

## PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 11, 2026

### NEW ISSUE—Book-Entry-Only

**RATINGS†\*:** Moody's Investors Service Aa1 / A2  
Michigan School Bond Qualification and Loan Program / Underlying

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

**\$23,815,000\*\***



### EATON RAPIDS PUBLIC SCHOOLS COUNTIES OF EATON AND INGHAM, STATE OF MICHIGAN 2026 SCHOOL BUILDING AND SITE (SERIES III) AND REFUNDING BONDS (GENERAL OBLIGATION - UNLIMITED TAX)

**Dated: Date of Delivery**

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

On November 3, 2020, the qualified electors of the Eaton Rapids Public Schools, Counties of Eaton and Ingham, State of Michigan (the "School District") approved the issuance of bonds in the amount not to exceed \$45,175,000 to be issued in one or more series of bonds. Proceeds of the 2026 School Building and Site (Series III) and Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") in the principal amount of \$18,275,000\*\*, representing the third and final series of bonds under the 2020 authorization, will be used for school building and site purposes and the remaining proceeds of the Bonds in the principal amount of \$5,540,000\*\* will be used to currently refunding 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 14, 2026 and expected to be adopted on February \_\_\_, 2026 (together, the "Resolutions"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

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

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

<b>Maturity**</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP\$</b>	<b>Maturity**</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP\$</b>
2027	\$ 325,000			2039	\$ 805,000		
2028	2,790,000			2040	855,000		
2029	2,425,000			2041	890,000		
2030	100,000			2042	930,000		
2031	465,000			2043	970,000		
2032	590,000			2044	1,020,000		
2033	615,000			2045	1,070,000		
2034	645,000			2046	1,125,000		
2035	675,000			2047	1,200,000		
2036	700,000			2048	1,270,000		
2037	740,000			2049	1,340,000		
2038	770,000			2050	1,500,000		

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

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

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

\* As of date of delivery.

\*\* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the Underwriter. 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 Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriter).

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

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

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

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BOARD OF EDUCATION

Dan Guy, President  
Valerie VanSandt, Vice President  
Becky Thompson, Secretary  
Steven Curry, Treasurer  
Melissa Eckman, Trustee  
Jann Jansen, Trustee  
Brian Ross, Trustee

ADMINISTRATIVE STAFF

Kevin Dufresne, Superintendent of Schools  
Collin D. Smith, Chief Financial Officer

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**OFFICIAL STATEMENT  
relating to**

**\$23,815,000<sup>1</sup>**  
**EATON RAPIDS PUBLIC SCHOOLS**  
**COUNTIES OF EATON AND INGHAM, STATE OF MICHIGAN**  
**2026 SCHOOL BUILDING AND SITE (SERIES III) 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 Eaton Rapids Public Schools, Counties of Eaton and Ingham, State of Michigan (the "School District") of its 2026 School Building and Site (Series III) and Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$23,815,000<sup>1</sup>.

**PURPOSE AND SECURITY**

On November 3, 2020, the qualified electors of the School District authorized the issuance of bonds by the School District in the amount not to exceed Forty-Five Million One Hundred Seventy-Five Thousand Dollars (\$45,175,000) to be issued in one or more series of bonds. Proceeds of the Bonds in the principal amount of \$18,275,000<sup>1</sup>, representing the third and final series of bonds under the 2020 authorization, are being issued for the purpose of remodeling, furnishing and refurnishing, and equipping and re-equipping school buildings; acquiring and installing instructional technology in school buildings; purchasing school buses; erecting, furnishing, and equipping a gymnasium addition to Lockwood Elementary School; erecting, preparing, developing, improving, and equipping athletic fields, facilities, and structures; preparing, developing, improving, and equipping playgrounds and sites (the "Project"); and paying a portion of the costs of issuing the Bonds.

The remaining \$5,540,000<sup>1</sup> of the bond proceeds will be used for the purpose of currently refunding a portion of the School District's outstanding 2016 Refunding Bonds, dated March 2, 2016, which are due and payable May 1, 2028 and May 1, 2029 (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 14, 2026 and expected to be adopted on February \_\_, 2026 (together, the "Resolutions"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

**QUALIFICATION BY THE STATE OF MICHIGAN**

An application will be submitted to the Michigan Department of Treasury to obtain, and it is the School District's expectation that the Bonds will receive, final qualification as of the date of delivery to participate in the Michigan School Bond Qualification and Loan Program pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School

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

District to make the payment. Article IX, Section 16 of the State Constitution as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing. See APPENDIX A, "State Qualification," in this Official Statement.

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

### **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 at call for redemption. The Escrow Fund will be held by the Escrow Agent pursuant to an escrow agreement (the "Escrow Agreement") which irrevocably directs the Escrow Agent to make the payment of principal of and interest on the Prior Bonds at call for redemption. The Escrow Fund will be such that the cash and the principal of and interest payments received on investments will be sufficient, without reinvestment except as provided in the Escrow Agreement, to pay the principal of and interest on the Prior Bonds as they are called for early redemption, as set forth in the following table.

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/2026	\$5,395,000.00	\$107,900.00	\$5,502,900.00

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 Underwriter and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

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

## 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  
Underwriter's Discount  
Costs of Issuance for the Bonds  
Total Uses

## THE BONDS

### Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 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 Underwriter 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 Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from

over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's

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

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

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

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

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

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

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

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

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

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

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

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

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

## **SOURCES OF SCHOOL OPERATING REVENUE**

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation

allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property<sup>1</sup>, a State sales and use tax, a real estate transfer tax and a cigarette tax.

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

State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State school aid fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the 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 B.

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 D.

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

## **MICHIGAN PROPERTY TAX REFORM**

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

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

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

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

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

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

## **LITIGATION**

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

## **TAX MATTERS**

### **State**

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

### **Federal**

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code") is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income

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

for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

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

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

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

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

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

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

## **Future Developments**

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

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

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

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

## **APPROVAL OF LEGAL PROCEEDINGS**

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

Certain legal matters will be passed upon for the Underwriter by its 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.

## **RATINGS**

Moody's Investors Service ("Moody's") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "Aa1" to the Bonds based upon the fact that each Bond will be fully qualified for participation in the Michigan School Bond Qualification and Loan Program as of its date of delivery. See "QUALIFICATION BY THE STATE OF MICHIGAN," "LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES" and APPENDIX A, "State Qualification," herein.

Moody's will also assign, as of the date of delivery of the Bonds, its underlying municipal bond rating of "A2" to the Bonds without regard to qualification of the Bonds for participation in the Michigan School Bond Qualification and Loan Program.

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to 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 (the "Underwriter" or "Stifel"), has 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 Underwriter, 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 Underwriter has 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 Underwriter 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 Underwriter. 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 Underwriter 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 Underwriter, within seven business days of the date of the Bond Purchase Agreement, an electronic copy of the Official Statement to enable the Underwriter 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**

Baker Tilly Municipal Advisors, LLC (successor to H.J. Umbaugh & Associates, Certified Public Accountants, LLP) (the "Municipal Advisor" or "Baker Tilly") has been retained by the School District to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by the School District officials and other sources deemed to be reliable. The Municipal Advisor has not and

will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor's duties, responsibilities and fees arise solely as municipal advisor to the School District and they have no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds.

#### *Municipal Advisor Registration*

Baker Tilly is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, Baker Tilly is providing certain specific municipal advisory services to the School District, but is neither a placement agent to the School District nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School District, in the sole discretion of the School District, and under its control and supervision. The School District has agreed that Baker Tilly does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

#### *Other Financial Industry Activities and Affiliations*

Baker Tilly Investment Services, LLC ("BTIS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of Baker Tilly.

Baker Tilly Virchow Krause, LLP ("BTVK") is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTVK and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTVK is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTVK, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of Baker Tilly.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTVK, is a state-registered investment adviser that provides both discretionary and non-discretionary investment advice, investment and pension consulting and portfolio management services to individual and institutional clients. BTF may provide advisory services to the clients of Baker Tilly.

Baker Tilly has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

## **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 F: Form of Continuing Disclosure Agreement." Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings "Enrollment – Enrollment History," "Labor Relations," "Retirement Plan - Contributions to MPSERS," "History of Valuations – State Equalized Valuation and Taxable Value," "Tax Levies and Collections," "State Aid Payments," "School District Tax Rates (Per \$1,000

of Valuation)," "Largest Taxpayers," "School Bond Qualification and Loan Program," as it relates to the School District's School Loan Revolving Fund balance, if any, and "Direct Debt," in APPENDIX B and General Fund Budget Summary in APPENDIX C.

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

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

EATON RAPIDS PUBLIC SCHOOLS  
COUNTIES OF EATON AND INGHAM  
STATE OF MICHIGAN

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

**APPENDIX A  
STATE QUALIFICATION**

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

**State loans to school districts.**

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

**Amount of loans.**

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

**Qualified bonds.**

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

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

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

**Bonds, state loans, repayment.**

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

**Power to tax unlimited.**

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

**Rights and obligations to remain unimpaired.**

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

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

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

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

*The People of the State of Michigan enact:*

**388.1921 Short title.**

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

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

**388.1922 Purpose of act.**

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

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

**388.1923 Definitions.**

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) To pay debt service on the qualified bonds.
- (b) To repay this state.

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

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

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

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

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

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

CONSTITUTIONAL LAW:  
SCHOOL BONDS:  
MUNICIPAL FINANCE COMMISSION:

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

No. 4422

March 12, 1965.

Hon. Sanford A. Brown  
State Treasurer  
Lansing, Michigan

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,  
Attorney General

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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

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

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

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

August 29, 1966.

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

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

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

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

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

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

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<sup>1</sup>In your letter of request you stated that you were familiar with Opinion No. 4422 issued by me on March 12, 1965, in which it was ruled that Article IX, Section 16, Constitution of 1963, requires school districts to borrow and the state to lend sufficient sums to cover debt service payments on qualified bonds of school districts but that this requirement is not a pledge of the full faith and credit of the state; the Municipal Finance Commission however may and must enforce the duty of the school district to borrow and have the state to lend the necessary amounts.

<sup>2</sup>Act 108, P.A. 1961, in its present amended form appears in M.S.A. 1965 Cum. Supp. § S 3.424(111) et seq.

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

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

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

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

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

- a. Ascertaining from the superintendent of public instruction or from the records in your own office that the bonds involved are duly qualified bonds as defined and described in amended Section 3 of the act;
- b. Requiring proof reasonably satisfactory to you that the bond or bonds or the interest coupons have been properly presented for payment to the paying agent or officer charged with the responsibility for making payment thereof and that payment has been refused because sufficient monies had not been deposited by the school district for that purpose; such proof of nonpayment may be furnished you in the form of a certificate from the paying agent.

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

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

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

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

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

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

FRANK J. KELLEY,  
Attorney General

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**APPENDIX B<sup>1</sup>**  
**SCHOOL DISTRICT DATA**

**Location and Area**

Eaton Rapids Public Schools (the “School District”) is a K-12 school district located in Eaton and Ingham counties. The School District lies approximately 18 miles south of Lansing, the State capital, and encompasses approximately 120.9 square miles. Included in the School District are the City of Eaton Rapids and portions of eight surrounding townships. In Eaton County, the School District covers portions of Brookfield, Eaton, Eaton Rapids, Hamlin, and Windsor townships and in Ingham County the School District covers portions of Aurelius, Delhi, and Onondaga townships.

**Population<sup>2</sup>**

The School District’s historical estimated populations within its boundaries are as follows:

2000	16,231
2010	17,112
2020	17,137

The following is a record of the 2010 and 2020 populations for the municipal units that comprise the School District, without regard to the School District boundaries.

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
Eaton County			
Brookfield Township	1,640	1,497	-8.7%
Eaton Township	4,062	4,123	1.5%
Eaton Rapids Township	4,099	4,181	2.0%
Hamlin Township	3,302	3,408	3.2%
Windsor Township	6,895	6,971	1.1%
City of Eaton Rapids	5,275	5,229	-0.9%
Ingham County			
Aurelius Township	3,507	4,350	24.0%
Delhi Township	25,340	27,817	9.8%
Onondaga Township	3,130	3,244	3.6%

**Board of Education**

The School District is governed by seven elected Board of Education members who serve six-year terms.

**Enrollment**

The following tables show total full time equivalent enrollments as of the Fall pupil count day at the School District for the current and past nine years as well as the 2025/2026 enrollment by grade.

**Enrollment History**

2025/26	1,896*	2020/21	2,036
2024/25	1,920	2019/20	2,253
2023/24	1,931	2018/19	2,282
2022/23	1,971	2017/18	2,368
2021/22	2,029	2016/17	2,348

Projected Pre-K – 12 enrollment for 2026/2027 is 1,875 as estimated by the School District.

<sup>1</sup> Unless otherwise noted, the information contained in Appendix B was provided by the School District.

<sup>2</sup> Sources: School District figures: 2000, 2010 and 2020 – U.S. Census of Population.

\*Unaudited

2025/26 Enrollment by Grade

Kindergarten	143	7 <sup>th</sup>	136
1 <sup>st</sup>	121	8 <sup>th</sup>	138
2 <sup>nd</sup>	137	9 <sup>th</sup>	147
3 <sup>rd</sup>	139	10 <sup>th</sup>	169
4 <sup>th</sup>	136	11 <sup>th</sup>	165
5 <sup>th</sup>	120	12 <sup>th</sup>	<u>199</u>
6 <sup>th</sup>	146		
		Total	<u>1,896*</u>

\*Unaudited

School District Facilities

	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Additions/Remodeling</u>
Lockwood Elementary	K-2	1969	1996, 2025
Greyhound Central Elementary	PreK-K	2006	
Greyhound Intermediate School	3-5	1997	2006, 2015
Eaton Rapids Middle School	6-8	1970	1997, 2006, 2025
Eaton Rapids High School	9-12	1963	1970, 1997, 2006, 2015
Transportation Building		2006	
Maintenance Building		2006	
Greyhound Central Alternative High School	9-12	2006	

Other Schools

The only other school within the School District's boundaries is Island City Academy, a charter school serving grades K-8.

Labor Relations

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Administrators	18	N/A	N/A
Teachers	130	EREA/MEA	06/30/2028
Support staff	110	ERESPA/MEA	06/30/2026
Bus Drivers	4	Independent	06/30/2026
Non-Affiliated	<u>18</u>	N/A	N/A
Total	<u>280</u>		

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

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.

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 benefit 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.

#### Contributions to MPSERS

The School District's estimated contribution to MPSERS for 2025/26 and the contributions for the previous four years are shown below.

<u>Fiscal Year Ending June 30,</u>	<u>Contribution to MPSERS<sup>1</sup></u>
2026	\$5,300,000 (estimate)
2025	5,044,403
2024	5,559,293
2023	4,888,482
2022	4,798,825

#### Other Post-Employment Benefits

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

### **GENERAL FINANCIAL INFORMATION**

#### Assessed Valuations<sup>2</sup>

Taxable property in the School District is assessed by the respective municipal assessors and is subject to review by the County Equalization Departments. Tax levies on property in Michigan are applied against the taxable value of all property on the ad valorem tax roll as finally equalized by the State of Michigan.

In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3, of the 1963 Michigan Constitution, the ad valorem state equalized valuation ("SEV") represents 50 percent of true cash value. SEV does not include any value of tax-exempt property (e.g., churches, governmental property, and public schools) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. The assessed values of Industrial Facilities Tax (IFT) properties are maintained on a separate tax roll. Beginning in 1994, ad valorem property taxes are levied on the basis of taxable value, which is subject, in the case of some property, to assessment caps.

<sup>1</sup> Sources: Audited Financial Statements and the School District.

<sup>2</sup> See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

The following tables show a history of assessed valuations for the School District and an analysis of the 2025 taxable value by class and by municipal unit.

**History of Valuations – State Equalized Valuation and Taxable Valuation**<sup>1, 2, 3</sup>

	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2025	\$1,007,647,440	\$719,549,871
2024	964,458,456	691,100,790
2023	924,845,278	597,763,686
2022	764,206,472	591,625,493
2021	721,567,812	591,111,037

**2025 Taxable Value by Class**<sup>1,2</sup>

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agricultural	\$52,688,841	7.32%
Commercial	33,970,098	4.72
Industrial	15,187,947	2.11
Residential	574,671,157	79.87
Commercial Personal	5,798,636	0.81
Industrial Personal	19,817,200	2.75
Utility Personal	<u>17,415,992</u>	<u>2.42</u>
Total	<u>\$719,549,871</u>	<u>100.00%</u>

**2025 Taxable Valuation by Municipal Unit**<sup>1,4,5</sup>

<u>Name of Unit</u>	<u>Homestead</u> <sup>2</sup>	<u>Non-Homestead</u> <sup>3</sup>	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Eaton County</i>				
Brookfield Township	\$21,565,197	\$3,780,217	\$25,345,414	3.52%
Eaton Township	15,038,445	1,887,177	16,925,622	2.35
Eaton Rapids Township	166,983,574	16,504,432	183,488,006	25.50
Hamlin Township	128,938,058	15,218,165	144,156,223	20.04
Windsor Township	67,605,361	11,286,016	78,891,377	10.96
City of Eaton Rapids	94,906,597	56,960,282	151,866,879	21.11
<i>Ingham County</i>				
Aurelius Township	42,645,090	4,405,733	47,050,823	6.54
Delhi Township	15,107,076	1,584,274	16,691,350	2.32
Onondaga Township	<u>49,857,200</u>	<u>5,276,977</u>	<u>55,134,177</u>	<u>7.66</u>
Total	<u>\$602,646,598</u>	<u>\$116,903,273</u>	<u>\$719,549,871</u>	<u>100.00%</u>

<sup>1</sup> Source: Eaton and Ingham County Equalization Departments.

<sup>2</sup> The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

<sup>3</sup> Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

<sup>4</sup> See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

<sup>5</sup> Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only.

### **Industrial Facilities Tax (IFT) Valuation<sup>1</sup>**

Under the provisions of Act 198 of the Public Acts of Michigan, 1974, as amended ("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 \$0, which is taxed at one-half rate of the total IFT valuations.

As part of the phase-out of Michigan's property tax on personal property, if a facility and personal property within that facility is subject to an industrial facilities exemption on December 31, 2013, that property would continue to be subject to the industrial facilities tax until the expiration of said tax at which time the property tax exemption would remain intact until the "eligible personal property" is exempt under the new law. See "MICHIGAN PROPERTY TAX REFORM" herein.

### **Tax Increment Authorities<sup>1</sup>**

Act 57 of the Public Acts of Michigan, 2018 (the "Recodified TIF Act") and Act 381 of the Public Acts of Michigan, 1996 (the "BRDA Act," and, together with the Recodified TIF Act, the "TIF Acts"), authorize the designation of specific districts (the "TIF Districts") known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts and Brownfield Redevelopment District Authority ("BRDA") Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA or BRDA Districts 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 TIF District are in place. These captured revenues are used by the District and are not passed on to the local taxing jurisdictions.

### **Tax Levies and Collections**

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

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<sup>1</sup> Source: Eaton and Ingham County Equalization Departments.

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

<u>School Year</u>	<u>Operating Tax Levy</u>	<u>Current Collections to March 1</u>		<u>Collections to June 30 Fiscal Year End</u>	
2025/2026	\$6,993,749	In process of collection		In process of collection	
2024/2025	6,727,880	\$6,274,121	93.26%	\$6,702,191	99.62%
2023/2024	6,190,814	5,827,892	94.14	6,167,463	99.62
2022/2023	5,694,643	5,377,540	94.43	5,679,720	99.74
2021/2022	5,657,042	5,342,405	94.44	5,636,030	99.63

### **State Aid Payments**

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The target foundation allowance for all school districts in the State of Michigan is \$10,050 per pupil for fiscal year 2025/26. In future years, this allowance may be adjusted by an index based upon the change in revenues to the State school aid fund and the change in the total number of pupils statewide. See "SOURCES OF SCHOOL OPERATING REVENUE" herein for additional information.

The following table shows a history of the School District's Blended Pupil Count, Foundation Allowance Per Pupil, and Total State Aid Payments including categoricals.

<u>Year</u>	<u>Blended Pupil Count</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>
2025/26	1,896	\$10,050	\$24,033,696 (est.)
2024/25	1,921	9,608	24,350,955
2023/24	1,933	9,608	24,365,955
2022/23	1,974	9,150	23,865,936
2021/22 <sup>1</sup>	2,029	8,700	19,973,380

### **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 (State Equalized Valuation) in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be reduced through a Millage Reduction fraction unless new millage is authorized by a vote of the electorate of the local taxing unit.

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<sup>1</sup> Public Act 48 of 2021 increased the foundation allowance to \$8,700 per pupil in 2021/22 and eliminated the foundation allowance range that has been in place since the passage of the school finance reform legislation in 1994. See "SOURCES OF SCHOOL OPERATING REVENUE" herein.

**School District Tax Rates (Per \$1,000 of Valuation)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating <sup>1</sup>	17.8669	17.8669	17.8669	17.8669	17.8669
Sinking Fund <sup>1</sup>	.9851	.9851	.9851	.9851	.9851
Debt	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>
Total Non-Principal Residence	<u>25.8520</u>	<u>25.8520</u>	<u>25.8520</u>	<u>25.8520</u>	<u>25.8520</u>
Principal Residence	<u>7.9851</u>	<u>7.9851</u>	<u>7.9851</u>	<u>7.9851</u>	<u>7.9851</u>

**Other Tax Rates (Per \$1,000 of Valuation)**<sup>2</sup>

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Eaton County	9.5683	9.5819	9.5805	9.5805	9.0805
City of Eaton Rapids	9.1889	10.3613	12.4974	13.9153	14.2533
Township of Eaton Rapids	0.8022	0.8074	0.8106	0.8106	0.8162
Eaton County ISD	4.6081	4.6371	3.7387	3.7387	3.7441
Ingham County-Alloc.	6.7479	6.7479	6.7479	6.7479	6.7479

**Largest Taxpayers**<sup>2</sup>

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 7.36% of the School District's 2025 Taxable Valuation of \$719,549,871.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Taxable Value</u>
Consumers Energy Company	Utility	\$15,478,081
Blue Elk Solar III LLC	Solar farm	11,139,700
Eaton Rapids Gas Storage Company	Storage system	8,371,100
Magnesium Products of America Inc.	Auto parts	4,683,125
Dowding Industries Inc.	Metal products	3,138,591
H Terry Hanks Trust	Commercial	2,651,230
Eaton Rapids Medical Prop	Commercial	2,145,384
Prevo's Family Markets Inc.	Commercial	2,093,763
Senior Care Equities	Commercial	1,800,000
Edgewater Harvest	Commercial	<u>1,457,449</u>
<b>TOTAL</b>		<b><u>\$52,958,423</u></b>

**Debt History**

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

**Future Financing**

The School District does not anticipate issuing additional capital financing bonds in the next twelve months.

<sup>1</sup> The School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate to the extent not otherwise exempt. See "MICHIGAN PROPERTY TAX REFORM" herein. The sinking fund millage expires with the 2030 levy. The voted operating millage expires with the 2033 levy.

<sup>2</sup> Source: Eaton and Ingham County Equalization Departments.

## **School Bond Qualification and Loan Program<sup>1</sup>**

As of February 11, 2026, the School District has an outstanding balance of \$2,695,978 in the School Loan Revolving Fund.

### **Direct Debt as of February 11, 2026<sup>2</sup>**

05/21/13	2013 School Building & Site Bonds (UTQ)	\$1,440,000
03/02/16	2016 Refunding Bonds (UTQ)	5,395,000
12/05/19	2019 Refunding Bonds, Series B (UTQ) (Taxable)	4,275,000
03/02/21	2021 School Building and Site Bonds, Series I (UTQ)	9,670,000
02/24/22	2022 School Building and Site Refunding Bonds (UTQ)	6,185,000
03/21/24	2024 School Building and Site Bonds, Series II (UTQ)	<u>13,940,000</u>
	Direct Debt (as of date of sale)	<u>40,905,000</u>
Plus:	2026 School Building and Site Refunding Bonds (UTQ)	23,815,000*
Less:	2016 Refunding Bonds (UTQ)	<u>(5,395,000)</u>
	NET DIRECT DEBT (as of date of delivery)	<u>\$59,325,000*</u>

### **Overlapping Debt as of February 11, 2026<sup>2</sup>**

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
100.00	City of Eaton Rapids	\$3,105,000	\$3,105,000
21.64	Aurelius Township	283,921	61,440
38.77	Brookfield Township	165,000	63,971
1.47	Delhi Township	20,466,525	300,858
9.17	Eaton Township	158,388	14,524
97.15	Eaton Rapids Township	0	0
98.64	Hamlin Township	159,029	156,866
44.63	Onondaga Township	81,598	36,417
21.89	Windsor Township	462,982	101,347
11.90	Eaton County	41,575,529	4,947,488
1.04	Ingham County	10,584,138	1,150,075
17.46	Eaton I/S/D	2,475,000	<u>432,135</u>
	Net overlapping debt in the School District		<u>\$10,370,121</u>
	NET DIRECT AND OVERLAPPING DEBT		<u>\$69,695,121*</u>

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

<sup>2</sup> Source: Michigan Department of Treasury.

<sup>2</sup> Source: Municipal Advisory Council of Michigan.

**Debt Ratios\*<sup>1</sup>**

2025 State Equalized Valuation (“SEV”)	\$1,007,647,440
2025 Taxable Valuation	\$719,549,871
2020 Population	17,137
Direct Debt (Including New Issue)	\$59,405,000
Direct/Overlapping Debt	\$69,775,121
Direct Debt Per Capita	\$3,4662
Direct/Overlapping Debt Per Capita	\$4,067
Per Capita 2025 SEV	\$58,880
Ratio of Direct Debt to 2025 SEV	5.89%
Ratio of Direct/Overlapping Debt to 2025 SEV	6.92%
Per Capita 2025 Taxable Valuation	\$41,988
Ratio of Direct Debt to 2025 Taxable Valuation	8.24%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	9.69%

**Legal Debt Margin\***

2025 State Equalized Valuation	\$1,007,647,440
Debt Limit (15% of 2025 State Equalized Valuation)	151,147,116
Debt Outstanding	\$59,325,000
Less bonds not subject to Debt Limit <sup>1</sup>	<u>(59,325,000)</u>
Total Subject to Debt Limit	<u>0</u>
Additional Debt Which Could Be Legally Incurred	<u>\$151,147,116</u>

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\*Preliminary, subject to change.

<sup>1</sup> Section 1351(3) of Act 451, Public Acts of Michigan, 1976, as amended, provides that 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 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.

## ECONOMIC PROFILE

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

- 18 miles south of Lansing
- 58 miles northwest of Ann Arbor
- 60 miles southeast of Grand Rapids
- 79 miles northwest of Detroit

### Unemployment<sup>1</sup>

The following table shows the historical annual average unemployment rates (not seasonally adjusted) for Eaton County, Ingham County, and the State of Michigan.

	<u>Eaton County</u>	<u>Ingham County</u>	<u>State of Michigan</u>
2025, December	4.3%	4.5%	4.8%
2024	4.4%	4.5%	4.7%
2023	3.7%	3.9%	3.9%
2022	4.3%	4.3%	4.2%
2021	5.1%	5.4%	5.7%
2020	8.0%	7.9%	10.0%

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<sup>1</sup> Source: State of Michigan Office of Labor Market Information.

## Major Employers<sup>1</sup>

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<b><i>Within the School District (25 or more employees)</i></b>		
Eaton Rapids Public Schools	Education	280
Eaton Rapids Medical Center	Healthcare	197
Dowding Industries	Metal products	177
City of Eaton Rapids	Government	53
Sika Automotive Eaton Rapids, Inc.	Adhesive manufacturer	50
Veterans of Foreign Wars Home	Non profit	37
Dowding Industries	Manufacturing, miscellaneous	33
United States Postal Service	Government	26
The Tetra Corporation	Retailer, miscellaneous stores	25
Educational Tours, Inc.	Travel and reservation services	25
<b><i>Within Eaton County (370 or more employees)</i></b>		
State Police Department	Government	2,600
Auto-Owners Insurance Company	Insurance	1,400
Kendall Duhadway & Associates Inc.	Investigation & security services	1,070
Eaton County	Government	830
Kamps, Inc.	Wood product manufacturing	530
Charlotte Public Schools	Education	450
Grand Ledge Public Schools	Education	429
Walmart	Retail	402
GrainProteinTech Climate Control	Metal products manufacturing	400
Air Treatment US LLC	Telecommunications carriers	370
AT&T Teleholdings, Inc.		
<b><i>Within Ingham County (1,500 or more employees)</i></b>		
State of Michigan	Government	13,880
Michigan State University	Higher education	11,118
University of Michigan Health - Sparrow	Health care	9,000
Auto-Owners Insurance Group	Insurance	5,943
General Motors	Automobile manufacturing	4,183
Jackson National Life Insurance Company	Insurance	2,907
Peckham, Inc.	Apparel	2,200
Dart Container of Michigan LLC	Manufacturing packaging	2,000
Lansing Community College	Higher education	1,800
Meijer Distribution Center	Logistics	1,500

<sup>1</sup> Sources: D&B Hoovers and Lansing Economic Development.

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**APPENDIX C**  
**EATON RAPIDS PUBLIC SCHOOLS**

**General Fund Budget Summary**  
**Fiscal Year Ending June 30, 2026**

Adopted  
2025/26

**REVENUES**

Local Sources	\$3,083,317
State Sources	22,875,098
Federal Sources	375,409
Incoming Transfers/Other	<u>3,465,441</u>
 TOTAL REVENUES	 <u>\$29,799,265</u>

**EXPENDITURES**

Instruction Expense	
Basic Programs	12,968,866
Added Needs	5,212,227
Support Services	
Pupil	966,345
Instructional Staff	1,169,378
General Administration	551,594
School Administration	1,615,857
Business Services	372,788
Operations and Maintenance	2,475,135
Pupil Transportation	2,038,199
Central & Data Processing Services	929,754
Other	547,250
Community Services	<u>943,882</u>
 TOTAL EXPENDITURES	 <u>29,791,275</u>
Excess of Revenues Over (Under) Expenditures	<u>7,990</u>
Fund Balance – July 1	<u>8,302,434</u>
Estimated Fund Balance - June 30	<u>\$8,310,424</u>

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The School District has not obtained the written consent of its auditor for the inclusion of the portions of the annual financial report contained in this Official Statement. Therefore, the auditor has not conducted a post-audit review of such information.

## APPENDIX D

### Eaton Rapids Public Schools

#### Financial Statements

June 30, 2025



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**Eaton Rapids Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2025**

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**Members of the Board of Education**

    Daniel Guy – President

    Valerie VanSandt – Vice President

    Jann Jansen – Treasurer

    Steven Curry – Secretary

    Brian Ross – Trustee

    Becky Thompson – Trustee

    Melissa Eckman – Trustee

**Administration**

    Kevin Dufresne - Superintendent

    Collin Smith, CPA – Chief Financial Officer

## Independent Auditors' Report

Management and the Board of Education  
Eaton Rapids Public Schools  
Eaton Rapids, Michigan

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eaton Rapids Public Schools' 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.

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#### 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eaton Rapids Public Schools' 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 Eaton Rapids Public Schools' ability to continue as a going concern for a reasonable period of time.

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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.

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#### **Other Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of Eaton Rapids Public Schools' 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 Eaton Rapids Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eaton Rapids Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.  
Lansing, Michigan  
October 29, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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

Eaton Rapids Public Schools, a K-12 school district located in Eaton County, Michigan, and presents its financial statements under the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the Eaton Rapids Public Schools' Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2025 with comparative information for June 30, 2024 in certain instances.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Eaton Rapids Public Schools as a whole. The District-wide Financial Statements provide information about the activities of the whole School District, and then proceeds to provide an increasingly detailed look at specific financial activities.

**District-wide Financial Statements**

*The Statement of Net Position and Statement of Activities*

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about the activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The two statements report the District's net assets and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. The reader will need to consider other nonfinancial factors such as the quality of the education provided, property tax base, political conditions at the State Capitol, student enrollment changes, birth rates and facility conditions in arriving at their conclusion regarding the overall health of the District.

The District-wide financial statements can be found on pages 4-1 to 4-3 of this report.

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The fund financial statements begin on page 4-4 and provide detailed information about the most significant funds, not the District as a whole. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's two types of funds: governmental funds and fiduciary funds use different accounting approaches as further discussed in the notes to the financial statements.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements at pages 4 - 6 and 4 - 9.

*Fiduciary Funds*

The District is the fiduciary for various student group activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position starting on page 4-10. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At year end, Eaton Rapids Public Schools' liabilities exceed its assets by \$8,326,124. This is divided into restricted and unrestricted net position. The unrestricted portion is negative due to:

In accordance with GASB Statement No. 68 and 75, the School District has implemented the standard that requires, that the net pension liability and the net OPEB liability be reported in financial statements for governmental units across the country, including the Michigan Public School Employees Retirement System. Since the State of Michigan has no employees in this plan and is not a participating employer in the plan, the pension liability, OPEB liability and expense are required to be recorded by the participants in the plan – Michigan public school districts. The School District must record its proportionate share of the total Michigan Public School Employees Retirement System net pension liability, net OPEB liability and expense in the district-wide financial statements. Additional information regarding the liabilities and expense can be found in the disclosure footnotes to the Financial Statements.

The net pension liability, net OPEB liability and related expense have a significant impact on the district's total net position. This is not a new liability. It has been a shared responsibility of all Michigan public schools since the 1990's. In order to provide useful employer-level pension and OPEB information, improve transparency, and to make it easier to compare public pension and OPEB plans by standardizing financial reporting requirements, the net pension liability and the net OPEB liability are now being recorded on the district-wide financial statements. What is new is that the total liability is now being divided proportionately among state-wide employers and recorded on the financial statements. It is unlike any other liability reported on a balance sheet. It is not immediately due and cannot be paid off under an accelerated schedule. The pension and OPEB expense represent the change in net pension liability and net OPEB liability from year to year and can change materially from year to year depending on new retirees to the system and the number of employer contributions made to the system.

The Office of Retirement Services calculates the total pension and OPEB liabilities. The proportionate share for each school district is calculated based on the prior year's total pension and OPEB contributions to the retirement system. This large liability has a significant impact on the unrestricted net position of the School District but does not affect the School District's governmental-fund financial statements. The majority of Michigan public school districts, if not every single one of them, will report deficit unrestricted net positions based on the implementation of GASB 68 and 75.

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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The following summarizes the net position at fiscal years ended June 30, 2025 and 2024:

	2025	2024
Current Assets	\$ 19,378,168	\$ 31,185,855
Noncurrent Assets	<u>65,078,833</u>	<u>49,533,310</u>
 Total Assets	 84,457,001	 80,719,165
Deferred Amount of Pension Expense Related to Net Pension Liability	8,888,444	12,565,698
Deferred Amount Relating to Net OPEB Asset	1,413,036	2,731,237
Deferred Amount on Debt Refunding	<u>158,183</u>	<u>231,906</u>
 Total Assets and Deferred Outflows of Resources	 <u>94,916,664</u>	 <u>96,248,006</u>
Current Liabilities	4,833,236	4,423,644
Noncurrent Liabilities	<u>78,921,602</u>	<u>93,842,622</u>
 Total Liabilities	 <u>83,754,838</u>	 <u>98,266,266</u>
Deferred Amount on Leases Receivable	408,459	-
Deferred Amount on Net Pension and OPEB Asset	<u>19,079,491</u>	<u>14,644,892</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>103,242,788</u>	 <u>112,911,158</u>
Net Position		
Net investment in capital assets	17,636,741	17,102,573
Restricted	7,456,557	1,617,881
Unrestricted	<u>(33,419,422)</u>	<u>(35,383,606)</u>
 Total Net Position	 <u>\$ (8,326,124)</u>	 <u>\$ (16,663,152)</u>

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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In regard to the above changes between 2025 and 2024, the change in current assets can primarily be attributed to the decrease in cash and Investments of approximately \$7,689,530 due to the proceeds of the sale of 2021 capital project funds series II Bonds being used. Current liabilities increased primarily due to an increase in the Accounts payable of approximately \$ 708,064. Noncurrent liabilities decreased by approximately \$14,921,020. This is a direct result of the valuation from the MPSERS plan financial statements. This decrease also saw a large increase in the related deferrals of resources; therefore, the total impact to the financial statements was an increase of approximately \$8.3 million to Total Net Position.

The following summarizes the activities for the fiscal years ended June 30, 2025 and 2024:

	2025	2024
Revenues:		
Program Revenues		
Charges for Services	\$ 1,977,002	\$ 1,925,800
Operating and Capital Grants and Contributions	10,517,600	8,450,005
General Revenues		
Property Taxes for general purposes	1,980,407	1,825,808
Property Taxes for debt service	4,769,608	4,472,419
Property Taxes for sinking fund	670,691	615,188
State aid – Unrestricted	18,334,164	20,731,980
Interest and investment earnings	603,538	450,678
Other	63,270	357,527
Total Revenues	<u>38,916,280</u>	<u>38,829,405</u>
Functions/Program Expenses:		
Instruction	16,498,451	18,563,943
Supporting Services	10,404,582	10,807,316
Food Services	1,303,645	1,416,980
Community Services	850,448	929,543
Interest and issuance on long-term debt	1,522,126	1,086,484
Total Expenses	<u>30,579,252</u>	<u>32,804,266</u>
Change in net position	<u><u>\$ 8,337,028</u></u>	<u><u>\$ 6,025,139</u></u>

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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In regard to the above changes between 2025 and 2024, the change in total revenues can be attributed to a large increase in Operating, which was offset by the loss of State Aid Unrestricted leaving just a small increase in revenue. The decrease in total expenses is primarily due to decrease of instruction expenses related to basic programs and added needs. These changes account for much of the change in net position reported in 2025.

In the table below, we have presented the cost of each of the School District's functions and depreciation, as well as each function's net cost or profit (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function. More detail may be found in the Statement of Activities found on page 4 - 3.

	Total Cost of Services	Net Cost (Revenue) of Services
Instruction	\$ 16,498,451	\$ 10,308,291
Supporting Services	10,404,582	7,202,777
Food Services	1,303,645	(246,947)
Community Services	850,448	(701,597)
Interest on long-term debt	1,522,126	1,522,126
Total	<u>30,579,252</u>	<u>18,084,650</u>

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund. During the fiscal year ended June 30, 2025, the School District amended the budget of the general fund two times.

Foundation Allowance. The Per Pupil Foundation Allowance, which consists of a combination of state aid and local property tax revenue, has changed for the past several years as follows:

2020-21	2021-22	2022-23	2023-24	2024-25
\$8,111	\$8,700	\$9,150	\$9,608	\$9,608

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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The pupil census, which together with the amount of the Per Pupil Foundation Allowance, determines the allocation of non-categorical state aid, has changed for the past several years as follows:

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
October Count	2,036.00	2,019.78	1,964.52	1,931.49	1,922.30

The comparison of 2024-25 general fund expenditures and revenues to budgeted amounts is shown on page 5-1 and 5-2. Final results were in line with the final budget.

The 2024-25 general fund revenue was \$31,146,841. This is over the original budget estimates of \$30,916,632 and over the final amended budget amount of \$30,981,023. The \$ 64,391 variance between the original and final budget, was primarily due to Eaton Rapids Public Schools receiving less from State sources than anticipated but having that offset by receiving more from interdistrict sources.

The actual expenditures of the general fund were \$30,736,827. This is over the original budget estimates of \$30,512,355 and over the final amended budget amount of \$30,689,295. The \$ 176,940 variance between the original and final budget was primarily due to Eaton Rapids Public Schools originally budgeting for having more expense in Instruction Basic Programs but having that offset by having more expense in Supporting services.

The ending fund balance for the general fund was \$8,302,434 as compared to the final budget which projected an ending fund balance of \$8,167,145. The general fund balance is approximately 27% of general fund expenditures.

**GOVERNMENTAL FUND REVENUES**

The total governmental fund revenues of the District were \$38,939,462. Of the total revenues, \$24,063,066 came from the state, \$9,633,548 from local, \$1,300,544 from Federal sources, and the remaining \$3,942,304 was from interdistrict and other sources.

**GOVERNMENTAL FUND EXPENDITURES**

The largest portion of governmental fund expenditures is for the District's general fund. General fund expenditures for 2024-25 were \$30,736,827. Expenditures for the Food Service Fund expenditures were \$1,456,139, and the 21/24 Capital Projects Fund expenditures were \$9,393,292.

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of fiscal year 2025, the School District had \$95,649,841 invested in land and buildings, furniture and equipment, and vehicles. Of this amount, \$36,239,264 in depreciation has been taken over the years. We currently have a net book value of \$59,410,577. Total acquisitions for the year were \$9,273,821 and depreciation was \$2,718,715. This information is shown in greater detail on page 4-18 of the report.

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>
Land	\$ 701,578	\$ -	\$ 701,578
Construction in Progress	9,776,279	-	9,776,279
Buildings & Improvements	71,735,971	30,248,955	41,487,016
Machinery and Vehicles	12,950,121	5,789,435	7,160,686
Furniture and Equipment	485,892	200,874	285,018
<b>Totals</b>	<b>\$ 95,649,841</b>	<b>\$ 36,239,264</b>	<b>\$ 59,410,577</b>

*Long-Term Debt*

As of June 30, 2025, the School District had \$40,905,000 in government obligation bonds outstanding. These are bonds for which the District has pledged its full faith and credit. In addition, there was \$2,628,255 in School Bond Loan funds including accrued interest. Compensated absences reflecting earned leave days expected to be used or paid out to employees is calculated at \$257,919. The District's long-term debt is discussed in greater detail at pages 4-20 through 4-21 of the report.

Government obligation bonds	\$ 40,905,000
School Bond Revolving Fund with accrued interest	2,628,255
Compensated absences	257,919
<b>Total</b>	<b>\$ 43,791,174</b>

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**Eaton Rapids Public Schools**  
**Management Discussion and Analysis**  
**June 30, 2025**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The great majority of the District's revenues are based on State of Michigan appropriations from the School Aid Fund for the Per Pupil Foundation Allowance (PPFA). The monies available for appropriation by the legislature are, in large part, receipts from sales taxes, income taxes, and lottery proceeds. The District's share of appropriations from this fund is based on the pupil count.

The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2025-26 fiscal year budget was adopted in June 2025, based on enrollment projections using retention ratios and historical trends. Based on early enrollment data at the start of the 2025-26 school year, we anticipate that the fall student count will be very near the enrollment projections used in creating the 2025-26 fiscal year budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The School District has a 27% fund balance to cushion against any not budgeted expenses or any changes from the State or Federal Government that would have a negative effect on the district's revenues. As a result, Eaton Rapids Public Schools is financially in a good position to face any significant unknown challenges going forward into the 2025-26 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Eaton Rapids Public School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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Chief Financial Officer  
Eaton Rapids Public Schools  
912 S. Greyhound Drive  
Eaton Rapids, Michigan 48827  
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Office Telephone (517) 663 1258  
E-Mail – [cdsmith@erpsk12.org](mailto:cdsmith@erpsk12.org)

**BASIC FINANCIAL STATEMENTS**

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**Eaton Rapids Public Schools**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 7,016,595
Taxes receivable	147,674
Accounts receivable	30,385
Leases receivable	408,459
Due from other governmental units	4,781,375
Inventory	54,939
Investments	6,689,153
Prepaid items	249,588
Capital assets not being depreciated	10,477,857
Capital assets - net of accumulated depreciation	48,932,720
Net OPEB asset	<u>5,668,256</u>
 Total assets	 <u>84,457,001</u>
 <b>Deferred Outflows of Resources</b>	
Deferred amount on debt refunding	158,183
Deferred amount relating to the net pension liability	8,888,444
Deferred amount relating to the net OPEB asset	<u>1,413,036</u>
 Total deferred outflows of resources	 <u>10,459,663</u>

See Accompanying Notes to the Financial Statements

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**Eaton Rapids Public Schools**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	1,977,288
Due to other governmental units	585,697
Accrued expenditures	869,149
Accrued salaries payable	1,021,010
Unearned revenue	380,092
Long-term liabilities	
Net pension liability	32,823,652
Due within one year	3,768,283
Due in more than one year	<u>42,329,667</u>
 Total liabilities	 <u>83,754,838</u>
 <b>Deferred Inflows of Resources</b>	
Deferred amount on leases receivable	408,459
Deferred amount relating to the net pension liability	11,536,363
Deferred amount relating to the net OPEB asset	<u>7,543,128</u>
 Total deferred inflows of resources	 <u>19,487,950</u>
 <b>Net Position</b>	
Net investment in capital assets	17,636,741
Restricted for:	
Food service	387,718
Debt service	352,826
Capital projects	1,047,757
Net OPEB asset	5,668,256
Unrestricted	<u>(33,419,422)</u>
 Total net position	 <u>\$ (8,326,124)</u>

See Accompanying Notes to the Financial Statements

4 - 2

**Eaton Rapids Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 16,498,451	\$ -	\$ 6,190,160	\$ (10,308,291)
Supporting services	10,404,582	1,009,227	2,192,578	(7,202,777)
Food services	1,303,645	266,450	1,284,142	246,947
Community services	850,448	701,325	850,720	701,597
Interest and fiscal charges on long-term debt	<u>1,522,126</u>	<u>-</u>	<u>-</u>	<u>(1,522,126)</u>
Total governmental activities	<u>\$ 30,579,252</u>	<u>\$ 1,977,002</u>	<u>\$ 10,517,600</u>	<u>(18,084,650)</u>
General revenues				
Property taxes, levied for general purposes				1,980,407
Property taxes, levied for debt service				4,769,608
Property taxes, levied for sinking fund				670,691
State aid - unrestricted				18,334,164
Interest and investment earnings				603,538
Other				63,270
Total general revenues				<u>26,421,678</u>
Change in net position				8,337,028
Net position - beginning				<u>(16,663,152)</u>
Net position - ending				<u>\$ (8,326,124)</u>

See Accompanying Notes to the Financial Statements  
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**Eaton Rapids Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2025**

	General Fund	2021 / 2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 3,701,342	\$ 915,879	\$ 2,399,374	\$ 7,016,595
Taxes receivable	12,633	-	135,041	147,674
Accounts receivable	28,622	-	1,763	30,385
Leases receivable	408,459	-	-	408,459
Due from other funds	103,972	-	68,674	172,646
Due from other governmental units	4,756,959	-	24,416	4,781,375
Inventory	17,857	-	37,082	54,939
Investments	2,141,531	4,547,622	-	6,689,153
Prepaid items	<u>249,588</u>	<u>-</u>	<u>-</u>	<u>249,588</u>
Total assets	<u>\$ 11,420,963</u>	<u>\$ 5,463,501</u>	<u>\$ 2,666,350</u>	<u>\$ 19,550,814</u>
<b>Liabilities</b>				
Accounts payable	\$ 113,662	\$ 1,861,274	\$ 2,352	\$ 1,977,288
Due to other funds	-	-	172,646	172,646
Due to other governmental units	585,697	-	-	585,697
Accrued expenditures	598,193	-	5,618	603,811
Accrued salaries payable	1,019,793	-	1,217	1,021,010
Unearned revenue	<u>380,092</u>	<u>-</u>	<u>-</u>	<u>380,092</u>
Total liabilities	<u>2,697,437</u>	<u>1,861,274</u>	<u>181,833</u>	<u>4,740,544</u>

See Accompanying Notes to the Financial Statements  
4 - 4

**Eaton Rapids Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2025**

	General Fund	2021 / 2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Inflows of Resources</b>				
Unavailable revenue				
Leases	408,459	-	-	408,459
Property taxes	12,633	-	135,041	147,674
Total deferred inflows of resources	<u>421,092</u>	<u>-</u>	<u>135,041</u>	<u>556,133</u>
<b>Fund Balances</b>				
Non-spendable				
Inventory	17,857	-	37,082	54,939
Prepaid items	249,588	-	-	249,588
Restricted for				
Food service	-	-	350,636	350,636
Debt service	-	-	618,164	618,164
Capital projects	-	3,602,227	1,047,757	4,649,984
Committed for student/school activities				
-	-	-	295,837	295,837
Unassigned	8,034,989	-	-	8,034,989
Total fund balances	<u>8,302,434</u>	<u>3,602,227</u>	<u>2,349,476</u>	<u>14,254,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 11,420,963</u></u>	<u><u>\$ 5,463,501</u></u>	<u><u>\$ 2,666,350</u></u>	<u><u>\$ 19,550,814</u></u>

See Accompanying Notes to the Financial Statements

4 - 5

**Eaton Rapids Public Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2025**

<b>Total fund balances for governmental funds</b>	\$ 14,254,137
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Property taxes	
147,674	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	10,477,857
Capital assets - net of accumulated depreciation	48,932,720
Net OPEB asset is not recorded as an asset in the governmental funds	5,668,256
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	158,183
Deferred outflows of resources resulting from the net pension liability	8,888,444
Deferred outflows of resources resulting from the net OPEB asset	1,413,036
Deferred inflows of resources resulting from the net pension liability	(11,536,363)
Deferred inflows of resources resulting from the net OPEB asset	(7,543,128)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(265,338)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(32,823,652)
Compensated absences	(257,919)
Bonds payable	(43,211,776)
School loan revolving fund payable	(2,628,255)
<b>Net position of governmental activities</b>	<b>\$ (8,326,124)</b>

See Accompanying Notes to the Financial Statements

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**Eaton Rapids Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

	General Fund	2021 / 2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 3,125,069	\$ 378,197	\$ 6,130,282	\$ 9,633,548
State sources	23,671,631	-	391,435	24,063,066
Federal sources	407,837	-	892,707	1,300,544
Interdistrict sources	3,942,304	-	-	3,942,304
Total revenues	<u>31,146,841</u>	<u>378,197</u>	<u>7,414,424</u>	<u>38,939,462</u>
<b>Expenditures</b>				
Current				
Education				
Instruction	18,206,382	-	-	18,206,382
Supporting services	11,112,806	-	389,731	11,502,537
Food services	-	-	1,456,139	1,456,139
Community services	941,944	-	-	941,944
Facilities acquisition	-	9,393,292	54,425	9,447,717
Capital outlay	475,695	-	-	475,695
Debt service				
Principal	-	-	3,175,000	3,175,000
Interest and other expenditures	-	-	1,781,995	1,781,995
Total expenditures	<u>30,736,827</u>	<u>9,393,292</u>	<u>6,857,290</u>	<u>46,987,409</u>
Excess (deficiency) of revenues over expenditures	<u>410,014</u>	<u>(9,015,095)</u>	<u>557,134</u>	<u>(8,047,947)</u>

See Accompanying Notes to the Financial Statements

4 - 7

**Eaton Rapids Public Schools**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

	General Fund	2021 / 2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	9,403	-	-	9,403
Transfers in	82,000	-	23,099	105,099
Transfers out	-	-	(105,099)	(105,099)
Total other financing sources (uses)	<u>91,403</u>	<u>-</u>	<u>(82,000)</u>	<u>9,403</u>
Net change in fund balances	501,417	(9,015,095)	475,134	(8,038,544)
Fund balances - beginning	<u>7,801,017</u>	<u>12,617,322</u>	<u>1,874,342</u>	<u>22,292,681</u>
Fund balances - ending	<u>\$ 8,302,434</u>	<u>\$ 3,602,227</u>	<u>\$ 2,349,476</u>	<u>\$ 14,254,137</u>

See Accompanying Notes to the Financial Statements

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**Eaton Rapids Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

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<b>Net change in fund balances - Total governmental funds</b>	\$ (8,038,544)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	(23,182)
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 expense.	
Depreciation and amortization expense	(2,718,715)
Capital outlay	9,273,820
Sale of capital assets (net book value)	(93,068)
Expenses are recorded when incurred in the statement of activities.	
Interest	(69,704)
Compensated absences	(31,694)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	11,486,978
Net change in deferrals of resources related to the net pension liability	(7,341,927)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB (asset) liability	4,895,938
Net change in deferrals of resources related to the net OPEB (asset) liability	(2,507,447)
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	3,175,000
Amortization of premiums	403,296
Amortization of deferred amount on debt refunding	(73,723)
<b>Change in net position of governmental activities</b>	<b><u>\$ 8,337,028</u></b>

See Accompanying Notes to the Financial Statements

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

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	<u>Private Purpose Trust Funds</u>
<b>Assets</b>	
Cash	<u>\$ 4,450</u>
<b>Net Position</b>	
Assets held for scholarships and loans	<u>\$ 4,450</u>

See Accompanying Notes to the Financial Statements

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

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	<u>Private Purpose Trust Funds</u>
<b>Additions</b>	
Interest and investment earnings	\$ _____ -
Net position - beginning	<u>4,450</u>
Net position - ending	<u>\$ 4,450</u>

See Accompanying Notes to the Financial Statements  
4 - 11

**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

The accounting policies of Eaton Rapids Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

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

The School District reports the following major governmental funds:

**General Fund** – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

**2021 / 2024 Capital Projects Fund** – The 2021 / 2024 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

**Special Revenue Funds** – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service and Student/School Activities Fund.

**Debt Service Funds** – Debt Service Funds are used to record property tax, interest, other revenue and the payment of interest, principal, and other expenditures on long-term debt.

**Fuel Service Capital Projects Fund** – The Fuel Service Fund is to be used for repairs, maintenance and replacements to the gasoline and diesel fuel systems.

**Sinking Fund** – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for construction or repair of school buildings.

**Fiduciary Funds** – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Private Purpose Trust Fund is held in custody by the School District for scholarship awards and the principal and interest of the trust may be spent.

**Assets, Liabilities and Net Position or Fund Balance**

**Receivables and Payables** - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.86690
Commercial personal property	5.86690
Debt Service Funds	7.00000
Sinking Fund	0.98510

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 85% of the School District's tax roll lies within Eaton County, with the remaining portion coming from Ingham County.

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The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 15 or February 15. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Eaton and Ingham County and remitted to the School District by May 15.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

**Capital Assets** - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	5 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	8 - 15 years

**Deferred Outflows of Resources** - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

**Compensated Absences** - The accrued compensated absence liability consists of earned leave that is more likely than not to be utilized by employees, or utilized but paid in cash.

**Long-term Obligations** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

**Pension** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to

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

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

**Deferred Inflows of Resources** - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued

Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

**Fund Balance** - In the fund financial statements, governmental funds report fund balances in the following categories:

**Non-spendable** - amounts that are not available in a spendable form.

**Restricted** - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

**Committed** - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

**Assigned** - amounts intended to be used for specific purposes, as determined by the Superintendent. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

**Unassigned** - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy of not less than \$400,000.

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**Use of Estimates**

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

**Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

**Adoption of New Accounting Standards**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

**Upcoming Accounting and Reporting Changes**

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information,

and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the above pronouncements will have on its financial reporting.

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

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

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The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

**Excess of Expenditures over Appropriations**

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 13,068,388	\$ 13,108,934	\$ 40,546
Instructional staff	1,597,477	1,636,616	39,139
General administration	640,711	649,592	8,881
Business	370,931	399,077	28,146
Pupil transportation services	1,985,405	2,003,952	18,547
Central	891,735	932,445	40,710
Other	135	345	210
Community services	940,463	941,944	1,481
Capital outlay	453,971	475,695	21,724
Food Service Fund	1,447,890	1,538,139	90,249
Student / School Activity Fund	325,000	389,731	64,731

**Compliance - Bond Proceeds**

The 2021 / 2024 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the School District has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

The following is a summary of the revenue and expenditures in the 2021 / 2024 Capital Project Funds from the inception of the funds through the current fiscal year:

Revenues and other financing sources	\$ 28,062,754
Expenditures and other financing uses	<u>(24,460,527)</u>
	<u>\$ 3,602,227</u>

**Compliance - Sinking Funds**

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

**Note 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 7,016,595	\$ 4,450	\$ 7,021,045
Investments	<u>6,689,153</u>	<u>-</u>	<u>6,689,153</u>
	<u>\$ 13,705,748</u>	<u>\$ 4,450</u>	<u>\$ 13,710,198</u>

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Deposits and investments for the School District are summarized as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 7,015,376
Investments in securities, mutual funds, and similar vehicles	6,689,153
Petty cash and cash on hand	<u>5,669</u>
<b>Total</b>	<b>\$ 13,710,198</b>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
Government Agency Notes				
U.S. Treasury Notes	\$ 2,741,800	Various	P-1	Moody's
Fixed Income				
Federal Farm Credit Banks	1,098,130	4/9/2026	AA1	Moody's
Commercial Paper	1,146,877	< 60 days	P-1	Moody's
Money Market	<u>1,702,346</u>	N/A	AAA	Moody's
	<u>\$ 6,689,153</u>			

**Interest rate risk** - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk** - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of

federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

**Concentration of credit risk** - The School District has no policy that would limit the amount that may be invested with any one issuer.

**Custodial credit risk - deposits** - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$7,222,586 of the School District's bank balance of \$7,722,586 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk - investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

**Note 4 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

U.S. Treasury securities, commercial paper and money market funds of \$5,591,386 are valued using quoted market prices (Level 1 inputs).

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Asset backed securities invested with Federal Farm Credit Banks of \$1,098,130 with pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset (Level 2 inputs).

**Note 5 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 701,578	\$ 7,515,409	\$ 1,225,100	\$ 701,578
Construction-in-progress	3,485,970			9,776,279
Total capital assets not being depreciated	<u>4,187,548</u>	<u>7,515,409</u>	<u>1,225,100</u>	<u>10,477,857</u>
Capital assets being depreciated				
Buildings and additions	71,233,020	502,951	-	71,735,971
Equipment and furniture	11,545,561	2,263,068	858,508	12,950,121
Buses and other vehicles	340,581	217,492	72,181	485,892
Total capital assets being depreciated	<u>83,119,162</u>	<u>2,983,511</u>	<u>930,689</u>	<u>85,171,984</u>
Less accumulated depreciation for				
Buildings and additions	28,446,237	1,799,618	-	30,248,956
Equipment and furniture	5,649,828	912,467	772,660	5,789,435
Buses and other vehicles	259,205	6,630	64,961	200,874
Total accumulated depreciation	<u>34,358,170</u>	<u>2,718,715</u>	<u>837,621</u>	<u>36,239,264</u>
Net capital assets being depreciated	<u>48,760,992</u>	<u>264,796</u>	<u>93,068</u>	<u>48,932,720</u>
Net capital assets	<u>\$ 52,948,540</u>	<u>\$ 7,780,205</u>	<u>\$ 1,318,168</u>	<u>\$ 59,410,577</u>

Depreciation expense of capital assets were charged to activities of the School District as follows:

Governmental activities	\$ 1,522,480
Instruction	978,737
Supporting services	135,936
Food services	81,561
Community services	81,561
Total governmental activities	<u>\$ 2,718,715</u>

**Construction Commitments**

At year end, the School District had construction contracts signed for work to be performed in the future for various projects. Total construction commitments were approximately \$3.3 million remaining from signed contracts totaling approximately \$13.1 million. These commitments will be funded by the remaining bond proceeds for these projects.

**Note 6 - Interfund Receivables, Payables, and Transfers**

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Nonmajor Funds	General Fund	\$ 103,972
Nonmajor Funds	Nonmajor Funds	68,674
		<u>\$ 172,646</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

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The Food Service Fund transferred \$82,000 to the General Fund to reimburse it for indirect costs incurred during the year. Additionally, \$23,099 was transferred between two nonmajor debt service funds.

**Note 7 - Leases**

**Lease Receivable**

The School District has a lessor leasing arrangement. The lease commenced in 2016 and automatically renews in 5-year terms through 2046 unless the lessee notifies the lessor in writing prior to the expiration of any term. It is the School District's intent to exercise all renewals. Payments increase 10% per renewal term and range from \$1,500 through \$2,196 monthly through the end of all available renewal periods with an implied interest rate of 2.05%.

The School District collected \$19,800 from the tenants for the year ended June 30, 2025, which includes \$11,314 in lease revenue and \$8,486 in lease interest revenue.

A lease receivable and deferred inflows of resources have been recorded to reflect future expected payments.

**Note 8 - Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue consisted entirely of grant and categorical aid payments received prior to meeting all eligibility requirements.

**Note 9 - Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Loan Revolving Fund, the State may

withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 44,080,000	\$ -	\$ 3,175,000	\$ 40,905,000	\$ 3,390,000
Premium on bonds	2,710,072	-	403,296	2,306,776	348,283
Total bonds payable	46,790,072	-	3,578,296	43,211,776	3,738,283
Notes from direct borrowings and direct placements					
SLRF Principal	2,322,470	-	-	2,322,470	-
SLRF Interest	193,225	112,560	-	305,785	-
Total notes from direct borrowings and direct placements	2,515,695	112,560	-	2,628,255	-
Other liabilities					
Compensated absences	226,225	31,694	-	257,919	30,000
Total	\$ 49,531,992	\$ 144,254	\$ 3,578,296	\$ 46,097,950	\$ 3,768,283

Compensated absences additions and deductions are reported net.

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General obligation bonds payable at year end, consist of the following:

\$10,335,000 serial bond due in annual installments of \$320,000 to \$2,170,000 through May 1, 2030, interest at 2.72% to 2.77%	\$ 4,275,000
\$13,940,000 serial bond due in annual installments of \$100,000 to \$835,000 through May 1, 2050, interest at 4.05% to 4.63%	13,940,000
\$10,885,000 serial bonds due in annual installments of \$425,000 through May 1, 2035 interest at 3.22% to 3.26% plus term bonds due in annual installments of \$300,000 to \$580,000 through May 1, 2050, interest at 3.00% to 3.19%	9,670,000
\$10,845,000 serial bond due in annual installments of \$2,285,000 to \$3,900,000 through May 1, 2027, interest at 4.00%	6,185,000
\$5,785,000 serial bond due in annual installments of \$360,000 through May 1, 2029, interest at 3.00% to 3.75%	1,440,000
\$5,395,000 term bond due in two annual installments of \$270,000 on May 1, 2027 and \$2,270,000 on May 1, 2028 with a serial bond due of \$2,405,000 on May 1, 2029, interest at 4.00%	5,395,000
Total general obligation bonded debt	<u>\$40,905,000</u>

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2026	\$ 3,390,000	\$ 1,592,028	\$ 4,982,028
2027	5,300,000	1,462,898	6,762,898
2028	3,670,000	1,257,444	4,927,444
2029	4,415,000	1,116,042	5,531,042
2030	2,270,000	938,464	3,208,464
2031-2035	4,015,000	3,966,740	7,981,740
2036-2040	5,030,000	2,942,340	7,972,340
2041-2045	6,000,000	1,908,540	7,908,540
2046-2050	6,815,000	753,800	7,568,800
Total	<u>\$40,905,000</u>	<u>\$ 15,938,296</u>	<u>\$ 56,843,296</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$618,164 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures and fees for the year ended June 30, 2025, in the Debt Service Funds were \$1,781,995.

**State School Bond Loan**

The School Revolving Loan Fund (SLRF) debt consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's 1999, 2004 and 2013, and 2021 bond issues. During 1999, 2004, 2013, and 2021 the School District issued \$21 million, \$33 million, \$5.785 million, and \$10.885 million in bonds to renovate School District facilities. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.0 mills, but instead the election permitted the School District to extend this levy through the year 2035. Since the monies generated by the 7.0 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow funds to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the general obligation bonds and all necessary borrowing from the SLRF. During the year, the School District did not borrow any additional funds and had an outstanding balance at year-end of \$2,628,255, from the SLRF. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer, which vary throughout the year and was 4.22390% at June 30, 2025.

**Deferred Amount on Debt**

In various years, the School District issued general obligation bonds to advance refund and retire previously issued term bonds. The advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt, which is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2030.

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**Compensated Absences**

Paid leaves are earned by most employees at the rate of approximately one day per month. An employee may accumulate unused paid leave days, but the number of days that can be accumulated are limited. Upon separation of employment, employees (except for administrators and teaching personnel) who meet certain years of service requirements are paid for accumulated paid leave days to a maximum number of days and at a rate determined by their job category. There is no contractual provision for payment of unused paid leave for administrators and teaching personnel. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental and vision claims and perform other administrative duties. For governmental activities, the liability for dental and vision benefits is primarily liquidated by the general fund.

The School District participates in a self-insured program through the School Employee Group for employee injuries (workers' compensation). The possibility of additional liabilities in excess of current year contributions exists; however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements for the year ended June 30, 2025.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured

basis. Under this method, the School District must reimburse the Michigan Employment Commission for all benefits charged against the School District. The School District paid net reimbursements of \$0 related to unemployment compensation charges. No provision has been made for possible future claims.

**Note 11 - Pension Plan**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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**Benefits Provided**

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

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

**Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued 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 schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$5,605,374 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$32,823,652 for its proportionate share of the MPERS 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 School 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 School District's proportion was .1341 percent, which was a decrease of .0028 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$2,115,146 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$5,044,403.

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**Eaton Rapids Public Schools**  
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At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 890,529	\$ (356,633)	\$ 533,896
Changes of assumptions	3,422,060	(2,404,936)	1,017,124
Net difference between projected and actual earnings on pension plan investments	-	(6,264,144)	(6,264,144)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	-	(1,067,211)	(1,067,211)
Total to be recognized in future	4,312,589	(10,092,924)	(5,780,335)
School District contributions subsequent to the measurement date	4,575,855	(1,443,439)	3,132,416
<b>Total</b>	<b>\$ 8,888,444</b>	<b>\$ (11,536,363)</b>	<b>\$ (2,647,919)</b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
	2025	\$(1,451,638)
	2026	(64,986)
	2027	(2,540,981)
	2028	(1,722,730)
		<u><b>\$ (5,780,335)</b></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.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions:**

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal

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**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
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- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is 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 liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

The recognition period for assets in years is 5.0000.

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<hr/> 100.0%	

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

**Rate of Return**

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

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**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
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**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School 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 higher:

	Current Single Discount Rate		
	Assumption	1% Increase	1% Decrease
	6.00%	7.00%	5.00%
\$	48,119,826	\$ 32,823,652	\$ 20,086,644

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Michigan Public School Employees' Retirement System (MPSERS)**

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 12 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013,

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**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
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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.

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 OPEB 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 schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$1,094,576 for the year ended September 30, 2024.

**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

At June 30, 2025, the School District reported an asset of \$5,668,256 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 School 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 School District's proportion was .1317 percent, which was a decrease of .0048 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$2,128,469 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$272,432.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (6,006,621)	\$ (6,006,621)
Changes of assumptions	1,238,029	(142,301)	1,095,728
Net difference between projected and actual earnings on OPEB plan investments	-	(1,073,066)	(1,073,066)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	81,328	(321,140)	(239,812)
Total to be recognized in future	1,319,357	(7,543,128)	(6,223,771)
School District contributions subsequent to the measurement date	93,679	-	93,679
Total	<u>\$ 1,413,036</u>	<u>\$ (7,543,128)</u>	<u>\$ (6,130,092)</u>

**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition 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 during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$(2,034,847)
2026	(1,262,701)
2027	(1,166,736)
2028	(1,059,671)
2029	(587,537)
Thereafter	<u>(112,279)</u>
	<u><u><b>\$(6,223,771)</b></u></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.

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
  - Retirees: PubT-2010 Male and Female 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.

*Other Assumptions:*

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is 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 liabilities is the average of the expected remaining service lives of all employees is 6.2834 years.

The recognition period for assets in years is 5.0000.

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**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	<u>2.0</u>	1.4%
	<u><u>100.0%</u></u>	

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

**Rate of Return**

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

**Discount Rate**

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

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

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

	1% Decrease 5.00%	Current 6.00%	1% Increase 7.00%
\$	(4,380,475)	\$ (5,668,256)	\$ (6,781,679)

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**Eaton Rapids Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2025**

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

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

	Current Healthcare Cost Trend Rate	
1% Decrease		1% Increase
\$	(6,781,691)	\$ (5,668,256) \$ (4,474,103)

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 13 - Tax Abatements**

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

The School District evaluated tax abatements under the provisions of GASB 77 and determined that the property tax abatements are insignificant.

**Note 14 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Revenues</b>				
Local sources	\$ 2,983,365	\$ 3,121,259	\$ 3,125,069	\$ 3,810
State sources	24,159,112	23,579,942	23,671,631	91,689
Federal sources	425,544	408,123	407,837	(286)
Interdistrict sources	3,348,611	3,871,699	3,942,304	70,605
Total revenues	<u>30,916,632</u>	<u>30,981,023</u>	<u>31,146,841</u>	<u>165,818</u>
<b>Expenditures</b>				
Instruction				
Basic programs	13,698,676	13,068,388	13,108,934	40,546
Added needs	5,334,644	5,173,186	5,097,448	(75,738)
Supporting services				
Pupil	896,873	946,536	928,118	(18,418)
Instructional staff	1,350,108	1,597,477	1,636,616	39,139
General administration	715,170	640,711	649,592	8,881
School administration	1,560,232	1,606,572	1,580,330	(26,242)
Business	439,742	370,931	399,077	28,146
Operations and maintenance	2,200,874	2,462,819	2,438,764	(24,055)
Pupil transportation services	1,947,471	1,985,405	2,003,952	18,547
Central	853,821	891,735	932,445	40,710
Athletic activities	505,792	550,966	543,567	(7,399)
Other	-	135	345	210
Community services	1,008,952	940,463	941,944	1,481
Capital outlay	-	453,971	475,695	21,724
Total expenditures	<u>30,512,355</u>	<u>30,689,295</u>	<u>30,736,827</u>	<u>47,532</u>
Excess of revenues over expenditures	<u>404,277</u>	<u>291,728</u>	<u>410,014</u>	<u>118,286</u>

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	9,400	9,403	3
Transfers in	-	65,000	82,000	17,000
Transfers out	(5,500)	-	-	-
Total other financing sources (uses)	<u>(5,500)</u>	<u>74,400</u>	<u>91,403</u>	<u>17,003</u>
Net change in fund balance	398,777	366,128	501,417	135,289
Fund balance - beginning	<u>7,801,017</u>	<u>7,801,017</u>	<u>7,801,017</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,199,794</u>	<u>\$ 8,167,145</u>	<u>\$ 8,302,434</u>	<u>\$ 135,289</u>

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.1341%	0.1369%	0.1375%	0.1384%	0.1426%	0.1418%	0.1402%	0.1386%	0.1369%	0.1406%
B. School District's proportionate share of the net pension liability	\$ 32,823,652	\$ 44,310,630	\$ 51,728,939	\$ 32,757,729	\$ 48,996,767	\$ 46,973,311	\$ 42,131,752	\$ 35,926,416	\$ 34,147,474	\$ 33,789,096
C. School District's covered payroll	\$ 13,868,483	\$ 13,629,282	\$ 13,297,476	\$ 12,207,281	\$ 12,566,044	\$ 12,442,578	\$ 12,033,868	\$ 11,709,880	\$ 11,721,714	\$ 11,570,745
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	236.68%	325.11%	389.01%	268.35%	389.91%	377.52%	350.11%	306.80%	291.32%	292.02%
E. Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 5,044,403	\$ 5,559,293	\$ 4,930,180	\$ 4,625,075	\$ 4,039,494	\$ 3,907,984	\$ 3,763,995	\$ 3,733,117	\$ 3,073,444	\$ 2,668,720
B. Contributions in relation to statutorily required contributions	5,044,403	5,559,293	4,930,180	4,625,075	4,039,494	3,907,984	3,763,995	3,733,117	3,073,444	2,668,720
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 13,363,828	\$ 14,024,003	\$ 13,419,544	\$ 12,880,172	\$ 11,940,001	\$ 12,618,020	\$ 12,431,460	\$ 11,909,747	\$ 11,863,540	\$ 11,472,135
E. Contributions as a percentage of covered payroll	37.75%	39.64%	36.74%	35.91%	33.83%	30.97%	30.28%	31.35%	25.91%	23.26%

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.1317%	0.1365%	0.1373%	0.1355%	0.1426%	0.1424%	0.1414%	0.1388%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (5,668,256)	\$ (772,318)	\$ 2,907,245	\$ 2,067,805	\$ 7,637,240	\$ 10,222,175	\$ 11,237,771	\$ 12,290,975		
C. School District's covered payroll	\$ 13,868,483	\$ 13,629,282	\$ 13,297,476	\$ 12,207,281	\$ 12,566,044	\$ 12,442,578	\$ 12,033,868	\$ 11,709,880		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-40.87%	-5.67%	21.86%	16.94%	60.78%	82.15%	93.38%	104.96%		
E. Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%		

**Note Disclosures**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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**Eaton Rapids Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 272,432	\$ 1,089,948	\$ 1,055,269	\$ 1,027,132	\$ 968,216	\$ 1,005,273	\$ 976,935	\$ 941,498		
B. Contributions in relation to statutorily required contributions	<u>272,432</u>	<u>1,089,948</u>	<u>1,055,269</u>	<u>1,027,132</u>	<u>968,216</u>	<u>1,005,273</u>	<u>976,935</u>	<u>941,498</u>		
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
D. School District's covered payroll	\$ 13,363,828	\$ 14,024,003	\$ 13,419,544	\$ 12,880,172	\$ 11,940,001	\$ 12,618,020	\$ 12,431,460	\$ 11,909,747		
E. Contributions as a percentage of covered payroll	2.04%	7.77%	7.86%	7.97%	8.11%	7.97%	7.86%	7.91%		

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## OTHER SUPPLEMENTARY INFORMATION

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**Eaton Rapids Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2025**

	Special Revenue Funds						Debt Service Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service	Student/ School Activity	2019 Debt	2013 Issue	2012/2016 Debt Fund	2021 Issue	Fuel Service	Sinking Fund			
<b>Assets</b>											
Cash	\$ 436,289	\$ 295,837	\$ 63,192	\$ 37,402	\$ 288,279	\$ 229,291	\$ 7,600	\$ 1,041,484	\$ 2,399,374		
Taxes receivable	-	-	22,180	8,793	33,805	4,096	-	66,167	135,041		
Accounts receivable	1,763	-	-	-	-	-	-	-	1,763		
Due from other funds	-	-	-	34,206	34,468	-	-	-	68,674		
Due from other governmental units	24,416	-	-	-	-	-	-	-	24,416		
Inventory	37,082	-	-	-	-	-	-	-	37,082		
<b>Total assets</b>	<b>\$ 499,550</b>	<b>\$ 295,837</b>	<b>\$ 85,372</b>	<b>\$ 80,401</b>	<b>\$ 356,552</b>	<b>\$ 233,387</b>	<b>\$ 7,600</b>	<b>\$ 1,107,651</b>	<b>\$ 2,666,350</b>		
<b>Liabilities</b>											
Accounts payable	\$ 2,352	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,352		
Due to other funds	102,645	-	63,192	-	-	5,482	-	1,327	172,646		
Accrued expenditures	5,618	-	-	-	-	-	-	-	5,618		
Accrued salaries payable	1,217	-	-	-	-	-	-	-	1,217		
<b>Total liabilities</b>	<b>111,832</b>	<b>-</b>	<b>63,192</b>	<b>-</b>	<b>-</b>	<b>5,482</b>	<b>-</b>	<b>1,327</b>	<b>181,833</b>		
<b>Deferred Inflows of Resources</b>											
Property taxes	-	-	22,180	8,793	33,805	4,096	-	66,167	135,041		
<b>Fund Balances</b>											
Non-spendable											
Inventory	37,082	-	-	-	-	-	-	-	37,082		
Restricted for											
Food service	350,636	-	-	-	-	-	-	-	350,636		
Debt service	-	-	-	71,608	322,747	223,809	-	-	618,164		
Capital projects	-	-	-	-	-	-	7,600	1,040,157	1,047,757		
Committed for student/school activities	-	295,837	-	-	-	-	-	-	295,837		
<b>Total fund balances</b>	<b>387,718</b>	<b>\$ 295,837</b>	<b>-</b>	<b>71,608</b>	<b>322,747</b>	<b>223,809</b>	<b>7,600</b>	<b>1,040,157</b>	<b>\$ 2,349,476</b>		
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 499,550</b>	<b>\$ 295,837</b>	<b>\$ 85,372</b>	<b>\$ 80,401</b>	<b>\$ 356,552</b>	<b>\$ 233,387</b>	<b>\$ 7,600</b>	<b>\$ 1,107,651</b>	<b>\$ 2,666,350</b>		

**Eaton Rapids Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2025**

	Special Revenue Funds								Debt Service Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Food Service	Student/ School Activity	2019 Debt	2013 Issue	2012/2016 Debt Fund	2021 Issue	Fuel Service	Sinking Fund						
<b>Revenues</b>														
Local sources	\$ 266,450	\$ 382,330	\$ 718,461	\$ 410,348	\$ 2,256,609	\$ 1,411,249	\$ 199	\$ 684,636	\$ 6,130,282					
State sources	391,435	-	-	-	-	-	-	-	391,435					
Federal sources	892,707	-	-	-	-	-	-	-	892,707					
Total revenues	<u>1,550,592</u>	<u>382,330</u>	<u>718,461</u>	<u>410,348</u>	<u>2,256,609</u>	<u>1,411,249</u>	<u>199</u>	<u>684,636</u>	<u>7,414,424</u>					
<b>Expenditures</b>														
Current														
Education														
Supporting services	-	389,731	-	-	-	-	-	-	389,731					
Food services	1,456,139	-	-	-	-	-	-	-	1,456,139					
Facilities acquisition	-	-	-	-	-	-	4,770	49,655	54,425					
Debt service														
Principal	-	-	620,000	360,000	1,785,000	410,000	-	-	3,175,000					
Interest and other expenditures	-	-	131,949	63,076	536,600	1,050,370	-	-	1,781,995					
Total expenditures	<u>1,456,139</u>	<u>389,731</u>	<u>751,949</u>	<u>423,076</u>	<u>2,321,600</u>	<u>1,460,370</u>	<u>4,770</u>	<u>49,655</u>	<u>6,857,290</u>					
Excess (deficiency) of revenues over expenditures	<u>94,453</u>	<u>(7,401)</u>	<u>(33,488)</u>	<u>(12,728)</u>	<u>(64,991)</u>	<u>(49,121)</u>	<u>(4,571)</u>	<u>634,981</u>	<u>557,134</u>					
<b>Other Financing Sources (Uses)</b>														
Transfers in	-	-	23,099	-	-	-	-	-	23,099					
Transfers out	(82,000)	-	-	-	-	(23,099)	-	-	(105,099)					
Total other financing sources (uses)	<u>(82,000)</u>	<u>-</u>	<u>23,099</u>	<u>-</u>	<u>(23,099)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,000)</u>					
Net change in fund balances	<u>12,453</u>	<u>(7,401)</u>	<u>(10,389)</u>	<u>(12,728)</u>	<u>(88,090)</u>	<u>(49,121)</u>	<u>(4,571)</u>	<u>634,981</u>	<u>475,134</u>					
Fund balances - beginning	<u>375,265</u>	<u>303,238</u>	<u>10,389</u>	<u>84,336</u>	<u>410,837</u>	<u>272,930</u>	<u>12,171</u>	<u>405,176</u>	<u>1,874,342</u>					
Fund balances - ending	<u>\$ 387,718</u>	<u>\$ 295,837</u>	<u>\$ -</u>	<u>\$ 71,608</u>	<u>\$ 322,747</u>	<u>\$ 223,809</u>	<u>\$ 7,600</u>	<u>\$ 1,040,157</u>	<u>\$ 2,349,476</u>					

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**Eaton Rapids Public Schools**  
**Other Supplementary Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2025**

Year Ending June 30,	2013 Bonds		2016 Refunding Bonds		2019 Refunding Bonds		2021 Bonds		2022 Refunding Bonds		2024 Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2026	\$ 360,000	\$ 52,200	\$ -	\$ 215,800	\$ 320,000	\$ 116,360	\$ 425,000	\$ 314,950	\$ 2,285,000	\$ 247,400	\$ -	\$ 645,318	\$ 4,982,028	
2027	360,000	39,600	270,000	215,800	345,000	108,230	425,000	297,950	3,900,000	156,000	-	645,318	6,762,898	
2028	360,000	27,000	2,720,000	205,000	490,000	99,176	-	280,950	-	100,000	645,318	4,927,444		
2029	360,000	13,500	2,405,000	96,200	950,000	86,074	-	280,950	-	700,000	639,318	5,531,042		
2030	-	-	-	-	2,170,000	60,196	-	280,950	-	100,000	597,318	3,208,464		
2031	-	-	-	-	-	-	300,000	280,950	-	-	425,000	597,318	1,584,703	
2032	-	-	-	-	-	-	315,000	280,950	-	-	445,000	602,318	1,584,703	
2033	-	-	-	-	-	-	300,000	280,950	-	-	500,000	539,118	1,595,468	
2034	-	-	-	-	-	-	340,000	243,150	-	-	605,000	510,918	1,599,068	
2035	-	-	-	-	-	-	350,000	220,550	-	-	535,000	480,618	1,595,168	
2036	-	-	-	-	-	-	380,000	215,550	-	-	550,000	453,868	1,599,418	
2037	-	-	-	-	-	-	395,000	204,150	-	-	570,000	426,368	1,595,518	
2038	-	-	-	-	-	-	410,000	192,300	-	-	595,000	397,868	1,595,168	
2039	-	-	-	-	-	-	425,000	180,000	-	-	625,000	368,118	1,598,118	
2040	-	-	-	-	-	-	435,000	167,250	-	-	645,000	336,868	1,584,118	
2041	-	-	-	-	-	-	450,000	154,200	-	-	670,000	311,068	1,585,268	
2042	-	-	-	-	-	-	460,000	140,700	-	-	700,000	284,268	1,584,968	
2043	-	-	-	-	-	-	475,000	126,900	-	-	725,000	255,268	1,583,168	
2044	-	-	-	-	-	-	490,000	112,650	-	-	750,000	227,268	1,579,918	
2045	-	-	-	-	-	-	505,000	97,950	-	-	775,000	197,268	1,575,218	
2046	-	-	-	-	-	-	520,000	82,800	-	-	800,000	165,268	1,569,068	
2047	-	-	-	-	-	-	535,000	67,200	-	-	810,000	134,268	1,546,468	
2048	-	-	-	-	-	-	550,000	51,150	-	-	825,000	100,856	1,527,006	
2049	-	-	-	-	-	-	575,000	34,650	-	-	835,000	65,826	1,511,476	
2050	-	-	-	-	-	-	580,000	17,400	-	-	785,000	32,382	1,414,782	
Total	<u>\$ 1,440,000</u>	<u>\$ 132,300</u>	<u>\$ 5,395,000</u>	<u>\$ 732,800</u>	<u>\$ 4,275,000</u>	<u>\$ 470,036</u>	<u>\$ 9,670,000</u>	<u>\$ 4,579,550</u>	<u>\$ 6,185,000</u>	<u>\$ 403,400</u>	<u>\$ 13,940,000</u>	<u>\$ 9,620,210</u>	<u>\$ 56,843,296</u>	
Principal payments due the first day of	May	May	May	May	May	May	May	May	May	May	May	May		
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	May and November	May and November	May and November	May and November	May and November	May and November		
Interest rate	3.00% - 3.75%	4.00%	2.59% - 3.03%	3.00% - 3.89%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%		
Original issue	<u>\$ 5,785,000</u>	<u>\$ 5,395,000</u>	<u>\$ 10,335,000</u>	<u>\$ 10,885,000</u>	<u>\$ 10,845,000</u>	<u>\$ 10,845,000</u>	<u>\$ 13,940,000</u>							

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# THRUN

LAW FIRM, P.C.

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## DRAFT LEGAL OPINION

Eaton Rapids Public Schools  
Counties of Eaton and Ingham  
State of Michigan

We have acted as bond counsel in connection with the issuance by Eaton Rapids Public Schools, Counties of Eaton and Ingham, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of \$ \_\_\_\_\_ designated 2026 School Building and Site (Series III) 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 each year, and bear interest payable on November 1, 2026, and semiannually thereafter on May 1 and November 1 of each year in the amounts and at the rates as follows:

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

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

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

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

(1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;

(2) the Bonds are the general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;



Eaton Rapids Public Schools  
Counties of Eaton and Ingham  
State of Michigan

\_\_\_\_\_, 2026  
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(3) the Issuer has the power, and is obligated, to levy taxes on all taxable property now situated within the corporate boundaries of the Issuer, without limitation as to rate or amount, sufficient to pay the principal of and interest on the Bonds;

(4) the Bonds have been fully qualified pursuant to Act 92, Public Acts of Michigan, 2005, as amended, enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the Issuer will be or is unable to pay the principal and interest on the Bonds when due, then the Issuer shall borrow, and the State of Michigan shall lend to it, an amount sufficient to enable the Issuer to make the payment;

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

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

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

THRUN LAW FIRM, P.C.

TLF/FGH

**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

**\$  
EATON RAPIDS PUBLIC SCHOOLS  
COUNTIES OF EATON AND INGHAM  
STATE OF MICHIGAN  
2026 SCHOOL BUILDING AND SITE (SERIES III) AND REFUNDING BONDS  
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by Eaton Rapids Public Schools, Counties of Eaton and Ingham, State of Michigan (the "Issuer"), in connection with the issuance of its \$ \_\_\_\_\_ 2026 School Building and Site (Series III) 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 14, 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, 2026, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

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

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

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

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

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

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

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

**SECTION 5. Reporting of Significant Events.**

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

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



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

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

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

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

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

**SECTION 6. Termination of Reporting Obligation.**

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

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

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

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

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

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

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

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

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

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

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

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

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

EATON RAPIDS PUBLIC SCHOOLS  
COUNTIES OF EATON AND INGHAM  
STATE OF MICHIGAN

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

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

## APPENDIX A

### NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Eaton Rapids Public Schools, Eaton and Ingham Counties, Michigan

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

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

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

EATON RAPIDS PUBLIC SCHOOLS  
COUNTIES OF EATON AND INGHAM  
STATE OF MICHIGAN

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

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



## **APPENDIX B**

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

Name of Issuer: Eaton Rapids Public Schools, Eaton and Ingham Counties, Michigan

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

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

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

EATON RAPIDS PUBLIC SCHOOLS  
COUNTIES OF EATON AND INGHAM  
STATE OF MICHIGAN

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

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



## APPENDIX C

### SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

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

Description of Significant Events Notice (Check One):

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- 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
- Modifications to rights of security holders
- Bond calls
- Tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the Issuer or other obligated person
- 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
- Appointment of a successor or additional trustee or the change of name of a trustee
- Incurrence of a financial obligation of the Issuer or other obligated person
- Agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation that affect security holders
- 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
- Other significant event notice (specify) \_\_\_\_\_

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

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

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

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

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

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

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

**The MSRB Gateway is [www.msrb.org](http://www.msrb.org) or through the EMMA portal at [emma.msrb.org/submit/Submission\\_Portal.aspx](http://emma.msrb.org/submit/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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