556
Proceeds from Capital Lease	--	--	4,382,778
Transfers to Other Funds	(7,626,841)	(9,133,222)	(2,481,935)
Total Other Financing Sources (Uses)	<u>(\$6,703,069)</u>	<u>(\$8,428,060)</u>	<u>\$2,920,399</u>
Net Change in Fund Balance	<u>\$10,101,251</u>	<u>\$9,679,252</u>	<u>(\$9,658,228)</u>
Fund Balance - Beginning	<u>\$20,798,639</u>	<u>\$30,899,890</u>	<u>\$40,579,142</u>
Fund Balance - Ending	<u>\$30,899,890</u>	<u>\$40,579,142</u>	<u>\$30,920,914</u>

Source: Audited Financial Statements

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APPENDIX C

AUDITED FINANCIAL STATEMENTS

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

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Independent Auditor's Report

To the Board of Education
Grand Rapids Public Schools

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Public Schools as of June 30, 2025 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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

As described in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. 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 District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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To the Board of Education
Grand Rapids Public Schools

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 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, the major fund budgetary comparison schedule, schedules of the District's proportionate share of the net pension liability and OPEB asset, and schedules of pension and OPEB contributions, as defined in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Education
Grand Rapids Public Schools

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 on our consideration of Grand Rapids Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Rapids Public Schools' 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 Grand Rapids Public Schools' internal control over financial reporting and compliance.

Flente + Moran, PLLC

October 27, 2025

Grand Rapids Public Schools

Management's Discussion and Analysis

This section of the annual financial report for Grand Rapids Public Schools (the "District") presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Grand Rapids Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds, the General Fund and the Capital Projects 2024 Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about activities for which the District acts solely as a trustee to provide cash grants for donor-specified purposes. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

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

Schedule of Pension Contributions

Schedule of OPEB Contributions

Other Supplementary Information

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

The government-wide financial statements appear first in this report and present an aggregate view of the financial position of the District. All governmental activities for the District are included, representing all of the services provided by the District. The statements are prepared using the accrual basis of accounting. This means that all assets and liabilities of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting utilized by most private sector companies.

The statement of net position reports all assets, deferred outflows, liabilities, and deferred inflows of the District, both short and long term. The difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows is labeled as net position. The level of net position is one indicator of the financial health of the District. The statement of activities reports on the current year revenue and expense of the entire District. The total revenue less the total expense is referred to as the operating results for the current year. Sustained, positive operating results may indicate improving financial health, while decreasing operating results may indicate a deteriorating financial condition. It is important to keep in mind that, while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

Reporting the District's Fund Financial Statements

The District's fund-level financial statements provide information on the most significant funds, not the District as a whole. Governmental fund reporting provides a short-term view of the financial status of the District. The fund-level statements are prepared on the modified accrual basis of accounting and include only current assets and liabilities of the District, as well as deferred inflows and outflows. Unlike the government-wide statements, fixed asset purchases are expensed in the year of purchase, and long-term debt is not recorded as a liability.

Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to record and analyze financial information. The District's major governmental funds are the General Fund and the Capital Project 2024 Construction Fund.

The District as a Trustee

Fiduciary Funds

The District is the trustee or fiduciary for two trust funds. All of the District's fiduciary activities are reported in separate statements titled the statement of fiduciary net position and the statement of changes in fiduciary net position. These funds are not available to finance the general operations of the District and, thus, are not included in either the government-wide financial statements or the fund-level statements. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Assets		
Current and other assets	\$ 243.5	\$ 231.7
Capital assets	323.6	314.8
Total assets	567.1	546.5
Deferred Outflows of Resources		
	81.8	109.1
Liabilities		
Current liabilities	67.8	64.2
Noncurrent liabilities	273.7	288.2
Net pension liability	235.3	313.5
Total liabilities	576.8	665.9
Deferred Inflows of Resources		
	148.3	123.1
Net Position (Deficit)		
Net investment in capital assets	144.3	138.1
Restricted	50.2	13.6
Unrestricted	(270.7)	(285.1)
Total net position (deficit)	\$ (76.2)	\$ (133.4)

The above analysis focuses on net position. The change in net position of the District's governmental activities is discussed below. The District's net position was \$(76.2) million at June 30, 2025. Net investment in capital assets totaling \$144.3 million compares the original cost, less depreciation of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately and includes the net OPEB asset and legal constraints from debt covenants and enabling legislation that limit the District's ability to use that net position for day-to-day operations.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

The \$(270.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 6.9	\$ 6.4
Operating grants	120.7	162.9
Capital grants	2.8	-
General revenue:		
Taxes	80.9	73.8
State aid not restricted to specific purposes	76.3	82.8
Other	21.8	14.6
Total revenue		
	309.4	340.5
Expenses		
Instruction	99.5	108.3
Support services	108.3	115.8
Community services	2.3	1.6
GRASP	0.3	0.3
Food service	14.6	15.2
Debt service	11.9	10.0
Depreciation expense and amortization	12.8	11.5
Other	0.8	3.0
Total expenses		
	250.5	265.7
Change in Net Position		
Net Position (Deficit) - Beginning of year, as previously reported		
	(133.4)	(208.2)
Cumulative Effect of Change in Accounting		
Net Position (Deficit) - Beginning of year, as restated		
	(135.1)	(208.2)
Net Position (Deficit) - End of year		
	\$ (76.2)	\$ (133.4)

During the 2025 fiscal year, the net position of the District experienced an increase in net position of \$58.9 million.

As reported in the statement of activities, the cost of all of our governmental activities this year was \$250.5 million. Certain activities were partially funded from those who benefited from the programs (\$6.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$120.7 million). We paid for the remaining public benefit portion of our governmental activities with \$80.9 million in taxes, \$76.3 million in state foundation allowance, and other revenue. The reduction in operating grant revenue during 2025 was primarily a result of the completion of the COVID-19 pandemic relief federal funding.

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

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

The District's Funds

The District uses funds to record and analyze financial information. Different funds are utilized for different purposes.

General Fund

The General Fund is our primary operating fund. The General Fund had total revenue of \$254,121,601; total expenditures of \$266,700,228; and total other financing uses, net of sources, of \$2,920,399. It ended the fiscal year with a fund balance of \$30,920,914.

Special Revenue Funds

The District operates a total of five special revenue funds, the most significant of which is the Food Service Fund. The total revenue of all special revenue funds was \$15,629,002, with total expenditures of \$17,144,446 and total other financing uses, net of sources, of \$1,462,379. The ending fund balance was \$2,293,182. Of the ending fund balance, \$70,811 is attributable to the Food Service Fund.

Debt Service Funds

The District operates four debt service funds. Total revenue was \$28,011,860, and total expenses were \$31,654,966. The ending fund balance in the debt service funds was \$5,422,905.

Capital Project Funds

There are four capital project funds incorporated into the financial statements of the District. Total revenue was \$5,094,208, and total expenses were \$21,691,046. There were no other financing sources or uses. The ending fund balance in the capital projects funds was \$94,168,907.

Analysis of Differences Between Original and Final Budgeted Amounts and Between Actual and Budgeted Amounts

The District revises its budget several times throughout the course of the year as it attempts to recognize unexpected changes to revenue and expenses. The final amendment to the operating budget was prepared in May and adopted by the board in June 2025. A schedule showing the District's original and final adopted budgets, as well as final actual revenue and expense, is provided in the annual report.

General Fund Highlights

Over the course of the year, the District revises its budget as it accounts for changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2025. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

During the year, budgets for local, state, and federal revenue were adjusted during the year to account for changes related to several grant awards, as well as budget for grants (new and continuing) where awards were not available prior to the completion of the original budget. Additionally, several grant awards were not entirely expended during the 2025 fiscal year but deferred into 2026, resulting in budget variances.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the District had \$323.6 million and \$314.8 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, building renovations, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$8.8 million from 2024 to 2025.

	2025	2024
Land	\$ 7,609,136	\$ 7,609,136
Construction in progress	17,729,854	4,287,954
Buildings	425,912,397	426,181,275
Furniture and equipment	105,394,812	97,564,713
Vehicles	2,870,652	3,153,974
Right-to-use assets - Buildings	1,954,000	1,954,000
Right-to-use assets - Equipment	4,382,778	1,541,936
 Total capital assets	 565,853,629	 542,292,988
Less accumulated depreciation	242,217,258	227,495,676
 Total capital assets - Net of accumulated depreciation	 \$ 323,636,371	 \$ 314,797,312

This year's additions, net of depreciation, amortization, and disposals, included major building renovations, vehicles, instructional computers, and other technology. We present more detailed information about our capital assets in the notes to the financial statements.

Debt Administration

At June 30, 2025, the outstanding bonded indebtedness of the District was \$230.9 million in general obligation bonds outstanding versus \$249.3 million in the previous year.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. The District's other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Economic Factors and Next Year's Budgets and Rates

Many factors are considered when the Board of Education and the district administration work to project financial information and to develop the budget and operation plan for the upcoming fiscal year. The District is aware of the following circumstances that could significantly affect its future financial health: the largest portion of the District's revenue available for general operations is derived from the state foundation grant. The foundation grant is based upon the student FTE count. Thus, projecting student FTE is the single most important factor in projecting revenue. Our state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Foundation revenue was calculated for the year ended June 30, 2025 using 90 percent of the audited October 2024 student count and 10 percent of the audited February 2024 student count.

The District has experienced a declining enrollment trend in recent years. Enrollment for fall 2024 decreased to 13,536 from the fall 2023 enrollment of 13,694.

Grand Rapids Public Schools

Management's Discussion and Analysis (Continued)

Rising special education costs continue to financially burden the District. During the 2025 fiscal year, we had to use approximately \$4.3 million to cover the excess costs of special education. These are dollars that must come either from general education or from the unrestricted net assets of the District. Mandated special education services have never been adequately funded by the government bodies that made them law. Therefore, districts such as Grand Rapids Public Schools have struggled and have been forced to use dollars intended for general education programs to cover special education costs.

Grand Rapids Public Schools

Statement of Net Position

	June 30, 2025
Governmental Activities	
Assets	
Cash and investments (Note 4)	\$ 56,091,367
Receivables:	
Property taxes receivable	883,254
State aid receivable	24,065,503
Accounts receivable	6,308,256
Interest receivable	17,632
Leases receivable	1,044,570
Due from other governments	6,458,085
Inventory	376,969
Prepaid expenses and other assets	2,129,777
Restricted assets (Notes 4 and 5)	104,205,240
Net OPEB asset (Note 13)	41,900,564
Capital assets - Net (Note 8)	323,636,371
Total assets	567,117,588
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	1,456,835
Deferred pension costs (Note 13)	69,947,500
Deferred OPEB costs (Note 13)	10,357,358
Total deferred outflows of resources	81,761,693
Liabilities	
Accounts payable	13,982,874
Due to other governmental units	4,529,073
Due to fiduciary fund	79,238
Accrued liabilities and other	21,141,070
Unearned revenue (Note 7)	28,000,799
Noncurrent liabilities:	
Due within one year (Note 9)	19,330,686
Due in more than one year (Note 9)	254,361,209
Net pension liability (Note 13)	235,345,001
Total liabilities	576,769,950
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	13,307,007
Deferred pension cost reductions (Note 13)	76,006,577
Deferred OPEB cost reductions (Note 13)	57,967,465
Deferred inflows from leases (Note 12)	1,007,093
Total deferred inflows of resources	148,288,142
Net Position (Deficit)	
Net investment in capital assets	144,324,021
Restricted:	
Debt service	3,484,766
Capital projects	4,774,390
Net OPEB asset	41,900,564
Unrestricted	(270,662,552)
Total net position (deficit)	\$ (76,178,811)

Grand Rapids Public Schools

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Program Revenue				Governmental Activities Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Governmental activities:					
Instruction	\$ 99,515,215	\$ 135,050	\$ 37,705,475	\$ -	\$ (61,674,690)
Support services	108,273,260	5,559,569	65,240,177	-	(37,473,514)
Community services	2,334,081	-	2,589,350	-	255,269
Food service	14,612,855	822,696	13,782,338	-	(7,821)
GRASP	283,762	278,460	-	-	(5,302)
Other	793,679	85,114	1,415,610	2,856,945	3,563,990
Interest	10,039,334	-	-	-	(10,039,334)
Other debt costs	1,887,063	-	-	-	(1,887,063)
Depreciation expense (unallocated)	12,793,440	-	-	-	(12,793,440)
Total	\$ 250,532,689	\$ 6,880,889	\$ 120,732,950	\$ 2,856,945	(120,061,905)
General revenue:					
Taxes:					
Property taxes, levied for general purposes	54,107,184				
Property taxes, levied for debt service	26,760,534				
State aid not restricted to specific purposes	76,320,831				
Federal revenue not restricted to specific purposes	133,758				
Interest and investment earnings	9,296,143				
Other	12,418,616				
Total general revenue	179,037,066				
Change in Net Position					
Net Position (Deficit) - Beginning of year, as previously reported					58,975,161
Cumulative Effect of Change in Accounting (Note 2)					(173,248)
Net Position (Deficit) - Beginning of year, as restated					(135,153,972)
Net Position (Deficit) - End of year					\$ (76,178,811)

Grand Rapids Public Schools

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Capital Projects 2024 Construction Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Notes 4 and 5)	\$ 52,660,508	\$ -	\$ 3,430,859	\$ 56,091,367
Receivables: (Note 6)				
State aid receivable	23,954,163	-	111,340	24,065,503
Accounts receivable	6,070,262	-	237,994	6,308,256
Property taxes receivable	883,254	-	-	883,254
Interest receivable	17,632	-	-	17,632
Due from other governments	5,416,467	-	1,041,618	6,458,085
Due from other funds (Note 14)	3,076,663	-	2,696,752	5,773,415
Inventory	306,158	-	70,811	376,969
Prepaid expenditures	2,129,777	-	-	2,129,777
Restricted assets	-	98,577,581	5,627,659	104,205,240
Total assets	\$ 94,514,884	\$ 98,577,581	\$ 13,217,033	\$ 206,309,498
Liabilities				
Accounts payable	\$ 7,735,575	\$ 6,153,526	\$ 93,773	\$ 13,982,874
Due to other governmental units	4,060,756	-	468,317	4,529,073
Due to other funds (Note 14)	2,775,990	312,979	2,763,684	5,852,653
Accrued payroll and other liabilities	19,141,596	-	117,341	19,258,937
Unearned revenue (Note 7)	28,000,799	-	-	28,000,799
Total liabilities	61,714,716	6,466,505	3,443,115	71,624,336
Deferred Inflows of Resources - Unavailable revenue (Note 7)				
	1,879,254	-	-	1,879,254
Total liabilities and deferred inflows of resources	63,593,970	6,466,505	3,443,115	73,503,590

Grand Rapids Public Schools

Governmental Funds Balance Sheet (Continued)

June 30, 2025

	General Fund	Capital Projects 2024 Construction Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances				
Nonspendable:				
Inventory and prepaid expenditures	\$ 2,435,935	\$ -	\$ 70,811	\$ 2,506,746
Endowment	-	-	258,875	258,875
Restricted:				
Debt service	-	-	5,422,905	5,422,905
Capital projects	-	92,111,076	198,249	92,309,325
Special revenue	-	-	278,120	278,120
Committed - Student/school activity	-	-	967,624	967,624
Assigned:				
Budgeted use of fund balance for the 2025/2026 fiscal year	13,528,409	-	-	13,528,409
Capital projects	-	-	1,859,582	1,859,582
Special revenue	-	-	717,752	717,752
Unassigned	<u>14,956,570</u>	<u>-</u>	<u>-</u>	<u>14,956,570</u>
Total fund balances	<u>30,920,914</u>	<u>92,111,076</u>	<u>9,773,918</u>	<u>132,805,908</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,514,884</u>	<u>\$ 98,577,581</u>	<u>\$ 13,217,033</u>	<u>\$ 206,309,498</u>

Grand Rapids Public Schools

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

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 132,805,908
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-to-use assets) are not financial resources and are not reported in the funds:	
Cost of capital assets (including right-to-use assets)	565,853,629
Accumulated depreciation and amortization	(242,217,258)
Net capital assets (including right-to-use assets) used in governmental activities	323,636,371
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,879,254
Deferred inflows related to leases and lease receivables	37,477
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,456,835
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(266,497,605)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,882,133)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences, workers' compensation benefits, and unemployment compensation	(5,354,290)
Net pension liability and related deferred inflows and outflows	(241,404,078)
Net OPEB asset and related deferred inflows and outflows	(5,709,543)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(13,307,007)
Other long-term liabilities, including arbitrage liability, do not present a claim on current financial resources and are not reported as fund liabilities	(1,840,000)
Net Position (Deficit) of Governmental Activities	<u>\$ (76,178,811)</u>

Grand Rapids Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	Capital Projects 2024			Total Governmental Funds
	General Fund	Construction Fund	Nonmajor Funds	
Revenue				
Local sources	\$ 87,141,902	\$ 4,855,794	\$ 29,879,402	\$ 121,877,098
State sources	139,383,011	-	1,063,827	140,446,838
Federal sources	27,596,688	-	12,946,022	40,542,710
Total revenue	254,121,601	4,855,794	43,889,251	302,866,646
Expenditures				
Current:				
Instruction	123,857,643	-	-	123,857,643
Support services	135,352,686	-	-	135,352,686
Community services	2,657,725	-	-	2,657,725
Food service	-	-	15,984,283	15,984,283
GRASP	-	-	354,993	354,993
Other	-	-	793,679	793,679
Debt service:				
Principal	-	-	18,465,000	18,465,000
Interest	-	-	13,142,903	13,142,903
Other debt costs	-	-	47,063	47,063
Capital outlay	4,832,174	17,908,548	3,803,964	26,544,686
Total expenditures	266,700,228	17,908,548	52,591,885	337,200,661
Excess of Expenditures Over Revenue	(12,578,627)	(13,052,754)	(8,702,634)	(34,334,015)
Other Financing Sources (Uses)				
Lease proceeds (Note 9)	4,382,778	-	-	4,382,778
Transfers in (Note 14)	1,019,556	-	2,481,935	3,501,491
Transfers out (Note 14)	(2,481,935)	-	(1,019,556)	(3,501,491)
Total other financing sources	2,920,399	-	1,462,379	4,382,778
Net Change in Fund Balances	(9,658,228)	(13,052,754)	(7,240,255)	(29,951,237)
Fund Balances - Beginning of year	40,579,142	105,163,830	17,014,173	162,757,145
Fund Balances - End of year	\$ 30,920,914	\$ 92,111,076	\$ 9,773,918	\$ 132,805,908

Grand Rapids Public Schools

Governmental Funds

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ (29,951,237)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	29,107,434
Depreciation and amortization expense	(20,264,550)
Net book value of assets disposed of	(3,825)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	1,009,254
Revenue in support of pension contributions made subsequent to the measurement date	5,711,661
Entering into leases provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(4,382,778)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	21,439,487
Interest expense is recognized in the government-wide statements as it accrues	896,026
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	57,329,575
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	(1,840,000)
Deferred inflows and receivables related to leases	(75,886)
Change in Net Position of Governmental Activities	\$ 58,975,161

Grand Rapids Public Schools**Fiduciary Funds
Statement of Fiduciary Net Position****June 30, 2025**

	<u>Private Purpose Trust Funds</u>
Assets - Due from other funds	\$ 79,238
Liabilities	-
Net Position - Restricted for endowments	<u>\$ 79,238</u>

Grand Rapids Public Schools**Fiduciary Funds
Statement of Changes in Fiduciary Net Position****Year Ended June 30, 2025**

	<u>Private Purpose Trust Funds</u>
Additions - Investment income	\$ 4,373
Deductions - Other	-
Net Increase in Fiduciary Net Position	4,373
Net Position - Beginning of year	74,865
Net Position - End of year	<u>\$ 79,238</u>

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 1 - Nature of Business

Grand Rapids Public Schools (the "District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of these statements is on major funds, rather than fund type. Each major fund is presented separately, with all nonmajor funds aggregated into a single column. Additional information about nonmajor funds can be found in the additional information accompanying these statements.

Basis of Accounting

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

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources. Under the modified accrual basis, the following revenue sources are considered to be measurable and available to meet current resources: property taxes, state aid, interest income, grants, and charges for services.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds include the General Fund, special revenue funds, debt service funds, and capital project funds. The District reports the following funds as major governmental funds:

- The General Fund is used to record transactions relating to general operating activities needed to provide a full range of educational programs for students. These programs are funded primarily by the District's share of property taxes that are collected by the City of Grand Rapids, Michigan; state aid revenue; and various grants and awards from other governmental agencies.
- The Capital Projects 2024 Construction Fund is used to record bond proceeds or other revenue and disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The fund will operate until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to record transactions and funds received for designated purposes that require separate accounting because of legal or regulatory provisions or administrative action. Separate funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The District maintains full control of these funds. The special revenue funds maintained by the District are the Food Service, Grand Rapids Academic Summer Program (GRASP), Houseman Field, Student Activity, and Public Purpose Trust funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment and for major remodeling and repairs. The nonmajor capital projects funds maintained by the District are the 2012 Sinking Fund, which is used to account for construction and repair of buildings that are funded by a specific millage, and the Unrestricted General Purpose Fund, which is used to account for non-bond-funded resources designed for the acquisition and construction of facilities and for major capital improvements. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Fiduciary Funds

The Private Purpose Trust Funds are used to account for assets held by the District in a trustee capacity. The District has certain fiduciary responsibility for its custodial funds. All of the District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District accounts for a nonexpendable trust fund entrusted to the District to provide cash grants for student scholarships. Only the income portion of this trust may be spent. The District also maintains an expendable trust fund to account for funds entrusted to the District for general school needs for Lincoln School. The entire amount of this trust, both the principal and interest, may be spent for the donor-specified purposes.

Interfund Activity

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

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

Specific Balances and Transactions

Cash and Investments

Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market prices or estimated fair value, except for investments in MILAF and Michigan CLASS, which are valued at amortized cost or net asset value (NAV).

Inventories and Prepaid Items

Inventories of supplies are stated at the lower of average cost or market on a first-in, first-out basis. Inventory purchases are expensed in the period that the related items are consumed. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund-level financial statements.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The unspent bond proceeds and related interest of the 2024 capital projects bonds and the cash proceeds from the sinking fund millage are required to be set aside for capital projects. Additionally, the debt service funds' cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation is calculated on all capital assets with the exception of land and construction in progress. Depreciation or amortization is computed on the straight-line basis over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 - 99
Furniture and equipment	5 - 10
Vehicles	5 - 10
Lease assets - Equipment	5 - 10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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

The District has two items that qualify for reporting in this category. The District has a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference between 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 debt or refunding debt. The other item is the deferred outflow related to the District's participation in the statewide pension and other post-employment benefits plans, as disclosed in Note 13.

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

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

The District has four types that qualify for reporting in this category. The District has deferred inflows related to pensions and revenue in support of pension payment, deferred inflows related to OPEB and revenue in support of OPEB payment, unavailable revenue from property taxes, and grant and categorical state aid payments and future lease payments receivable. The unavailable revenue arises only under a modified accrual basis of accounting and is, therefore, only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, grants, and categorical state aid payments that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Nonspendable fund balance represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The District 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

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

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

Property Tax Revenue

Property taxes are recorded in the year the taxes are levied. Under this method, revenue for 2025 generally includes property taxes that were levied on July 1, 2024. Delinquent taxes will have penalties and interest assessed, and the total obligation is added to the county tax rolls. The District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences, Unemployment, and Self-insurance

In accordance with GASB Statement No. 101, *Compensated Absences*, the District has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. The liabilities for employee-compensated absences, unemployment, and self-insurance are recorded in the government-wide financial statements. The number of days compensated for leave is based on years of service to the District. It is the policy of the District to accumulate earned but unused annual leave benefits, which will be paid to employees upon separation from the District. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria are satisfied or eligibility requirements are met. In subsequent periods, when both revenue recognition criteria and eligibility requirements are met, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Leases

The District is a lessee for noncancelable leases of a building and copiers. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the District is required to restate liabilities for compensated absences to be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of the adoption of this new accounting pronouncement are shown in the table at the end of this section.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position as follows:

	June 30, 2024 As Previously Reported	Adoption of GASB 101	June 30, 2024 As Restated
Government-wide - Governmental activities			
	\$ (133,421,724)	\$ (1,732,248)	\$ (135,153,972)

Upcoming Accounting Pronouncements

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

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 27, 2025, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Formal budgets are adopted at the function level for the General Fund and special revenue funds in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and an annual appropriations action to implement these budgets. Debt service fund budgets are also adopted on an activity level. Budgets are prepared on a basis consistent with generally accepted accounting principles. All budget amendments are approved by the Board of Education. In addition, an unappropriated budget is prepared for the capital projects funds.

Budget requests are presented to the chief financial officer each year. During May and June prior to the fiscal year for which the budgets are being adopted, the proposed budgets are finalized, and the superintendent recommends their adoption to the Board of Education. A public hearing is held to review the budgets, and, prior to July, the budgets are approved by the Board of Education. Budgets for the current year are continually reviewed for required revisions. Major changes are reviewed by the chief financial officer prior to presentation to the superintendent, the finance committee of the Board of Education and the Board of Education. Budgets for full and multifunded programs are adjusted as notices of funding changes are received.

State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The District revised budgeted amounts during the year in response to unexpected changes in revenue and expenditures.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

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

Encumbrance accounting is employed in governmental funds. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the District incurred expenditures in the General Fund that had variances from the amounts budgeted. The amount budgeted for capital outlay was \$1,686,851, and actual expenditures were \$4,941,538.

Capital Projects Fund Compliance

The Capital Projects 2024 Construction Fund includes capital project activities funded with bonds. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code. The Capital Projects 2024 Construction Fund is not yet considered substantially complete, and a subsequent year audit is expected.

The 2012 Sinking Fund capital projects fund records capital project activities funded with sinking fund millage. For this fund, authorized prior to March 29, 2017, the District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 4 - Deposits and Investments

State statutes and the District's investment policy authorize the District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

The District has designated three banks for the deposit of its funds. Currently, the District has funds on deposit at each of those banks.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on Michigan Liquid Asset Fund (MILAF) cash management fund.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires that financial institutions be evaluated, and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. The District's deposits were reflected in the accounts of the banks (without recognition of checks written but not yet cleared or deposits in transit) at \$5,768,149. Of that amount, \$501,636 was covered by federal deposit insurance and \$5,266,513 was uninsured and uncollateralized. The District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 4 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business using the criteria established in the investment policy. At June 30, 2025, the District held no investment securities that were uninsured and unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. At June 30, 2025, the District had investments in Michigan CLASS and Federated Government Securities, which are considered current investments.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices.

As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management	\$ 98,577,581	AAAm	Standard & Poor's
PNC Money Market Fund	8,244,320	AAAm	Standard & Poor's
Fifth Third Securities Money Market Fund	498,702	AAAm	Standard & Poor's
Federated Government Securities	891,409	AAAm	Standard & Poor's
Michigan CLASS	42,598,392	AAAm	Standard & Poor's

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the District's investments are in PNC Bank, totaling 5.27 percent of the District's total investments.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

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

Note 5 - Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The District has the following recurring fair value measurements as of June 30, 2025:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025				
Quoted Prices in	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Investment - Corporate stock - Donated	\$ 30,445	\$ -	\$ -	\$ 30,445

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Michigan CLASS investment pool	\$ 42,598,392	\$ -	N/A	None

The valuation method for the Michigan CLASS investment pool measured at net asset value per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A-1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by Treasurys and agencies), and approved money market funds. The program is designed to meet the needs of Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 6 - Receivables

Receivables as of June 30, 2025 for the District's individual major funds and the nonmajor funds are as follows:

	General Fund	Nonmajor Funds	Total Governmental Activities
Receivables:			
State aid receivable	\$ 23,954,163	\$ 111,340	\$ 24,065,503
Accounts receivable	6,070,262	237,994	6,308,256
Property taxes receivable	883,254	-	883,254
Interest receivable	17,632	-	17,632
Due from other governments	5,416,467	1,041,618	6,458,085
Allowance for doubtful accounts	-	-	-
Net receivables	\$ 36,341,778	\$ 1,390,952	\$ 37,732,730

Note 7 - Unavailable/Unearned Revenue

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

At June 30, 2025, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Unavailable grant revenue		
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 1,879,254	\$ -
Total	-	28,000,799
	\$ 1,879,254	\$ 28,000,799

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 8 - Capital Assets

Capital asset activity of the District was as follows:

	Balance July 1, 2024	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 7,609,136	\$ -	\$ -	\$ -	\$ 7,609,136
Construction in progress	4,287,954	(8,249,895)	21,691,795	-	17,729,854
Subtotal	11,897,090	(8,249,895)	21,691,795	-	25,338,990
Capital assets being depreciated:					
Buildings and improvements	426,181,275	-	-	(268,878)	425,912,397
Furniture and equipment	97,564,713	8,249,895	2,716,215	(3,136,011)	105,394,812
Vehicles	3,153,974	-	316,646	(599,968)	2,870,652
Right-to-use assets - Buildings	1,954,000	-	-	-	1,954,000
Right-to-use assets - Equipment	1,541,936	-	4,382,778	(1,541,936)	4,382,778
Subtotal	530,395,898	8,249,895	7,415,639	(5,546,793)	540,514,639
Accumulated depreciation and amortization:					
Buildings and improvements	182,578,487	-	9,433,159	(267,468)	191,744,178
Furniture and equipment	41,066,129	-	9,864,768	(3,133,596)	47,797,301
Vehicles	2,315,593	-	176,341	(599,968)	1,891,966
Right-to-use assets - Buildings	157,899	-	19,737	-	177,636
Right-to-use assets - Equipment	1,377,568	-	770,545	(1,541,936)	606,177
Subtotal	227,495,676	-	20,264,550	(5,542,968)	242,217,258
Net capital assets being depreciated	302,900,222	8,249,895	(12,848,911)	(3,825)	298,297,381
Net governmental activities capital assets					
	\$ 314,797,312	\$ -	\$ 8,842,884	\$ (3,825)	\$ 323,636,371

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

Instruction	\$ 5,027,481
Support services	2,030,213
Food service	413,416
Unallocated	12,793,440
Total governmental activities	\$ 20,264,550

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 8 - Capital Assets (Continued)

Construction Commitments

The District has active construction projects at year end. The projects include the bond issue and the project. At year end, the District's commitments with contractors are as follows:

	Total Contract	Remaining Commitment at June 30, 2025
Sigsbee building renovation	\$ 6,164,363	\$ 1,654,612
Athletic fields	5,721,676	3,667,173
Coit building renovation	5,686,781	2,202,831
Aberdeen new building construction	4,012,800	2,737,677
Riverside building renovation	2,869,362	2,804,482
Ken-O-Sha building renovation	2,574,935	2,086,299
Sibley building renovation	2,476,835	578,138
School building parking lots	740,832	580,781
Ottawa building renovation	624,250	623,777
Auditorium projects	682,818	620,633
Dickinson building renovation	579,073	538,730
Alger building renovation	416,000	287,040
School building health centers	390,813	62,622
Cesar Chavez building renovation	374,647	217,195
Kent Hills building renovation	349,689	313,541
District elevator evaluation	144,940	144,940
Innovation Central building commissioning	58,294	58,294

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Serial and variable bonds payable	\$ 249,340,000	\$ -	\$ (18,465,000)	\$ 230,875,000	\$ 15,440,000
Unamortized bond premiums	32,561,009	-	(2,491,369)	30,069,640	2,489,954
Total bonds payable	281,901,009	-	(20,956,369)	260,944,640	17,929,954
Leases					
Compensated absences - Vacation	1,937,131	4,382,778	(766,944)	5,552,965	857,689
Compensated absences - Sick leave	2,203,132	-	(74,239)	2,128,893	212,889
Workers' compensation	349,901	-	(7,616)	342,285	42,424
Unemployment	18,743	-	(12,932)	5,811	-
Arbitrage liability	-	1,840,000	-	1,840,000	-
Total governmental activities long-term debt	\$ 289,955,241	\$ 6,222,778	\$ (22,486,124)	\$ 273,691,895	\$ 19,330,686

The table above discloses the net change in the compensated absence, workers compensation, and unemployment liability of the District.

The District had deferred outflows of \$1,456,835 related to deferred charges on bond refundings at June 30, 2025.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 9 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Qualified bonds are fully guaranteed by the State of Michigan. The District does not have any qualified bonds. At June 30, 2025, the District's legal debt limit for total bonded debt is \$1.69 billion. After reducing this limit for bonded debt currently outstanding, the District's legal debt margin is approximately \$1.46 billion at June 30, 2025. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Annual Installments	Interest Rate (Percent)	Maturing	Outstanding
March 16, 2016 Serial Bonds	\$4,935,000 - \$9,410,000	4.00 - 5.00	2039	\$ 65,695,000
March 21, 2017 Serial Bonds	\$4,580,000 - \$5,295,000	5.00	2029	19,730,000
May 14, 2019 Serial Bonds	\$2,000,000 - \$4,150,000	5.00	2044	58,250,000
March 6, 2024 Serial Bonds	\$0 - \$6,785,000	5.00	2049	<u>87,200,000</u>
Total				\$ 230,875,000

Proceeds of the March 16, 2016 serial bonds were used to advance refund a portion of the District's April 1, 2007 bonds and to finance major construction and renovation projects, as well as security and technology projects throughout the District. The advance refunding resulted in a difference between the acquisition price and the net carrying amount. This difference is reported as a deferred outflow - deferred interest and is charged to operations through the year 2030 using the straight-line method of amortization. Additionally, the bond premium is reported as an addition to bonds payable and has been allocated to the advance refunding and the building and site construction. The premium for the advance refunding will be credited to interest expense annually through the year 2031 using the straight-line method of amortization. The premium for the building and site construction was proportionately reduced in 2022 in the amount of \$1,512,884 resulting from the issuance of the December 21, 2021 refunding bonds, which reduced the March 2016 serial bond principal by \$9,725,000. The amortization of premium was reduced annually by \$24,877 to \$974,008 and will be credited to interest expense annually through the year 2039 using the straight-line method of amortization. The debt service on the March 16, 2016 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the March 21, 2017 serial bonds were used to currently refund \$51,910,000 of the March 6, 2007 bonds. The current refunding resulted in a difference between the acquisition price and the net carrying amount of the March 6, 2007 bonds of \$1,050,974. This difference is reported as a deferred outflow - deferred interest and will be charged to operations through the year 2029 in the amount of \$87,581 using the straight-line method of amortization. Additionally, the bond premium amount of \$6,833,343 is reported as an addition to bonds payable. The premium for the current refunding will be credited to interest expense annually through the year 2029 in the amount of \$569,445 using the straight-line method of amortization. The debt service on the March 21, 2017 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Proceeds of the May 14, 2019 issue were used to provide approximately \$87 million (net of total issuance costs of approximately \$653,000) of funding for school building and site construction, as well as security and technology projects throughout the District. The bond premium amount of \$12,266,836 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2044 in the amount of \$521,993 using the straight-line method. The debt service on the May 14, 2019 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 9 - Long-term Debt (Continued)

Proceeds of the March 6, 2024 issue were used to provide approximately \$105 million (net of total issuance cost of approximately \$675,000) of funding for school building and site construction, as well as security and technology projects throughout the District. The bond premium amount of \$10,648,067 is reported in the accompanying statements as an addition to bonds payable and will be credited to interest expense annually through the year 2049 in the amount of \$424,508 using the straight-line method. The debt service on the March 6, 2024 serial bonds is being repaid using property tax revenue obtained through annual debt millage levied by the District.

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2025, \$60,190,000 of bonds outstanding is considered defeased.

Other Long-term Liabilities

The liabilities for compensated absences, workers' compensation, and unemployment will be paid with the District's General Fund resources.

The District has negotiated contracts with its employees, which provide for payments for accumulated unused sick days to eligible employees upon retirement. Exempt staff are eligible for payment of unused sick days, upon separation from the District, if they are vested in their retirement plan. Teachers are also eligible upon resignation after 20 years of service, if notice is given before spring break. Payments vary up to a maximum of \$60 per day for each credited sick day, as specified in the contracts. Sick leave benefits totaling approximately \$2,877,000 at June 30, 2025 are recorded in the government-wide financial statements as part of the liability for compensated absences.

Debt Service Requirements to Maturity

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

Years Ending June 30	Bonds Payable		
	Principal	Interest	Total
2026	\$ 15,440,000	\$ 11,493,750	\$ 26,933,750
2027	12,045,000	10,719,250	22,764,250
2028	12,630,000	10,114,500	22,744,500
2029	13,200,000	9,480,500	22,680,500
2030	11,725,000	8,816,750	20,541,750
2031 - 2035	48,970,000	36,041,000	85,011,000
2036 - 2040	50,335,000	23,488,250	73,823,250
2041 - 2045	41,270,000	11,864,250	53,134,250
2046 - 2049	25,260,000	3,234,500	28,494,500
Total	\$ 230,875,000	\$ 125,252,750	\$ 356,127,750

Note 10 - Restricted Assets

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds	\$ 98,577,581
Unspent debt service funds	5,429,410
Unspent sinking fund millage	198,249
Total	\$ 104,205,240

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 11 - Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The District has purchased commercial insurance for employee medical, dental, and vision claims, as well as errors and omissions, foreign travel, board of education personal liability, workers' compensation excess, and athletic accident claims. The District participates in the Middle Cities Risk Management Trust for claims relating to general liability, employers' liability, property, auto, and boiler and machinery. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The District is partially self-insured for workers' compensation and unemployment claims. The District estimates, by using methods described below, the liabilities for claims that have been incurred through the end of the fiscal year. This estimate includes claims that have been reported, as well as those that have not yet been reported. The portion of these liabilities considered due is recorded in the General Fund. The remaining estimated liabilities are recorded as long-term liabilities in the government-wide financial statements. Management believes such reserves are reasonable estimates of ultimate liabilities. However, these estimates may be more or less than the amounts actually paid when the claims are resolved.

Workers' Compensation

The District is exposed to various risks of loss related to employees' job-related injuries. The District, in an effort to control the rising costs of insurance, has decided to pay the first \$500,000 of each workers' compensation claim. Excess insurance is purchased to pay claims above this amount, to the statutory limit for workers' compensation for the State of Michigan for employee injury and \$1,000,000 for employer's liability. The District pays all claims, settlements, and judgments from its General Fund resources.

The liability presented as of June 30, 2025 has been established by the District's third-party claims administrator. As of June 30, 2025, the District recorded claims reserves of \$342,285 as a long-term liability.

Unemployment

The District is a reimbursing employer for unemployment. The District paid the 2023 calendar year claims invoiced by the State of Michigan in the current fiscal year. In the fund-level statements, the District has recorded the liability for the calendar year 2024 claims. In the government-wide statements, the additional liability for claims from January 1, 2025 to June 30, 2025 has been recorded. The District believes that any claims incurred but not reported would be insignificant. The District pays all claims from its General Fund resources.

Note 12 - Leases

The District leases certain assets from various third parties. The assets leased include copiers and a school building. Payments are generally fixed monthly for copiers with certain variable payments not included in the measurement of the lease liability as they are based on usage of the asset. Payments for the school building are fixed with an annual escalation based on the State of Michigan foundation allowance, or 3 percent, if there is no increase in the foundation allowance. There are also certain variable payments for use of staff and premises not included in the measurement of the lease liability as they are based on usage of the asset.

Lease asset activity of the District is included in Note 8.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 12 - Leases (Continued)

Future principal and interest payment requirements related to the District's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 857,689	\$ 176,489	\$ 1,034,178
2027	887,579	147,757	1,035,336
2028	918,536	117,976	1,036,512
2029	950,596	87,108	1,037,704
2030	257,595	63,570	321,165
Thereafter	1,680,970	12,428,884	14,109,854
Total	\$ 5,552,965	\$ 13,021,784	\$ 18,574,749

The District, as lessor, has entered into agreements to lease land for a cell tower and buildings for transportation to other organizations. The land lease is for 30 years, and the District will receive annual payments of approximately \$24,000. The building lease is for 10 years, and the District will receive monthly payments of approximately \$12,500. The District recognized approximately \$158,000 in lease revenue and \$30,000 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the District's receivable for lease payments was \$1,044,570. The District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was \$1,007,093. In each case, ownership of the property remains with the District during and at the conclusion of the term of the leases.

Future minimum lease payments related to the District's lease receivable at June 30, 2025 are as follows:

Years Ending	Payments
2026	\$ 148,362
2027	159,090
2028	170,365
2029	182,214
2030	194,661
Thereafter	189,878
Total	\$ 1,044,570

Note 13 - Michigan Public School Employees' Retirement System

Plan Description

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

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

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

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

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

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

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

Contributions

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

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

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

The District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$47,531,998, which includes the District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the District's required and actual pension contributions include an allocation of \$10,842,470 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$2,464,537 of a one-time payment received and remitted to the System for the purpose of contribution of additional assets to the System.

The District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$4,547,998, which includes the District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the District reported a liability of \$235,345,001 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.9613 and 0.9685 percent, respectively, representing a change of (0.7547) percent.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB Asset

At June 30, 2025, the District reported an asset of \$41,900,564 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.9734 and 0.9677 percent, respectively, representing a change of 0.5969 percent.

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

For 2025, the District recognized pension expense of \$6,425,328, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,385,075	\$ (2,557,056)
Changes in assumptions	24,536,111	(17,243,345)
Net difference between projected and actual earnings on pension plan investments	-	(44,913,802)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	(11,292,374)
The District's contributions to the plan subsequent to the measurement date	39,026,314	-
Total	\$ 69,947,500	\$ (76,006,577)

The \$13,307,007 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (13,348,158)
2027	(1,518,819)
2028	(18,198,762)
2029	(12,019,652)
Total	\$ (45,085,391)

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

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

For the year ended June 30, 2025, the District recognized OPEB recovery of \$18,674,554.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (44,401,802)
Changes in assumptions	9,151,686	(1,051,911)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,932,257)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	160,452	(4,581,495)
Employer contributions to the plan subsequent to the measurement date	1,045,220	-
Total	\$ 10,357,358	\$ (57,967,465)

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

Years Ending	Amount
2026	\$ (17,455,930)
2027	(9,372,850)
2028	(8,853,829)
2029	(7,895,857)
2030	(4,283,273)
Thereafter	(793,588)
Total	\$ (48,655,327)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation as of September 30, 2023 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Investment rate of return - Pension	6.00%
Investment rate of return - OPEB	6.00%
Salary increases	2.75% - 11.55%
Health care cost trend rate - OPEB	6.50% - 7.25%
Mortality basis	Year 1 graded to 3.5 percent in year 15 PubT-2010 Male and Female Employee Mortality tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%
	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2013 valuation. The total pension liability and OPEB liability as of September 30, 2024 are based on the results of an actuarial calculation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percentage points for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

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

1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
--	----------------------------------	--

Net pension liability of the District \$ 345,018,299 \$ 235,345,001 \$ 144,020,878

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

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

1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the District \$ (32,381,101)	\$ (41,900,564)	\$ (50,131,145)

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

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

1 Percentage Point Decrease (50,131,235)	Current Rate (\$ 41,900,564)	1 Percentage Point Increase (\$ 33,073,214)
Net OPEB asset of the District	\$ (50,131,235)	\$ (41,900,564)

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the District reported a payable of \$8,329,207 and \$218,290 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 14 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	2017 Refunding Bond Fund Capital Projects 2024 Construction Fund Food Service Fund Student/School Activity Fund	\$ 9,205 312,979 2,113,386 641,093
	Total General Fund	3,076,663
Nonmajor capital project funds	General Fund	1,479,301
Nonmajor special revenue funds	General Fund	1,214,751
Nonmajor debt service funds	General Fund	2,700
Trust funds	General Fund	79,238
	Total	\$ 5,852,653

Interfund balances represent routine and temporary cash flow assistance from other funds until amounts are transferred from fund investment accounts.

Grand Rapids Public Schools

Notes to Financial Statements

June 30, 2025

Note 14 - Interfund Receivables, Payables, and Transfers (Continued)

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 2,481,935
Nonmajor governmental funds	General Fund	<u>1,019,556</u>
	Total	<u>\$ 3,501,491</u>

Transfers provided funding for the excess cost of operating Houseman Field, excess cost of operating the food service program, and indirect costs associated with operating the Food Service program.

Note 15 - Tax Abatements

The District receives reduced property tax revenue as a result of Commercial Rehabilitation Act agreements; Industrial Facilities Tax exemptions (PA 198 of 1974); brownfield redevelopment agreements; Neighborhood Enterprise Zone agreements; Obsolete Properties Rehabilitation Act agreements; New Personal Property agreements (PA 328); Payment in Lieu of Taxes (PA 326 of 1966) agreements; ad valorem extension agreements; and air and water pollution agreements granted by the City of Grand Rapids, Michigan within the boundaries of the District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. Other agreements are intended to promote economic development in specific areas.

For the fiscal year ended June 30, 2025, the District's property tax revenue was reduced by \$10,482,982 under these programs.

The District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties from the State of Michigan under the School Aid formula. The District received approximately \$10,200,162 in reimbursements from the State of Michigan. The District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the District.

Required Supplementary Information

Grand Rapids Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 83,208,455	\$ 86,398,217	\$ 87,141,902	\$ 743,685
State sources	152,381,784	144,095,616	139,383,011	(4,712,605)
Federal sources	<u>23,916,444</u>	<u>32,630,025</u>	<u>27,596,688</u>	<u>(5,033,337)</u>
Total revenue	259,506,683	263,123,858	254,121,601	(9,002,257)
Expenditures				
Current:				
Instruction:				
Basic programs	99,023,644	100,915,180	100,128,497	(786,683)
Added needs	26,889,432	25,733,764	23,729,146	(2,004,618)
Support services:				
Pupil	32,383,961	32,187,180	29,287,879	(2,899,301)
Instructional staff	19,566,391	20,115,900	18,449,430	(1,666,470)
General administration	2,711,478	2,758,902	2,520,126	(238,776)
School administration	19,700,422	20,344,894	19,427,400	(917,494)
Business	4,845,387	5,153,023	5,037,014	(116,009)
Operations and maintenance	31,549,737	31,481,593	30,467,150	(1,014,443)
Pupil transportation	14,229,747	14,419,437	14,193,291	(226,146)
Staff and personnel	14,126,101	14,362,971	13,456,884	(906,087)
Other	2,827,445	2,594,702	2,513,512	(81,190)
Community services	1,886,326	3,549,644	2,657,725	(891,919)
Capital outlay	<u>836,851</u>	<u>1,686,851</u>	<u>4,832,174</u>	<u>3,145,323</u>
Total expenditures	270,576,922	275,304,041	266,700,228	(8,603,813)
Excess of Expenditures Over Revenue	(11,070,239)	(12,180,183)	(12,578,627)	(398,444)
Other Financing Sources (Uses)				
Lease proceeds	-	-	4,382,778	4,382,778
Transfers in	1,176,252	1,045,778	1,019,556	(26,222)
Transfers out	(1,140,294)	(1,189,458)	(2,481,935)	(1,292,477)
Total other financing sources (uses)	35,958	(143,680)	2,920,399	3,064,079
Net Change in Fund Balance	(11,034,281)	(12,323,863)	(9,658,228)	2,665,635
Fund Balance - Beginning of year	40,579,142	40,579,142	40,579,142	-
Fund Balance - End of year	\$ 29,544,861	\$ 28,255,279	\$ 30,920,914	\$ 2,665,635

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Grand Rapids Public Schools

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

	Last Ten Plan Years Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.96130 %	0.96852 %	0.99334 %	1.00330 %	1.08829 %	1.26830 %	1.23533 %	1.24286 %	1.25721 %	1.28950 %
District's proportionate share of the net pension liability	\$235,345,001	\$313,471,751	\$373,581,019	\$237,535,563	\$373,841,016	\$399,661,878	\$371,363,022	\$322,077,024	\$313,664,456	\$314,961,612
District's covered payroll	\$104,504,265	\$ 97,636,225	\$ 96,435,886	\$ 90,496,986	\$ 91,513,934	\$105,026,809	\$105,272,446	\$104,116,904	\$106,030,863	\$107,761,376
District's proportionate share of the net pension liability as a percentage of its covered payroll	225.20 %	321.06 %	387.39 %	262.48 %	408.51 %	380.53 %	352.76 %	309.34 %	295.82 %	292.28 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

See notes to required supplementary information.

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Grand Rapids Public Schools

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 45,565,181	\$ 41,474,243	\$ 44,731,970	\$ 34,150,282	\$ 30,836,485	\$ 30,459,877	\$ 32,722,887	\$ 31,690,726	\$ 30,422,546	\$ 29,481,660
Contributions in relation to the statutorily required contribution	45,565,181	41,474,243	44,731,970	34,150,282	30,836,485	30,459,877	32,722,887	31,690,726	30,422,546	29,481,660
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 114,938,276	\$ 101,797,792	\$ 90,881,215	\$ 92,522,602	\$ 89,290,688	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405	\$ 110,194,656	\$ 104,923,104
Contributions as a Percentage of Covered Payroll	39.64 %	40.74 %	49.22 %	36.91 %	34.53 %	33.51 %	30.92 %	30.34 %	27.61 %	28.10 %

See notes to required supplementary information.

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Grand Rapids Public Schools

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

	Last Eight Plan Years Plan Years Ended September 30							
	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB (asset) liability	0.97344 %	0.96766 %	0.98384 %	0.99112 %	1.02562 %	1.19704 %	1.23140 %	1.24324 %
District's proportionate share of the net OPEB (asset) liability	\$ (41,900,564)	\$ (5,474,023)	\$ 20,838,303	\$ 15,128,186	\$ 54,945,346	\$ 85,920,837	\$ 97,883,616	\$ 110,094,965
District's covered-employee payroll	\$ 104,504,265	\$ 97,636,225	\$ 96,435,886	\$ 90,496,986	\$ 91,513,934	\$ 105,026,809	\$ 105,272,446	\$ 104,116,904
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	(40.09)%	(5.61)%	21.61 %	16.72 %	60.04 %	81.81 %	92.98 %	105.74 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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Grand Rapids Public Schools

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

	Last Eight Fiscal Years Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 3,422,287	\$ 8,363,121	\$ 7,315,211	\$ 7,539,852	\$ 7,430,548	\$ 7,303,571	\$ 8,311,813	\$ 7,544,382
Contributions in relation to the statutorily required contribution	3,422,287	8,363,121	7,315,211	7,539,852	7,430,548	7,303,571	8,311,813	7,544,382
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-employee Payroll	\$ 114,938,276	\$ 101,797,792	\$ 90,881,215	\$ 92,522,602	\$ 89,290,688	\$ 90,890,180	\$ 105,815,232	\$ 104,453,405
Contributions as a Percentage of Covered-employee Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

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Grand Rapids Public Schools

Notes to Required Supplementary Information

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$2,464,537, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

Grand Rapids Public Schools

Notes to Required Supplementary Information

June 30, 2025

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

APPENDIX D
FORM OF APPROVING OPINION OF BOND COUNSEL

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[SUBJECT TO MODIFICATION AND COMPLETION]

February __, 2026

Grand Rapids Public Schools
County of Kent
State of Michigan

Re: \$ _____ Grand Rapids Public Schools 2026 Refunding Bonds (General
Obligation - Unlimited Tax)

We have acted as bond counsel in connection with the issuance by Grand Rapids Public Schools, County of Kent, State of Michigan (the "School District") of its \$ _____ 2026 Refunding Bonds (General Obligation - Unlimited Tax), dated February __, 2026 (the "Bonds"). The Bonds are issued under and pursuant to the Constitution and statutes of the State of Michigan, including Act 451, Michigan Public Acts, 1976, as amended, and Act 34, Michigan Public Acts, 2001, as amended, and pursuant to a resolution adopted by the Board of Education of the School District on December 8, 2025.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering materials related to the Bonds, if any, and we express no opinion relating thereto.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of officials of the School District furnished to us without undertaking to verify the same by independent investigation.

Based on our aforesaid examination and our examination of one Bond as executed and authenticated for delivery, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds are a valid and binding unlimited tax, full faith and credit obligation of the School District. All taxable property now situated within the corporate boundaries of the School District is subject to ad valorem taxation to pay the Bonds without limitation as to rate or amount, as provided in Article 9, Section 6 of the Michigan Constitution of 1963.

2. Under existing statutes, regulations, rulings and court decisions as presently interpreted, the interest on the Bonds (i) is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds

February __, 2026

and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan, except for estate and inheritance taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes, including, without limitation: (A) expending bond proceeds in a manner or for a use consistent with certain applicable requirements of the Code, and (B) refraining from investing the "gross proceeds" of the Bonds at yields greater than the yield on the Bonds to the extent prohibited by Section 148 of the Code and rebating timely to the United States monies required to be so rebated pursuant to Section 148(f) of the Code. The School District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income for federal and State of Michigan income tax purposes retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 2 above, we express no opinion regarding other federal or state tax consequences arising with respect to the Bonds or the interest thereon.

It is to be understood that the rights of 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.

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

Very truly yours,

VARNUM LLP

APPENDIX E
FORM OF CONTINUING DISCLOSURE UNDERTAKING

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**\$
GRAND RAPIDS PUBLIC SCHOOLS
2026 REFUNDING BONDS
(GENERAL OBLIGATION – UNLIMITED TAX)**

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by Grand Rapids Public Schools (the "District" or the "Issuer") in connection with the issuance by the District of its \$ _____ 2026 Refunding Bonds (General Obligation - Unlimited Tax), dated February ___, 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on December 8, 2025 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

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

"1934 Act" means the Securities Exchange Act of 1934, as amended.

"Annual Financial Information" means financial information or operating data applicable to the District for its most recent fiscal year, together with Audited Financial Statements, if available, or Unaudited Financial Statements.

"Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" means annual financial statements, if any, of the District, audited by such auditor as shall then be required or permitted by law, and prepared in accordance with GAAP applied on a consistent basis, provided, however, that the District may from time to time in accordance with GAAP and subject to applicable federal or state legal requirements modify the basis upon which its financial statements are prepared.

"Beneficial Owner" means any person or entity which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person or entity holding Bonds through nominees, depositories or other intermediaries).

"Bondholder" means the registered owner of any Bond.

"Dissemination Agent" means the District or any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access System of the MSRB, or such other system, internet website or repository hereafter prescribed by the MSRB for submission of electronic filings pursuant to the Rule. As of the date of this Disclosure Undertaking, the EMMA internet website address is <http://www.emma.msrb.org> (the "MSRB Internet Website").

"Financial Obligation" means any "financial obligation" as such term is defined in the Rule.

"GAAP" means generally accepted accounting principles, 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.

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Undertaking.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act.

"Official Statement" means the final Official Statement for the Bonds dated January __, 2026.

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

"Repository" means the MSRB through EMMA.

"Rule" means Rule 15c2-12 adopted by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidance or other official interpretations or explanations thereof that are promulgated by the SEC.

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

"Securities Counsel" shall mean legal counsel expert in federal securities laws.

"State" means the State of Michigan.

"Unaudited Financial Statements" means the same as Audited Financial Statements except that they shall not have been audited.

Section 3. Provision of Annual Reports.

(a) Each year, commencing with the fiscal year ending June 30, 2026, the District shall provide, or shall cause the Dissemination Agent to provide, on or before the last day of the sixth

month after the end of the fiscal year of the District, to the Repository, an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Currently, the District'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 cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided, however, that if the Audited Financial Statements of the District are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and Unaudited Financial Statements shall be included in the Annual Report.

(b) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit A.

(c) If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall file a written notice in a timely manner with the Repository in substantially the form attached as Exhibit B.

(d) If the District's fiscal year changes, the District shall file a written notice of such change with the Repository in substantially the form attached as Exhibit C.

(e) If a Dissemination Agent has been appointed by the District, (i) the District shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to the date by which it must be provided to the Repository under subsection (a) above, and (ii) the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided.

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

(a) The Audited Financial Statements of the District for its fiscal year immediately preceding the due date of the Annual Report; and

(b) The Annual Financial Information relating to the District contained in Appendix A to the Official Statement and appearing in the tables under the following headings:

[TO BE CONFORMED WITH HEADINGS IN OFFICIAL STATEMENT]

- (1) ENROLLMENT – Historical Enrollment;
- (2) STATE AID PAYMENTS;
- (3) PROPERTY VALUATIONS – History of Valuations;
- (4) MAJOR TAXPAYERS;
- (5) SCHOOL DISTRICT TAX RATES – (Per \$1,000 of Valuation);
- (6) TAX LEVIES AND COLLECTIONS;
- (7) RETIREMENT PLAN - Contribution to MPSERS;
- (8) LABOR RELATIONS; and
- (9) DEBT STATEMENT – Direct Debt;

and the GENERAL FUND BUDGET SUMMARY contained in Appendix B to the Official Statement.

If there is a change in the accounting principles followed in preparing the District's financial statements, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall 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 shall also be quantitative. A notice of the change in accounting principles shall be sent by the District, or the Dissemination Agent (if other than the District) at the written direction of the District, to the Repository.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB Internet Website or filed with the SEC. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District agrees to provide, or cause to be provided, to the Repository, in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and 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 Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material;
- (9) Tender offers;

- (10) Defeasances;
- (11) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the District, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District;
- (14) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (16) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection 5(a)(2), (7), (8), (11), (14), (15) or (16), the District shall as soon as possible determine if such event would be considered material under applicable federal securities laws. The District covenants that its determination of materiality will be made in conformance with federal securities law.

(c) If the District determines that (i) a Listed Event described in subsection 5(a)(1), (3), (4), (5), (6), (9), (10), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection 5(a)(2), (7), (8), (11), (14), (15) or (16) would be material under applicable federal securities laws, the District shall cause a notice of such occurrence to be filed with the Repository within ten (10) business days of the occurrence of the Listed Event. In connection with providing a notice of the occurrence of a Listed Event described in subsection 5(a)(10), the District 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 District acknowledges that the "rating changes" referred to above in subsection (a)(12) of this Disclosure Undertaking may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the District is liable.

(e) The District 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 District does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing With EMMA. All filings with the Repository under this Disclosure Undertaking shall be made by electronically transmitting such filings through the MSRB Internet Website as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The District's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption in full or payment in full of all of the Bonds.

(b) This Disclosure Undertaking, or any provision hereof, shall be null and void in the event that the District (i) receives an opinion of Securities Counsel addressed to the District, to the effect that those portions of the Rule, which require such provisions of this Disclosure Undertaking, 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 such be specified in such opinion, and (ii) files notice to such effect with the Repository.

Section 8. Dissemination Agent.

(a) The District, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent.

(b) Except as otherwise provided in this Disclosure Undertaking, the Dissemination Agent (if other than the District), solely in its capacity as such, is not obligated or responsible under this Disclosure Undertaking to determine the sufficiency of the content of the notice of the

occurrence of a Listed Event or any report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, this Disclosure Undertaking may be amended, and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) The 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 District, or type of business in which the District is engaged;

(b) The Disclosure Undertaking, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds pursuant to the terms of the Resolution.

If the amendment results in a change to the Annual Financial Information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Undertaking, 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. 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 10. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking 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 Disclosure Undertaking. If the District 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 Disclosure Undertaking, the District shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Failure to Comply. In the event of a failure of the District or the Dissemination Agent (if other than the District) to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Undertaking. A failure to comply under this Disclosure Undertaking shall not be deemed a default under the Resolution or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the District

to comply with this Disclosure Undertaking shall be an action to compel performance. Notwithstanding the foregoing, if the alleged failure of the District to comply with this Disclosure Undertaking is the inadequacy of the information disclosed pursuant to this Disclosure Undertaking, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above, before the District shall be compelled to perform with respect to the adequacy of information disclosed pursuant to this Disclosure Undertaking. No person or entity shall be entitled to recover any monetary damages for a default under this Disclosure Undertaking under any circumstances, and any failure to comply with the obligations under this Disclosure Undertaking shall not constitute a default with respect to the Bonds or under the Resolution.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking.

Section 13. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Participating Underwriters, the Bondholders and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Additional Disclosure Obligations. The District acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the District, and that under some circumstances, compliance with this Disclosure Undertaking, without additional disclosures or other action, may not fully discharge all duties and obligations of the District under such laws.

Section 15. Governing Law. This Disclosure Undertaking shall be construed and interpreted in accordance with the laws of the State and any suits or actions arising out of this Disclosure Undertaking shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Undertaking addresses matters of federal securities laws, including the Rule, this Disclosure Undertaking shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

GRAND RAPIDS PUBLIC SCHOOLS
County of Kent
State of Michigan

Dated: February __, 2026

By: Exhibit Only – Not for Execution

Its: _____



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