

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 7, 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.



\$29,695,000
BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

Dated: Date of Delivery

Due: May 1, as shown below

The 2026 Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") were authorized by the Board of Education of the Battle Creek Public Schools, County of Calhoun, State of Michigan (the "School District") by resolutions adopted on October 27, 2025 and expected to be adopted on April __, 2026 (together, the "Resolutions"). The Bonds are being issued for the purpose of currently refunding a portion of a prior bond issue of the School District. The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

The Bonds are 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\$: _____)

Maturity**	Amount**	Interest Rate	Yield	CUSIP\$	Maturity**	Amount**	Interest Rate	Yield	CUSIP\$
2027	\$2,735,000				2033	\$2,735,000			
2028	2,145,000				2034	2,875,000			
2029	2,250,000				2035	3,020,000			
2030	2,365,000				2036	3,160,000			
2031	2,480,000				2037	3,320,000			
2032	2,610,000								

THE BONDS OR PORTIONS OF THE BONDS MATURING ON MAY 1, 2037** ARE SUBJECT TO OPTIONAL REDEMPTION BEGINNING MAY 1, 2036**, IN THE MANNER AND AT THE TIMES DESCRIBED HEREIN. See "THE BONDS — Optional Redemption" herein.

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

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

STIFEL

Raymond James

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

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

* As of date of delivery.

** Preliminary, subject to change.

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

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

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

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

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

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Nicole Standback Perry, Vice President
Nathan Grajek, Secretary
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Kate Flores, Trustee
Ryan Hoaglin-Jackson, Trustee
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OFFICIAL STATEMENT
relating to

\$29,695,000¹
BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION – UNLIMITED TAX)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by Battle Creek Public Schools, County of Calhoun, State of Michigan (the "School District") of its 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of \$29,695,000¹.

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of currently refunding all or a portion of the School District's outstanding 2016 Refunding Bonds, dated March 1, 2016, which are due and payable May 1, 2027 through May 1, 2037, inclusive (the "Prior Bonds"); and paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on October 27, 2025 and expected to be adopted on April __, 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 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. 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.

¹ Preliminary, subject to change.

PLAN OF REFUNDING

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

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
06/17/2026	\$32,690,000.00	\$201,818.61	\$32,891,818.61

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

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

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

USES

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

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1

¹ Preliminary, subject to change.

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner

entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

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

Optional Redemption¹

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on May 1, 2037¹, are subject to redemption at the option of the School District and by lot within any maturity, on any date occurring on or after May 1, 2036¹, at par plus accrued interest to the date fixed for redemption.

Notice of Redemption and Manner of Selection

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

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

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

TAX PROCEDURES

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

¹ Preliminary, subject to change.

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

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

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local 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 property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties² in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance does not exceed \$10,050, and the School District does not levy such additional millage.

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

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

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

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

the 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.

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

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

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

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

LITIGATION

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

TAX MATTERS

State

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

Federal

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

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

Original Issue Premium¹

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

Original Issue Discount¹

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

Future Developments

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

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

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

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

¹ Preliminary, subject to change.

INCLUDING THE TREATMENT OF ORIGINAL ISSUE PREMIUM OR ORIGINAL ISSUE DISCOUNT, IF ANY.

APPROVAL OF LEGAL PROCEEDINGS

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

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

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act 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 ("Stifel") and Raymond James & Associates, Inc. (collectively, the "Underwriters"), have agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriters, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriters have further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be

changed from time to time by the Underwriters. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events

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

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

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

BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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**APPENDIX A
STATE QUALIFICATION**

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422

March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

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

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

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

August 29, 1966.

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

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

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

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

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

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

¹In 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.

²Act 108, P.A. 1961, in its present amended form appears in M.S.A. 1965 Cum. Supp. § 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 instruction³ a preliminary application for a loan from the state in the amount of any part of such excess over 7 mills which the school district does not propose to levy in such year.⁴ Amended Section 6 specifies the information to be supplied in the application. The superintendent of public instruction if he finds the application in proper form shall approve or deny the application in whole or in part and notify the school district of his action. Amended Section 7 of the act provides that if a loan from the state shall become necessary for the payment of principal and interest on qualified bonds in accordance with an approved preliminary application to the superintendent of public instruction or by virtue of a supplemental application, it shall be the duty of the superintendent of public instruction after audit to forward to the state treasurer a statement setting forth the amount to be loaned to the school district for the payment of principal and interest and the date on or before which loan shall be made.⁵ The superintendent shall prepare a voucher as a basis for the issuance of a warrant and upon receipt of such statement and warrant, it shall be the duty of the state treasurer to loan to the school district from the school bond loan fund the amount set forth in the statement of the superintendent of public instruction on or before the date specified therein. The state treasurer upon making such loan shall obtain from the school district a receipt for the amount so loaned which receipt shall specify the terms of repayment in accordance with the provisions of Section 16 of Article IX, Constitution of 1963 and the act. The school district treasurer upon receipt of the loan is required to deposit the same in the debt retirement fund to be used solely for the payment of principal and interest on qualified bonds.

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

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

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

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

³Article 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.

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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APPENDIX B¹

BATTLE CREEK PUBLIC SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Battle Creek Public Schools (the "School District") occupies an area of 42.1 square miles and encompasses the City of Springfield and portions of the City of Battle Creek and the Charter Townships of Bedford, Emmett and Pennfield within the County of Calhoun.

POPULATION

The U.S. Census reported and 2024 estimated populations for the School District, City of Battle Creek and the County of Calhoun are as follows:

	<u>School District</u>	<u>City of Battle Creek</u>	<u>County of Calhoun</u>
2024 Estimate	40,499	52,374	133,778
2020 U.S. Census	41,837	52,721	134,310
2010 U.S. Census	42,598	52,347	136,146

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

BOARD OF EDUCATION

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

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>	<u>School Year End 30-Jun</u>	<u>Full-time Equivalent</u>	<u>Change</u>
2026*	3,507	-5.29%	2021	3,699	-5.06%
2025	3,703	-2.19	2020	3,896	-3.97
2024	3,786	-0.99	2019	4,057	-0.81
2023	3,824	-1.87	2018	4,090	-3.65
2022	3,897	5.35	2017	4,245	-7.60

*Unaudited.

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

2025/2026 Fall Count*

Kindergarten	260	7 th	244
1 st	276	8 th	265
2 nd	270	9 th	256
3 rd	276	10 th	293
4 th	290	11 th	286
5 th	269	12 th	249
6 th	273	Total	<u>3,507</u>

*Unaudited.

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

SCHOOL DISTRICT FACILITIES

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

<u>Facility</u>	<u>Grades Served</u>	<u>Year Built</u>	<u>Last Remodel/Addition</u>	<u>Type of Construction</u>
<i>Elementary Schools:</i>				
Post-Franklin	PK-2	1978	2012	Masonry
Fremont	K-5	1925	1963	Masonry
La Mora Park	PK-2	1954	1958	Masonry
Valley View	PK-5	1960	2011	Masonry
Ann J. Kellogg	3-5	1931	1970	Masonry
Verona	3-5	1915	1929	Masonry
<i>Middle Schools:</i>				
Northwestern	K-2 & 6-8	1959	2025	Masonry
Springfield	6-8	1964	2024	Masonry
BC Stem Innovation Center	6-8	1908	2020	Masonry
<i>High Schools:</i>				
Battle Creek Central	6-12	1908	2011	Masonry
BC Area Math & Science Ctr.	9-12	1998	2014	Masonry
W.K. Kellogg Prep.	10-12	1932	2006	Masonry
<i>Other Facilities:</i>				
Admin./Willard Library	---	1904	1969	Masonry
Dudley Early Learning Center	6 months-PK	1955	1965	Masonry
Facilities/Transportation	---	1960	---	---
Central Fieldhouse	---	1927	2012	Masonry
C.W. Post Field	---	1957	2012	---
Coburn	---	1949	1955	Masonry
Urbandale	---	1941	1951	Masonry
South Western MS	---	1926	---	Masonry
Outdoor Education Ctr.	---	1950	2020	---
Miller-Stone Adult Ed.	---	1917	---	Masonry

OTHER SCHOOLS

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

<u>Name of School</u>	<u>Grades Served</u>	<u>Approximate Enrollment</u>
Battle Creek Montessori Academy	K-8	180
Battle Creek Academy	K-12	95
Bedford Bible Church School	K-11	20
Endeavor Charter Academy	Y5-8	650
St. Philip Catholic Central High School	9-12	102
		<u>1,047</u>

Source: 2026 Michigan Education Directory and Private School Review website via www.privateschoolreview.com

STATE AID PAYMENTS

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

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

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

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments ¹	Blended Pupil Count	Amount Received per Pupil ²
2026	\$10,050	\$42,861,070 ³	3,506.88 ³	12,222 ³
2025	9,608	45,116,081	3,702.76	12,184
2024	9,608	43,865,675	3,780.35	11,604
2023	9,150	42,401,659	3,820.76	11,098
2022	8,700	36,676,779	3,868.57	9,481
2021	8,111	33,969,765 ⁴	3,846.41	8,832 ⁴

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

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

³Preliminary estimate, subject to change.

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

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

KELLOGG FOUNDATION FUNDING

In March 2017, the W.K. Kellogg Foundation (the "Foundation") made a five-year \$51 million commitment to the School District to help prepare every student for college, career, and community through an equity-informed approach to creating more opportunities and increasing district excellence. In March 2023, the Foundation partnered with the School District to provide tuition for eligible graduates through the Bearcat Advantage scholarship program. The Foundation awarded the School District with a grant for up to \$69,741,807 with annual payments from May 2023 through May 2043 to provide scholarships for Battle Creek Public Schools graduates for up to 100% of tuition and for post-secondary education at any accredited four-year public or private college or university in Michigan, or nationally recognized Historically Black Colleges and Universities. Additionally, the Foundation awarded the School District an additional grant in the amount of \$15,225,000 with annual payments from July 2023 through June of 2028.

The resources and expenditures for the program were accounted for under the W.K. Kellogg Foundation (WKKF) Grant Fund.

PROPERTY VALUATIONS

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

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

History of Valuations

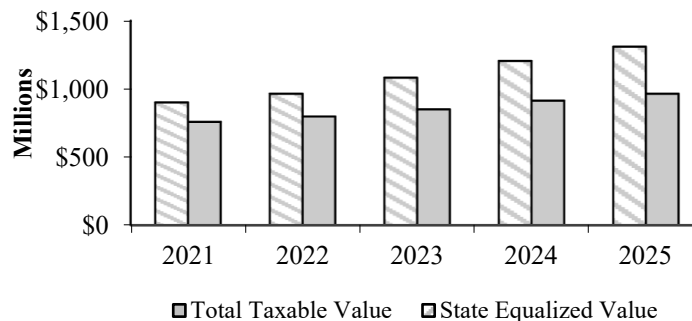
A history of the property valuations in the School District is shown below:

Year	Principal Residence ¹	Non- Principal Residence ¹	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2025	\$443,529,737	\$521,214,577	\$964,744,314	5.59%	\$1,309,784,954	8.71%
2024	409,724,815	503,944,464	913,669,279	7.48	1,204,833,084	11.32
2023	383,470,720	466,600,600	850,071,320	6.62	1,082,296,235	12.23
2022	368,324,645	428,985,145	797,309,790	5.17	964,329,777	7.05
2021	345,214,473	412,922,307	758,136,780	----	900,796,197	----

¹All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2025, industrial personal property had a taxable value of \$10,847,169 and commercial personal property had a taxable value of \$47,161,211 in the School District.

Source: Calhoun County Equalization Department

History of Valuations



Annual Equivalent Valuation

A summary of the 2025 valuation is as follows:

2025 Taxable Value	\$964,744,314
Plus: 2025 Equivalent IFT Taxable Value ¹	7,506,880
Total 2025 Equivalent Taxable Value	\$972,251,194
Less: 2025 Disabled Veterans Exemption Taxable Value ²	(5,105,930)
Net 2025 Annual Equivalent Valuation	<u>\$967,145,264</u>

¹See “INDUSTRIAL FACILITY TAX ABATEMENTS” herein.

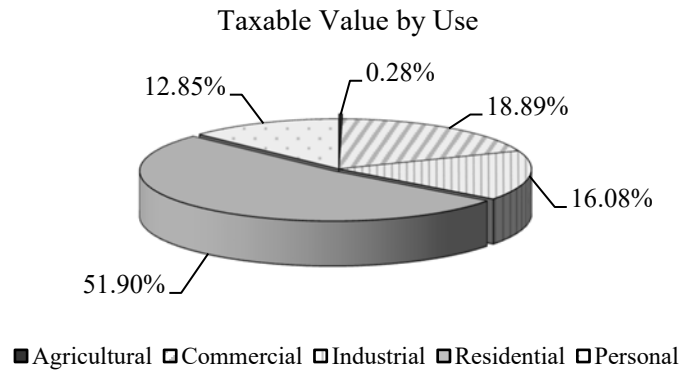
²Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled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

Source: Calhoun County Equalization Department

Tax Base Composition

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

	2025	Percent
By Class:	Taxable Value	of Total
Real Property	\$840,728,889	87.15%
Personal Property	124,015,425	12.85
TOTAL	\$964,744,314	100.00%
By Use:		
Agricultural	\$2,623,708	0.28%
Commercial	182,201,822	18.89
Industrial	155,175,197	16.08
Residential	500,728,162	51.90
Personal	124,015,425	12.85
TOTAL	\$964,744,314	100.00%



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

Municipality	2025	Percent
	Taxable Value	of Total
<i>County of Calhoun</i>		
City of Battle Creek	\$666,957,064	69.13%
City of Springfield	109,457,035	11.35
Charter Township of Bedford	154,594,894	16.02
Charter Township of Emmet	29,884,353	3.10
Charter Township of Pennfield	3,850,968	0.40
TOTAL	\$964,744,314	100.00%

Source: Calhoun County Equalization Department

INDUSTRIAL FACILITY TAX ABATEMENTS

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

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

The 2025 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is \$15,013,760, all of which is taxed at ½ rate. For purposes of computing "Equivalent" Taxable Value, it has been shown in the "History of Valuations" section as 50% of the Taxable Value.

Source: Calhoun County Equalization Department

MAJOR TAXPAYERS

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

Taxpayer	Product/Service	2025 Taxable Value	"Equivalent" IFT Value ¹	2025 Total Valuation
Kellogg Company	Cereal & Breakfast Food	\$56,209,297	\$0	\$56,209,297
Consumer Energy Co.	Utility	45,969,813	0	45,969,813
SEMCO Energy, Inc.	Utility	15,120,180	0	15,120,180
Denso Manufacturing MI, Inc.	Air Systems	12,258,738	33,657	12,292,395
Post Foods LLC	Cereal & Food Products	11,116,890	0	11,116,890
Michigan Electric Transmission Co.	Utility	7,657,470	0	7,657,470
Prairie Farms Dairy Inc.	Farm	5,097,100	1,003,209	6,100,309
FCIP South Park 1 LLC	Real Estate Development	5,831,260	0	5,831,260
Hoffman Bros Inc.	Excavating Contractor	5,103,509	0	5,103,509
Duncan Aviation Inc.	Aircraft Refurbishing/Maintenance	4,824,113	0	4,824,113
TOTALS		\$169,188,370	\$1,036,865	\$170,225,235
Total 2025 Values		\$964,744,314		\$972,251,194
Top 10 Taxpayers as a % of 2025 Total Values		17.54%		17.51%

¹Represents 50% of the actual Taxable Value.

Source: Calhoun County Equalization Department

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

	2025	2024	2023	2022	2021
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	5.5000	5.5000	5.5000	5.5000	4.0000
Sinking Fund	1.9992	2.0000	2.0000	2.0000	2.0000
Total Non-Principal Residence	25.4992	25.5000	25.5000	25.5000	24.0000
Total Principal Residence	7.4992	7.5000	7.5000	7.5000	6.0000

The School District levies voted operating millage on non-principal residence property and sinking fund millage and authorized debt millage on all taxable property within the School District. The voted operating millage and the sinking fund millage both expire with the 2028 levy.

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

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

	2025	2024
State Education Tax	6.0000	6.0000
Calhoun County	7.6410	7.6406
City of Battle Creek	15.1960	15.6650
Calhoun ISD	6.1919	6.1919
Kellogg Community College	3.6109	3.6109
Willard District Library	1.9958	1.9986

Source: Calhoun County Equalization Department

TAX LEVIES AND COLLECTIONS

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

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025	\$8,606,680*	In Process of Collection		NA	
2024	8,275,660	\$7,811,046	94.39%	\$8,275,660	100.00%
2023	7,885,570	7,441,554	94.37	\$7,885,570	100.00
2022	7,146,264	6,373,833	89.19	6,993,910	97.87
2021	6,683,430	6,078,331	90.95	6,671,397	99.82
2020	6,464,505	5,745,078	88.87	6,458,936	99.91

*Estimated.

RETIREMENT PLAN

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

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

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

Contribution to MPSERS

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

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPSERS Direct Offset Payments ²
2026 ¹	\$10,552,732	\$829,340	\$11,382,072	\$4,071,963
2025	11,423,682	829,340	12,253,022	3,606,396
2024	10,588,410	2,240,424	12,828,834	4,572,711
2023	11,168,397	1,889,448	13,057,845	6,482,405
2022	9,086,077	1,953,918	11,039,995	4,324,800

¹Estimated.

²Represents the amount the School District received in state aid categorical revenue (Section 147c MPSERS UAAL Rate Stabilization and One-Time Deposits) to directly pay for a portion of the School District’s MPSERS unfunded liability. This amount is included in the Total Amount shown in the table above.

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net pension liability of \$60,665,177 as of September 30, 2024.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net OPEB asset of \$11,366,898 as of September 30, 2024.

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

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrators	78	Non-Affiliated	N/A
Teachers	289	BCEA/MEA	06/30/28
Secretaries	17	BCEA/MEA	06/30/28
Maintenance/Attendants	15	BCESPA/MEA	06/30/27
Para Professionals	39	BCPA/MEA	06/30/28
Other Support Staff	55	Non-Affiliated	N/A
TOTAL	493		

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

DEBT STATEMENT* - (As of 04/07/26 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding before Refunding	Refunding (Refunded) Bonds	Principal Outstanding after Refunding
03/01/16	Refunding	UTQ	05/01/37	\$34,910,000	(\$32,690,000)	\$2,220,000*
03/10/22	School Building and Site	UTQ	05/01/47	38,760,000	0	38,760,000
06/26/25	School Bldg. and Site, Ser. I	UTQ	05/01/50	13,085,000	0	13,085,000
/ /26	Refunding	UTQ	05/01/37	0	29,695,000	29,695,000*
NET DIRECT DEBT				<u>\$86,755,000</u>	<u>(\$2,995,000)</u>	<u>\$83,760,000*</u>

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
45.74%	City of Battle Creek	\$69,763,750	\$31,909,939
100.00	City of Springfield	895,000	895,000
58.09	Charter Township of Bedford	0	0
6.21	Charter Township of Emmett	8,405,000	521,951
1.21	Charter Township of Pennfield	785,000	9,499
21.01	Calhoun County	103,338,750	21,711,471
19.24	Calhoun ISD	0	0
20.53	Kellogg Community College	3,080,000	632,324
35.30	Willard Public Library	0	0
TOTAL OVERLAPPING DEBT			<u>55,680,184</u>
NET DIRECT AND OVERLAPPING DEBT			<u><u>\$139,440,184*</u></u>

*Preliminary, subject to change.

Source: *Municipal Advisory Council of Michigan*

SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of April 7, 2026.

OTHER DEBT

The School District has no short-term borrowing outstanding.

DEBT HISTORY

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

FUTURE FINANCING

The School District has approximately \$14,600,000 of remaining voter authorized unlimited tax bonds remaining which it expects to issue in 2027. Other than that, the School District does not have plans for any additional capital financing within the next 12 months.

DEBT RATIOS*

Estimated School District Population	40,499
2025 Taxable Value	\$964,744,314
2025 State Equalized Value (SEV)	\$1,309,784,954
2025 True Cash Value (TCV)	\$2,619,569,908
Per Capita 2025 Taxable Value	\$23,821.44
Per Capita 2025 State Equalized Value	\$32,341.17
Per Capita 2025 True Cash Value	\$64,682.34
Per Capita Net Direct Debt	\$2,068.20
Per Capita Net Direct and Overlapping Debt	\$3,443.05
Percent of Net Direct Debt of 2025 Taxable Value	8.68%
Percent of Net Direct and Overlapping Debt of 2025 Taxable Value	14.45%
Percent of Net Direct Debt of 2025 SEV	6.39%
Percent of Net Direct and Overlapping Debt of 2025 SEV	10.65%
Percent of Net Direct Debt of 2025 TCV	3.20%
Percent of Net Direct and Overlapping Debt of 2025 TCV	5.32%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 04/07/26 – including the Bonds described herein)

2025 State Equalized Value		\$1,309,784,954
Legal Debt Limit - 15% of SEV		\$196,467,743
Total Bonded Debt Outstanding	\$83,760,000	
Less: SLRF Qualified Bonds ¹	<u>(83,760,000)</u>	
Net Amount Subject to Legal Debt Limit		<u>0</u>
LEGAL DEBT MARGIN AVAILABLE		<u>\$196,467,743</u>

*Preliminary, subject to change.

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

EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Denso Manufacturing MI, Inc.	Air Systems	2,800
Kellogg Company (HQ) (WK Kellogg Co.)	Cereal & Breakfast Food	1,500
Hart-Dole-Inouye Federal Center	Government	1,500
Bronson Battle Creek Hospital	Healthcare	1,360
Duncan Aviation Inc.	Aircraft Refurbishing/Maintenance	675
Musashi Auto Parts, Inc.	Automotive Parts	650
TRMI, Inc.	Automotive Switches & Control Devices	570
I. I. Stanley Co., Inc.	Automotive Parts	570
Post Foods LLC	Cereal & Food Products	550
City of Battle Creek	Government	537
Adient US, LLC	Automotive Seating	500
Dieomatic International, Inc.	Automotive Parts	500
Battle Creek Public Schools	Education	493
Hi-Lex Corp.	Motion Control Products	320
Prairie Farms Dairy Inc.	Farm	300
Systex Products Corp.	Plastic Injection Molding	300
<i>Within the County of Calhoun</i>		
Denso Manufacturing MI, Inc.*	Air Systems	2,800
Firekeepers Casino	Casino	2,106
Veterans Administration Medical Center	Healthcare	1,600
Kellogg Co. (HQ) (WK Kellogg Co.)*	Cereal & Breakfast Food	1,500
Fort Custer Training Center	Government (14 Reserve Branches)	1,159
Michigan Air National Guard	Reserve Branch of U.S. Air Force	1,071
Oaklawn Hospital	Healthcare	800
Kellogg Community College	Higher Education	765
Tenneco, Inc.	Exhaust Systems & Mufflers	750
Calhoun County	Government	682
Musashi Auto Parts-MI, Inc.	Automotive Parts	650
Meijer, Inc.	Retail	650

*Includes the employees within the School District.

Source: 2025 Michigan Manufacturers Directory, MEDC website via www.michiganbusiness.org, Calhoun County Annual Comprehensive Financial Report and individual employers.

EMPLOYMENT BREAKDOWN

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

PERSONS BY OCCUPATION	City of Battle Creek		County of Calhoun	
	Number	Percent	Number	Percent
	23,447	100.00%	59,462	100.00%
Management, Business, Science & Arts	7,553	32.21	19,892	33.45
Service	4,685	19.98	10,601	17.83
Sales & Office	4,440	18.94	10,831	18.21
Natural Resources, Construction & Maintenance	1,417	6.04	4,970	8.36
Production, Transportation & Material Moving	5,352	22.83	13,168	22.15

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

PERSONS BY INDUSTRY	City of Battle Creek		County of Calhoun	
	Number	Percent	Number	Percent
	23,447	100.00%	59,462	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	486	2.07	1,322	2.22
Construction	796	3.39	2,986	5.02
Manufacturing	4,912	20.95	12,755	21.45
Wholesale Trade	287	1.22	622	1.05
Retail Trade	2,811	11.99	7,022	11.81
Transportation, Warehousing & Utilities	1,021	4.35	3,005	5.05
Information	121	0.52	541	0.91
Finance, Insurance & Real Estate	646	2.76	1,814	3.05
Professional, Scientific & Management Services	1,998	8.52	4,368	7.35
Educational, Health & Social Services	5,652	24.11	13,886	23.35
Arts, Entertainment, Recreation & Food Services	2,600	11.09	5,505	9.26
Other Services except Public Administration	1,220	5.20	2,842	4.78
Public Administration	897	3.83	2,794	4.70

UNEMPLOYMENT

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

Annual Average	City of Battle Creek	County of Calhoun	State of Michigan
December, 2025	5.6%	5.1%	4.8%
2024	5.8	5.2	4.7
2023	4.8	4.4	3.9
2022	5.2	4.7	4.2
2021	7.0	6.4	5.7

POPULATION BY AGE

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

	City of Battle Creek		County of Calhoun	
	Number	Percent	Number	Percent
Total Population	52,374	100.00%	133,778	100.00%
0 through 19 years	14,046	26.82	33,923	25.36
20 through 64 years	29,524	56.37	74,928	56.01
65 years and over	8,804	16.81	24,927	18.63
Median Age	38.0 years		40.2 years	

INCOME

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

HOUSEHOLDS BY INCOME	City of Battle Creek		County of Calhoun	
	Number	Percent	Number	Percent
	21,128	100.00%	53,333	100.00%
Less than \$ 10,000	1,078	5.10	2,063	3.87
\$ 10,000 to \$ 14,999	1,640	7.76	2,695	5.05
\$ 15,000 to \$ 24,999	1,770	8.38	4,267	8.00
\$ 25,000 to \$ 34,999	2,093	9.91	4,914	9.21
\$ 35,000 to \$ 49,999	3,262	15.44	7,273	13.64
\$ 50,000 to \$ 74,999	3,819	18.07	9,870	18.50
\$ 75,000 to \$ 99,999	2,648	12.53	7,525	14.11
\$100,000 to \$149,999	2,719	12.87	7,971	14.95
\$150,000 to \$199,999	1,047	4.96	3,611	6.77
\$200,000 or MORE	1,052	4.98	3,144	5.90
Median Income		\$55,693		\$63,177

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APPENDIX C
GENERAL FUND BUDGET SUMMARY AND
COMPARATIVE FINANCIAL STATEMENTS

Battle Creek Public Schools
General Fund Budget Summary

	As Amended 2025/26
Revenues	
Local Sources	\$9,266,091
State Sources	43,934,084
Federal Sources	4,678,024
Transfers In and Out	3,006,000
Total Revenues	\$60,884,199
Expenditures	
Instructional Services	
Basic Programs	\$21,751,446
Added Needs	8,683,613
Adult/Continuing Education	271,923
Support Services	
Pupil Support	3,701,871
Instructional Staff	3,665,199
General Administration	626,816
Building Administration	3,853,526
Fiscal Services	1,008,971
Operation, Maintenance & Security	8,578,399
Transportation	2,948,074
Central Support Services	3,855,090
Athletics	908,149
Community Services	887,089
Capital Outlay	144,033
Total Expenditures	\$60,884,199
Excess of Expenditures (over) under Revenues	\$0
Beginning Fund Balance - July 1	\$19,212,694
Projected Fund Balance - June 30	\$19,212,694

Source: School District

**Battle Creek Public Schools
General Fund
Comparative Balance Sheet**

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash and Investments	\$16,449,580	\$10,514,666	\$11,436,369
Receivables			
Other Receivables	65,562	292,264	664,016
Due from Other Governmental Units	14,068,305	14,310,054	10,271,014
Due from Other Funds	3,402,279	10,421,783	8,393,013
Inventories	26,279	9,223	24,335
Prepaid Costs & Other Assets	23,104	31,448	178,473
Restricted Assets	3,756,333	--	--
Total Assets	<u>\$37,791,442</u>	<u>\$35,579,438</u>	<u>\$30,967,220</u>
Liabilities			
Accounts Payable	\$2,584,060	\$2,749,853	\$1,932,841
Accrued Payroll & Other Liabilities	4,359,816	4,996,944	5,722,842
Unearned Revenue	2,825,633	4,126,099	3,318,451
Due to Other Governmental Units	745,171	831,319	--
Due to Other Funds	5,774,181	--	780,392
Total Liabilities	<u>\$16,288,861</u>	<u>\$12,704,215</u>	<u>\$11,754,526</u>
Deferred Inflows of Resources			
Unavailable Revenue	\$155,729	\$471,762	\$0
Fund Balances			
Nonspendable			
Inventories	\$26,279	\$9,223	\$24,335
Prepaid Costs & Other Assets	23,104	31,448	178,473
Assigned	901,341	--	--
Unassigned	20,396,128	22,362,790	19,009,886
Total Fund Balances	<u>\$21,346,852</u>	<u>\$22,403,461</u>	<u>\$19,212,694</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$37,791,442</u>	<u>\$35,579,438</u>	<u>\$30,967,220</u>

Source: Audited Financial Statements

**Battle Creek Public Schools
General Fund**

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

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Revenues			
Local Sources	\$8,482,041	\$9,627,763	\$9,072,704
State Sources	40,401,205	41,511,671	45,743,441
Federal Sources	16,939,108	21,121,328	18,096,034
Intergovernmental & Other Sources	1,627,790	3,138,010	1,918,431
Total Revenues	<u>\$67,450,144</u>	<u>\$75,398,772</u>	<u>\$74,830,610</u>
Expenditures			
Current			
Instruction	\$30,977,911	\$32,702,203	\$33,820,065
Supporting Services	23,759,686	28,156,181	30,338,136
Athletics	791,550	750,182	774,382
Community Service	1,251,636	1,252,241	1,443,180
Capital Outlay	6,303,547	11,233,074	11,563,701
Debt Service			
Principal	26,145	--	--
Interest	71,161	45,479	57,480
Total Expenditures	<u>\$63,181,636</u>	<u>\$74,139,360</u>	<u>\$77,996,944</u>
Excess of Revenue Over (Under)			
Expenditures	<u>\$4,268,508</u>	<u>\$1,259,412</u>	<u>(\$3,166,334)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	\$117,844	\$9,211	--
Transfers In	106,435	--	\$47,895
Transfers Out	(139,550)	(212,014)	(72,328)
Total Other Financing Sources (Uses)	<u>\$84,729</u>	<u>(\$202,803)</u>	<u>(\$24,433)</u>
Net Change in Fund Balance	\$4,353,237	\$1,056,609	(\$3,190,767)
Fund Balance - Beginning	<u>\$16,993,615</u>	<u>\$21,346,852</u>	<u>\$22,403,461</u>
Fund Balance - Ending	<u>\$21,346,852</u>	<u>\$22,403,461</u>	<u>\$19,212,694</u>

Source: Audited Financial Statements

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APPENDIX D
AUDITED FINANCIAL STATEMENTS

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

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Independent Auditor's Report

To the Board of Education
 Battle Creek Public Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 2 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Education
 Battle Creek Public Schools

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Education
Battle Creek Public Schools

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



October 29, 2025

Battle Creek Public Schools

Management's Discussion and Analysis

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Battle Creek Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, including its governmental and business-type activities, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the W.K. Kellogg Foundation (WKKF) Grant Fund, the 2025 Bond Construction Fund, and the Math and Science Center Fund, with all other funds presented in one column as nonmajor funds, and information on the School District's enterprise fund, which is presented separately within the proprietary fund section. The remaining statements, the statement of fiduciary net position and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for Major Funds

Schedules of the School District's Proportionate Share of the Net Pension
and Other Postemployment Benefits (OPEB) Liabilities (Assets)

Schedules of Pension Contributions and OPEB Contributions

Other Supplementary Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, athletics, food services, community services, and capital projects. Property taxes; unrestricted state aid (foundation allowance revenue); and local, state, and federal grants finance most of these activities. The statement of net position and statement of activities also report the business-type activities for the School District, which include the science kit sales and related expenditures of the Cereal City Science operations.

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

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (special revenue funds - Food Service and Math and Science Center - are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as millage funds used for capital projects).

Governmental Funds

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

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides.

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

The School District is the trustee, or fiduciary, for its private-purpose trust funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Assets				
Current and other assets	\$ 74.7	\$ 64.2	\$ 2.9	\$ 2.3
Capital assets	153.8	141.0	2.0	2.1
Total assets	228.5	205.2	4.9	4.4
Deferred Outflows of Resources	26.7	28.9	0.4	0.4
Liabilities				
Current liabilities	18.2	20.6	2.4	1.1
Noncurrent liabilities	100.2	88.0	-	-
Net pension liability	59.6	74.3	1.1	1.1
Total liabilities	178.0	182.9	3.5	2.2
Deferred Inflows of Resources	40.6	31.2	0.7	0.5
Net Position				
Net investment in capital assets	73.6	69.0	2.0	2.1
Restricted	18.0	4.3	0.2	0.1
Unrestricted	(55.0)	(53.3)	(1.1)	(0.1)
Total net position	\$ 36.6	\$ 20.0	\$ 1.1	\$ 2.1

The above analysis focuses on net position. The change in net position of the School District's governmental and business-type activities is discussed below. The School District's governmental and business-type net position was \$36.6 million and \$1.1 million, respectively, at June 30, 2025. Net investment in capital assets for the governmental activities and business-type activities totaling \$73.6 million and 2.0 million, respectively, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of governmental activities net position (\$(55.0) million) was unrestricted.

The \$(54.9) million in unrestricted net position of governmental activities represent the accumulated results of all past years' operations and the impact from Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 (recording the School District's share of the net pension liabilities and OPEB assets from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liabilities and OPEB assets will have significant impacts on the change in governmental activities unrestricted net position from year to year.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-type Activities	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Revenue				
Program revenue:				
Charges for services	\$ 0.4	\$ 0.4	\$ 0.9	\$ 1.3
Operating grants	47.7	49.1	-	0.1
General revenue:				
Taxes	14.8	14.4	-	-
State aid not restricted to specific purposes	30.8	33.0	-	-
Other	2.7	4.0	-	-
Total revenue	96.4	100.9	0.9	1.4
Expenses				
Instruction	31.1	35.1	-	-
Support services	36.5	32.5	-	-
Athletics	0.9	0.8	-	-
Food services	4.4	4.2	-	-
Community services	2.5	1.9	-	-
Debt service	3.5	4.2	-	-
Cereal City Science operating expenses	-	-	1.5	(0.1)
Total expenses	78.9	78.7	1.5	(0.1)
Transfers	0.4	0.3	(0.4)	(0.3)
Change in Net Position	17.9	22.5	(1.0)	1.2
Net Position (Deficit) - Beginning of year	20.0	(2.5)	2.1	0.9
Adoption of GASB 101 (Note 2)	(1.3)	-	-	-
Net Position (Deficit) - Beginning of year, as previously reported	18.7	(2.5)	2.1	0.9
Net Position - End of year	\$ 36.6	\$ 20.0	\$ 1.1	\$ 2.1

As reported in the statement of activities, the cost of all of our governmental activities this year was \$78.9 million. Certain activities were partially funded from those who benefited from the programs (\$0.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$47.7 million). We paid for the remaining public benefit portion of governmental activities with \$14.8 million in taxes, \$30.8 million in state foundation allowance, and other revenue (i.e., WKKF funds, interest, and general entitlements).

The School District experienced an increase in governmental net position of \$17.9 million primarily due to an increase in the OPEB asset and additions to capital assets for completion of district capital projects.

As reported in the statement of activities, the cost of all business-type activities consists of the Cereal City Science Fund producing science kits and providing professional development training services to school districts in the State of Michigan and four surrounding states. This year, the science kit sales were down significantly as districts prioritize spending and managing their budgets. The Cereal Science Fund also experienced an increase in wages and benefits.

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

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

During the current year, the School District adopted GASB Statement No. 101, *Compensated Absences*. As a result, the School District is required to restate liabilities for compensated absences to be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The financial statements for the year ended June 30, 2024 show a restatement of net position (deficit) of \$1.3 million in order to adopt GASB Statement No. 101.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at the funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$46.0 million, which is an increase of \$3.5 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance decreased by \$3.1 million to \$19.2 million. This is largely due to increases in wages and certain operating expenditures while the per pupil foundation allowance remained the same as in fiscal year 2024. The School District continues to use grant funds first rather than using General Fund budgeted expenditures. The School District experienced as reduction in CARES Act funding from 2023-2024.

The 2025 Bond Construction Fund was issued during the 2024-2025 fiscal year. The Bond Construction Fund has a fund balance of \$13.4 million.

The fund balance of our 2022 Bond Construction Fund decreased by \$8.0 million. This decrease in funding was due to the construction work at our Springfield Middle and Northwestern Middle schools. The middle school projects were substantially completed this year.

Within the School District's special revenue funds, the Food Service Fund saw a fund balance decrease of approximately \$79,000. The Math and Science Center Fund fund balance remained relatively with a slight increase of \$10,000. The School District has seen a decrease in student participation from surrounding school areas since the COVID-19 pandemic. Expenditures increased due to instructional costs for wages and benefits. The Student Activities Fund fund balance saw a nominal increase of approximately \$24,000.

The fund balance of our debt service funds increased by approximately \$766,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

Within the School District's proprietary fund, the Cereal City Science Fund saw a net position decrease of approximately \$930,000 due to changes in the net pension liability and OPEB asset.

Budgetary Highlights

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

Significant revisions were made to the 2024-2025 preliminary budget and the 2024-2025 final budget amendment for the General Fund. The final budget included a significant increase in overall total revenue in the amount of approximately \$1,100,000 and expenditures in the amount of approximately \$2,100,000 compared to the original budget.

For the WKKF Grant Fund, the final amended budget had a decrease in total revenue and total expenditures of approximately \$3,700,000 when compared to the original budget.

Battle Creek Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the School District had \$155.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment, within the governmental and business-type activities. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$12.8 million from last year.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,913,592	\$ 3,913,592	\$ -	\$ -	\$ 3,913,592	\$ 3,913,592
Construction in progress	47,199,658	53,136,555	-	-	47,199,658	53,136,555
Buildings and improvements	99,206,317	80,807,514	1,980,000	2,034,000	01,186,317	82,841,514
Furniture and equipment	2,677,463	2,579,700	70,986	73,265	2,748,449	2,652,965
Vehicles	805,743	600,607	-	-	805,743	600,607
Total capital assets - Net of accumulated depreciation	<u>\$53,802,773</u>	<u>\$41,037,968</u>	<u>\$ 2,050,986</u>	<u>\$ 2,107,265</u>	<u>\$55,853,759</u>	<u>\$43,145,233</u>

We present more detailed information about our capital assets in Note 6 to the financial statements.

Debt

At the end of this year, the School District had \$86.8 million in bonds outstanding versus \$76.0 million in the previous year - a change of 14.1 percent. Those bonds consisted of the following:

	2025	2024
2016 Refunding Bonds	\$ 34,910,000	\$ 37,025,000
2022 Construction Bonds	38,760,000	39,010,000
2025 Construction Bonds	13,085,000	-
Total	<u>\$ 86,755,000</u>	<u>\$ 76,035,000</u>

Other obligations include compensated absences and arbitrage liability. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2025-2026 fiscal year budget. The most significant factors for the 2025-2026 fiscal year budget was the consideration of student enrollment. On June 23, 2025, the preliminary budget for the 2025-2026 fiscal year was adopted.

The second component of funding, after the state aid allowance is established, is student enrollment. State foundation revenue is calculated by multiplying the blended student count by foundation allowance per pupil. The 2025-2026 budgets were adopted on June 23, 2025, based on an estimated decline of 75 students from the 2024 fall count, representing the anticipated enrollment for August 2025. To strengthen enrollment opportunities, the School District remains committed to enhancing the educational experience through ongoing curriculum review and improvement, as well as the opening of the Northwestern Academy of Visual & Performing Arts. This proactive approach is designed to create more engaging and effective learning environments for all students.

Battle Creek Public Schools continues to strive for overall financial sustainability and has budgeted conservatively for the 2025-2026 school year. The budget includes a 3 percent increase in professional and administrative staff compensation to support employee longevity, account for health insurance and hard cap increases, and sustain competitive benefits. Additionally, several cost reductions have been implemented in targeted areas to maintain a fiscally responsible and balanced budget.

Battle Creek Public Schools

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 4)	\$ 18,729,432	\$ 1,555,422	\$ 20,284,854
Receivables:			
Other receivables	679,413	70,652	750,065
Due from other governments	10,732,698	-	10,732,698
Internal balances (Note 7)	2,436,464	-	2,436,464
Inventories	118,664	1,030,794	1,149,458
Prepaid expenses and other assets	607,091	1,103	608,194
Restricted assets (Note 4)	30,265,072	-	30,265,072
Net OPEB asset (Note 10)	11,168,181	198,717	11,366,898
Capital assets: (Note 6)			
Assets not subject to depreciation	51,113,250	-	51,113,250
Assets subject to depreciation - Net	102,689,523	2,050,986	104,740,509
Total assets	228,539,788	4,907,674	233,447,462
Deferred Outflows of Resources			
Deferred charges on bond refunding (Note 8)	2,006,227	-	2,006,227
Deferred pension costs (Note 10)	21,035,851	374,293	21,410,144
Deferred OPEB costs (Note 10)	3,663,973	65,193	3,729,166
Total deferred outflows of resources	26,706,051	439,486	27,145,537
Liabilities			
Accounts payable	3,811,235	8,432	3,819,667
Internal balances (Note 7)	-	2,427,866	2,427,866
Accrued payroll and other liabilities	6,634,099	-	6,634,099
Unearned revenue (Note 5)	7,835,112	193	7,835,305
Noncurrent liabilities:			
Due within one year (Note 8)	3,505,202	-	3,505,202
Due in more than one year (Note 8)	96,645,092	-	96,645,092
Net pension liability (Note 10)	59,604,625	1,060,552	60,665,177
Total liabilities	178,035,365	3,497,043	181,532,408
Deferred Inflows of Resources			
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	3,543,349	63,047	3,606,396
Deferred pension cost reductions (Note 10)	21,473,669	382,083	21,855,752
Deferred OPEB cost reductions (Note 10)	15,547,478	276,638	15,824,116
Total deferred inflows of resources	40,564,496	721,768	41,286,264
Net Position			
Net investment in capital assets	73,632,368	2,050,986	75,683,354
Restricted:			
Debt service	1,919,446	-	1,919,446
Capital projects	4,894,065	-	4,894,065
OPEB asset	11,168,181	198,717	11,366,898
Unrestricted	(54,968,082)	(1,121,354)	(56,089,436)
Total net position	<u>\$ 36,645,978</u>	<u>\$ 1,128,349</u>	<u>\$ 37,774,327</u>

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
Instruction	\$ 31,116,714	\$ 145,115	\$ 39,831,084	\$ 8,859,485	\$ -	\$ 8,859,485
Support services	36,492,156	28,671	2,589,694	(33,873,791)	-	(33,873,791)
Athletics	935,680	62,576	13,063	(860,041)	-	(860,041)
Food services	4,430,709	132,648	4,413,650	115,589	-	115,589
Community services	2,482,323	-	823,525	(1,658,798)	-	(1,658,798)
Interest	3,055,636	-	-	(3,055,636)	-	(3,055,636)
Other debt costs	411,746	-	-	(411,746)	-	(411,746)
Total governmental activities	78,924,964	369,010	47,671,016	(30,884,938)	-	(30,884,938)
Business-type activities - Cereal City Science	1,512,005	959,662	34,264	-	(518,079)	(518,079)
Total primary government	\$ 80,436,969	\$ 1,328,672	\$ 47,705,280	(30,884,938)	(518,079)	(31,403,017)
General revenue:						
Taxes:						
Property taxes levied for general purposes				7,825,639	-	7,825,639
Property taxes levied for debt service				5,047,210	-	5,047,210
Property taxes levied for capital projects				1,908,189	-	1,908,189
State aid not restricted to specific purposes				30,831,521	-	30,831,521
Interest and investment earnings				1,558,324	32,357	1,590,681
Other				1,167,660	-	1,167,660
Total general revenue				48,338,543	32,357	48,370,900
Transfers				444,757	(444,757)	-
Change in Net Position				17,898,362	(930,479)	16,967,883
Net Position - Beginning of year, as previously reported				20,011,942	2,058,828	22,070,770
Adoption of GASB 101 (Note 2)				(1,264,326)	-	(1,264,326)
Net Position - Beginning of year, as restated				18,747,616	2,058,828	20,806,444
Net Position - End of year				\$ 36,645,978	\$ 1,128,349	\$ 37,774,327

See notes to financial statements.

June 30, 2025

	General Fund	WKKF Grant Fund	2025 Bond Construction Fund	Math and Science Center Fund	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments (Note 4)	\$ 11,436,369	\$ -	\$ -	\$ 2,939,528	\$ 4,353,535	\$ 18,729,432
Receivables:						
Other receivables	664,016	-	-	14,431	966	679,413
Due from other governments	10,271,014	-	-	319,477	142,207	10,732,698
Due from other funds (Note 7)	8,393,013	-	-	517,085	708,064	9,618,162
Inventories	24,335	-	-	-	94,329	118,664
Prepaid expenses and other assets	178,473	103,618	-	-	325,000	607,091
Restricted assets (Note 4)	-	5,247,095	13,496,765	-	11,521,212	30,265,072
Total assets	\$ 30,967,220	\$ 5,350,713	\$ 13,496,765	\$ 3,790,521	\$ 17,145,313	\$ 70,750,532
Liabilities						
Accounts payable	\$ 1,932,841	\$ 140,204	\$ -	\$ 42,642	\$ 1,695,548	\$ 3,811,235
Due to other funds (Note 7)	780,392	732,258	107,006	3,368,059	2,193,983	7,181,698
Accrued payroll and other liabilities	5,722,842	9,565	-	243,333	-	5,975,740
Unearned revenue (Note 5)	3,318,451	4,468,686	-	26,587	21,388	7,835,112
Total liabilities	11,754,526	5,350,713	107,006	3,680,621	3,910,919	24,803,785
Fund Balances						
Nonspendable:						
Inventory	24,335	-	-	-	94,329	118,664
Prepays	178,473	103,618	-	-	325,000	607,091
Restricted:						
Debt service	-	-	-	-	2,577,805	2,577,805
Capital projects	-	-	13,389,759	-	4,862,357	18,252,116
Food service	-	-	-	-	2,439,210	2,439,210
Capital projects (sinking fund)	-	-	-	-	2,697,763	2,697,763
Committed:						
Math and Science Center	-	-	-	109,900	-	109,900
Student Activities	-	-	-	-	237,930	237,930
Unassigned	19,009,886	(103,618)	-	-	-	18,906,268
Total fund balances	19,212,694	-	13,389,759	109,900	13,234,394	45,946,747
Total liabilities and fund balances	\$ 30,967,220	\$ 5,350,713	\$ 13,496,765	\$ 3,790,521	\$ 17,145,313	\$ 70,750,532

See notes to financial statements.

Battle Creek Public Schools

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

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 45,946,747
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	221,370,052
Accumulated depreciation	<u>(67,567,279)</u>
Net capital assets used in governmental activities	153,802,773
Deferred inflows and outflows related to bond refundings are not reported in the funds	2,006,227
Bonds payable and premiums are not due and payable in the current period and are not reported in the funds	(96,705,192)
Accrued interest is not due and payable in the current period and is not reported in the funds	(658,359)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,917,848)
Net pension liability and related deferred inflows and outflows	(60,042,443)
Net OPEB asset and related deferred inflows and outflows	(715,324)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(3,543,349)
Other long-term liabilities, consisting of arbitrage rebate liabilities, do not present a claim on current financial resources and are not reported as fund balance	<u>(1,527,254)</u>
Net Position of Governmental Activities	<u>\$ 36,645,978</u>

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Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	WKKF Grant Fund	2025 Bond Construction Fund	Math and Science Center Fund	Formerly Major - 2022 Bond Construction Fund	Formerly Major - Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue								
Local sources	\$ 9,072,704	\$ 3,863,616	\$ 9,135	\$ 421,935	\$ -	\$ -	\$ 8,372,258	\$ 21,739,648
State sources	45,743,441	-	-	1,835,735	-	-	2,029,256	49,608,432
Federal sources	18,096,034	-	-	-	-	-	4,289,548	22,385,582
Intergovernmental and other sources	1,918,431	-	-	235,334	-	-	-	2,153,765
Total revenue	74,830,610	3,863,616	9,135	2,493,004	-	-	14,691,062	95,887,427
Expenditures								
Current:								
Instruction	33,820,065	437,334	-	1,713,191	-	-	-	35,970,590
Support services	30,338,136	2,589,694	-	1,266,762	-	-	457,672	34,652,264
Athletics	774,382	13,063	-	-	-	-	-	787,445
Food services	-	-	-	-	-	-	4,229,896	4,229,896
Community services	1,443,180	823,525	-	-	-	-	-	2,266,705
Debt service:								
Principal	-	-	-	-	-	-	2,365,000	2,365,000
Interest	57,480	-	-	-	-	-	3,348,100	3,405,580
Other debt costs	-	-	115,000	-	-	-	4,322	119,322
Capital outlay	11,563,701	-	-	20,236	-	-	10,991,395	22,575,332
Total expenditures	77,996,944	3,863,616	115,000	3,000,189	-	-	21,396,385	106,372,134
Excess of Expenditures Over Revenue	(3,166,334)	-	(105,865)	(507,185)	-	-	(6,705,323)	(10,484,707)
Other Financing Sources (Uses)								
Face value of debt issued (Note 8)	-	-	13,085,000	-	-	-	-	13,085,000
Premium on debt issued (Note 8)	-	-	410,624	-	-	-	-	410,624
Transfers in (Note 7)	47,895	-	-	517,085	-	-	-	564,980
Transfers out (Note 7)	(72,328)	-	-	-	-	-	(47,895)	(120,223)
Total other financing (uses) sources	(24,433)	-	13,495,624	517,085	-	-	(47,895)	13,940,381
Net Change in Fund Balances	(3,190,767)	-	13,389,759	9,900	-	-	(6,753,218)	3,455,674
Fund Balances - Beginning of year, as previously reported	22,403,461	-	-	-	12,835,721	2,188,856	5,063,035	42,491,073
Change within Financial Reporting Entity (Note 2)	-	-	-	100,000	(12,835,721)	(2,188,856)	14,924,577	-
Fund Balances - Beginning of year, as restated	22,403,461	-	-	100,000	-	-	19,987,612	42,491,073
Fund Balances - End of year	\$ 19,212,694	\$ -	\$ 13,389,759	\$ 109,900	\$ -	\$ -	\$ 13,234,394	\$ 45,946,747

See notes to financial statements.

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Battle Creek Public Schools

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 3,455,674
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	16,485,840
Depreciation expense	(3,721,035)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(471,762)
Revenue in support of pension contributions made subsequent to the measurement date	962,904
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(13,495,624)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	2,804,694
Interest expense is recognized in the government-wide statements as it accrues	(89,750)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	12,259,845
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in governmental funds	(292,424)
Change in Net Position of Governmental Activities	<u>\$ 17,898,362</u>

See notes to financial statements.

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Battle Creek Public Schools

Proprietary Fund
Statement of Net Position

June 30, 2025

	Enterprise Fund Cereal City Science
Assets	
Current assets:	
Cash and investments	\$ 1,555,422
Receivables - Trade	70,652
Inventories	1,030,794
Prepaid expenses and other assets	1,103
Total current assets	<u>2,657,971</u>
Noncurrent assets:	
Net OPEB asset (Note 10)	198,717
Capital assets - Net (Note 6)	2,050,986
Total noncurrent assets	<u>2,249,703</u>
Total assets	4,907,674
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	374,293
Deferred OPEB costs (Note 10)	65,193
Total deferred outflows of resources	<u>439,486</u>
Liabilities	
Current liabilities:	
Accounts payable	8,432
Internal balances (Note 7)	2,427,866
Unearned revenue (Note 5)	193
Total current liabilities	<u>2,436,491</u>
Noncurrent liabilities - Net pension liability (Note 10)	1,060,552
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	63,047
Deferred pension cost reductions (Note 10)	382,083
Deferred OPEB cost reductions (Note 10)	276,638
Total deferred inflows of resources	<u>721,768</u>
Net Position	
Net investment in capital assets	2,050,986
Restricted - OPEB asset	198,717
Unrestricted	(1,121,354)
Total net position	<u>\$ 1,128,349</u>

See notes to financial statements.

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Battle Creek Public Schools

Proprietary Fund
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

	Enterprise Fund Cereal City Science
Operating Revenue	
Charges for services	\$ 959,662
Operating grants	34,264
Total operating revenue	993,926
Operating Expenses	
Other operating and maintenance costs	80,497
Outreach	1,180,897
Administrative	132,416
Support costs	61,916
Depreciation (unallocated) (Note 6)	56,279
Total operating expenses	1,512,005
Operating Loss	(518,079)
Nonoperating Revenue - Interest income	32,357
Transfers Out (Note 7)	(444,757)
Change in Net Position	(930,479)
Net Position - Beginning of year	2,058,828
Net Position - End of year	\$ 1,128,349

See notes to financial statements.

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Battle Creek Public Schools

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2025

	Enterprise Fund Cereal City Science
Cash Flows from Operating Activities	
Cash receipts from sales and user charges	\$ 929,401
Payments to suppliers	(636,575)
Payments to employees and fringes	(853,397)
Cash received from other governments	33,816
Cash payments for other operating expenses	1,310,305
Net cash provided by operating activities	783,550
Cash Flows Used in Noncapital Financing Activities - Transfer to other funds	(444,757)
Cash Flows Provided by Investing Activities - Interest received	32,357
Net Change in Cash	371,150
Cash - Beginning of year	1,184,272
Cash - End of year	\$ 1,555,422
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (518,079)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	56,279
Changes in assets and liabilities:	
Receivables	(30,261)
Due to and from other funds	1,254,026
Inventories and other assets	30,098
Net pension liability and OPEB asset	(215,343)
Deferrals related to pension or OPEB	215,529
Accrued and other liabilities	(8,699)
Total adjustments	1,301,629
Net cash provided by operating activities	\$ 783,550

See notes to financial statements.

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Battle Creek Public Schools

Fiduciary Fund
Statement of Fiduciary Net Position

	June 30, 2025
	Private-purpose Trust Fund
Assets	
Cash and investments (Note 4)	\$ 3,184,707
Accounts receivable	5,904
	<hr/>
Liabilities - Due to other funds (Note 7)	8,598
	<hr/>
Net Position	<u>\$ 3,182,013</u>

See notes to financial statements.

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Battle Creek Public Schools

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

	Year Ended June 30, 2025
	Private-purpose Trust Fund
Revenue - Contributions	\$ 189,531
Deductions - Scholarships	4,100
	<hr/>
Change in Net Position	185,431
Net Position - Beginning of year	2,996,582
	<hr/>
Net Position - End of year	<u>\$ 3,182,013</u>

See notes to financial statements.

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Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2025 Bond Construction Fund is a capital projects fund that is used to record bond proceeds and the disbursement of invoices specifically designated for building, equipment, and technology upgrades. The fund will operate until the purpose for which it was created is accomplished.
- The special revenue fund, the W.K. Kellogg Foundation (WKKF) Grant Fund, is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Revenue sources for the WKKF Grant Fund include a dedicated grant received from local sources. This fund is also used to account for the revenue and expenditures related to the Bearcat Advantage scholarship program in which the School District is providing administrative support. Revenue sources for the Bearcat Advantage include a dedicated grant received from local sources. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Math and Science Center Fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Revenue sources for the Math and Science Center Fund include sales to customers and dedicated grants from state sources. Any operating deficit generated by these activities is the responsibility of the General Fund.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Food Service Fund and the Student Activities Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Lastly, revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Debt service funds are used to record property tax revenue and the corresponding principal and interest payments on the bond construction funds.
- The 2022 Bond Construction Fund is a capital projects fund that is used to record bond proceeds and the disbursement of invoices specifically designated for building, equipment, and technology upgrades. The fund will operate until the purpose for which it was created is accomplished.

Note 2 - Significant Accounting Policies (Continued)

- The Building and Site Fund is a capital projects fund that is used to account for resources specifically designed for the acquisition and construction of facilities and for major capital improvements to facilities related to a sinking fund millage approved by the taxpayers. Activities related to the sinking fund millage are recorded in the Building and Site Fund. Such revenue can only be expendable for allowable capital projects purposes in accordance with the initial ballot language.

Proprietary Funds

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The School District reports the Cereal City Science Fund as a major enterprise fund. Revenue for the Cereal City Science Fund is generated from the sales of Cereal City science kits to other districts throughout the country.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District reports the Private-purpose Trust Fund as a fiduciary fund. The Private-purpose Trust Fund is used to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

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

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

Basis of Accounting

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

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. The Cereal City Science Fund inventory consists of supplies and materials to be compiled into kits that are sold primarily to other districts. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements when applicable.

Restricted Assets

The unspent property tax revenue of the debt service funds requires amounts to be set aside for future bond payments, the unspent property taxes levied in the sinking fund are required to be set aside for future approved sinking fund projects, and the unspent proceeds from W.K. Kellogg Foundation held in the WKKF Grant Fund are required to be set aside for future expenditures. The unspent bond proceeds and related interest of the bonded capital projects fund are required to be set aside for construction or other allowable bond purchases. These amounts have been classified as restricted assets and consist of cash and investments.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the applicable governmental activities and business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	10-50
Furniture and equipment	5-20
Vehicles	7

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred.

In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt.

Note 2 - Significant Accounting Policies (Continued)**Deferred Outflows/Inflows of Resources**

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

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB costs.

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

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note 2 - Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

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

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 for approximately 50 percent of the taxes that are due on August 20 and December 1 for the remainder of the property taxes, which are due on February 14. The final collection date is February 28, after which delinquent real property taxes are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Note 2 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

In accordance with GASB Statement No. 101, *Compensated Absences*, the School District has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. Teachers and other employees receive compensation for vacations, holidays, illnesses, and certain other qualifying absences. The number of days compensated for annual and sick leave is based on years of service to the School District. It is the policy of the School District to accumulate earned but unused annual leave benefits, which will be paid to employees upon separation from the School District. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Retirement Benefits

Termination benefits include certain incentive payments to employees of the School District upon retirement from the School District. The benefit is a fixed amount based on the employees bargaining unit, and employees are only eligible upon certain qualifying years of service. Because the termination benefits do not have determinable payment dates, the cost of these benefits is calculated at the discounted present value of expected future benefit payments.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Accounting Changes

Adoption of New Accounting Pronouncement

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

Changes to or within the Financial Reporting Entity

Change in Major Funds

The Building and Site Fund and 2022 Bond Construction Fund were previously reported as a major funds but are now reported as nonmajor funds for fiscal year 2025. The Math and Science Center Fund was previously reported as a nonmajor fund but is now reported as major fund for fiscal year 2025. The effects of this change in major funds are shown in the table at the end of this section.

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

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

	June 30, 2024		June 30, 2024	
	As Previously Reported	Adoption of GASB 101	Change to or within the Financial Reporting Entity	As Adjusted
Government-wide - Governmental activities	\$ 20,011,942	\$ (1,253,826)	\$ -	\$ 18,758,116
Governmental funds:				
Major funds:				
General Fund	\$ 22,403,461	\$ -	\$ -	\$ 22,403,461
Formerly major - 2022 Bond Construction Fund	12,835,721	-	(12,835,721)	-
Formerly major - Building and Site Fund	2,188,856	-	(2,188,856)	-
Math and Science Center Fund	-	-	100,000	100,000
Nonmajor funds	5,063,035	-	14,924,577	19,987,612
Total governmental funds	\$ 42,491,073	\$ -	\$ -	\$ 42,491,073

Upcoming Accounting Pronouncements

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

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and major special revenue funds, except that capital outlay expenditures are reported in other expenditure categories, and proceeds from the sale of capital assets are reported in local revenue. All annual appropriations lapse at fiscal year end.

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund, Math and Science Center Fund, and WKKF Grant Fund that had variances from the amounts budgeted as follows:

	Budget	Actual
General Fund - Community services	\$ 1,245,397	\$ 1,443,180
General Fund - Debt service	-	57,840
WKKF Grant Fund - General administration	-	30,994
WKKF Grant Fund - Operations and maintenance	1,415	35,188
WKKF Grant Fund - Support services - Central	1,100,000	1,517,525
WKKF Grant Fund - Community services	1,200	823,525
Math and Science Center Fund - Basic programs	1,480,200	1,733,427
Math and Science Center Fund - Pupil	181,000	284,553
Math and Science Center Fund - Operations and maintenance	411,000	458,230

The budget and actual information for the WKKF Grant Fund and Match and Science Center is presented in the same format as the adopted budget, which includes some classification differences from amounts reported in the statement of revenue, expenditures, and changes in fund balance.

The WKKF Fund includes the revenues and expenditures for the Bearcat Advantage Program. These items are not reflected in the WKKF Fund budget. Bearcat Advantage expenditures are included within Central Services and Community Services totaling \$374,843, and \$822,936, respectively. These costs represent scholarship payments received from WKKF Fund and administered through the Battle Creek Community Foundation.

Capital Projects Fund Compliance

The 2022 and 2025 Bond Construction funds include capital project activities funded with bonds. For these capital project funds, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

The Building and Site Fund records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 4 - Deposits and Investments

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

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except the Michigan Liquid Asset Fund - MAX Class investment may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. In addition, redemptions made prior to the 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. The Michigan Liquid Asset Fund - Cash Management investment has no limitations or restrictions on participant withdrawals except for a 1-day minimum investment period.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling \$21,210,311 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. As identified below, the School District has nonconforming investments that were previously donated and are held by the counterparty's trust department in the School District's name.

Investment Type	Carrying Value	How Held
Stocks	\$ 1,548,171	Held by counterparty's trust department in the School District's name
Corporate notes	1,585,052	Held by counterparty's trust department in the School District's name
Total	\$ 3,133,223	

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy restricts investment maturities to within five years of the date of purchase except for commercial paper, which can only be purchased with a 270-day maturity. In addition, no more than 25 percent of the School District's portfolio may be invested in investments with a maturity of greater than three years. However, some of the investments in the School District's portfolio have maturities greater than five years from the date of purchase. As of June 30, 2025, the School District holds approximately \$708,000 of investments that have maturities greater than five years.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX Class	\$ 11,610,425	AAA	S&P
Michigan Liquid Asset Fund - Cash management	20,350,029	AAA	S&P
Corporate notes	1,585,052	Various	Various
Stocks	1,548,171	Various	Various
Total	\$ 35,093,677		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in U.S. Treasury debt obligations, U.S. agency debt obligations, or SEC-registered money market funds. With the previous exception, the School District's policy states that no one issuer or group of issuers from the same holding company can exceed 5 percent of the market value of the portfolio at the time of purchase. The School District does not have more than 5 percent of its investments in any one issue.

Foreign Currency Risk

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

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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Note 4 - Deposits and Investments (Continued)

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

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025			Balance at June 30, 2025
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets				
Debt securities - Corporate notes	\$ -	\$ 1,585,052	\$ -	\$ 1,585,052
Equity securities:				
Domestic stock	1,282,368	-	-	1,282,368
International stock	52,752	-	-	52,752
Mutual funds	213,051	-	-	213,051
Total equity securities	1,548,171	-	-	1,548,171
Total assets	\$ 1,548,171	\$ 1,585,052	\$ -	\$ 3,133,223

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

The fair value of debt securities at June 30, 2025 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2025, the School District had \$7,835,305 of unearned revenue, primarily related to grant and categorical aid payment received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

Capital asset activity of the School District's governmental and business-type activities was as follows:

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 3,913,592	\$ -	\$ -	\$ -	\$ 3,913,592
Construction in progress	53,136,555	(21,587,768)	15,650,871	-	47,199,658
Subtotal	57,050,147	(21,587,768)	15,650,871	-	51,113,250
Capital assets being depreciated:					
Buildings and improvements	130,515,824	21,587,768	-	-	152,103,592
Furniture and equipment	15,911,267	-	603,246	-	16,514,513
Vehicles	1,406,974	-	231,723	-	1,638,697
Subtotal	147,834,065	21,587,768	834,969	-	170,256,802
Accumulated depreciation:					
Buildings and improvements	49,708,310	-	3,188,965	-	52,897,275
Furniture and equipment	13,331,567	-	505,483	-	13,837,050
Vehicles	806,367	-	26,587	-	832,954
Subtotal	63,846,244	-	3,721,035	-	67,567,279
Net capital assets being depreciated	83,987,821	21,587,768	(2,886,066)	-	102,689,523
Net governmental activities capital assets	\$ 141,037,968	\$ -	\$ 12,764,805	\$ -	\$ 153,802,773

Business-type Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets being depreciated:					
Buildings and improvements	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000
Furniture and equipment	534,380	-	-	-	534,380
Subtotal	3,234,380	-	-	-	3,234,380
Accumulated depreciation:					
Buildings and improvements	666,000	-	54,000	-	720,000
Furniture and equipment	461,115	-	2,279	-	463,394
Subtotal	1,127,115	-	56,279	-	1,183,394
Net business-type activities capital assets	\$ 2,107,265	\$ -	\$ (56,279)	\$ -	\$ 2,050,986

Cereal City Science

Capital assets being depreciated:					
Buildings and improvements	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000
Furniture and equipment	534,380	-	-	-	534,380
Subtotal	3,234,380	-	-	-	3,234,380
Accumulated depreciation:					
Buildings and improvements	666,000	-	54,000	-	720,000
Furniture and equipment	461,115	-	2,279	-	463,394
Subtotal	1,127,115	-	56,279	-	1,183,394
Net business-type activities capital assets	\$ 2,107,265	\$ -	\$ (56,279)	\$ -	\$ 2,050,986

Note 6 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 2,816,095
Support services	305,140
Community services	292,694
Food services	73,203
Athletics	233,903
Total governmental activity	\$ 3,721,035

Depreciation expense related to the Cereal City Science Fund was not charged to activities, as the Cereal City Science Fund assets benefit multiple activities, and allocation is impractical.

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Northwestern MS Bond	\$ 22,325,054	\$ 1,488,970

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Primary Government Fund Due From							Total
	General Fund	Math and Science Center Fund	WKKF Grant Fund	2025 Bond Construction Fund	Cereal City Science	Nonmajor Governmental Funds	Fiduciary Fund	
General Fund	\$ -	\$ 3,368,059	\$ 732,258	\$ 107,006	\$ 1,983,109	\$ 2,193,983	\$ 8,598	\$ 8,393,013
Math and Science Center Fund	72,328	-	-	-	444,757	-	-	517,085
Nonmajor governmental funds	708,064	-	-	-	-	-	-	708,064
Total	\$ 780,392	\$ 3,368,059	\$ 732,258	\$ 107,006	\$ 2,427,866	\$ 2,193,983	\$ 8,598	\$ 9,618,162

Governmental interfund balances represent routine and temporary cash flow assistance until amounts are transferred from investment accounts.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Math and Science Center Fund	\$ 72,328
Cereal City Science Fund	Math and Science Center Fund	444,757
Food Service Fund	General Fund	47,895
	Total	\$ 564,980

Transfers from the General Fund and the Cereal City Science Fund to the Math and Science Center Fund were transferred to cover excess costs related to operations of the funds for the purposes for which they were created. The Food Service Fund transfer to the General Fund was for the reimbursement of indirect costs.

Note 8 - Long-term Debt

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

Governmental Activities

	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations bond payable	\$ 76,035,000	\$ 13,085,000	\$ (2,365,000)	\$ 86,755,000	\$ 2,685,000
Unamortized bond premiums	10,151,225	410,624	(611,657)	9,950,192	628,417
Total bonds payable	86,186,225	13,495,624	(2,976,657)	96,705,192	3,313,417
Compensated absences (Note 2)	1,578,704	-	(71,986)	1,506,718	191,785
Retirement benefit (Note 2)	297,625	113,505	-	411,130	-
Arbitrage liability	1,234,830	292,424	-	1,527,254	-
Total governmental activities long-term debt	<u>\$ 89,297,384</u>	<u>\$ 13,901,553</u>	<u>\$ (3,048,643)</u>	<u>\$ 100,150,294</u>	<u>\$ 3,505,202</u>

The table above discloses the net change in the compensated absence liability of the School District.

The School District had deferred outflows of \$2,006,227 related to deferred charges on bond refundings at June 30, 2025.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's bonds are all qualified bonds that are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
\$49,265,000 Qualified Refunding Bonds (2016)	2016	4.00% - 5.00%	2037	\$ 34,910,000
\$39,010,000 2022 Qualified Bonds	2022	3.00 - 4.00	2047	38,760,000
\$13,085,000 2025 Qualified Bonds	2025	5.00 - 5.25	2050	13,085,000

Other Long-term Liabilities

The arbitrage liability is an estimate related to the cumulative to date amount of investment earnings in the 2022 Bond Construction Fund that exceeds the amount allowable based on Internal Revenue Services (IRS) guidelines. No amount is actually due to the IRS until the final calculation is required to be performed which is generally five years from the date of the bond issuances. The actual liability, if any, may vary from the current estimate. Any amounts due will be liquidated from these capital project funds.

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 2,685,000	\$ 3,799,630	\$ 6,484,630
2027	3,005,000	3,773,225	6,778,225
2028	2,840,000	3,628,975	6,468,975
2029	3,030,000	3,489,925	6,519,925
2030	3,330,000	3,342,025	6,672,025
2031-2035	19,780,000	14,344,275	34,124,275
2036-2040	19,605,000	9,372,475	28,977,475
2041-2045	19,895,000	5,395,775	25,290,775
2046-2050	12,585,000	1,296,475	13,881,475
Total	<u>\$ 86,755,000</u>	<u>\$ 48,442,780</u>	<u>\$ 135,197,780</u>

Bond Refunding

In previous years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. As of June 30, 2025, there is still \$38,330,000 of bonds outstanding that is considered defeased.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for each of these risks and participates in the SET-SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$11,833,971, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the School District's required and actual pension contributions include an allocation of \$2,938,470 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$667,926 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$1,074,029, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of \$60,665,177 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.2478 and 0.2330 percent, respectively, representing a change of 6.35 percent.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$11,366,898 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.2640 and 0.2286 percent, respectively, representing a change of 15.49 percent.

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

For 2025, the School District recognized pension expense of \$3,724,597, inclusive of payments to fund the MPSERS UAAL stabilization rate. 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
Difference between expected and actual experience	\$ 1,645,889	\$ (659,135)
Changes in assumptions	6,324,704	(4,444,839)
Net difference between projected and actual earnings on pension plan investments	-	(11,577,487)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	3,600,465	(5,174,291)
The School District's contributions to the plan subsequent to the measurement date	9,839,086	-
Total	\$ 21,410,144	\$ (21,855,752)

The \$3,606,396 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (3,275,498)
2027	(511,541)
2028	(3,944,534)
2029	(2,553,121)
Total	\$ (10,284,694)

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$4,303,342.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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
Difference between expected and actual experience	\$ -	\$ (12,045,441)
Changes in assumptions	2,482,694	(285,365)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,151,884)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	993,179	(1,341,426)
Employer contributions to the plan subsequent to the measurement date	253,293	-
Total	\$ 3,729,166	\$ (15,824,116)

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

Years Ending	Amount
2026	\$ (4,034,370)
2027	(2,537,009)
2028	(2,534,806)
2029	(2,061,048)
2030	(1,009,766)
Thereafter	(171,244)
Total	\$ (12,348,243)

Actuarial Assumptions

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

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Discount Rate

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

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 88,935,801	\$ 60,665,177	\$ 37,124,443

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ (8,784,433)	\$ (11,366,898)	\$ (13,599,713)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	\$ (13,599,737)	\$ (11,366,898)	\$ (8,972,191)

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of \$1,702,986 and \$47,402 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by \$2,580,542 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received \$1,800,995 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages.

Required Supplementary Information

Battle Creek Public Schools

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 8,714,549	\$ 9,162,770	\$ 9,072,704	\$ (90,066)
State sources	45,701,693	47,812,474	45,743,441	(2,069,033)
Federal sources	20,623,863	16,199,179	18,096,034	1,896,855
Governmental - Intergovernmental	2,558,984	3,311,028	1,918,431	(1,392,597)
Total revenue	77,599,089	76,485,451	74,830,610	(1,654,841)
Expenditures				
Current:				
Instruction:				
Basic programs	24,241,223	25,037,582	24,492,068	(545,514)
Added needs	8,624,646	9,311,347	9,047,130	(264,217)
Adult/Continuing education	344,566	286,003	280,867	(5,136)
Total instruction	33,210,435	34,634,932	33,820,065	(814,867)
Support services:				
Pupil	3,855,698	4,778,741	4,943,270	164,529
Instructional staff	3,667,394	4,493,027	4,209,916	(283,111)
General administration	843,052	740,332	703,185	(37,147)
School administration	3,741,962	4,268,438	4,265,037	(3,401)
Business	792,918	819,063	817,564	(1,499)
Operations and maintenance	8,941,717	8,782,667	8,433,234	(349,433)
Pupil transportation services	2,224,399	2,905,020	2,684,786	(220,234)
Central	3,713,144	4,714,939	4,281,144	(433,795)
Total support services	27,780,284	31,502,227	30,338,136	(1,164,091)
Athletics	954,610	886,184	774,382	(111,802)
Community services	974,118	1,245,397	1,443,180	197,783
Debt service	-	-	57,480	57,480
Capital outlay	14,408,972	11,189,748	11,563,701	373,953
Total expenditures	77,328,419	79,458,488	77,996,944	(1,461,544)
Excess of Revenue Over (Under) Expenditures	270,670	(2,973,037)	(3,166,334)	(193,297)
Other Financing Sources (Uses)				
Transfers in	-	-	47,895	47,895
Transfers out	(225,000)	-	(72,328)	(72,328)
Total financing uses	(225,000)	-	(24,433)	(24,433)
Net Change in Fund Balance	45,670	(2,973,037)	(3,190,767)	(217,730)
Fund Balance - Beginning of year	24,819,867	22,403,461	22,403,461	-
Fund Balance - End of year	<u>\$ 24,865,537</u>	<u>\$ 19,430,424</u>	<u>\$ 19,212,694</u>	<u>\$ (217,730)</u>

Battle Creek Public Schools

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds
 WKKF Grant Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue - Local sources	\$ 6,650,000	\$ 2,923,613	\$ 3,863,616	\$ 940,003
Expenditures				
Current:				
Instruction - Basic programs	545,000	490,000	437,334	(52,666)
Support services:				
Instructional staff	3,045,000	1,300,000	988,053	(311,947)
General administration	45,000	-	30,994	30,994
School administration	145,000	-	-	-
Operations and maintenance	-	1,415	35,188	33,773
Pupil transportation services	-	17,935	17,934	(1)
Central	2,310,000	1,100,000	1,517,525	417,525
Athletics	10,000	13,063	13,063	-
Community services	475,000	1,200	823,525	822,325
Capital outlay	75,000	-	-	-
Total expenditures	6,650,000	2,923,613	3,863,616	940,003
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to required supplementary information. 45

Battle Creek Public Schools

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Funds (Continued)
 Math and Science Center Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 369,600	\$ 348,000	\$ 421,935	\$ 73,935
State sources	1,963,255	1,963,255	1,835,735	(127,520)
Intergovernmental	380,000	155,000	235,334	80,334
Total revenue	2,712,855	2,466,255	2,493,004	26,749
Expenditures				
Current:				
Instruction - Basic programs	1,481,892	1,480,200	1,733,427	253,227
Support services:				
Pupil	279,837	181,000	284,553	103,553
Instructional staff	7,500	8,300	10,879	2,579
Building administration	493,788	505,000	503,945	(1,055)
Business	-	-	8,248	8,248
Operations and maintenance	409,395	411,000	458,230	47,230
Capital outlay	3,500	1,000	907	(93)
Total expenditures	2,675,912	2,586,500	3,000,189	413,689
Excess of Revenue Over (Under)	36,943	(120,245)	(507,185)	(386,940)
Expenditures	36,943	(120,245)	(507,185)	(386,940)
Other Financing Sources - Transfers in	225,000	135,600	517,085	381,485
Net Change in Fund Balance	261,943	15,355	9,900	(5,455)
Fund Balance - Beginning of year	100,000	100,000	100,000	-
Fund Balance - End of year	<u>\$ 361,943</u>	<u>\$ 115,355</u>	<u>\$ 109,900</u>	<u>\$ (5,455)</u>

See notes to required supplementary information. 46

Battle Creek Public Schools

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

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.24779 %	0.23299 %	0.25456 %	0.26983 %	0.26557 %	0.26603 %	0.27968 %	0.29896 %	0.32329 %	0.32647 %
School District's proportionate share of the net pension liability	\$ 60,665,177	\$ 75,409,889	\$ 95,736,575	\$ 63,884,379	\$ 91,226,637	\$ 88,100,662	\$ 84,078,330	\$ 77,472,035	\$ 80,657,541	\$ 79,741,569
School District's covered payroll	\$ 28,215,800	\$ 23,068,185	\$ 23,169,733	\$ 24,803,708	\$ 23,924,898	\$ 23,190,445	\$ 23,030,959	\$ 24,094,527	\$ 27,334,190	\$ 27,781,162
School District's proportionate share of the net pension liability as a percentage of its covered payroll	215.00 %	326.90 %	413.20 %	257.56 %	381.30 %	379.90 %	365.07 %	321.53 %	295.08 %	287.03 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

See notes to required supplementary information.

Battle Creek Public Schools

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

	Last Ten Fiscal Years									
	Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 11,423,682	\$ 10,588,410	\$ 11,168,397	\$ 9,086,077	\$ 8,242,226	\$ 7,399,988	\$ 7,218,982	\$ 7,104,930	\$ 7,142,439	\$ 7,549,920
Contributions in relation to the statutorily required contribution	11,423,682	10,588,410	11,168,397	9,086,077	8,242,226	7,399,988	7,218,982	7,104,930	7,142,439	7,549,920
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 27,853,572	\$ 27,270,950	\$ 23,473,741	\$ 23,976,802	\$ 24,281,850	\$ 23,630,457	\$ 23,477,944	\$ 22,927,784	\$ 24,613,099	\$ 27,057,569
Contributions as a Percentage of Covered Payroll	41.01 %	38.83 %	47.58 %	37.90 %	33.94 %	31.32 %	30.75 %	30.99 %	29.02 %	27.90 %

See notes to required supplementary information.

Battle Creek Public Schools

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

	Last Eight Plan Years							
	For the Plan Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.26408 %	0.22868 %	0.23652 %	0.27200 %	0.26839 %	0.26455 %	0.26983 %	0.30058 %
School District's proportionate share of the net OPEB (asset) liability	\$ (11,366,898)	\$ (1,293,640)	\$ 5,009,564	\$ 4,151,707	\$ 14,378,509	\$ 18,988,405	\$ 21,448,463	\$ 26,617,381
School District's covered payroll	\$ 28,215,800	\$ 23,068,185	\$ 23,169,733	\$ 24,803,708	\$ 23,924,898	\$ 23,190,445	\$ 23,030,959	\$ 24,094,527
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(40.29)%	(5.61)%	21.62 %	16.74 %	60.10 %	81.88 %	93.13 %	110.47 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

Battle Creek Public Schools

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

	Last Eight Fiscal Years							
	Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 829,340	\$ 2,240,424	\$ 1,889,448	\$ 1,953,918	\$ 2,020,675	\$ 1,898,849	\$ 1,844,198	\$ 1,656,011
Contributions in relation to the statutorily required contribution	829,340	2,240,424	1,889,448	1,953,918	2,020,675	1,898,849	1,844,198	1,656,011
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 27,853,572	\$ 27,270,950	\$ 23,473,741	\$ 23,976,802	\$ 24,281,850	\$ 23,630,457	\$ 23,477,944	\$ 22,927,784
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Battle Creek Public Schools

Notes to Required Supplementary Information

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$667,926, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

Battle Creek Public Schools

Notes to Required Supplementary Information

June 30, 2025

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.5 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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APPENDIX E
FORM OF APPROVING OPINION

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DRAFT LEGAL OPINION

Battle Creek Public Schools
County of Calhoun
State of Michigan

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

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

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

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the 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;



Battle Creek Public Schools
County of Calhoun
State of Michigan

_____, 2026

Page 2

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

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

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

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

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

THRUN LAW FIRM, P.C.

TLF/CJI

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____
**BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Battle Creek Public Schools, County of Calhoun, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2026 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 October 27, 2025 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.

BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Battle Creek Public Schools, Calhoun County, Michigan
Name of Bond Issue: 2026 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 _____.

BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX B

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

Name of Issuer: Battle Creek Public Schools, Calhoun County, Michigan
Name of Bond Issue: 2026 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 _____.

BATTLE CREEK PUBLIC SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

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

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

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (_____) _____

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



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