

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2026

NEW ISSUE—Book-Entry-Only

RATING†*: Moody's Investors Service A2

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



\$32,500,000**

**MONA SHORES PUBLIC SCHOOLS
COUNTY OF MUSKEGON, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES II) AND REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

Dated: Date of Delivery

Due: May 1, as shown below

On May 6, 2025, the qualified electors of the Mona Shores Public Schools, County of Muskegon, State of Michigan (the "School District") approved the issuance of bonds in the amount not to exceed \$80,000,000 to be issued in one or more series. Proceeds of the 2026 School Building and Site (Series II) and Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") in the principal amount of \$28,590,000**, representing the second series of bonds issued pursuant to such voter authorization, will be used for school building and site purposes and the remaining proceeds of the Bonds in the principal amount of \$3,910,000** will be used to currently refund all or a portion of a prior bond issue of the School District. The Bonds were authorized by the Board of Education of the School District by resolutions adopted on January 12, 2026 and expected to be adopted on May __, 2026 (together, the "Resolutions"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are 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\$: _____)

<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>	<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>
2027	\$1,295,000				2042	\$ 925,000			
2028	1,300,000				2043	970,000			
2029	1,320,000				2044	1,020,000			
2030	970,000				2045	1,070,000			
2031	540,000				2046	1,125,000			
2032	570,000				2047	1,180,000			
2033	595,000				2048	1,235,000			
2034	625,000				2049	1,300,000			
2035	655,000				2050	1,365,000			
2036	690,000				2051	1,435,000			
2037	720,000				2052	1,510,000			
2038	760,000				2053	1,585,000			
2039	795,000				2054	1,660,000			
2040	835,000				2055	1,740,000			
2041	880,000				2056	1,830,000			

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 Thrun Law Firm, P.C., Grand Rapids, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about June __, 2026.

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

STIFEL

Raymond James

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

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

* As of date of delivery.

** Preliminary, subject to change.

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

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

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

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

IN 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

Christine Burnaw, President
Jeanne Cooper-Kuiper, Vice President
Kandace L. Boysen, Secretary
Mary McClellan, Treasurer
A.J. Eckert, Trustee
Jay Keessen, Trustee
Stan Miller, Trustee

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Ann Arbor, Michigan

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
PURPOSE AND SECURITY	1
POTENTIAL FOR BOND INSURANCE.....	1
PLAN OF REFUNDING	2
ESTIMATED SOURCES AND USES OF FUNDS	2
THE BONDS	2
Description and Form of the Bonds.....	2
Book-Entry-Only System	3
Transfer Outside Book-Entry-Only System	4
Optional Redemption.....	5
Notice of Redemption and Manner of Selection.....	5
TAX PROCEDURES	5
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES.....	6
SOURCES OF SCHOOL OPERATING REVENUE	6
MICHIGAN PROPERTY TAX REFORM	8
LITIGATION.....	8
TAX MATTERS.....	8
State	8
Federal	9
Original Issue Premium	9
Original Issue Discount	9
Future Developments.....	10
APPROVAL OF LEGAL PROCEEDINGS.....	10
APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY.....	10
RATING	11
UNDERWRITING	11
MUNICIPAL ADVISOR'S OBLIGATION	12
CONTINUING DISCLOSURE.....	12
OTHER MATTERS.....	13
APPENDIX A:	General Financial, Economic and School Information
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
APPENDIX E:	Form of Continuing Disclosure Agreement

**OFFICIAL STATEMENT
relating to**

\$32,500,000¹

**MONA SHORES PUBLIC SCHOOLS
COUNTY OF MUSKEGON, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES II) AND 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 Mona Shores Public Schools, County of Muskegon, State of Michigan (the "School District") of its 2026 School Building and Site (Series II) and Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$32,500,000¹.

PURPOSE AND SECURITY

On May 6, 2025, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an amount of not to exceed \$80,000,000 to be issued in one or more series. Proceeds of the Bonds in the principal amount of \$28,590,000¹, representing the second series of bonds issued pursuant to such voter authorization, are being issued for the purpose of erecting, remodeling, and equipping and re-equipping school buildings and facilities, and additions to school buildings and facilities; furnishing and refurbishing school buildings and facilities; purchasing school buses; acquiring, installing, equipping and re-equipping school buildings for instructional technology; and preparing, developing, improving and equipping athletic fields, play fields, playgrounds, structures, facilities and sites; and paying a portion of the costs of issuing the Bonds.

The remaining \$3,910,000¹ of the bond proceeds will be used for the purpose of currently refunding all or a portion of the School District's outstanding 2016 School Building and Site Bonds, dated February 24, 2016, which are due and payable May 1, 2027 through May 1, 2030, inclusive (the "Prior Bonds"); and paying the remaining portion of the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on January 12, 2026 and expected to be adopted on May __, 2026 (together, the "Resolutions"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount.

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.

¹ Preliminary, subject to change.

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, 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 when due and 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 when due and 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 when due and as they are called for early redemption, as set forth in the following table.

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
7/8/2026	\$4,050,000.00	\$37,688.00	\$4,087,688.00

The accuracy of the mathematical computations of the adequacy of the cash and certain obligations to be held in the Escrow Fund and used, together with the earnings thereon, to pay the principal of and interest on the Prior Bonds at call for redemption and 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, Overland Park, 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
- Total Sources

USES

- Capital Projects Fund
- 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 November 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

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

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 Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or

exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

Optional Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on 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 of Michigan 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

¹ Preliminary, subject to change.

lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, and increased or reduced by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

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

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

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

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

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable 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 properties² in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. The Muskegon Area Intermediate School District levies a regional enhancement millage which is distributed to all qualified schools within its boundaries, including the School District, on a per pupil basis. The School District anticipates receiving approximately \$269 per pupil from that millage in 2025/26. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance does not exceed \$10,050, and the School District does not levy such additional millage.

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

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

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

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

THE SOURCES OF THE SCHOOL DISTRICT'S OPERATING REVENUE DO NOT IMPACT THE TAXING AUTHORITY OF THE SCHOOL DISTRICT FOR PAYMENT OF GENERAL OBLIGATION UNLIMITED TAX SCHOOL BONDS AND DO NOT AFFECT THE OBLIGATION OF

¹ "Taxable property" in this context does not include industrial personal property.

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 SCHOOL DISTRICT TO LEVY TAXES FOR PAYMENT OF DEBT SERVICE ON GENERAL OBLIGATION UNLIMITED TAX BONDS OF THE SCHOOL DISTRICT, INCLUDING THE BONDS OFFERED HEREIN.

MICHIGAN PROPERTY TAX REFORM

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

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

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the school district's operating millage will come from the State use tax component, which is deposited into the State school aid fund.¹ While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, the School District will be reimbursed for debt millage calculated pursuant to a statutory formula.

LITIGATION

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

TAX MATTERS

State

In the opinion of Thrun Law Firm, P.C., Grand Rapids, Michigan ("Bond Counsel"), based on its examination of the documents described in its opinion, under existing State of Michigan statutes, regulations, rulings and court decisions, the Bonds and the interest thereon are exempt from all taxation in the State of

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

Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Federal

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

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

Original Issue Premium¹

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

Original Issue Discount¹

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (hereinafter referred to as the "OID Bonds"), and, to the extent properly allocable to each owner of such OID Bond, the original issue discount is excludable from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of the OID Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound

¹ Preliminary, subject to change.

basis. For an owner who acquires an OID Bond in this offering, the amount of original issue discount that accrues during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount federal regulations will require them to include, for state and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Future Developments

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds are subject to the approving opinion of Thrun Law Firm, P.C., 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.

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 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATING

Moody's Investors Service ("Moody's") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "A2" to the Bonds.

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

UNDERWRITING

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

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

CONTINUING DISCLOSURE

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

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

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

MONA SHORES PUBLIC SCHOOLS
COUNTY OF MUSKEGON
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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APPENDIX A¹

MONA SHORES PUBLIC SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

The School District encompasses an area of 20.3 square miles including the entire City of Roosevelt Park and portions of the City of Norton Shores, the City of Muskegon Heights and the Township of Fruitport in Muskegon County.

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

6 miles south of Muskegon
88 miles south of Manistee
38 miles northwest of Grand Rapids
80 miles northwest of Kalamazoo
62 miles north of South Haven

POPULATION

The U.S. Census reported and 2024 estimated populations for the School District, City of Norton Shores and the County of Muskegon are as follows:

	<u>School District</u>	<u>City of Norton Shores</u>	<u>County of Muskegon</u>
2024 Estimate	24,768	25,041	175,961
2020 U.S. Census	23,928	25,030	175,824
2010 U.S. Census	23,104	23,994	172,188

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

BOARD OF EDUCATION

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

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>	<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>
2026	3,891	-1.72%	2021	3,766	-3.58%
2025	3,959	0.89	2020	3,906	0.88
2024	3,924	1.82	2019	3,872	0.28
2023	3,854	0.39	2018	3,861	0.39
2022	3,839	1.94	2017	3,846	--

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

2025/2026 Fall Count

Kindergarten	277	8 th	291
1 st	249	9 th	314
2 nd	277	10 th	310
3 rd	275	11 th	287
4 th	285	12 th	<u>298</u>
5 th	277	Subtotal	3,760
6 th	310	Special Ed.	<u>131</u>
7 th	310	Total	<u><u>3,891</u></u>

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.

<u>Facility</u>	<u>Grades Served</u>	<u>Year Built</u>	<u>Last Remodel/Addition</u>	<u>Type of Construction</u>
<i>Elementary Schools:</i>				
Campbell	PreK - 5	1956	2022	Masonry
Churchill	K - 5	1957	2021	Masonry
Lincoln Park	K - 5	1956	2021	Masonry
Ross Park	PreK - 5	1968	2023	Masonry
<i>Middle School:</i>				
Mona Shores	6 - 8	1968	2024	Masonry
<i>High School:</i>				
Mona Shores*	9 - 12	1962	2022	Masonry
<i>Additional Facilities:</i>				
Maintenance Garage	--	1950	1990	Masonry & Steel
Bus Garage	--	2017	2018	Masonry & Steel

*Includes soccer/softball complex which was completed in 2019.

OTHER SCHOOLS

The following private, charter, or parochial schools are located within the School District's boundaries:

<u>Name of School</u>	<u>Grades Served</u>	<u>Approximate Enrollment</u>
West Shore Lutheran School	P - 8	156
Western Michigan Christian School	7 - 12	354
Muskegon Montessori Academy for Environmental Change	P - 8	<u>132</u>
		<u><u>642</u></u>

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	\$49,734,496 ³	3,897.87 ³	\$12,759 ³
2025	9,608	47,166,865	3,958.62	11,915
2024	9,608	47,387,061	3,921.41	12,084
2023	9,150	44,157,196	3,854.10	11,457
2022	8,700	35,912,089	3,836.17	9,361
2021	8,111	34,447,703 ⁴	3,882.29	8,873 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:

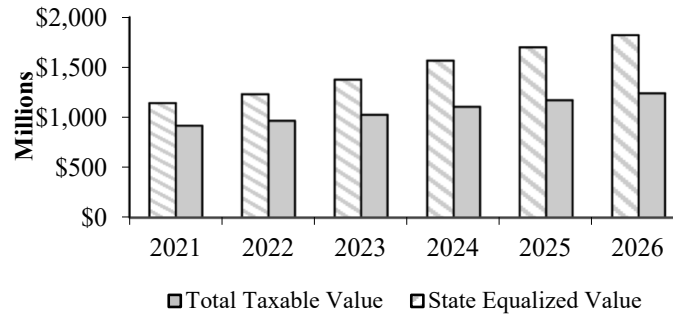
Year	Principal Residence ¹	Non- Principal Residence ¹	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2026	----	----	\$1,240,650,919	5.87%	\$1,821,943,300 ²	7.15%
2025	\$855,471,473	\$316,424,751	1,171,896,224	5.90	1,700,390,100	8.49
2024	810,900,833	295,669,081	1,106,569,914	7.88	1,567,374,300	13.82
2023	744,669,414	281,040,327	1,025,709,741	6.05	1,377,012,300	11.76
2022	700,826,176	266,362,160	967,188,336	5.45	1,232,145,100	7.81
2021	657,940,523	259,247,850	917,188,373	----	1,142,884,500	----

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 2026, industrial personal property had a taxable value of \$2,614,500 and commercial personal property had a taxable value of \$25,007,700 in the School District.

²As equalized by the County. Subject to final equalization by the State.

Source: Muskegon County Equalization Department

History of Valuations



Annual Equivalent Valuation¹

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$1,171,896,224
Plus: 2025 Equivalent IFT Taxable Value ¹	5,133,888
Total 2025 Equivalent Taxable Value	<u>\$1,177,030,112</u>
Less: 2025 Disabled Veterans Exemption Taxable Value ²	(7,106,719)
Net 2025 Annual Equivalent Valuation	<u><u>\$1,169,923,393</u></u>

¹All of the 2026 values are not available.

²See “INDUSTRIAL FACILITY TAX ABATEMENTS” herein.

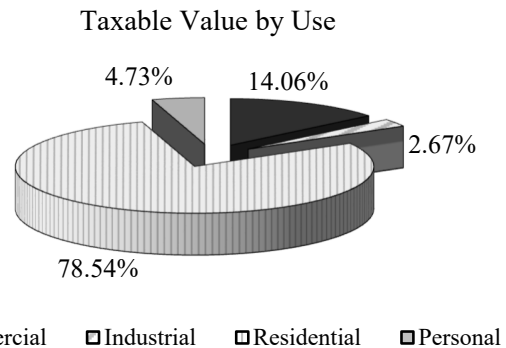
³Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran’s un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.

Source: Muskegon County Equalization Department

Tax Base Composition

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

By Class:	2026 Taxable Value	Percent of Total
Real Property	\$1,181,949,719	95.27%
Personal Property	58,701,200	4.73
TOTAL	<u><u>\$1,240,650,919</u></u>	<u><u>100.00%</u></u>
By Use:		
Commercial	\$174,479,758	14.06%
Industrial	33,043,661	2.67
Residential	974,426,300	78.54
Personal	58,701,200	4.73
TOTAL	<u><u>\$1,240,650,919</u></u>	<u><u>100.00%</u></u>



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

Municipality	2026 Taxable Value	Percent of Total
<i>County of Muskegon</i>		
City of Muskegon Heights	\$2,288,693	0.19%
City of Norton Shores	1,081,382,271	87.16
City of Roosevelt Park	147,425,238	11.88
Fruitport Township	9,554,717	0.77
TOTAL	<u><u>\$1,240,650,919</u></u>	<u><u>100.00%</u></u>

Source: Muskegon 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 \$10,267,776, all of which is taxed at ½ rate. For purposes of computing “Equivalent” Taxable Value, it has been shown in the “History of Valuations” section as 50% of the Taxable Value.

Source: Muskegon 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 City of Roosevelt Park has one DDA district. The DDA district does not capture the School District’s operating, sinking fund or debt millage levies

Source: Muskegon 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 ¹	"Equivalent" IFT Value ²	2025 Total Valuation
Consumers Energy	Utility	\$17,769,531	\$0	\$17,769,531
Detroit Edison	Utility	12,925,200	0	12,925,200
MIMG	Apartments	10,954,111	0	10,954,111
BMA Lakeshore LLC	Shopping Center	10,855,480	0	10,855,480
Meijer, Inc.	Retail	6,564,133	0	6,564,133
M Argueso & Co. Inc. d/b/a Paramelt	Wax Manufacturer	5,504,665	167,352	5,672,017
KLC II LLC	Shopping Center	5,227,271	0	5,227,271
Walmart	Retail	5,162,283	0	5,162,283
DTN Lake Forest Investments LLC	Apartments	4,621,600	0	4,621,600
Menards Inc.	Home Improvement Store	4,096,037	0	4,096,037
TOTALS		\$83,680,311	\$167,352	\$83,847,663
Total 2025 Values		\$1,171,896,224		\$1,177,030,112
Top 10 Taxpayers as a % of 2025 Total Values		7.14%		7.12%

¹2026 Taxable Value breakdown by individual taxpayers are not yet available.

²Represents 50% of the actual Taxable Value.

Source: Muskegon 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	6.5500	6.5500	6.5500	6.5500	6.5500
Sinking Fund	0.9658	0.9772	0.9837	0.9837	0.9918
Total Non-Principal Residence	<u>25.5158</u>	<u>25.5272</u>	<u>25.5337</u>	<u>25.5337</u>	<u>25.5418</u>
Total Principal Residence	<u>7.5158</u>	<u>7.5272</u>	<u>7.5337</u>	<u>7.5337</u>	<u>7.5418</u>

The School District levies voted operating millage on non-principal residence property and sinking fund millage and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2034 levy. The sinking fund millage expires with the 2034 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
Muskegon County	6.6630	6.7319
City of Roosevelt Park	17.4882	17.4958
City of Norton Shores	10.9500	10.9500
City of Muskegon Heights	22.7423	22.7423
Fruitport Township	4.6621	3.4791
Muskegon ISD ¹	4.5939	4.6382
Muskegon Community College	2.3295	2.3765

¹Includes a voter approved regional enhancement millage. The School District expects to receive approximately \$1,049,531 in fiscal year 2025/26 from the regional enhancement millage based on its pupil membership count.

Source: Muskegon County Equalization Department and School District

TAX LEVIES AND COLLECTIONS

The School District’s fiscal year begins July 1 and ends June 30. The School District’s taxes are levied July 1 and December 1, with taxes due August 31 and February 14, respectively, without penalty or interest in the City of Norton Shores. The School District’s taxes are levied July 1 and December 1 with taxes due September 14 and January 10, respectively, without penalty or interest in the City of Roosevelt Park. The School District’s taxes are levied December 1, with taxes due February 14, without penalty or interest in the City of Muskegon Heights and Fruitport Township. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over 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	\$5,682,008	\$5,454,728	96.00%	N/A	
2024	5,307,679	5,103,158	96.15	\$5,307,679	100.00%
2023	5,047,886	4,864,305	96.36	5,025,955	99.57
2022	4,783,482	4,673,519	97.70	4,783,482	100.00
2021	4,653,970	4,482,070	96.31	4,628,145	99.45
2020	4,445,529	4,290,358	96.51	4,421,919	99.47

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	\$10,864,992	\$471,434	\$11,336,426	\$4,090,456
2025	10,447,108	453,302	10,900,410	3,415,435
2024	10,610,919	2,110,580	12,721,499	4,943,164
2023	8,763,918	1,930,319	10,694,237	6,346,915
2022	7,952,154	1,783,622	9,735,776	3,587,464

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 \$62,621,280 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 \$10,990,721 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
Administrators	18	Non-Affiliated	N/A
Teachers	247	MEA (MSTEA)	08/23/26
Clerical	21	MEA (OP)	08/20/26
Secretaries	7	Non-Affiliated	N/A
Grounds, Utility	6	Non-Affiliated	N/A
Transportation	4	Non-Affiliated	N/A
Food Service / Others	56	Non-Affiliated	N/A
Paraprofessional	63	MEA (OP)	08/20/26
Custodians	40	Non-Affiliated	N/A
TOTAL	462		

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

DEBT STATEMENT* - (As of 4/29/26 – 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
02/24/16	Building & Site	UTQ	05/01/30	\$5,065,000	(\$4,050,000)	\$1,015,000*
02/26/19	Building & Site	UTQ	05/01/48	35,265,000	0	35,265,000
04/01/21	Building & Site	UTQ	05/01/48	33,560,000	0	33,560,000
07/27/23	Energy Conservation Bonds	LTNQ	05/01/33	3,615,000	0	3,615,000
06/26/25	Building & Site, Series I	UTNQ	05/01/42	4,870,000	0	4,870,000
/ / 26	Building & Site, Series II & Refunding	UTNQ	05/01/56	28,590,000	3,910,000	32,500,000*
NET DIRECT DEBT				<u>\$110,965,000</u>	<u>(\$140,000)</u>	<u>\$110,825,000*</u>

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
1.78%	City of Muskegon Heights	\$3,805,000	\$67,729
81.09	City of Norton Shores	10,643,073	8,630,468
100.00	City of Roosevelt Park	4,780,000	4,780,000
1.24	Fruitport Township	6,103,088	75,678
17.33	Muskegon County	127,937,236	22,171,523
17.21	Muskegon Area ISD	0	0
17.33	Muskegon Community College	21,160,000	<u>3,667,028</u>

TOTAL OVERLAPPING DEBT

NET DIRECT AND OVERLAPPING DEBT

39,392,426

\$150,217,426*

*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

OTHER DEBT

The School District has the following short-term borrowings outstanding:

Dated Date	Description	Interest Rate	Maturity Date	Balance
02/07/21	Scoreboard IPA	2.35%	05/07/26	\$44,688
09/19/25	State Aid Note	4.11%	08/20/26	2,000,000
TOTAL				<u>\$2,044,688</u>

DEBT HISTORY

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

FUTURE FINANCING

The School District does not have plans for any capital financings in the next 12 months. The bonds described herein are the second series of a \$80 million voted authorization. The remaining bonds in the approximate amount of \$45,000,000 are expected to be issued within the next three years.

DEBT RATIOS*

Estimated School District Population	24,768
2026 Taxable Value	\$1,240,650,919
2026 State Equalized Value (SEV)	\$1,821,943,300**
2026 True Cash Value (TCV)	\$3,643,886,600
Per Capita 2026 Taxable Value	\$50,090.88
Per Capita 2026 State Equalized Value	\$73,560.37
Per Capita 2026 True Cash Value	\$147,120.74
Per Capita Net Direct Debt	\$4,474.52
Per Capita Net Direct and Overlapping Debt	\$6,064.98
Percent of Net Direct Debt of 2026 Taxable Value	8.93%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	12.11%
Percent of Net Direct Debt of 2026 SEV	6.08%
Percent of Net Direct and Overlapping Debt of 2026 SEV	8.24%
Percent of Net Direct Debt of 2026 TCV	3.04%
Percent of Net Direct and Overlapping Debt of 2026 TCV	4.12%

*Preliminary, subject to change.

**As equalized by the County. Subject to final equalizations by the State.

LEGAL DEBT MARGIN* - (As of 4/29/26 – including the Bonds described herein)

2025 State Equalized Value		\$1,700,390,100
Legal Debt Limit - 15% of SEV		\$255,058,515
Total Bonded Debt Outstanding	\$110,825,000	
Less: SLRF Qualified Bonds ¹	<u>(69,840,000)</u>	
Net Amount Subject to Legal Debt Limit		<u>40,985,000</u>
LEGAL DEBT MARGIN AVAILABLE		<u>\$214,073,515</u>

*Preliminary, subject to change. The 2026 SEV values are subject to final equalization by the State. Until they are finalized, 2025 SEV values will be used.

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 School District and Muskegon County:

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Mona Shores Public Schools	Education	462
Knoll Inc.	Office Furniture Manufacturer	450
Structural Concepts Corp.	Display Cases	350
Meijer	Retail & Grocery Store	350
Textron, Inc.	Automotive Camshafts	325
Walmart Supercenter	Retail & Grocery Store	280
MHS Conveyor	Transport Equipment Manufacturer	260
Tanglewood Park	Senior Citizen Wellness Center	200
Kaydon Corp.	Ball & Roller Bearing Manufacturer	195
Cannon Muskegon Corp.	Metals/Alloys	165
<i>Within the County of Muskegon</i>		
Trinity Health - Muskegon Hospital	Healthcare & Hospital	4,100
Howment Aerospace, Inc.	Aerospace	3,775
Wesco, Inc. (multiple locations)	Gas Stations & Convenience Stores	1,050
Meijer, Inc. (3 locations)	Retail & Grocery	894
Walmart (3 locations)	Retail & Grocery	890
County of Muskegon	Government	833
Johnson Technology, Inc.	Aircraft Engine Parts	805
G.E. Aerospace/Aviation (3 locations)	Aerospace	800
ADAC Automotive	Automotive Plastics	750
Health West	Behavioral Health & Crisis Residential Center	715
Aludyne, Inc.	Automotive Parts	700
Structural Concepts Corp.	Display Cases	500
Mona Shores Public Schools	Education	462
Reeths-Puffer Schools	Education	360

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

EMPLOYMENT BREAKDOWN

The U.S. Census Bureau, 2020-2024 American Community Survey reports the occupational breakdown of persons 16 years and over for the City of Norton Shores and the County of Muskegon as follows:

PERSONS BY OCCUPATION	City of Norton Shores		County of Muskegon	
	Number	Percent	Number	Percent
	11,782	100.00%	78,530	100.00%
Management, Business, Science & Arts	4,583	38.90	24,656	31.39
Service	1,888	16.02	14,260	18.16
Sales & Office	2,399	20.36	14,944	19.03
Natural Resources, Construction & Maintenance	781	6.63	7,018	8.94
Production, Transportation & Material Moving	2,131	18.09	17,652	22.48

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown by industry for persons 16 years and over for the City of Norton Shores and the County of Muskegon as follows:

	City of Norton Shores		County of Muskegon	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	11,782	100.00%	78,530	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	55	0.47	691	0.89
Construction	539	4.57	4,698	5.98
Manufacturing	2,607	22.13	19,324	24.61
Wholesale Trade	299	2.54	1,295	1.65
Retail Trade	1,289	10.94	8,776	11.18
Transportation, Warehousing & Utilities	324	2.75	3,105	3.95
Information	91	0.77	782	1.00
Finance, Insurance & Real Estate	599	5.08	2,972	3.78
Professional, Scientific & Management Services	962	8.16	6,188	7.88
Educational, Health & Social Services	2,839	24.10	17,182	21.88
Arts, Entertainment, Recreation & Food Services	1,040	8.83	7,315	9.31
Other Services except Public Administration	583	4.95	3,654	4.65
Public Administration	555	4.71	2,548	3.24

UNEMPLOYMENT

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

Annual Average	City of Norton Shores	County of Muskegon	State of Michigan
2025*	4.1%	5.1%	5.2%
2024	4.1	5.1	4.7
2023	3.5	4.3	3.9
2022	3.8	4.7	4.2
2021	5.4	6.7	5.7

*The rate shown for the City of Norton Shores and County of Muskegon is for December, 2025. The annual rate is not yet available.

POPULATION BY AGE

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of population by age for the City of Norton Shores and the County of Muskegon as follows:

	City of Norton Shores		County of Muskegon	
	Number	Percent	Number	Percent
Total Population	25,041	100.00%	175,961	100.00%
0 through 19 years	5,853	23.37	43,360	24.64
20 through 64 years	13,446	53.70	100,113	56.89
65 years and over	5,742	22.93	32,488	18.47
Median Age	40.6 years		40.0 years	

INCOME

The U.S. Census Bureau, 2020-2024 American Community Survey reports the breakdown of household income for the City of Norton Shores and the County of Muskegon as follows:

	City of Norton Shores		County of Muskegon	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	9,867	100.00%	67,732	100.00%
Less than \$ 10,000	462	4.68	3,547	5.24
\$ 10,000 to \$ 14,999	151	1.53	2,756	4.08
\$ 15,000 to \$ 24,999	518	5.25	5,279	7.79
\$ 25,000 to \$ 34,999	677	6.86	5,657	8.35
\$ 35,000 to \$ 49,999	1,204	12.20	8,319	12.28
\$ 50,000 to \$ 74,999	1,823	18.48	12,796	18.89
\$ 75,000 to \$ 99,999	1,494	15.14	10,151	14.99
\$100,000 to \$149,999	2,201	22.31	11,826	17.46
\$150,000 to \$199,999	772	7.82	4,446	6.56
\$200,000 or MORE	565	5.73	2,955	4.36
Median Income	\$76,579		\$65,024	

APPENDIX B
GENERAL FUND BUDGET SUMMARY AND
COMPARATIVE FINANCIAL STATEMENTS

Mona Shores Public Schools
General Fund Budget Summary

	<u>As Amended</u> <u>2025/26</u>
Revenues	
Local Sources	\$4,876,810
State Sources	49,645,518
Federal Sources	1,597,963
Intermediate	1,863,727
Transfer & Other	<u>875,077</u>
Total Revenues	<u><u>\$58,859,095</u></u>
Expenditures	
Instructional Services	
Basic Program	\$29,911,397
Added Needs	8,333,751
Support	
Pupil	5,342,785
Instructional Staff	1,335,976
General Administration	777,304
School Administration	3,054,867
Business Services	766,999
Operation & Maintenance	5,847,916
Transportation	1,716,756
Central Support	1,355,670
Other Support	1,390,747
Community Services	<u>20,190</u>
Total Expenditures	<u><u>\$59,854,358</u></u>
Excess of Expenditures (over) under Revenues	<u><u>(\$995,263)</u></u>
Beginning Fund Balance - July 1	<u><u>\$6,524,501</u></u>
Projected Fund Balance - June 30	<u><u><u>\$5,529,238</u></u></u>

Source: School District

**Mona Shores Public Schools
General Fund**

Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash and Cash Equivalents	\$4,101,128	\$4,861,956	\$6,078,943
Accounts Receivable	140,530	54,170	71,391
Due from Other Governmental Units	9,140,842	8,857,022	8,843,315
Due from Other Funds	378,904	--	--
Lease	1,252,723	1,250,261	1,247,765
Prepaid Items	271,924	358,836	76,095
Total Assets	<u>\$15,286,051</u>	<u>\$15,382,245</u>	<u>\$16,317,509</u>
Liabilities			
Accounts Payable	\$182,513	\$237,172	\$243,916
Notes Payable	2,000,000	1,000,000	1,000,000
Accrued Liabilities	4,305,222	4,825,916	5,233,696
Accrued Interest Payable	62,040	42,770	36,425
Due to Other Governments	1,165,347	899,171	621,268
Due to Other Funds	170,610	99,131	695,433
Unearned Revenue	1,260,475	1,034,964	803,280
Total Liabilities	<u>\$9,146,207</u>	<u>\$8,139,124</u>	<u>\$8,634,018</u>
Deferred Inflows of Resources			
Unavailable Revenue - Long-Term Receivable	\$83,333		
Deferred Lease Amounts	1,214,180	\$1,186,585	\$1,158,990
Fund Balance			
Nonspendable	\$271,924	\$358,836	\$76,095
Unassigned	4,570,407	5,697,700	6,448,406
Total Fund Balance	<u>\$4,842,331</u>	<u>\$6,056,536</u>	<u>\$6,524,501</u>
Total Liabilities and Fund Balance	<u>\$15,286,051</u>	<u>\$15,382,245</u>	<u>\$16,317,509</u>

Source: Audited Financial Statements

**Mona Shores Public Schools
General Fund**

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

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Revenue			
Local Sources	\$5,247,047	\$5,574,597	\$5,790,321
State Sources	43,165,074	47,181,668	47,259,013
Federal Sources	2,573,877	1,474,212	1,402,985
Interdistrict Sources	1,728,915	1,849,376	2,090,624
Total Revenue	<u>\$52,714,913</u>	<u>\$56,079,853</u>	<u>\$56,542,943</u>
Expenditures			
Current:			
Instructional Services	\$34,620,965	\$36,217,669	\$36,981,004
Supporting Services	17,326,972	18,778,026	19,130,239
Community Service	17,543	35,904	28,855
Capital Outlay	1,087,432	--	9,600
Debt Service			
Principal	102,544	84,682	111,746
Interest and Other Expenditures	11,429	31,491	86,640
Total Expenditures	<u>\$53,166,885</u>	<u>\$55,147,772</u>	<u>\$56,348,084</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	\$500	\$19,083	\$8,686
Issuance of Lease Liability	--	124,341	116,770
Issuance of Subscription Liability	85,144	--	--
Operating Transfers In	129,700	138,700	147,650
Operating Transfers Out	(151)	--	--
Total Other Financing Sources (Uses)	<u>\$215,193</u>	<u>\$282,124</u>	<u>\$273,106</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	(\$236,779)	\$1,214,205	\$467,965
Fund Balance - Beginning	<u>\$5,079,110</u>	<u>\$4,842,331</u>	<u>\$6,056,536</u>
Fund Balance - Ending	<u>\$4,842,331</u>	<u>\$6,056,536</u>	<u>\$6,524,501</u>

Source: Audited Financial Statements

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APPENDIX C
AUDITED FINANCIAL STATEMENTS

Rehmann Robson, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Rehmann Robson also has not performed any procedures relating to this official statement.

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INDEPENDENT AUDITORS' REPORT

October 31, 2025

Board of Education
Mona Shores Public Schools
Muskegon, Michigan

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 *Mona Shores 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 the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 101

As described in Note 20, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

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 Independent Auditors' 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.



570 Seminole Rd., Suite 200, Muskegon, MI 49444 231.739.9441

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

As management of Mona Shores Public Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Total net position (deficit)	\$ (7,281,891)
· Change in total net position	10,284,600
· Fund balances, governmental funds	17,578,239
· Change in fund balances, governmental funds	4,843,799
· Unassigned fund balance, general fund	6,448,406
· Change in fund balance, general fund	467,965
· General obligation bonds outstanding	82,375,000
· Change in general obligation bonds	1,670,000
· Capital assets, net	132,565,311

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements, including management's discussion and analysis, schedules for the pension and other postemployment benefit plans, and combining and individual fund statements and schedules.

Government-wide Financial Statements

The government-wide financial statements are full accrual basis statements that provide information about the District's overall financial status. They are used to help determine whether or not the District is better off, or worse off, as the result of the year's activities. The *Statement of Net Position* reports all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term, whether they are "currently available" or not. Capital assets and long-term obligations of the District are reported in this statement. All of the current year's revenues and expenses are accounted for in the *Statement of Activities*, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in net position are an indicator of whether the District's financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided, and the condition of the District's buildings.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

In government-wide statements, the District's activities are classified as *governmental activities*. This includes all of the District's basic instruction and supporting services, such as regular and special education, community services, student/school activities, athletics, food services, and technology. Property taxes and state aid finance most of these services.

Fund Financial Statements

The fund financial statements focus on individual parts of the District, while reporting the District's operations in more detail than the government-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the *general fund*. Additional activities are reported in their relevant funds including: *special revenue funds* for community service activities, food service, student/school activity, and technology, *debt service funds*, *capital projects funds*, *an internal service fund* and a *fiduciary fund*.

In fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition, not as capital assets. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Financial Analysis of the District as a Whole

The net position of the District at June 30, 2025 was as follows:

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 38,770,357	\$ 25,428,391
Capital assets, net	<u>132,565,311</u>	<u>133,786,563</u>
Total assets	<u>171,335,668</u>	<u>159,214,954</u>
Deferred outflows of resources	<u>27,107,556</u>	<u>33,354,451</u>
Liabilities		
Other liabilities	9,433,714	10,496,979
Long-term liabilities	<u>163,040,128</u>	<u>173,935,601</u>
Total liabilities	<u>172,473,842</u>	<u>184,432,580</u>
Deferred inflows of resources	<u>33,251,273</u>	<u>21,145,049</u>
Net position		
Net investment in capital assets	44,369,955	43,167,133
Restricted	14,309,475	3,826,192
Unrestricted (deficit)	<u>(65,961,321)</u>	<u>(60,001,549)</u>
Total net position	<u>\$ (7,281,891)</u>	<u>\$ (13,008,224)</u>

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

The largest portion of the District's net position reflects investment in capital assets (e.g., land, construction in progress, buildings and improvements, and building furnishings and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining net position, with the exception of the amount specifically restricted for food service operations, debt service, capital projects, technology services, and other postemployment benefits, represents the unrestricted portion of the District's net position. Because of the requirement to present the District's proportionate share of the Michigan Public School Employees' Retirement System (MPERS) net pension liability and single-employer total other postemployment benefit liability, this unrestricted net position is a deficit.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District reported a deficit net position of \$7,281,891 at June 30, 2025.

The net position of the District increased by \$10,284,600 during the 2025 fiscal year. The table on the following page shows the breakdown of this change. The Statement of Activities, presented later in the government-wide financial statements, provides greater detail on the District's annual activity. The cost of the District's governmental activities for the year was \$62.1 million. However, the amount that the District's taxpayers ultimately financed for these activities was \$48.2 million. \$4.1 million of the cost was paid for by those who benefited from the programs, and \$20.0 million was paid for by other governments and organizations who subsidized certain programs with grants and contributions.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

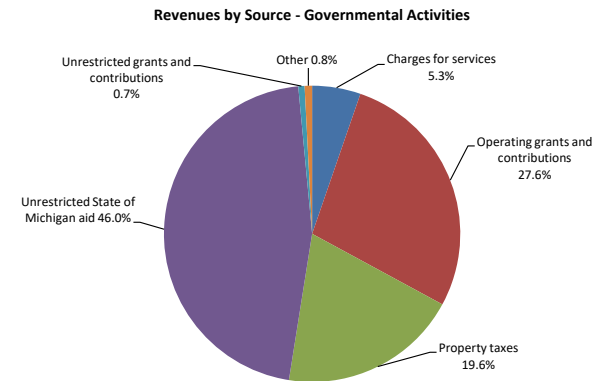
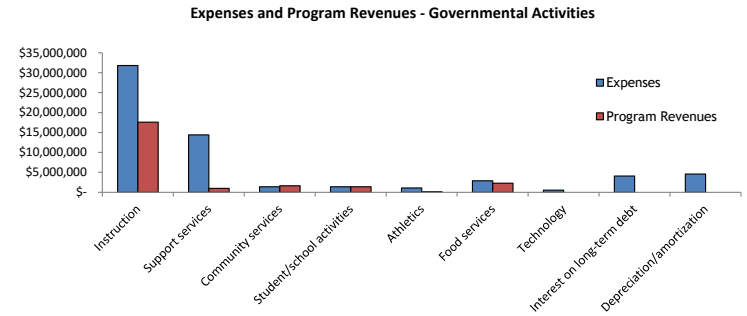
	Change in Net Position	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 4,104,019	\$ 3,790,037
Operating grants and contributions	19,990,546	19,754,041
General revenues:		
Property taxes	14,912,414	14,038,509
State of Michigan aid	32,775,088	32,797,262
Unrestricted grants and contributions	170,642	493,533
Unrestricted investments earnings	387,723	605,939
Total revenues	72,340,432	71,479,321
Expenses		
Instruction	31,808,630	33,951,418
Supporting services	14,392,430	15,055,486
Community services	1,364,092	1,377,160
Student/school activities	1,384,713	1,153,136
Athletics	1,081,422	1,193,766
Food services	2,871,264	2,776,669
Technology	526,198	573,211
Interest on long-term liabilities	4,077,325	4,006,634
Depreciation/amortization - unallocated	4,549,758	4,180,776
Total expenses	62,055,832	64,268,256
Change in net position	10,284,600	7,211,065
Net position, beginning of year	(13,008,224)	(20,219,289)
Restatement for implementation of GASB 101	(4,558,267)	-
Net position, end of year	\$ (7,281,891)	\$ (13,008,224)

Property tax revenue increased as compared to the prior year by \$873,905, primarily due to a 5.1% increase in property values.

Overall expenses decreased by \$2,212,413, or 3.4%, primarily due to a \$1.528 million decrease in MPERS 147c expenditures and discontinuation of Sec. 23g grant in the amount of \$527,457.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis



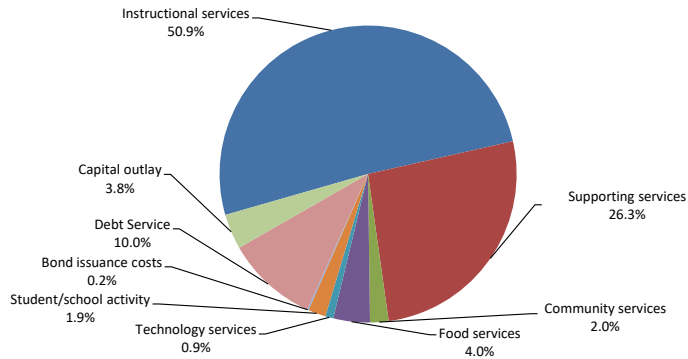
Financial Analysis of the District's Funds

A substantial portion, 66.2%, of the District's governmental fund revenue is received from State sources. This portion is consistent with amounts received in the previous year. The financial stability of the District rests primarily with the economic health of the State of Michigan.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

Expenditures by Function - Governmental Funds



The above chart reflects the breakdown by functional category of \$72,662,002 in expenditures for the District's governmental funds for 2025. Direct classroom and virtual instruction totaling \$36,981,004 is the largest category. Supporting services includes library services, counselors, special education services, administration, clerical staff, maintenance/custodial staff, utilities, insurance and transportation services, which totaled \$19,130,239. Community services, food services and student/school activity totaled \$1,486,625, \$2,893,677 and \$1,384,713, respectively. The District incurred expenditures of \$643,333 in connection with an enhancement millage through the Muskegon Area Intermediate School District for technology purchases. The District also paid \$7,382,975 in principal, interest and issuance costs on bonds, notes and other long-term liabilities. In addition, capital outlay totaling \$2,777,436 primarily relates to bond-funded projects at the various school buildings, as well as other improvements.

General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,448,406 while the total fund balance was \$6,524,501. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent approximately 11.4% and 11.6%, respectively, of total general fund expenditures. The fund balance of the District's general fund increased by \$467,965 during the current fiscal year.

State funding. State aid for the general fund increased by \$77,345 from the prior year mostly due to an increase in various categorical funding.

Federal funding. Federal funding for the general fund decreased by \$71,227 from the prior year mostly due to a decrease in Title II funding.

Overall expenditures for the general fund increased by 2.2%, or \$1,200,323. The main reason for the increase was due to a 3% increase in employee compensation, increased Sec. 31aa costs and increased operational expenditures.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

Other Major Fund

2025 Capital Projects Fund. The fund incurred expenditures in the current year of \$208,448 for various capital improvements and bond issuance costs related to the 2025 building and site bonds issued in the amount of \$4,870,000. Restricted fund balance at year end totaled \$4,834,333.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget periodically during the school year. These revisions are made in order to deal with unexpected changes in revenues and expenditures. The following analysis describes the reasons for changes in the budget during the year.

Revenues. Final budgeted revenues for the general fund were greater than the original budget by \$2,107,535, primarily due to an increase of \$728,582 in MPERS funding, an increase of \$711,206 in special education funding and a \$498,000 increase in Sec. 31aa funding.

Actual revenues came in under the final budget by \$83,784, due to reduced reimbursed Title expenditures.

Expenditures. Final budgeted expenditures for the general fund were greater than the original budget by \$2,063,998. The budget for instructional services was increased by \$1,466,226. The primary reasons for this increase was due to a 3% increase in compensation and 3% RHC reimbursement. The budget for supporting services was increased by \$590,058. The primary reason for this increase was due to a 3% increase in compensation and 3% RHC reimbursement.

Expenditures were well under budget in nearly every functional area. This was not a direct result of any specific circumstances, but rather a District practice of using a conservative approach to expenditure budgeting using prior years' history combined with current year expenditure activities.

Actual expenditures were lower than the final budget by \$554,866, due to unrealized Title and SBITA expenditures.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to \$132,565,311 (net of accumulated depreciation/amortization). Significant additions included renovation of the Middle School. The following is a summary of the District's capital assets at year-end:

	Capital Assets (Net of Depreciation/Amortization)	
	2025	2024
Land	\$ 344,401	\$ 344,401
Construction in progress	140,724	20,441,469
Buildings and improvements	128,542,162	110,104,875
Building furnishings and equipment	3,272,502	2,683,033
Subscription assets	106,717	112,622
Lease vehicles	158,805	100,163
Total capital assets, net	<u>\$ 132,565,311</u>	<u>\$ 133,786,563</u>

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt. The following is a summary of the District's long-term debt at year-end:

	Long-Term Debt	
	2025	2024
Bonds and note payable	\$ 82,420,739	\$ 80,795,427
Unamortized premiums	10,418,049	11,215,479
Compensated absences	5,503,561	5,136,830
Total long-term debt	<u>\$ 98,342,349</u>	<u>\$ 97,147,736</u>

In total, long-term debt increased by \$1,194,613 which was due to the issuance of the 2025 building and site bonds, net of current year principal payments.

Under State statute, the District is legally restricted from incurring long-term bonded debt in excess of 15% of the assessed value of taxable property within the school district. At June 30, 2025, the District's net bonded debt of \$82,375,000 was well below the legal limit of approximately \$165 million.

Additional information on the District's long-term debt can be found in Note 10 of this report.

Factors Bearing on the District's Future

The following factors were considered in preparing the District's budget for the 2025-2026 fiscal year:

- Student enrollment estimated at 3,950 students with a foundation allowance increase to \$10,000 per student.
- The MPERS UAAL Rate Stabilization at 10.03% of total payroll.
- Health insurance premiums increase of 5%.
- Five teacher and itinerant hires, with four replacements and one new hire.

MONA SHORES PUBLIC SCHOOLS

Management's Discussion and Analysis

- Removal of MPERS 147c(2) revenues and expenditures.
- MPERS rate at 29%.
- Salary and step increases were not included in the original budget as the State of Michigan had not finalized its budget.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show how the District is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Business Office, Mona Shores Public Schools, 121 Randall Road, Muskegon, MI 49441, telephone number (231) 780-4751 extension 8209.

BASIC FINANCIAL STATEMENTS

MONA SHORES PUBLIC SCHOOLS

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 17,268,613
Receivables, net	10,367,080
Other assets	143,943
Net other postemployment benefit asset	10,990,721
Capital assets not being depreciated	485,125
Capital assets being depreciated/amortized, net	<u>132,080,186</u>
Total assets	<u>171,335,668</u>
Deferred outflows of resources	
Deferred pension amounts	23,269,546
Deferred other postemployment benefit amounts	<u>3,838,010</u>
Total deferred outflows of resources	<u>27,107,556</u>
Liabilities	
Accounts payable and accrued liabilities	7,550,016
Unearned revenue	883,698
Notes payable	1,000,000
Bonds, notes and other long-term liabilities:	
Due within one year	8,569,319
Due in more than one year	89,963,931
Net pension liability (due in more than one year)	62,621,280
Total other postemployment benefit liability (due in more than one year)	<u>1,885,598</u>
Total liabilities	<u>172,473,842</u>
Deferred inflows of resources	
Deferred pension amounts	17,395,708
Deferred other postemployment benefit amounts	14,696,575
Deferred lease amounts	<u>1,158,990</u>
Total deferred inflows of resources	<u>33,251,273</u>
Net position	
Net investment in capital assets	44,369,955
Restricted for:	
Food service operations	664,549
Debt service	2,443,054
Capital projects	21,304
Technology services	189,847
Other postemployment benefits	10,990,721
Unrestricted (deficit)	<u>(65,961,321)</u>
Total net position	<u>\$ (7,281,891)</u>

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Activities
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 31,808,630	\$ 2,090,624	\$ 15,515,028	\$ (14,202,978)
Supporting services	14,392,430	2,629	1,004,543	(13,385,258)
Community services	1,364,092	1,648,282	-	284,190
Student/school activities	1,384,713	-	1,393,838	9,125
Athletics	1,081,422	150,233	-	(931,189)
Food services	2,871,264	212,251	2,077,137	(581,876)
Technology	526,198	-	-	(526,198)
Interest on long-term liabilities	4,077,325	-	-	(4,077,325)
Depreciation/amortization - unallocated	4,549,758	-	-	(4,549,758)
Total governmental activities	\$ 62,055,832	\$ 4,104,019	\$ 19,990,546	(37,961,267)
General revenues				
Property taxes - operations				5,342,824
Property taxes - debt service				7,532,947
Property taxes - capital projects				1,075,589
Property taxes - technology				961,054
State of Michigan aid - unrestricted				32,775,088
Grants and contributions not restricted to specific programs				170,642
Unrestricted investment earnings				387,723
Total general revenues				48,245,867
Change in net position				10,284,600
Net position, beginning of year, as previously reported				(13,008,224)
Restatement (Note 20)				(4,558,267)
Net position, beginning of year, as restated				(17,566,491)
Net position, end of year				\$ (7,281,891)

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 6,078,943	\$ 5,000,426	\$ 6,189,244	\$ 17,268,613
Receivables:				
Accounts, net	71,391	-	6,731	78,122
Due from other governments	8,843,315	-	197,878	9,041,193
Lease	1,247,765	-	-	1,247,765
Due from other funds	-	-	1,753,645	1,753,645
Inventory	-	-	35,796	35,796
Prepaid items	76,095	-	32,052	108,147
Total assets	\$ 16,317,509	\$ 5,000,426	\$ 8,215,346	\$ 29,533,281
Liabilities				
Accounts payable	\$ 243,916	\$ 166,093	\$ 572,156	\$ 982,165
Accrued liabilities	5,233,696	-	16,294	5,249,990
Accrued interest payable	36,425	-	-	36,425
Due to other governments	621,268	-	-	621,268
Due to other funds	695,433	-	1,327,073	2,022,506
Unearned revenue	803,280	-	80,418	883,698
Notes payable	1,000,000	-	-	1,000,000
Total liabilities	8,634,018	166,093	1,995,941	10,796,052
Deferred inflows of resources				
Deferred lease amounts	1,158,990	-	-	1,158,990
Fund balances				
Nonspendable	76,095	-	67,848	143,943
Restricted	-	4,834,333	3,901,769	8,736,102
Committed	-	-	2,249,788	2,249,788
Unassigned	6,448,406	-	-	6,448,406
Total fund balances	6,524,501	4,834,333	6,219,405	17,578,239
Total liabilities, deferred inflows of resources and fund balances	\$ 16,317,509	\$ 5,000,426	\$ 8,215,346	\$ 29,533,281

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds \$ 17,578,239

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets not being depreciated 485,125
Capital assets being depreciated/amortized, net 132,080,186

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds, notes and other long-term liabilities (82,611,640)
Unamortized bond premium (10,418,049)
Compensated absences (5,503,561)
Accrued interest on long-term liabilities (650,863)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net/total other postemployment benefit asset/liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability (62,621,280)
Deferred outflows of resources related to the net pension liability 23,269,546
Deferred inflows of resources related to the net pension liability (17,395,708)
Net other postemployment benefit asset 10,990,721
Total other postemployment benefit liability (1,885,598)
Less: amount attributable to the internal service fund 259,556
Deferred outflows of resources related to the net/total other postemployment benefit asset/liability 3,838,010
Deferred inflows of resources related to the net/total other postemployment benefit asset/liability (14,696,575)

Net position of governmental activities \$ (7,281,891)

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For the Year Ended June 30, 2025

General Fund	(Formerly Major Fund) 2021 Capital Projects Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 5,790,321	\$ 2,868	\$ 13,087,691	\$ 18,880,880
State sources	47,259,013	-	629,793	47,888,806
Federal sources	1,402,985	-	2,077,137	3,480,122
Interdistrict	2,090,624	-	-	2,090,624
Total revenues	56,542,943	2,868	15,794,621	72,340,432
Expenditures				
Current:				
Instructional services	36,981,004	-	-	36,981,004
Supporting services	19,130,239	-	-	19,130,239
Community services	28,855	-	1,439,770	1,468,625
Food services	-	-	2,893,677	2,893,677
Student/school activity	-	-	1,384,713	1,384,713
Technology	-	-	643,333	643,333
Debt service:				
Principal	111,746	-	3,200,000	3,311,746
Interest and other charges	86,640	-	3,872,516	3,959,156
Bond issuance costs	-	-	112,073	112,073
Capital outlay	9,600	-	96,375	2,777,436
Total expenditures	56,348,084	208,448	16,105,470	72,662,002
Revenues over (under) expenditures	194,859	(205,580)	(310,849)	(321,570)
Other financing sources (uses)				
Transfers in	147,650	-	550,000	697,650
Transfers out	-	-	(697,650)	(697,650)
Proceeds from sale of capital assets	8,686	-	-	8,686
Proceeds from issuance of general obligation bonds	-	4,870,000	-	4,870,000
Premium on issuance of long-term debt	-	-	169,913	169,913
Issuance of lease liability	116,770	-	-	116,770
Total other financing sources (uses)	273,106	5,039,913	(147,650)	5,165,369
Net changes in fund balances	467,965	4,834,333	(458,499)	4,843,799
Fund balances, beginning of year, as previously reported	6,056,536	\$ 1,532,665	-	5,145,239
Changes within financial reporting entity	-	(1,532,665)	-	1,532,665
Fund balances, beginning of year, as adjusted	6,056,536	\$ -	-	6,677,904
Fund balances, end of year	\$ 6,524,501	\$ 4,834,333	\$ 6,219,405	\$ 17,578,239

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 4,843,799

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, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Purchase of capital assets	3,329,524
Depreciation/amortization expense	(4,549,758)
Proceeds from sale of capital assets	(8,686)
Loss on disposal of capital assets	7,668

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal and other obligations is an expenditure in the governmental funds, but a reduction in long-term liabilities in the statement of net position.

Proceeds from issuance of general obligation bonds	(4,870,000)
Issuance of lease liability	(116,770)
Premium on issuance of long-term debt	(169,913)
Principal payments on bonds, notes and other long-term liabilities	3,311,746
Amortization of bond premium	967,343

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest payable	(6,096)
Change in the accrual for compensated absences	(366,731)
Change in the net pension liability and related deferred amounts	3,860,070
Change in the net/total other postemployment benefit asset/liability and related deferred amounts	4,052,404

Change in net position of governmental activities \$ 10,284,600

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended June 30, 2025
With Comparative Totals for the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget	2024 Actual
Revenues					
Local sources:					
Property taxes	\$ 5,203,606	\$ 5,391,282	\$ 5,342,824	\$ (48,458)	\$ 5,029,550
Investment income	75,000	100,000	138,526	38,526	116,557
Athletics	176,400	148,975	150,233	1,258	187,634
Other	127,577	106,477	158,738	52,261	240,856
State sources	45,780,282	47,393,549	47,259,013	(134,536)	47,181,668
Federal sources	1,490,327	1,557,717	1,402,985	(154,732)	1,474,212
Interdistrict	1,666,000	1,928,727	2,090,624	161,897	1,849,376
Total revenues	54,519,192	56,626,727	56,542,943	(83,784)	56,079,853
Expenditures					
Current:					
Instructional services:					
Basic programs	28,187,525	29,475,359	29,404,956	(70,403)	28,629,166
Added needs	7,487,072	7,665,464	7,576,048	(89,416)	7,588,503
	35,674,597	37,140,823	36,981,004	(159,819)	36,217,669
Supporting services:					
Pupil services	4,408,907	4,717,917	4,918,876	200,959	4,557,214
Instructional staff	1,370,071	1,305,524	1,188,674	(116,850)	1,300,769
General administration	636,606	773,865	774,885	1,020	692,050
School administration	3,036,285	2,932,942	2,730,311	(202,631)	2,977,489
Business services	745,742	737,978	719,518	(18,460)	706,315
Operations and maintenance	4,827,191	4,954,622	4,707,214	(247,408)	4,545,600
Transportation	1,698,737	1,830,391	1,824,812	(5,579)	1,791,871
Central support	1,100,920	1,218,035	939,541	(278,494)	842,695
Other support	1,319,139	1,262,382	1,326,408	64,026	1,364,023
	19,143,598	19,733,656	19,130,239	(603,417)	18,778,026
Community services	20,757	28,471	28,855	384	35,904
Debt service:					
Principal	-	-	111,746	111,746	84,682
Interest and other charges	-	-	86,640	86,640	31,491
	-	-	198,386	198,386	116,173
Capital outlay	-	-	9,600	9,600	-
Total expenditures	54,838,952	56,902,950	56,348,084	(554,866)	55,147,772

continued...

MONA SHORES PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 For the Year Ended June 30, 2025
 With Comparative Totals for the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Budget	2024 Actual
Revenues over (under) expenditures	\$ (319,760)	\$ (276,223)	\$ 194,859	\$ 471,082	\$ 932,081
Other financing sources (uses)					
Transfers in	129,500	129,500	147,650	18,150	138,700
Transfers out	-	(10,000)	-	10,000	-
Proceeds from sale of capital assets	-	8,600	8,686	86	19,083
Issuance of subscription liability	200,000	200,000	-	(200,000)	-
Issuance of lease liability	-	-	116,770	116,770	124,341
Total other financing sources (uses)	329,500	328,100	273,106	(54,994)	282,124
Net changes in fund balance	9,740	51,877	467,965	416,088	1,214,205
Fund balance, beginning of year	6,056,536	6,056,536	6,056,536	-	4,842,331
Fund balance, end of year	\$ 6,066,276	\$ 6,108,413	\$ 6,524,501	\$ 416,088	\$ 6,056,536

concluded

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Net Position
 Internal Service Fund
 June 30, 2025

Assets	
Due from other funds	\$ 268,861
Liabilities	
Current liabilities:	
Accrued liabilities	9,305
Noncurrent liabilities:	
Total other postemployment benefit liability	259,556
Total liabilities	268,861
Net position	
Unrestricted	\$ -

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Revenues, Expenses and Changes in Fund Net Position		
Internal Service Fund		
For the Year Ended June 30, 2025		
Operating revenues		
Charges for services	\$	120,318
Operating expenses		
Wages and benefits		<u>120,318</u>
Operating income/change in net position		-
Net position, beginning of year		<u>-</u>
Net position, end of year	\$	<u><u>-</u></u>

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Cash Flows		
Internal Service Fund		
For the Year Ended June 30, 2025		
Cash flows from operating activities		
Receipts for interfund services	\$	120,318
Payments to vendors and employees		<u>(120,318)</u>
Net cash provided by operating activities		-
Cash and cash equivalents, beginning of year		<u>-</u>
Cash and cash equivalents, end of year	\$	<u><u>-</u></u>
Cash flows from operating activities		
Operating income	\$	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in operating assets and liabilities that provided (used) cash:		
Due from other funds		(188,141)
Accrued liabilities		6,564
Total other postemployment benefit liability		<u>181,577</u>
Net cash provided by operating activities	\$	<u><u>-</u></u>

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Fiduciary Net Position

Fiduciary Fund
June 30, 2025

	Custodial Fund
Assets	
Cash and investments	<u>\$ 77,615</u>
Net position	
Restricted for individuals and organizations	<u>\$ 77,615</u>

The accompanying notes are an integral part of these basic financial statements.

MONA SHORES PUBLIC SCHOOLS

Statement of Changes in Fiduciary Net Position

Fiduciary Fund
For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Collections for other organizations	\$ 109,218
Deductions	
Distributions to other organizations	<u>86,914</u>
Change in net position	22,304
Net position, beginning of year	<u>55,311</u>
Net position, end of year	<u>\$ 77,615</u>

The accompanying notes are an integral part of these basic financial statements.

NOTES TO FINANCIAL STATEMENTS

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Mona Shores Public Schools (the "District"), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

The District is governed by an elected seven-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Mona Shores Public Schools. The criteria identified in generally accepted accounting principals (GAAP), including financial accountability, have been utilized in identifying the District's reporting entity which includes no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2025.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General fund - This fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

2025 capital projects fund - This fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure in connection with the building and site bonds issued during the year.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *internal service fund* accounts for the cost of providing specific benefits to retired employees. Operating expenses are recognized in the funds generating the liabilities.

The *custodial fund* accounts for resources held on behalf of other individuals and governments. Primarily this includes undistributed collections.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. The District has no capital grants and contributions for the year ended June 30, 2025. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, unrestricted grants and interest income.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the internal service fund is charges to other funds to recover the costs of benefits to retired employees. Operating expenses for the internal service fund includes the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets and Budgetary Accounting

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with GAAP. The District considers the debt service payment schedule to be an adequate budgetary control. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all governmental funds requiring budgets.
5. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2025. Expenditures may not exceed appropriations at the activity level. The appropriations resolutions are based on the projected expenditures budget of the budgetary department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Property Taxes

Property taxes are recognized as revenue in the general, debt service and bond sinking funds on a levy year basis. The 2024 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. The District participates in an external investment pool. In accordance with GASB 79, the District's shares are recorded at amortized cost, which approximates fair value.

Receivables and Revenues

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

For the District, all properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1 for 100 percent of the taxes which are due September 15 and February 15.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the District Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable subscription-based information technology arrangements. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

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

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

Leases

Lessor. The District is a lessor for a noncancellable lease of a cell tower. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Lessee. The District is a lessee for several noncancellable leases for the use of vehicles. The District recognizes as lease liability and a tangible right-to-use asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

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 noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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.

Inventory and Prepaids

Inventory is stated at cost (first-in, first-out), and consists primarily of food and cafeteria supplies in the food service fund.

Payments to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the 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 cost at the date of donation.

The costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings and additions	7-50
Buses and other vehicles	7-10
Furniture and other equipment	5-20

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to pension and other postemployment benefit costs. A portion of these costs represent contributions to the plans subsequent to the plan measurement date.

Salaries Payable and Accrued Employee Benefits

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

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

Long-term Obligations

Bond premiums and discounts are deferred and amortized over the life of the related bonds using the sum-of-the-years-digits method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, during the current period. The face amount of debt issued is reported as an other financing source. Discounts and premiums on debt issuances are reported as other financing uses and sources, respectively.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to pension and other postemployment benefit costs. In addition, the District reports deferred inflows of resources related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Compensated Absences and Retirement Benefits

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences—vacation, personal, and sick pay. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Fund Balance

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The District currently has no assigned fund balance, as the Board of Education has not yet given the authority for the making of such assignments. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, the net/total other postemployment benefit asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 83.6% of the District's general fund revenue during the 2025 fiscal year.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

3. BUDGETARY COMPLIANCE

Excess of Expenditures over Appropriations in Budgetary Funds

During the year ended June 30, 2025, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Total Expenditures	Budget Variance
General fund			
Supporting services:			
Pupil services	\$ 4,717,917	\$ 4,918,876	\$ 200,959
General administration	773,865	774,885	1,020
Other support	1,262,382	1,326,408	64,026
Community service	28,471	28,855	384
Debt service:			
Principal	-	111,746	111,746
Interest and other charges	-	86,640	86,640
Capital outlay	-	9,600	9,600
Food service fund			
Transfers out	9,500	27,650	18,150
Food service fund			
Transfers out			
Student/School activity fund			
Student/school activity	1,286,950	1,384,713	97,763
Technology millage fund			
Technology	636,650	643,333	6,683
Capital outlay	113,050	222,459	109,409

4. DEPOSITS AND INVESTMENTS

Cash and investments are comprised of the following at year-end:

	Governmental Activities	Custodial Fund	Total
Cash and investments	<u>\$ 17,268,613</u>	<u>\$ 77,615</u>	<u>\$ 17,346,228</u>
Checking and savings accounts			\$ 10,302,133
Investments			7,041,265
Petty cash			2,830
Total			<u>\$ 17,346,228</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Michigan law authorizes the District to deposit and invest in:

- a. Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District has designated numerous banks and brokers for the deposit of its funds. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	\$ 6,422,886	AAAm S&P
MAX class	N/A	<u>618,379</u>	AAAm S&P
Total		<u>\$ 7,041,265</u>	

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

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for the District's investments are indicated in the previous table.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified previously for investments held at year end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, \$10,086,956 of the District's bank balance of \$10,336,956 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, 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 minimizes this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District's investment policy.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk.

5. RECEIVABLES AND PAYABLES

Receivables are comprised of the following at year-end:

	General Fund	Nonmajor Governmental Funds	Total
Accounts	\$ 71,391	\$ 11,255	\$ 82,646
Allowance for doubtful accounts	-	(4,524)	(4,524)
Due from other governments	8,843,315	197,878	9,041,193
Lease	1,247,765	-	1,247,765
Total	\$ 10,162,471	\$ 204,609	\$ 10,367,080

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Of the amounts reported for receivables above, lease receivables in the amount of \$1,245,234 are not expected to be collected within one year.

Accounts payable and accrued liabilities in the government-wide financial statements are as follows:

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Fund financial statements					
Accounts payable	\$ 243,916	\$ 166,093	\$ 572,156	\$ -	\$ 982,165
Accrued liabilities	5,233,696	-	16,294	9,305	5,259,295
Accrued interest payable on short-term debt	36,425	-	-	-	36,425
Due to other governments	621,268	-	-	-	621,268
	<u>\$ 6,135,305</u>	<u>\$ 166,093</u>	<u>\$ 588,450</u>	<u>\$ 9,305</u>	6,899,153
Government-wide financial statements					
Accrued interest on long-term liabilities					650,863
Total					<u>\$ 7,550,016</u>

6. OTHER ASSETS

Other assets in the government-wide financial statements are as follows:

	General Fund	Nonmajor Governmental Funds	Governmental Activities
Inventory	\$ -	\$ 35,796	\$ 35,796
Prepaid items	76,095	32,052	108,147
Total	<u>\$ 76,095</u>	<u>\$ 67,848</u>	<u>\$ 143,943</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 344,401	\$ -	\$ -	\$ -	\$ 344,401
Construction in progress	20,441,469	122,323	-	(20,423,068)	140,724
	<u>20,785,870</u>	<u>122,323</u>	<u>-</u>	<u>(20,423,068)</u>	<u>485,125</u>
Capital assets, being depreciated/amortized:					
Building and improvements	152,286,322	1,771,321	-	20,423,068	174,480,711
Building furnishings and equipment	24,374,841	1,240,710	(439,614)	-	25,175,937
Subscription assets	342,252	78,400	(83,208)	-	337,444
Lease vehicles (Note 11)	124,341	116,770	-	-	241,111
	<u>177,127,756</u>	<u>3,207,201</u>	<u>(522,822)</u>	<u>20,423,068</u>	<u>200,235,203</u>
Less accumulated depreciation/amortization for:					
Building and improvements	(42,181,447)	(3,757,102)	-	-	(45,938,549)
Building furnishings and equipment	(21,691,808)	(650,223)	438,596	-	(21,903,435)
Subscription assets	(229,630)	(84,305)	83,208	-	(230,727)
Lease vehicles (Note 11)	(24,178)	(58,128)	-	-	(82,306)
	<u>(64,127,063)</u>	<u>(4,549,758)</u>	<u>521,804</u>	<u>-</u>	<u>(68,155,017)</u>
Total capital assets being depreciated/amortized, net	<u>113,000,693</u>	<u>(1,342,557)</u>	<u>(1,018)</u>	<u>20,423,068</u>	<u>132,080,186</u>
Governmental activities capital assets, net	<u>\$ 133,786,563</u>	<u>\$ (1,220,234)</u>	<u>\$ (1,018)</u>	<u>\$ -</u>	<u>\$ 132,565,311</u>

Depreciation/amortization expense was reported as unallocated on the statement of activities.

As of year-end, the District had outstanding construction commitments of approximately \$20,000.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due from Other Funds	Due to Other Funds
General fund	\$ -	\$ 695,433
Nonmajor governmental funds	1,753,645	1,327,073
Internal service fund	268,861	-
	<u>\$ 2,022,506</u>	<u>\$ 2,022,506</u>

The District often reports interfund balances between many of its funds. These interfund balances result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended June 30, 2025, an interfund transfer in the amount of \$27,650 was made in order to reflect indirect costs reimbursed to the general fund by the food service special revenue fund. In addition, the District transferred \$120,000 from the community services fund to the general fund to support operations. The bond sinking fund also transferred \$550,000 to support the 2023 debt service fund for interest payments.

9. SHORT-TERM DEBT

The following is a summary of short-term debt transactions of the District for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance
School aid anticipation note (maturing August 20, 2025) with an interest rate of 4.65% (operating cash flow)	\$ 1,000,000	\$ 1,000,000	\$ (1,000,000)	\$ 1,000,000
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,000,000</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

10. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds, notes and other long-term liabilities transactions of the District for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 80,705,000	\$ 4,870,000	\$ (3,200,000)	\$ 82,375,000	\$ 6,455,000
Note from direct borrowings and direct placements:					
Installment purchase agreement	90,427	-	(44,688)	45,739	45,739
Subscription liability	29,501	-	(29,501)	-	-
Lease liability (Note 11)	111,688	116,770	(37,557)	190,901	69,143
	<u>80,936,616</u>	<u>4,986,770</u>	<u>(3,311,746)</u>	<u>82,611,640</u>	<u>6,569,882</u>
Unamortized premiums	11,215,479	169,913	(967,343)	10,418,049	933,744
Compensated absences*	5,136,830	366,731	-	5,503,561	1,065,693
Total governmental activities	<u>\$ 97,288,925</u>	<u>\$ 5,523,414</u>	<u>\$ (4,279,089)</u>	<u>\$ 98,533,250</u>	<u>\$ 8,569,319</u>

* The change in compensated absences above is a net change for the year.

	Ending Balance	Due Within One Year
General obligation bonds		
2016 building and site bonds due in amounts ranging from \$50,000 to \$1,015,000 plus interest ranging from 4.0-5.0% through 2030 (unlimited tax, general obligation)	\$ 5,065,000	\$ 1,015,000
2019 building and site bonds due in amounts ranging from \$250,000 to \$2,500,000 plus interest ranging from 4.0-5.0% through 2048 (unlimited tax, general obligation)	35,265,000	500,000
2021 building and site bonds due in amounts ranging from \$625,000 to \$2,490,000 plus interest ranging from 4.0-5.0% through 2048 (unlimited tax, general obligation)	33,560,000	1,540,000

continued...

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

	Ending Balance	Due Within One Year
2024 Energy Conservation bonds due in amounts ranging from \$385,000 to \$505,000 plus interest of 4.07% through 2033 (limited tax, general obligation)	\$ 3,615,000	\$ 400,000
2025 building and site bonds due in amounts ranging from \$125,000 to \$3,000,000 plus interest of 5.0% through 2042 (unlimited tax, general obligation)	4,870,000	3,000,000
Total	<u>\$ 82,375,000</u>	<u>\$ 6,455,000</u>

concluded

The District's note from direct borrowings and direct placements consists of the following item:

	Ending Balance	Due Within One Year
Scoreboard installment purchase agreement due in annual installments of \$46,813, including interest at 2.35%, through May 2026.	\$ 45,739	\$ 45,739

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended June 30,	Governmental Activities			
	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 6,455,000	\$ 3,942,379	\$ 45,739	\$ 1,075
2027	3,735,000	3,675,951	-	-
2028	4,025,000	3,510,610	-	-
2029	4,340,000	3,332,913	-	-
2030	4,660,000	3,141,901	-	-
2031-2035	12,350,000	13,521,129	-	-
2036-2040	14,915,000	10,298,500	-	-
2041-2045	18,615,000	6,174,500	-	-
2046-2048	13,280,000	1,349,250	-	-
	<u>\$ 82,375,000</u>	<u>\$ 48,947,133</u>	<u>\$ 45,739</u>	<u>\$ 1,075</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

11. LEASES

Lessor - The District is involved in one agreement as a lessor that qualifies as a long-term lease agreement. The agreement qualifies as a long-term lease agreement as the District will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. The lease is scheduled to expire on May 20, 2033, with the lessee's option to extend the lease for each of seven additional five year renewals. Total lease revenue for the year ended June 30, 2025 was \$27,595.

Lessee - The District has several leases for use of vehicles that qualify as long-term lease agreements. The agreements qualify as a tangible, right-to-use asset and not a financed purchase, as the District will not own the assets at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use-assets and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 10, Bonds, Notes and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreement
Vehicles	3 years

Future principal and interest payment requirements are as follows:

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 69,143	\$ 90,193
2027	62,357	50,947
2028	59,401	21,025
	<u>\$ 190,901</u>	<u>\$ 162,165</u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended June 30, 2025, the District carried commercial insurance to cover losses related to these risks. The District has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

13. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

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

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

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

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

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$10,447,108, which included \$2,782,876 the amount received from the State and remitted to the System to fund the MPERS unfunded actuarial accrued liability ("UUAL") stabilization rate. In addition, the District had additional contributions of \$632,559, which was a one-time, state payment toward the MPERS unfunded liability.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$453,302.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$424,167

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

At June 30, 2025, the District reported a liability of \$62,621,280 for its proportionate share of the MPSERS 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 rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.25578%, which was an increase of 0.01081% from its proportion measured as of September 30, 2023.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$7,212,414. 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 1,698,959	\$ 680,389	\$ 1,018,570
Changes in assumptions	6,528,640	4,588,159	1,940,481
Net difference between projected and actual earnings on pension plan investments	-	11,950,795	(11,950,795)
Changes in propor. on and differences between employer contributions and proportionate share of contributions	4,587,570	176,365	4,411,205
	<u>12,815,169</u>	<u>17,395,708</u>	<u>(4,580,539)</u>
District contributions subsequent to the measurement date	10,454,377	-	10,454,377
	<u>23,269,546</u>	<u>17,395,708</u>	<u>5,873,838</u>
Total	\$ 23,269,546	\$ 17,395,708	\$ 5,873,838

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

Year Ended June 30,	Amount
2026	\$ (268,850)
2027	1,871,700
2028	(3,408,624)
2029	<u>(2,774,765)</u>
Total	\$ (4,580,539)

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

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

At June 30, 2025, the District reported an asset of \$10,990,721 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset 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 rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.25534% which was an increase of 0.00408% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$3,541,077. 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 11,646,808	\$ (11,646,808)
Changes in assumptions	2,400,532	275,921	2,124,611
Net difference between projected and actual earnings on OPEB plan investments	-	2,080,669	(2,080,669)
Changes in proportion and differences between employer contributions and proportionate share of contributions	975,059	93,065	881,994
	<u>3,375,591</u>	<u>14,096,463</u>	<u>(10,720,872)</u>
District contributions subsequent to the measurement date	218,821	-	218,821
Total	<u>\$ 3,594,412</u>	<u>\$ 14,096,463</u>	<u>\$ (10,502,051)</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (3,478,758)
2027	(2,112,717)
2028	(2,038,248)
2029	(1,870,536)
2030	(1,019,701)
Thereafter	<u>(200,912)</u>
Total	<u>\$ (10,720,872)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension 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 pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.60%
Inflation			2.30%
Risk adjustment			<u>-1.90%</u>
Investment rate of return			<u><u>6.00%</u></u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 91,803,469	\$ 62,621,280	\$ 38,321,493

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (8,493,720)	\$ (10,990,721)	\$ (13,149,642)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (13,149,666)	\$ (10,990,721)	\$ (8,675,264)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$1,458,226 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$34,746 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

14. OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER

Plan Description

The District administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). In addition to the retirement benefits described in Note 13, the OPEB Plan provides health insurance benefits to certain retirees and their beneficiaries, which are funded on a pay-as-you-go basis. Effective August 31, 2016, this plan was closed to new hires. Separate financial statements are not prepared for the OPEB Plan.

Benefits Provided

The OPEB Plan is offered to teachers with 10 or more years of service with the District. Eligible employees who elect to retire under the Plan will receive a lump sum contribution into a 403(b) account in the amount of \$1,000 for each full-time year of service with the District. This amount is reduced by any previous non-elective employer contributions made to the teacher's 403(b) account and shall not exceed \$8,000. The Plan also includes an amount of up to \$3,000 per year (\$1,750 if single) to be contributed as a non-elective contribution into a 403(b) account or a Voluntary Employee Benefit Account for up to five years after retirement. This benefit is intended to offset any out of pocket costs incurred by the transition to the MPSERS retirement health plan.

The OPEB Plan is also offered to administrators with 5 or more years of service with the District. Eligible employees who elect to retire under the OPEB Plan will receive a lump sum contribution into a 403(b) account in a defined amount based on the number of years of service with the District. Administrators with between 5 and 9 years of service will receive a lump sum contribution of \$3,000; administrators with between 10 and 14 years of service will receive a lump sum contribution of \$4,000; and administrators with 15 or more years of service will receive a lump sum contribution of \$5,000. In addition, quarterly payments will also be made into a 403(b) account in the amount of \$250 for administrators with between 5 and 14 years of service and \$300 for administrators with 15 or more years with the District. The quarterly payments shall terminate the month after the administrator dies or 5 years after receipt of the initial payment, whichever comes first. The OPEB Plan also includes an amount of up to \$3,000 per year (\$1,750 if single) to be contributed as a non-elective contribution into a 403(b) account or a Voluntary Employee Benefit Account for up to five years after retirement. This benefit is intended to offset any out of pocket costs incurred by the transition to the MPSERS retirement health plan.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Employees Covered by Benefit Terms

At June 30, 2025, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	30
Active plan members	<u>163</u>
	<u>193</u>

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended by the District's Board of Education. The OPEB Plan's funding policy is that the District will fund the plan on a pay-as-you-go basis. There are no long-term contracts for contributions to the plan.

Total OPEB Liability

The total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024. The total OPEB liability is generally liquidated by the general fund.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	None assumed (benefit amounts are fixed)
Salary increases	3.00%
Investment rate of return	N/A; plan is not pre-funded
20-year Aa municipal bond rate	4.81%
Healthcare cost trend rate	Not applicable as the benefit is fixed
Mortality	Public General and Public Teacher 2010 Employee and Healthy Retiree, Headcount weighted
Improvement scale	IRS 2024 Adjusted Scale MP-2021

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Discount Rate

The discount rate used to measure the total OPEB liability was 4.81% (up from 4.21% at June 30, 2025). Because the OPEB Plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (2024, the depletion date), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Change in the Total OPEB Liability

The components of the change in the total OPEB liability are summarized as follows:

	Total OPEB Liability
Balance at June 30, 2024	\$ 1,917,192
Changes for the year:	
Service cost	50,368
Interest on the total OPEB liability	80,380
Differences between expected and actual experience	11,490
Changes in assumptions	(57,232)
Benefit payments and refunds	(116,600)
Net changes	(31,594)
Balance at June 30, 2025	\$ 1,885,598

Changes in assumptions for the year ended June 30, 2025 resulted from a change in the discount rate from 4.21% to 4.81%, along with updates to the mortality and salary scales.

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

The following table presents the total OPEB liability, calculated using a single discount rate of 4.81%, as well as what the total OPEB liability would be if it were calculated using a single discount rate that is one-percentage-point lower (3.81%) or one-percentage-point higher (5.81%) than the current rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
District's total OPEB liability	\$ 1,983,464	\$ 1,885,598	\$ 1,791,949

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rate

Since the benefit is fixed, the total OPEB liability would be unaffected by a 1% change in the healthcare cost trend.

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$81,590. 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 132,026	\$ 114,133	\$ 17,893
Changes in assumptions	111,572	485,979	(374,407)
Total	\$ 243,598	\$ 600,112	\$ (356,514)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	Year Ended June 30,	Amount
2026	\$	(49,158)
2027		(49,158)
2028		(49,158)
2029		(49,158)
2030		(51,664)
Thereafter		(108,218)
Total	\$	(356,514)

Payable to the Plan

At June 30, 2025, the District reported no amount payable to the OPEB Plan.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

15. FUND BALANCES - GOVERNMENTAL FUNDS

The District classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 35,796	\$ 35,796
Prepaid items	76,095	-	32,052	108,147
	<u>76,095</u>	<u>-</u>	<u>67,848</u>	<u>143,943</u>
Restricted				
Debt service	-	-	3,093,917	3,093,917
Food service	-	-	628,753	628,753
Technology services	-	-	157,795	157,795
Capital improvements	-	4,834,333	21,304	4,855,637
	<u>-</u>	<u>4,834,333</u>	<u>3,901,769</u>	<u>8,736,102</u>
Committed				
Community services	-	-	1,281,439	1,281,439
Student/school activity	-	-	968,349	968,349
	<u>-</u>	<u>-</u>	<u>2,249,788</u>	<u>2,249,788</u>
Unassigned	<u>6,448,406</u>	<u>-</u>	<u>-</u>	<u>6,448,406</u>
Total fund balances - governmental funds	<u>\$ 6,524,501</u>	<u>\$ 4,834,333</u>	<u>\$ 6,219,405</u>	<u>\$ 17,578,239</u>

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

16. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2025, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	\$ 485,125
Capital assets being depreciated/amortized, net	<u>132,080,186</u>
	<u>132,565,311</u>
Related debt:	
Bonds, notes and other long-term liabilities	82,611,640
Premiums on bonds payable	10,418,049
Unexpended bond proceeds	<u>(4,834,333)</u>
	<u>88,195,356</u>
Net investment in capital assets	<u>\$ 44,369,955</u>

17. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

Litigation

In the normal course of its activities, the District is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although some actions have been brought, the District has not experienced significant losses or costs. The District is of the opinion that the outcome of any pending actions will not have material effect on the District's financial position.

18. BOND SINKING FUND AND BOND CONSTRUCTION COSTS

The bond sinking fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Michigan Revised School Code.

2021 Capital Projects Fund

The 2021 capital projects fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Michigan Revised School Code.

MONA SHORES PUBLIC SCHOOLS

Notes to Financial Statements

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2021 capital projects fund. The project for which the 2021 School Building and Site Bonds, Series I, were issued was considered complete on June 30, 2025 (certificate of substantial completion) and the cumulative expenditures recognized for the construction period were \$47,980,812.

2025 Capital Projects Fund

The 2025 capital projects fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Michigan Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

19. SUBSEQUENT EVENT

In September 2025, the District borrowed \$2,000,000 in a State Aid Anticipation Note with an interest rate of 4.11% maturing in August 2026.

20. RESTATEMENT/ADJUSTMENTS TO BEGINNING BALANCES

For the year ended June 30, 2025, the District had the following restatement/adjustments to beginning net position/fund balance:

	Governmental Activities	2021 Capital Projects Fund	Nonmajor Governmental Funds
Net position/fund balances, beginning of year, as previously reported	\$ (13,008,224)	\$ 1,532,665	\$ 5,145,239
Change in accounting principle - Implementation of new standard	(4,558,267)	-	-
Change within the financial reporting entity - Change from major to nonmajor fund	-	(1,532,665)	1,532,665
Net position/fund balances, beginning of year, as restated/adjusted	<u>\$ (17,566,491)</u>	<u>\$ -</u>	<u>\$ 6,677,904</u>

The District implemented GASB Statement No. 101, *Compensated Absences*, in the current year.

The District previously reported the 2021 capital projects fund as major. The 2021 capital projects fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.



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REQUIRED SUPPLEMENTARY INFORMATION

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MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information
 MPERS Cost-Sharing Multiple-Employer Plan
 Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 62,621,280	\$ 79,281,751	\$ 88,421,860	\$ 54,809,205
District's proportion of the net pension liability	0.25578%	0.24497%	0.23511%	0.23150%
District's covered payroll	\$ 26,712,184	\$ 24,978,656	\$ 22,723,441	\$ 20,560,150
District's proportionate share of the net pension liability as a percentage of its covered payroll	234.43%	317.42%	389.12%	266.58%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.

Required Supplementary Information

	Year Ended June 30,					
	2021	2020	2019	2018	2017	2016
District's proportionate share of the net pension liability	\$ 78,960,369	\$ 72,358,304	\$ 64,385,797	\$ 56,704,776	\$ 54,064,059	\$ 51,586,704
District's proportion of the net pension liability	0.22986%	0.21850%	0.21418%	0.21882%	0.21670%	0.21120%
District's covered payroll	\$ 20,514,855	\$ 19,414,437	\$ 17,852,399	\$ 18,248,571	\$ 18,426,941	\$ 17,435,493
District's proportionate share of the net pension liability as a percentage of its covered payroll	384.89%	372.70%	360.66%	310.74%	293.40%	295.87%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	63.26%	64.21%	63.27%	63.17%

MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information
 MPERS Cost-Sharing Multiple-Employer Plan
 Schedule of District Pension Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 10,447,108	\$ 10,610,919	\$ 8,763,918	\$ 7,952,154
Contributions in relation to the statutorily required contribution	<u>(10,447,108)</u>	<u>(10,610,919)</u>	<u>(8,763,918)</u>	<u>(7,952,154)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,872,419	\$ 26,604,805	\$ 24,643,300	\$ 22,667,278
Contributions as a percentage of covered payroll	37.48%	39.88%	35.56%	35.08%

See notes to required supplementary information.

	Year Ended June 30,					
	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 6,902,988	\$ 6,258,390	\$ 5,763,839	\$ 5,961,114	\$ 5,126,479	\$ 4,790,382
Contributions in relation to the statutorily required contribution	<u>(6,902,988)</u>	<u>(6,258,390)</u>	<u>(5,763,839)</u>	<u>(5,961,114)</u>	<u>(5,126,479)</u>	<u>(4,790,382)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,306,793	\$ 20,527,516	\$ 19,207,895	\$ 18,334,922	\$ 18,203,874	\$ 17,568,041
Contributions as a percentage of covered payroll	33.99%	30.49%	30.01%	32.51%	28.16%	27.27%

MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information
 MPSERS Cost-Sharing Multiple-Employer Plan
 Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (10,990,721)	\$ (1,421,402)	\$ 4,981,608	\$ 3,492,167
District's proportion of the net OPEB asset/liability	0.25534%	0.25126%	0.23520%	0.22879%
District's covered payroll	\$ 26,712,184	\$ 24,978,656	\$ 22,723,441	\$ 20,560,150
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-41.14%	-5.69%	21.92%	16.99%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

	Year Ended June 30,		
	2021	2020	2019
District's proportionate share of the net OPEB (asset) liability	\$ 12,433,867	\$ 15,966,895	\$ 16,677,404
District's proportion of the net OPEB asset/liability	0.23209%	0.22245%	0.20981%
District's covered payroll	\$ 20,514,855	\$ 19,414,437	\$ 17,852,399
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	60.61%	82.24%	93.42%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	42.95%

See notes to required supplementary information.

MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of District Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contributions	\$ 453,302	\$ 2,110,580	\$ 1,930,319	\$ 1,783,622
Contributions in relation to the statutorily required contributions	<u>(453,302)</u>	<u>(2,110,580)</u>	<u>(1,930,319)</u>	<u>(1,783,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,872,419	\$ 26,604,805	\$ 24,643,300	\$ 22,667,278
Contributions as a percentage of covered payroll	1.63%	7.93%	7.83%	7.87%

	Year Ended June 30,		
	2021	2020	2019
Statutorily required contributions	\$ 1,674,184	\$ 1,618,900	\$ 1,506,881
Contributions in relation to the statutorily required contributions	<u>(1,674,184)</u>	<u>(1,618,900)</u>	<u>(1,506,881)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,306,793	\$ 20,527,516	\$ 19,207,895
Contributions as a percentage of covered payroll	8.24%	7.89%	7.85%

See notes to required supplementary information.

MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan

Schedule of Changes in the District's Total Other Postemployment Benefit Liability and Related Ratios

	Year Ended June 30,			
	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 50,368	\$ 51,256	\$ 51,673	\$ 80,781
Interest on the total OPEB liability	80,380	79,092	77,653	47,561
Differences between expected and actual experience	11,490	43,067	(5,497)	(154,128)
Changes in assumptions	(57,232)	(55,883)	(742)	(149,588)
Benefit payments and refunds	(116,600)	(128,250)	(84,250)	(73,000)
Net change in total OPEB liability	(31,594)	(10,718)	38,837	(248,374)
Total OPEB liability, beginning of year	<u>1,917,192</u>	<u>1,927,910</u>	<u>1,889,073</u>	<u>2,137,447</u>
Total OPEB liability, end of year	\$ 1,885,598	\$ 1,917,192	\$ 1,927,910	\$ 1,889,073

	Year Ended June 30,		
	2021	2020	2019
	\$ 76,968	\$ 80,053	\$ 101,622
	56,355	51,465	23,685
	(71,411)	99,258	(99,942)
	65,375	133,820	(439,735)
	(63,000)	(112,000)	(64,000)
	<u>64,287</u>	<u>252,596</u>	<u>(478,370)</u>
	<u>2,073,160</u>	<u>1,820,564</u>	<u>1,917,192</u>
	\$ 2,137,447	\$ 2,073,160	\$ 1,438,822

See notes to required supplementary information.

MONA SHORES PUBLIC SCHOOLS

Required Supplementary Information

Single-Employer Other Postemployment Benefit Plan
Schedule of District Contributions

Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
2025	\$ 273,820	\$ 116,600	\$ 157,220
2024	274,988	128,250	146,738
2023	256,123	84,250	171,873
2022	286,899	73,000	213,899
2021	269,739	63,000	206,739
2020	251,182	112,000	139,182
2019	268,490	64,000	204,490

See notes to required supplementary information.

MONA SHORES PUBLIC SCHOOLS

Notes to Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of date will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

MONA SHORES PUBLIC SCHOOLS

Notes to Required Supplementary Information

OPEB Information (Concluded)

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

Single-Employer Other Postemployment Benefit Plan

Schedule of Changes in the District's Total Other Postemployment Benefit Liability and Related Ratios

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

As contributions to the OPEB plan not based on a measure of pay, covered payroll and related ratios are not presented.

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - There was an increase in the discount rate from 4.21% to 4.81%, along with updates to the mortality and salary scales.
- 2024 - There was an increase in the discount rate from 4.13% to 4.21%, along with updates to the mortality and salary scales.
- 2023 - There was an increase in the discount rate from 4.09% to 4.13%.
- 2022 - There was a change in the discount rate from 2.18% to 4.09%, the mortality improvement was updated to 2021, pre-retirement mortality added, general mortality valued for all spouses, and the salary scale was changed from 1.88% to 2.00%.
- 2021 - There was a decrease in the discount rate from 2.66% to 2.18%.
- 2020 - There were updates to the mortality tables used, the salary scale was updated to 1.88%, and the discount rate was updated from 2.79% to 2.66%.
- 2019 - There were updates to the mortality tables used, the salary scale was updated to 3.5%, and the discount rate was updated from 1.0% to 2.79%.
- 2018 - The mortality improvement scale was updated to 2017.

MONA SHORES PUBLIC SCHOOLS

Notes to Required Supplementary Information

Schedule of District Contributions

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

As contributions to the OPEB plan not based on a measure of pay, covered payroll and related ratios are not presented.

Valuation Date Actuarially determined contribution rates are calculated as of the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percent of compensation
Asset valuation method	Not applicable; plan is not pre-funded
Inflation	None assumed (benefit amounts are fixed)
Salary increases	3.00%
Investment rate of return	Not applicable; plan is not pre-funded
Retirement age	Age 60
Mortality	Teachers: Public Teacher 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 Adjusted Scale MP-2021 improvement; Administrators and spouses: Public General 2010 Employee and Healthy Retiree, headcount weighted, IRS 2024 Adjusted Scale MP-2021 improvement
Healthcare cost trend rates	Not applicable as the retirement benefit is a fixed amount
Utilization	100% of future retirees are expected to receive benefits under this plan
Marital assumption	80% of eligible participants will have a covered spouse at retirement with males 3 years older than females; actual spouse data used for retirees

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APPENDIX D
FORM OF LEGAL OPINION

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DRAFT LEGAL OPINION

Mona Shores Public Schools
County of Muskegon
State of Michigan

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

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

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

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

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

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



Mona Shores Public Schools
County of Muskegon
State of Michigan

_____, 2026

Page 2

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

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

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

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

THRUN LAW FIRM, P.C.

TLF/IFK

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____

**MONA SHORES PUBLIC SCHOOLS
COUNTY OF MUSKEGON
STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE (SERIES II) AND REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Mona Shores Public Schools, County of Muskegon, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2026 School Building and Site (Series II) and Refunding Bonds (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on January 12, 2026 and _____, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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



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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

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

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

MONA SHORES PUBLIC SCHOOLS
COUNTY OF MUSKEGON
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

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

Issuer's and/or other Obligated Person's Name: _____

Issuer's Six-Digit CUSIP Number(s): _____

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

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

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

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

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (_____) _____

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



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