

*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.*



**\$3,000,000\*\***  
**ST. JOHNS PUBLIC SCHOOLS**  
**COUNTIES OF CLINTON AND GRATIOT, STATE OF MICHIGAN**  
**2026 SCHOOL IMPROVEMENT BONDS**  
**(GENERAL OBLIGATION - LIMITED TAX)**

**Dated: Date of Delivery**

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

The 2026 School Improvement Bonds (General Obligation - Limited Tax) (the "Bonds") are being issued by St. Johns Public Schools, Counties of Clinton and Gratiot, State of Michigan (the "School District"), pursuant to Act 451, Public Acts of Michigan, 1976, as amended ("Act 451"), Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") and resolutions adopted by the School District on January 12, 2026 and expected to be adopted on April \_\_, 2026 (the "Resolutions") for the purpose of acquiring, and funding improvements to, school buildings and sites, including but not limited to purchasing a school building; erecting, equipping and furnishing additions to school buildings; remodeling, equipping and re-equipping, and furnishing and re-furnishing school buildings; and equipping, developing, and improving athletic fields and facilities, playgrounds, and sites; and paying the costs of issuing the Bonds. The School District has pledged the limited tax full faith and credit of the School District for the payment of principal and interest on the Bonds. The School District has further pledged to levy sufficient ad valorem taxes within its authorized millage annually, as a first budget obligation, subject to constitutional and statutory tax rate limitations. The Bonds will be limited tax general obligations of the School District, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit or tax anticipation notes heretofore or hereafter issued. The School District does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional and statutory tax rate limitations, and, if tax collections are insufficient to pay the Bonds when due, the School District pledges to use any and all other resources available for the payment of the Bonds, including state school aid, if available. The School District has reserved the right to issue additional bonds of equal standing.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" AS DESCRIBED IN SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" 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 May 1, 2027 to the Bondholders of record as of the applicable record dates as stated in the Bonds.

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

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

<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>	<u>Maturity**</u>	<u>Amount**</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP\$</u>
2027	\$180,000				2032	\$310,000			
2028	260,000				2033	325,000			
2029	270,000				2034	340,000			
2030	285,000				2035	355,000			
2031	295,000				2036	380,000			

THE BONDS ARE NOT SUBJECT TO REDEMPTION PRIOR TO MATURITY. See "THE BONDS — No Prior Redemption" herein.

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



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

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

\* As of date of delivery.

\*\* Preliminary, subject to change.

§ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The School District, the Underwriter and their agents and counsel assume no responsibility for the accuracy of such numbers.

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 Underwriter. This Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may an offer to buy these securities be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

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

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

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

ST. JOHNS PUBLIC SCHOOLS  
501 West Sickels Street  
St. Johns, Michigan 48879  
(989) 227-4000

BOARD OF EDUCATION

Matthew Boak, President  
Jessica Parker-Sternburgh, Vice President  
Robert L. Watson, Secretary  
Alan Nelson, Treasurer  
Dr. Scott B. Darragh, Trustee  
Christine Mansfield, Trustee  
Brian Randolph, Trustee

ADMINISTRATIVE STAFF

Dr. Anthony Berthiaume, Superintendent of Schools  
Daniel Romzek, Director of Finance

BOND COUNSEL

Thrun Law Firm, P.C.  
East Lansing, Michigan

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC  
Southfield, Michigan

TABLE OF CONTENTS

	PAGE
INTRODUCTION .....	1
PURPOSE AND SECURITY .....	1
QUALIFIED TAX-EXEMPT OBLIGATIONS .....	1
POTENTIAL FOR BOND INSURANCE.....	1
ESTIMATED SOURCES AND USES OF FUNDS .....	2
THE BONDS .....	2
Description and Form of the Bonds .....	2
Book-Entry-Only System .....	2
Transfer Outside Book-Entry-Only System .....	4
No Prior Redemption.....	4
TAX PROCEDURES .....	4
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES.....	5
SOURCES OF SCHOOL OPERATING REVENUE .....	5
MICHIGAN PROPERTY TAX REFORM .....	6
LITIGATION.....	7
TAX MATTERS.....	7
State .....	7
Federal .....	7
Original Issue Premium .....	8
Original Issue Discount .....	8
Future Developments.....	8
APPROVAL OF LEGAL PROCEEDINGS.....	9
APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY.....	9
RATING .....	9
UNDERWRITING .....	9
MUNICIPAL ADVISOR'S OBLIGATION .....	10
CONTINUING DISCLOSURE.....	11
OTHER MATTERS.....	12
APPENDIX A:	School District Data, General Financial Information, and Economic Profile
APPENDIX B:	General Fund Budget Summary
APPENDIX C:	Audited Financial Statements and Notes to Financial Statements of the School District for the Fiscal Year Ended June 30, 2025
APPENDIX D:	Form of Approving Opinion
APPENDIX E:	Form of Continuing Disclosure Agreement

**OFFICIAL STATEMENT  
relating to**

**\$3,000,000<sup>1</sup>**

**ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT, STATE OF MICHIGAN  
2026 SCHOOL IMPROVEMENT BONDS  
(GENERAL OBLIGATION – LIMITED 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 St. Johns Public Schools, Counties of Clinton and Gratiot, State of Michigan (the "School District") of its 2026 School Improvement Bonds (General Obligation - Limited Tax) (the "Bonds") in the principal amount of \$3,000,000<sup>1</sup>.

**PURPOSE AND SECURITY**

The Bonds, in the principal amount of \$3,000,000<sup>1</sup>, as authorized for issuance by resolutions of the Board of Education of the School District adopted on January 12, 2026 and expected to be adopted on April \_\_, 2026 (together, the "Resolutions"), are being issued for the purpose of acquiring, and funding improvements to, school buildings and sites, including but not limited to purchasing a school building; erecting, equipping and furnishing additions to school buildings; remodeling, equipping and re-equipping, and furnishing and re-furnishing school buildings; and equipping, developing, and improving athletic fields and facilities, playgrounds, and sites and paying the costs of issuing the Bonds.

The School District has pledged the limited tax full faith and credit of the School District for the payment of principal and interest on the Bonds. The School District has further pledged to levy sufficient ad valorem taxes within its authorized millage rate annually, as a first budget obligation, subject to constitutional and statutory tax rate limitations for the payment of the Bonds. The School District does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional or statutory tax rates limitations. The Bonds will be limited tax general obligations of the School District, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit or tax anticipation notes heretofore or hereafter issued and, if tax collections are insufficient to pay the Bonds when due, the School District pledges to use any and all other resources available for the payment of the Bonds, including state school aid, if available. The School District has reserved the right to issue additional bonds of equal standing.

**QUALIFIED TAX-EXEMPT OBLIGATIONS**

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" UNDER SECTION 265(b)(3)(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

**POTENTIAL FOR BOND INSURANCE**

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

---

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

## ESTIMATED SOURCES AND USES OF FUNDS

### SOURCES

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

### USES

Capital Projects Fund  
Underwriter's Discount  
Costs of Issuance for the Bonds  
Total Uses

## THE BONDS

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

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity, commencing May 1, 2027. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

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

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates

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

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

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

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

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

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

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed

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

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

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

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

In the event that the book-entry-only system is discontinued, the Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; 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.

### **No Prior Redemption**

The Bonds are not subject to redemption prior to maturity.

## **TAX PROCEDURES**

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

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

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

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

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

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

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

The School District has pledged its limited tax full faith and credit for the payment of the Bonds and the interest thereon. The Bonds are a general obligation of the School District and will be payable as a first budget obligation from the general fund of the School District, and from ad valorem taxes which may be levied against all taxable property in the School District, subject to applicable constitutional and statutory limitations, subordinate only to any first liens on said funds pledged for the payment of state aid notes, lines of credit, and tax anticipation notes heretofore or hereafter issued.

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

### **SOURCES OF SCHOOL OPERATING REVENUE**

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

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

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

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

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

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

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

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

## **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

---

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

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

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

manufacturing personal property" (personal property used more than 50% of the time in industrial processing or direct integrated support) purchased and placed into service before 2006 or during or after 2013 became exempt beginning in 2016. Taxation on "eligible manufacturing personal property" placed into service after 2006 but before 2013 will be phased-out over time; with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the voter approved personal property tax exemptions take effect.

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

## **LITIGATION**

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

## **TAX MATTERS**

### **State**

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

### **Federal**

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

---

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

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 deduct their costs of carrying certain obligations such as the Bonds.

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

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

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

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

### **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

---

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

Bonds to be subject directly or indirectly to federal or State income taxation, adversely affect the market price or marketability of the Bonds, or otherwise prevent bondholders from realizing the full current benefit of the status of the interest thereon.

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

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

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

### **APPROVAL OF LEGAL PROCEEDINGS**

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

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

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

The School District has received a letter from the Department of Treasury of the State of Michigan approving the issuance of the Bonds.

### **RATING**

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

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

### **UNDERWRITING**

Stifel, Nicolaus & Company, Incorporated (the "Underwriter" or "Stifel"), has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers

and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals \_\_\_\_\_ percent of the aggregate principal amount of the Bonds.

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

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

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

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

### **MUNICIPAL ADVISOR'S OBLIGATION**

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

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

### *Municipal Advisor Registration*

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

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

### *Other Financial Industry Activities and Affiliations*

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

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

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

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

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

## **CONTINUING DISCLOSURE**

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure Agreement (the "Agreement") for the benefit of the holders of the Bonds and the Beneficial Owners (as hereinafter defined under this caption only) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. "Beneficial Owner" means, under this caption only, any person, which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, are set forth in "APPENDIX E: Form of Continuing Disclosure Agreement." Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings "Enrollments – Enrollment History," "Labor Relations," "Retirement Plan - Contributions to MPERS," "History of Valuations – State Equalized Valuation and Taxable Value," "Tax Levies and Collections," "State Aid Payments," "School District Tax Rates (Per \$1,000 of Valuation)," "Largest Taxpayers," "School Bond Qualification and Loan Program," as it relates to the School District's School Loan Revolving Fund balance, if any, and "Direct Debt," in APPENDIX A, and the General Fund Budget Summary in APPENDIX B.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and Beneficial Owners of the Bonds are limited to the remedies described in the

Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

#### **OTHER MATTERS**

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

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

ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT  
STATE OF MICHIGAN

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

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

**Location and Area**

St. Johns Public Schools (the “School District”) is a K-12 school district located in the central portion of Michigan’s lower peninsula. The School District covers an area of approximately 225 square miles. The School District is comprised of all of the City of St. Johns and Bingham Township and portions of Bengal, DeWitt, Duplain, Essex, Greenbush, Olive, Ovid, Riley, Victor, Watertown and Westphalia Townships in Clinton County, and portions of Fulton and Washington Townships in Gratiot County.

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

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

2000	18,882
2010	19,900
2020	19,805

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

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
<i>Clinton County</i>	75,382	79,128	4.97
City of St. Johns	7,865	7,698	(2.12)
Bengal Township	1,188	1,138	(4.21)
Bingham Township	2,859	2,919	(2.10)
DeWitt Township	14,321	15,073	5.25
Duplain Township	2,363	2,303	(2.54)
Essex Township	1,910	1,827	(4.34)
Greenbush Township	2,199	2,143	(2.55)
Olive Township	2,476	2,535	2.38
Ovid Township	3,795	2,188	(42.34)
Riley Township	2,024	2,020	(0.20)
Victor Township	3,460	3,463	0.09
Watertown Township	4,836	5,563	15.03
Westphalia Township	2,365	2,444	3.34
<i>Gratiot County</i>	42,476	41,761	(1.68)
Fulton Township	2,521	2,484	(1.47)
Washington Township	870	813	(6.55)

**Board of Education**

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

---

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

<sup>2</sup> Source: 2000, 2010, and 2020 – U.S. Census of Population.

**Enrollment**

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

**Enrollment History**

2025/26	2,652*	2020/21	2,653
2024/25	2,460	2019/20	2,792
2023/24	2,573	2018/19	2,809
2022/23	2,621	2017/18	2,860
2021/22	2,618	2016/17	2,954

Projected enrollment for 2026/2027 is 2,612 as estimated by the School District.

\*Unaudited.

**2025/26 Enrollment by Grade**

Kindergarten	198	7 <sup>th</sup>	199
1 <sup>st</sup>	163	8 <sup>th</sup>	209
2 <sup>nd</sup>	213	9 <sup>th</sup>	211
3 <sup>rd</sup>	212	10 <sup>th</sup>	207
4 <sup>th</sup>	222	11 <sup>th</sup>	190
5 <sup>th</sup>	207	12 <sup>th</sup>	<u>210</u>
6 <sup>th</sup>	211	Total	<u>2,652</u>

**School District Facilities**

	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Additions/ Remodeling</u>
<i>Elementary School:</i>			
Eureka	Preschool-5	1955	1966, 2010
Gateway North	K-2	1998	
Oakview South	PreK, 3-5	1998	
Riley	Preschool-5	1968	1997, 2010
St. Johns Middle School	6-8	1998	2010
St. Johns High School	9-12	1968	2010
East Olive**		1968	1997, 2010
Clinton County RESA-STRIVE Alternative Ed.	Alt. Ed.	1984	2002
Future Early Learning Center	0-PreK	1999	
Bus Garage		1960	1974, 1988, 2010

\*\*East Olive Elementary School closed in 2017. The building is still owned by the School District and is being leased to a community group. This building is slated for sale by the School District in the fall of 2026.

**Other Schools**

There are two parochial schools located within the School District’s boundaries: St. Joseph Catholic School serving grades K-6 and St. Peter Lutheran School serving grades K-8. There are no public school academies located within the School District’s boundaries.

**Labor Relations**

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Teachers and Counselors	159	MEA/NEA/ICEA/SJEA	6/30/2026
Secretaries	14	MEA/NEA/MESPA	6/30/2026*
Bus Drivers	18	No Union Affiliation, Local Association Contract	6/30/2026
Custodial and Maintenance	30	No Union Affiliation, Local Association Contract	6/30/2026
Cafeteria	21	No Union Affiliation, Local Association Contract	6/30/2026
Student Support Services	55	No Union Affiliation, Local Association Contract	6/30/2026
Child Care Program	16	No Union Affiliation	6/30/2026
Alt Ed Teachers	2	No Union Affiliation	6/30/2026
Social Worker	2	No Union Affiliation	6/30/2026
Administrators	16	No Union Affiliation	6/30/2027
Adm. Support & Technology Staff	9	No Union Affiliation	6/30/2026
Transportation Router & Mechanics	<u>3</u>	No Union Affiliation	6/30/2026
Total	<u>345</u>		

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

\*Currently in negotiations.

**Retirement Plan**

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

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

**Contributions to MPSERS**

The School District’s estimated contributions to MPSERS for 2025/2026 and the contributions for the previous four years are shown below.

<u>Fiscal Year Ending June 30,</u>	<u>Contribution to MPSERS<sup>1</sup></u>
2026	\$8,266,274 (est.)
2025	7,332,000
2024	7,456,048
2023	8,890,459
2022	6,837,279

Note: 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

<sup>1</sup> Sources: Audited Financial Statements.

implemented GASB 68 in their year ended June 30, 2018 audited financials. Please refer to the audit for the pension liability.

**Other Post-Employment Benefits<sup>1</sup>**

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 benefits is funded annually on a pay-as-you-go basis, with retirees paying some of the costs. Current year liability for retiree health benefits is reflected in the figures provided above. Further information regarding MPERS, including retiree health benefits, can be found at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**GENERAL FINANCIAL INFORMATION**

**Assessed Valuations<sup>2</sup>**

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

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

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

**History of Valuations – State Equalized Valuation and Taxable Value<sup>3,4</sup>**

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2025	\$1,492,550,009	\$973,049,495
2024	1,374,739,979	927,207,825
2023	1,270,456,983	866,576,584
2022	1,171,321,365	808,403,489
2021	1,114,655,836	782,381,620

**2025 Taxable Value by Class<sup>2,4</sup>**

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agricultural	\$126,725,019	13.03%
Commercial	103,863,242	10.67
Industrial	14,237,022	1.46
Residential	663,406,425	68.18
Commercial Personal	11,273,040	1.16
Industrial Personal	14,996,700	1.54
Utility Personal	<u>38,548,047</u>	<u>3.96</u>
Total	<u>\$973,049,495</u>	<u>100.00%</u>

<sup>1</sup> Sources: Audited Financial Statements.

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

<sup>3</sup> The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

<sup>4</sup> Source: Clinton and Gratiot County Equalization Departments.

**2025 Taxable Valuation by Municipal Unit**<sup>1,2</sup>

<u>Name of Unit</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Clinton County</i>				
City of St. Johns	\$184,710,418	\$115,141,485	\$299,851,903	30.81%
Bengal Township	41,823,945	4,006,418	45,830,363	4.71
Bingham Township	141,290,728	45,979,102	187,269,830	19.24
Duplain Township	7,861,630	2,125,917	9,987,547	1.03
Essex Township	28,376,499	2,853,953	31,230,452	3.21
Greenbush Township	97,606,370	15,061,901	112,668,271	11.58
Olive Township	124,771,708	9,082,743	133,854,451	13.76
Ovid Township	10,187,579	310,162	10,497,741	1.08
Riley Township	94,161,511	4,797,880	98,959,391	10.17
Victor Township	24,592,052	1,403,022	25,995,074	2.67
Watertown Township	9,880,943	1,100,912	10,981,855	1.13
Westphalia Township	1,006,217	0	1,006,217	0.10
<i>Gratiot County</i>				
Fulton Township	228,765	22,545	251,310	0.03
Washington Township	<u>3,627,987</u>	<u>1,037,103</u>	<u>4,665,090</u>	<u>0.48</u>
Total	<u>\$770,126,352</u>	<u>\$202,923,143</u>	<u>\$973,049,495</u>	<u>100.00%</u>

**Tax Levies and Collections**

The School District's fiscal year begins July 1. School District property taxes are levied on December 1 of each fiscal year and are payable without penalty or interest on or before the following February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurers for collection with penalties and interest. On the first Tuesday in May in each year, a tax sale is held by the Counties as which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

Clinton County and Gratiot County (the "Counties"), to date, have purchased and paid from their Tax Payment Funds the delinquent taxes on all real property of all taxing units in the Counties. The decision to make such payments is determined on an annual basis by the Counties. There is no guarantee that the payments will continue in future years. If the delinquent taxes which are due and payable to the Counties are not received by the Counties for any reason, the Counties have full rights of recourse against the School District to recover the amount of uncollected delinquent taxes, together with interest thereon, at the rate of one percent per month or fraction of a month until repaid to the Counties by the School District. Delinquent personal property taxes are negligible.

<sup>1</sup> Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base to the extent not otherwise exempt. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only to the extent not otherwise exempt.

<sup>2</sup> Source: Clinton and Gratiot County Equalization Departments.

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

<u>School Year</u>	<u>Operating Tax Levy</u>	<u>Current collections to March 1, Each Year</u> (Collections in Process)		<u>Collections Plus Funding to June 30, Each Year</u> (Collections in Process)	
2025/26	\$3,436,975				
2024/25	3,491,770	\$3,301,091	94.54%	\$3,491,770	100.00%
2023/24	3,280,365	3,095,732	94.37%	3,280,365	100.00%
2022/23	3,149,889	2,878,065	91.37%	3,149,740	100.00%
2021/22	2,909,491	2,756,705	94.75%	2,908,548	99.97%

**State Aid Payments**

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

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

<u>Year</u>	<u>Blended Pupil Count</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>
2025/26	2,454	\$10,050	\$24,666,620 (est.)
2024/25	2,471	9,608	23,743,770
2023/24	2,576	9,608	24,750,208
2022/23	2,620	9,150	28,217,874
2021/22 <sup>1</sup>	2,620	8,700	24,350,498

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating – Extra Voted <sup>2</sup>	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>	<u>7.0000</u>
Total Homestead	7.0000	7.0000	7.0000	7.0000	7.0000
Total Non-Homestead	25.0000	25.0000	25.0000	25.0000	25.0000

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

<sup>2</sup> The School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate to the extent not otherwise exempt. See “MICHIGAN PROPERTY TAX REFORM” herein.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
<i>Clinton County</i>	6.5945	6.6230	6.6384	6.5573	6.5824
City of St. Johns	13.9225	14.0471	13.6951	13.5189	13.9068
Bengal Township	5.3586	5.4118	5.4572	5.4449	5.4505
Bingham Township	2.9812	2.9968	2.9968	2.9936	2.5916
DeWitt Township	6.4214	6.4324	6.4394	6.4394	6.4508
Duplain Township	4.2361	4.2489	3.6957	3.6720	3.6995
Essex Township	1.4823	1.4823	1.5000	1.4633	1.4642
Greenbush Township	1.9826	1.9958	1.9882	1.9693	1.9841
Olive Township	0.9876	0.9911	1.0000	0.9851	0.9936
Ovid Township	3.2500	3.2500	3.2486	3.2480	3.2480
Riley Township	1.9601	1.9848	1.9860	1.9530	1.9696
Victor Township	5.4418	3.9462	3.4733	3.9494	3.9520
Watertown Township	5.8176	5.8415	5.8814	5.8814	5.9013
Westphalia Township	2.9345	2.9524	2.9793	2.9535	2.9844
<i>Gratiot County</i>	8.3672	8.5172	7.9172	7.9172	7.9286
Fulton Township	1.7664	1.7723	1.7359	4.3359	5.7423
Washington Township	2.4134	2.4324	2.4324	0.9324	2.0078
Clinton Area Transportation	0.6962	0.6899	0.6924	0.6924	0.6963
Clinton Co. RESA	3.7714	3.7402	3.7537	3.7497	3.7762

**Largest Taxpayers<sup>1</sup>**

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 6.82% of the School District’s 2025 Taxable Valuation of \$973,049,495.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Taxable Value</u>
Consumers Energy Company	Utility	\$23,289,962
National Grid Renewables	Renewables energy	14,613,100
Michigan Electric Transmission Co	Utility	10,716,027
Glanbia Delaware	Nutrition	7,890,746
Save A Lot Foods	Distribution Center	6,810,971
ITC	Warehouse & storage facility	6,635,240
Bancroft Performance Investments	Liquid fertilizer	5,790,120
Wal-Mart Corporation	Retail	5,421,809
Mahle Engine Components	Piston ring machining	4,094,235
Lone Oak – St Johns LLC	Food distributors	3,576,535
TOTAL		<u>\$66,325,760</u>

**Debt History**

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

**Future Financing**

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

<sup>1</sup> Source: Clinton and Gratiot County Equalization Departments.

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

As of March 16, 2026, the School District had a balance of \$233,146.58 in the School Bond Qualification and Loan Program.

**Direct Debt<sup>2</sup>** (as of March 16, 2026)

08/04/10	2010 School Building and Site Bonds, Series A (UTQ)	\$15,000,000
08/04/10	2010 School Building and Site Bonds, Series B (UTQ)	75,000
04/29/20	2020 Energy Conservation Bonds (LTNQ)	4,990,000
07/08/20	2020 School Building and Site Bonds (UTQ)	33,065,000
06/23/21	2021 Refunding Bonds (UTQ)	<u>9,515,000</u>
Direct Debt		62,645,000
Plus:	2026 School Improvement Bonds (LTNQ)	<u>3,000,000</u>
NET DIRECT DEBT (as of date of delivery)		<u>\$65,645,000</u>

**Overlapping Debt<sup>2</sup>** (as of March 16, 2026)

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
100.00	City of St. Johns	\$2,875,608	\$2,875,608
100.00	Bingham Township	208,550	208,550
0.02	DeWitt Township	18,542,801	3,709
2.53	Watertown Township	2,023,680	51,199
24.23	Clinton County	20,592,877	4,989,654
0.23	Gratiot County	1,077,668	<u>2,479</u>
Net Overlapping Debt in the School District			<u>\$8,131,198</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$73,776,198</u>

**Debt Ratios**

2025 State Equalized Valuation (SEV)	\$1,492,550,009
2025 Taxable Valuation	\$973,049,495
2020 Population	19,805
Direct Debt (Including New Issue)	\$65,645,000
Direct/Overlapping Debt	\$73,776,198
Direct Debt Per Capita	\$3,315
Direct/Overlapping Debt Per Capita	\$3,725
Per Capita 2025 SEV	\$75,362
Ratio of Direct Debt to 2025 SEV	4.40%
Ratio of Direct/Overlapping Debt to 2025 SEV	4.94%
Per Capita 2025 Taxable Valuation	\$49,131
Ratio of Direct Debt to 2025 Taxable Valuation	6.75%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	7.58%

<sup>1</sup> Source: Michigan Department of Treasury.

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

**Legal Debt Margin**

2025 State Equalized Valuation		\$1,492,550,009
Debt Limit (15% of 2025 State Equalized Valuation)		223,882,501
Debt Outstanding	\$65,645,000	
Less bonds not subject to Debt Limit <sup>1</sup>	<u>(57,655,000)</u>	
Total Subject to Debt Limit		<u>7,990,000</u>
Additional Debt Which Could Be Legally Incurred		<u>\$215,892,501</u>

**Non-Voted Debt Margin**

2025 State Equalized Valuation		\$1,492,550,009
Debt Limit (5% of 2025 State Equalized Valuation)		74,627,500
Total Bonded Debt Outstanding		<u>65,645,000</u>
Additional Debt Which Could Be Legally Incurred		<u>\$8,982,500</u>

**ECONOMIC PROFILE**

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

19 miles	west of Owosso
24 miles	north of Lansing
58 miles	southwest of Saginaw
63 miles	west of Flint
77 miles	east of Grand Rapids
109 miles	northwest of Detroit

**Major Employers<sup>2</sup>**

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>Within the area of the School District</i>		
St. Johns Schools	Education	345
Saylor-Beall Mfg.	Air & gas compressors	254
County of Clinton	Executive and legislative	219
Clinton Area Care Center Inc.	Nursing home	200
Clinton Sparrow Hospital	Hospital	178
Eightcap, Inc	Associations and organization	160
Wal-Mart Inc.	Retail	146
Sundance GMC, Inc.	Motor vehicle and parts dealers	100
The Martin-Brower Company, LLC.	Grocery wholesale	87
Van Pop Co.	Legal services	87

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

<sup>2</sup> Source: D&B Hoovers and the School District.

***Clinton County***

Peckham, Inc.	Social services, job training	1,000
Multi-Packaging Solutions	Specialty printing & packaging	800
Compu-Link Corp.	Banking	310
DeWitt Public Schools	Public education	300
Saylor-Beall Manufacturing	Machine equipment manufacturing	254
Romanow Sales Company, Inc.	Building services	242
Clinton County	Government	220

***Gratiot County***

MidMichigan Medical Center-Gratiot	Medical center	774
Central Michigan Correctional Facility	Correctional facility	477
Avalon & Tahoe Manufacturing	Manufacturing	456
Alma College	Education	371
St. Louis Correctional Facility	Correctional facility	339
Gratiot-Isabella RESD	Education	320
Alma Public Schools	Education	262
Merril Technologies Group	Machinery and equipment mfg.	208
Walmart	Retail	196
Consumers Energy	Electric utility co	193

**Unemployment<sup>1</sup>**

The following table shows the historical annual average unemployment rates (not seasonally adjusted) for Clinton and Gratiot Counties and the State of Michigan.

	<u>Clinton County</u>	<u>Gratiot County</u>	<u>State of Michigan</u>
2025, November	3.8%	5.0%	4.8%
2024	3.9%	5.4%	4.7%
2023	3.3%	4.6%	3.9%
2022	3.8%	4.7%	4.2%
2021 <sup>2</sup>	4.2%	5.5%	5.7%
2020 <sup>2</sup>	6.7%	8.4%	10.0%

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

<sup>2</sup> Unemployment rates are reflective of changes caused by COVID-19.

APPENDIX B

ST. JOHNS PUBLIC SCHOOLS

General Fund Budget Summary  
Fiscal Year Ending June 30, 2026

	Adopted <u>2025/26</u>
<b><u>REVENUES</u></b>	
Local Sources	\$4,763,922
State Sources	29,368,625
Federal Sources	429,979
Other Financing Sources	1,495,700
Transfers from Other Funds	<u>168,474</u>
 TOTAL REVENUES	 <u>\$36,226,700</u>
 <b><u>EXPENDITURES</u></b>	
Instruction	
Basic Programs	\$16,963,367
Added Needs	4,740,449
Supporting Services	
Pupil	1,716,582
Instruction Staff	1,976,039
General Administration	540,385
School Administration	2,163,989
Fiscal Services	740,031
Operations & Maintenance	3,657,215
Transportation	1,632,440
Central	1,053,747
Athletics	998,917
Other Supporting	
Community Services	559,494
Facility Improvements	16,392
Outgoing Transfers & Others	<u>411,366</u>
 TOTAL EXPENDITURES	 <u>37,170,413</u>
 Excess of Revenues Over (Under) Expenditures	 (943,713)
 Fund Balance - July 1	 <u>5,841,077</u>
 Estimated Fund Balance - June 30	 <u>\$4,897,364</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

The auditor 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 will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

**APPENDIX C**

**ST. JOHNS PUBLIC SCHOOLS  
 REPORT ON FINANCIAL STATEMENTS  
 (with required and additional  
 supplementary information)  
 YEAR ENDED JUNE 30, 2025**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4-12
BASIC FINANCIAL STATEMENTS.....	13
Government-wide Financial Statements	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Notes to Financial Statements .....	20-50
REQUIRED SUPPLEMENTARY INFORMATION .....	51
Budgetary Comparison Schedule - General Fund .....	52
Schedule of District's Proportionate Share of the Net Pension Liability.....	53
Schedule of District's Pension Contributions.....	54
Schedule of District's Proportionate Share of the Net OPEB Liability (Asset).....	55
Schedule of District's OPEB Contributions.....	56
Notes to Required Supplementary Information .....	57-58
ADDITIONAL SUPPLEMENTARY INFORMATION .....	59
Nonmajor Governmental Fund Types	
Combining Balance Sheet .....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	61
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	62-63





2425 E. Grand River Ave.,  
 Suite 1, Lansing, MI 48912  
 ☎ 517.323.7500  
 📠 517.323.6346

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of  
 St. Johns Public Schools

**Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns Public Schools as of June 30, 2025, and the respective changes in financial position, 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 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 St. Johns Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Change in Accounting Principle**

As discussed in Note 14 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are 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 St. Johns Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Johns Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes 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 additional 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 23, 2025, on our consideration of St. Johns Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of St. Johns Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Johns Public Schools' internal control over financial reporting and compliance.

October 23, 2025

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

St. Johns Public Schools, a K-12 school district located in Clinton County, Michigan.

**FINANCIAL HIGHLIGHTS**

Below is a table showing the fund balances for the past ten years.

<u>Date</u>	<u>General Fund Fund Balance</u>	<u>Change</u>
June 30, 2016	\$ 2,114,563	\$ 735,014
June 30, 2017	3,449,229	1,334,666
June 30, 2018	4,140,872	691,643
June 30, 2019	4,030,674	(110,198)
June 30, 2020	4,887,307	856,633
June 30, 2021	6,003,515	1,116,208
June 30, 2022	5,813,488	(190,027)
June 30, 2023	6,004,947	191,459
June 30, 2024	6,665,613	660,666
June 30, 2025	5,841,077	(824,536)

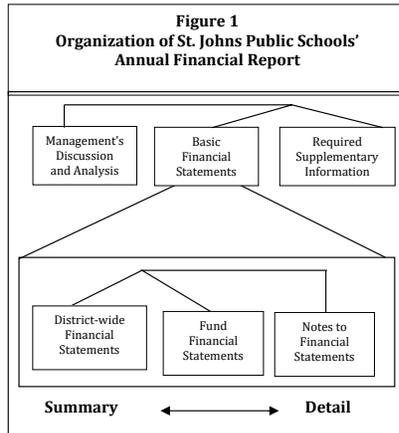
In fiscal year 2025, total general fund revenues and other financing sources were approximately \$36.19 million with expenditures and other financing uses of approximately \$37.02 million. In fiscal year 2024, total general fund revenues and other financing sources were approximately \$36.86 million with expenditures and other financing uses of approximately \$36.20 million. During 2025, general fund revenues and other financing sources and general fund expenditures and other financing uses remained relatively consistent with the previous year.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic services* like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others. The District does not have any fiduciary funds.



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB asset. Figure 1 shows how the various parts of this annual report are arranged and related to one another.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

	Figure 2 Major Features of District-wide and Fund Financial Statements	
	District-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

All of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are reported in the district-wide financial statements and are on a full accrual basis that is similar to those used by private-sector companies. For example, capital assets and long-term obligations of the District are reported in the statement of net position of the district-wide financial statements. The difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) are one way to measure the District's financial position. However, you also need to consider other non-financial factors such as changes in the District's property tax base and the condition and age of the school buildings and other facilities.

The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. All of the District's basic services are included here, such as regular and special education, transportation, and administration. These activities are financed through the state foundation grant, property taxes, and various federal and state programs.

The District's combined net position at the beginning of the fiscal year was a negative \$18,224,241 (after the restatement for GASB 101) and on June 30, 2025, it is a negative \$7,618,424, which represents an improvement in net position of \$10,605,817, as recorded in the statement of activities.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

**FUND FINANCIAL STATEMENTS**

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending on future District programs. Some of these funds are established by State law and by bond restrictions while others can be established for the District to control and manage money for a particular purpose such as food service and student/school activities.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position** - The District's statement of net position as of June 30, 2025 and 2024 is summarized as follows:

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024*</u>
<b>ASSETS</b>		
Current and other assets	\$ 25,204,763	\$ 24,341,431
Net other postemployment benefits asset	6,841,459	916,576
Capital assets	<u>78,741,959</u>	<u>81,373,579</u>
<b>TOTAL ASSETS</b>	<u>110,788,181</u>	<u>106,631,586</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>13,877,111</u>	<u>19,167,532</u>
<b>LIABILITIES</b>		
Current liabilities	9,863,736	10,280,834
Net pension liability	39,442,510	52,067,556
Noncurrent liabilities	<u>60,896,646</u>	<u>64,501,595</u>
<b>TOTAL LIABILITIES</b>	<u>110,202,892</u>	<u>126,849,985</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>22,080,824</u>	<u>16,251,886</u>
<b>NET POSITION</b>		
Net investment in capital assets	14,970,114	13,499,161
Restricted for debt service	11,853,547	9,677,889
Restricted for net other postemployment benefits	6,841,459	916,576
Unrestricted	<u>(41,283,544)</u>	<u>(41,396,379)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (7,618,424)</u>	<u>\$ (17,302,753)</u>

\*The 2024 numbers have not been updated for the adoption of GASB 101.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

The results of District-wide operations for the fiscal years ended June 30, 2025 and 2024, are as follows:

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024*</u>
<b>REVENUES</b>		
Program Revenues		
Charges for service	\$ 1,103,137	\$ 830,300
Operating grants and contributions	12,934,849	13,262,908
Capital grants and contributions	754,128	754,128
General Revenues		
Property taxes	10,018,631	9,373,707
State school aid - unrestricted	20,663,792	21,682,629
Intermediate sources	1,421,319	1,156,873
Investment earnings	841,170	676,610
Other	<u>111,982</u>	<u>54,717</u>
<b>TOTAL REVENUES</b>	<u>47,849,008</u>	<u>47,791,872</u>
<b>FUNCTIONS/PROGRAM EXPENSES</b>		
Instruction	17,106,942	17,245,356
Supporting services	11,925,972	11,724,318
Community services	423,354	436,266
Food service	1,612,064	1,669,674
Student/school activities	723,233	666,313
Interest on long-term debt	1,945,120	2,041,783
Unallocated depreciation	<u>3,506,506</u>	<u>3,371,956</u>
<b>TOTAL EXPENSES</b>	<u>37,243,191</u>	<u>37,155,666</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 10,605,817</u>	<u>\$ 10,636,206</u>

\*The 2024 numbers have not been updated for the adoption of GASB 101.

**STATE OF MICHIGAN UNRESTRICTED AID (State Foundation Grant)**

The State of Michigan aid, unrestricted, is determined with the following variables:

- a. The Michigan State Aid Act per student foundation allowance which was established under Proposal A has increased from \$5,145.94 per student in 1995 to \$9,608 per student in 2024-2025. The per student State foundation allowance was unchanged from 2023-2024.
- b. Local property taxes levied on Non-Primary Residency Exemption (Non-PRE) property (formerly known as non-homestead property) and commercial personal property provide a local portion of the per student foundation allowance to fund General Fund operations. During 2024-2025, the District's non-primary residency millage was 18.0000 mills and 6.0000 mills for commercial personal property. This ten-year millage was approved by voters in November 2022 and will expire in 2033.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

**Student Enrollment**

Student enrollment decreased 105 FTE in 2024-25 compared to 2023-24. For budgeting purposes, the 2025-26 original budget projects a decrease in enrollment of 82 students from fall 2024 to fall 2025.

**GOVERNMENTAL FUNDS**

**Results of Operations**

For the fiscal years ended June 30, 2025 and 2024, the total fund-level results of operations were:

	<u>2025</u>	<u>2024</u>
<b>REVENUES</b>		
Local sources		
Property taxes	\$ 10,018,631	\$ 9,373,707
Investment earnings	841,170	676,610
Food sales, athletics, community service and transportation	1,890,996	1,549,870
Other	<u>111,982</u>	<u>54,717</u>
Total local sources	12,862,779	11,654,904
State sources	29,972,462	30,852,430
Federal sources	2,540,339	3,021,219
Intermediate sources	<u>1,421,319</u>	<u>1,156,873</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 46,796,899</u></u>	<u><u>\$ 46,685,426</u></u>
<b>EXPENDITURES</b>		
Current		
Instruction	\$ 21,579,225	\$ 21,030,665
Supporting services	14,172,184	13,717,721
Community service activities	550,923	484,938
Food service activities	1,741,257	1,767,641
Student/school activities	723,233	666,313
Capital outlay	373,916	815,621
Debt service		
Principal retirement	4,097,439	3,570,000
Interest, fiscal, and other charges	<u>2,062,937</u>	<u>1,991,478</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 45,301,114</u></u>	<u><u>\$ 44,044,377</u></u>

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

The following summarizes the revenues and expenses by comparing fiscal year 2025 to 2024 as shown in the previous results of operations.

- Property tax revenue increased because of an increase in property values.
- Investment earnings increased due to market performance.
- State sources revenue decreased with the decrease in enrollment, as explained previously.
- Federal sources revenue decreased as the COVID-era grants came to a close.
- Expenditures increased due primarily to compensation and related mandatory benefit costs (Social Security, Medicare, and retirement contributions).

The State of Michigan allows each school district to levy 18 mills on Non-Primary Residency Exemption (Non-PRE) property and 6 mills on commercial personal property, and the state foundation grant is calculated by deducting the operating levy from the computed state aid.

Following is a table showing the past ten years of property taxes collected on Non-PRE property and commercial personal property:

<u>Fiscal Year</u>	<u>Operating Levy</u>	<u>Mills</u>
2024 - 2025	\$ 3,437,791	18.0000
2023 - 2024	3,232,486	18.0000
2022 - 2023	3,149,741	18.0000
2021 - 2022	2,908,548	18.0000
2020 - 2021	2,778,329	18.0000
2019 - 2020	2,562,009	18.0000
2018 - 2019	2,541,790	18.0000
2017 - 2018	2,445,831	18.0000
2016 - 2017	2,435,764	18.0000
2015 - 2016	2,457,042	18.0000

**GENERAL FUND AND BUDGET HIGHLIGHTS**

**Original vs. Final Budget**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The original 2024-25 budget was approved prior to the beginning of the fiscal year.

The 2024-25 budget was revised as needed throughout the fiscal year, with the final revision approved before June 30, 2025. The final budget revision anticipated an increase in revenues and expenses compared to the original budget. The increase in budgeted revenues of \$100,064 (0.27%) was driven by more than expected revenues from intermediate sources. The increase in budgeted expenditures of \$459,469 (1.24%) was the result of more than expected expenditures for instructional and supporting services.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2025, the District had invested \$122.1 million in a broad range of capital assets. See Note 4 for more information.

	Balance July 1, 2024	Net Change	Balance June 30, 2025
Capital assets, cost	\$ 121,883,571	\$ 224,496	\$ 122,108,067
Less accumulated depreciation	<u>(40,509,992)</u>	<u>(2,856,116)</u>	<u>(43,366,108)</u>
Capital assets, net	<u>\$ 81,373,579</u>	<u>\$ (2,631,620)</u>	<u>\$ 78,741,959</u>

**Long-term Obligations**

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. In addition to general obligation bonds, the District also borrows from the Michigan school loan revolving fund and has estimated a liability for compensated absences. See Note 6 for more information.

	Balance 7/1/2024*	Net Change	Balance June 30, 2025
General obligations bonds	\$ 66,271,304	\$ (3,593,629)	\$ 62,677,675
Michigan school loan revolving fund	1,748,753	(604,070)	1,144,683
Compensated absences	<u>1,263,484</u>	<u>(95,826)</u>	<u>1,167,658</u>
	<u>\$ 69,283,541</u>	<u>\$ (4,293,525)</u>	<u>\$ 64,990,016</u>

\*The 2024 numbers have been updated for the adoption of GASB 101.

**ST. JOHNS PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2025**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- The budgeted 2025-2026 state aid is based on a blended student enrollment of 2,386.12 FTE (full time equivalent), based on a decrease in enrollment of 82 students from the fall 2024 to fall 2025 counts, and a foundation allowance of \$10,000 per FTE, an increase of \$392 per FTE. The final School Aid Act was completed after the District adopted its budget, increasing the foundation allowance by \$442 per student to \$10,050, an additional \$50 per student over the District's budgeted state aid. Additionally, the final School Aid Act eliminated some state categorical grants and provided funding for new categorical grants. As of the date of this report, the actual enrollment is not known but is expected to be approximately students above projections.
- For the fourth consecutive year, the state has provided additional resources for student mental health needs. Further the state is providing additional categorical grant funds for enrollment stabilization due to declining enrollment year over year, transportation funds, and retirement contribution subsidies for 2025-26.
- The District's ten year non-homestead millage was approved by voters in November 2022 and expires in 2033.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenues it receives. If you have any questions about this report or need any additional information, please contact the Business Office of St. Johns Public Schools at 501 West Sickles Street, St. Johns, Michigan 48879.

**ST. JOHNS PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

**BASIC FINANCIAL STATEMENTS**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 983,428
Investments	18,537,504
Receivables	
Accounts	64,527
Due from other governmental units	5,585,445
Inventories	28,072
Prepays	5,787
Net other postemployment benefits asset	6,841,459
Capital assets not being depreciated	1,112,970
Capital assets, net of accumulated depreciation	77,628,989
TOTAL ASSETS	110,788,181
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	12,171,927
Related to OPEB	1,705,184
	13,877,111
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	
	13,877,111
<b>LIABILITIES</b>	
Accounts payable	751,947
Accrued payroll	2,204,110
Accrued retirement	1,103,693
Other accrued liabilities	487,416
Accrued interest payable	295,515
Unearned revenue	927,685
Noncurrent liabilities	
Due within one year	4,093,370
Due in more than one year	60,896,646
Net pension liability	39,442,510
TOTAL LIABILITIES	110,202,892
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	11,028,510
Related to OPEB	8,907,997
Related to state aid funding for pensions	2,144,317
	22,080,824
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	
	22,080,824
<b>NET POSITION</b>	
Net investment in capital assets	14,970,114
Restricted for debt service	11,853,547
Restricted for net other postemployment benefits	6,841,459
Unrestricted	(41,283,544)
TOTAL NET POSITION	\$ (7,618,424)

See notes to financial statements.

**ST. JOHNS PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Instruction	\$ 17,106,942	\$ -	\$ 6,364,405	\$ -	\$ (10,742,537)
Supporting services	11,925,972	399,417	3,871,986	-	(7,654,569)
Community services	423,354	523,524	55,405	-	155,575
Food service	1,612,064	180,196	1,855,194	-	423,326
Student/school activities	723,233	-	787,859	-	64,626
Interest and costs on long-term debt	1,945,120	-	-	754,128	(1,190,992)
Unallocated depreciation	3,506,506	-	-	-	(3,506,506)
<b>Total expenses</b>	<b>\$ 37,243,191</b>	<b>\$ 1,103,137</b>	<b>\$ 12,934,849</b>	<b>\$ 754,128</b>	<b>(22,451,077)</b>
General revenues					
Property taxes					10,018,631
State school aid - unrestricted					20,663,792
Intermediate sources					1,421,319
Investment earnings					841,170
Other					111,982
<b>Total general revenues</b>					<b>33,056,894</b>
<b>CHANGE IN NET POSITION</b>					<b>10,605,817</b>
NET POSITION, beginning of year, as previously stated					(17,302,753)
Adjustments to beginning net position					(921,488)
NET POSITION, beginning of year, as restated					(18,224,241)
NET POSITION, end of year					<b>\$ (7,618,424)</b>

See notes to financial statements.

**ST. JOHNS PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	General	2020 Energy Conservation Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 792,520	\$ -	\$ 97,826	\$ 93,082	\$ 983,428
Investments	5,567,801	28,530	11,932,516	1,008,657	18,537,504
Accounts receivable	64,527	-	-	-	64,527
Due from other governmental units	5,376,819	-	-	75,341	5,452,160
Due from other funds	47,984	-	-	692,846	740,830
Inventories	7,082	-	-	20,990	28,072
Prepays	5,787	-	-	-	5,787
<b>TOTAL ASSETS</b>	<b>\$ 11,862,520</b>	<b>\$ 28,530</b>	<b>\$ 12,030,342</b>	<b>\$ 1,890,916</b>	<b>\$ 25,812,308</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 652,429	\$ -	\$ 14,565	\$ 84,953	\$ 751,947
Accrued payroll	2,197,981	-	-	6,129	2,204,110
Accrued retirement	1,100,992	-	-	2,701	1,103,693
Other accrued liabilities	486,181	-	-	1,235	487,416
Due to other funds	692,835	-	-	47,995	740,830
Unearned revenue	891,025	-	-	36,660	927,685
<b>TOTAL LIABILITIES</b>	<b>6,021,443</b>	<b>-</b>	<b>14,565</b>	<b>179,673</b>	<b>6,215,681</b>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	7,082	-	-	20,990	28,072
Prepays	5,787	-	-	-	5,787
Restricted					
Food service	-	-	-	724,804	724,804
Debt service	-	-	12,015,777	-	12,015,777
Capital projects	-	28,530	-	-	28,530
Committed					
Capital projects	-	-	-	173,185	173,185
Student/school activities	-	-	-	792,264	792,264
Assigned for subsequent year expenditures	313,490	-	-	-	313,490
Unassigned	5,514,718	-	-	-	5,514,718
<b>TOTAL FUND BALANCES</b>	<b>5,841,077</b>	<b>28,530</b>	<b>12,015,777</b>	<b>1,711,243</b>	<b>19,596,627</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,862,520</b>	<b>\$ 28,530</b>	<b>\$ 12,030,342</b>	<b>\$ 1,890,916</b>	<b>\$ 25,812,308</b>

See notes to financial statements.

**ST. JOHNS PUBLIC SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025**

**ST. JOHNS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025**

<b>Total fund balances - governmental funds</b>	\$ 19,596,627
Amounts reported for the governmental activities in the statement of net position are different because:	
Deferred outflows of resources related to pensions	12,171,927
Deferred inflows of resources related to pensions	(11,028,510)
Deferred outflows of resources related to OPEB	1,705,184
Deferred inflows of resources related to OPEB	(8,907,997)
Deferred inflows of resources related to state aid funding for pensions	(2,144,317)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Such noncurrent asset(s) at year-end consist of:	
Net other postemployment benefits asset	6,841,459
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
The cost of the capital assets is	\$ 122,108,067
Accumulated depreciation is	<u>(43,366,108)</u>
	78,741,959
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
General obligation bonds	(62,677,675)
Notes from direct borrowings and direct placements	(1,144,683)
Compensated absences	(1,167,658)
Accrued interest, net of federal interest subsidy receivable	(162,230)
Net pension liability	<u>(39,442,510)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (7,618,424)</u></b>

	2020 Energy Conservation Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
	General			
<b>REVENUES</b>				
Local sources	\$ 4,756,723	\$ 1,505	\$ 7,115,312	\$ 989,239
State sources	29,336,377	-	-	636,085
Federal sources	567,102	-	754,128	1,219,109
Intermediate sources	<u>1,421,319</u>	-	-	<u>1,421,319</u>
<b>TOTAL REVENUES</b>	<u>36,081,521</u>	<u>1,505</u>	<u>7,869,440</u>	<u>2,844,433</u>
<b>EXPENDITURES</b>				
Current				
Instruction	21,579,225	-	-	21,579,225
Supporting services	14,172,184	-	-	14,172,184
Community services	550,923	-	-	550,923
Food service activities	-	-	1,741,257	1,741,257
Student/school activities	-	-	723,233	723,233
Capital outlay	13,608	-	-	360,308
Debt service				
Principal retirement	-	-	4,097,439	4,097,439
Interest, fiscal, and other charges	-	-	2,062,937	2,062,937
<b>TOTAL EXPENDITURES</b>	<u>36,315,940</u>	<u>-</u>	<u>6,160,376</u>	<u>2,824,798</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(234,419)</u>	<u>1,505</u>	<u>1,709,064</u>	<u>19,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	110,000	-	449,037	251,080
Transfers to other funds	<u>(700,117)</u>	<u>-</u>	<u>-</u>	<u>(110,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(590,117)</u>	<u>-</u>	<u>449,037</u>	<u>141,080</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(824,536)</u>	<u>1,505</u>	<u>2,158,101</u>	<u>160,715</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>6,665,613</u>	<u>27,025</u>	<u>9,857,676</u>	<u>1,550,528</u>
End of year	<u>\$ 5,841,077</u>	<u>\$ 28,530</u>	<u>\$ 12,015,777</u>	<u>\$ 1,711,243</u>
			<u>\$ 1,711,243</u>	<u>\$ 19,596,627</u>

See notes to financial statements.

See notes to financial statements.

**ST. JOHNS PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

<b>Net change in fund balances - total governmental funds</b>	\$ 1,495,785
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(3,506,506)
Capital outlay	1,206,500
Net book value of capital assets disposed	(331,614)
Accrued interest on bonds is recorded in the statement of activities when incurred but it is not recorded in governmental funds until it is paid. Federal interest subsidy receivable is recorded in the statement of activities when earned but is not recorded in governmental funds until received:	
Accrued interest payable, beginning of the year	313,072
Accrued interest payable, end of the year	(295,515)
Federal interest subsidy receivable, beginning of the year	(133,285)
Federal interest subsidy receivable, end of the year	133,285
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Payments on long-term obligations	4,259,684
Interest on school loan revolving fund	(65,614)
Amortization of bond premium	3,629
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year, as restated	1,263,484
Accrued compensated absences, end of the year	(1,167,658)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	3,803,423
Other postemployment benefits related items	2,575,038
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding, beginning of year	3,196,426
State aid funding, end of year	(2,144,317)
<b>Change in net position of governmental activities</b>	<b><u>\$ 10,605,817</u></b>

See notes to financial statements.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

St. Johns Public Schools (the "District") is governed by the St. Johns Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2020 Energy Conservation Capital Projects Fund* was established to account for the capital projects related to the 2020 Energy Conservation bonds. The projects for which the 2020 Energy Conservation bonds were issued were considered substantially complete on June 30, 2022.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term obligations of the District.

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The District reports the following *Nonmajor Funds*:

The *Special Revenue Funds* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in the special revenue funds.

The *Capital Projects Improvement Projects Fund* accounts for the resources accumulated for the acquisition or construction of facilities or equipment held by the District.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, 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 the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, deferred outflows of resources, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period, or shortly thereafter. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end, or shortly thereafter).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

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

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgetary Information (continued)

*Budgetary Basis of Accounting (continued)*

- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations. The final budget was approved prior to June 30, 2025. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

*Cash and Cash Equivalents*

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

*Investments*

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Investments (continued)*

- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

*Inventories and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital Assets*

Capital assets, which include land, construction in progress, buildings and additions, equipment and furniture, vehicles, and other capital equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Right to use assets, if any, of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and additions	10 - 50 years
Equipment and furniture	5 - 25 years
Vehicles	8 years
Other capital equipment	5 - 20 years

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Defined Benefit Plans*

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

*Deferred Outflows*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are future charges yet to be recognized in relation to the pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are amortized over a period determined by the actuary and expensed in the plan year in which they apply.

*Deferred Inflows*

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

*Net Position Flow Assumption*

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

In the computation of net investment in capital assets, school loan revolving fund principal proceeds of \$1,122,700 are considered capital-related debt. Accrued interest on the school loan revolving fund of \$21,983 is not considered capital-related debt.

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Fund Balance Flow Assumptions*

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

*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 District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. 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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

*Leases and Subscription-based IT Arrangements (SBITA)*

Lessee/subscriber: At times, the District is a lessee for noncancelable leases/subscriptions of equipment and/or subscription-based IT arrangements. The District recognizes a lease/SBITA liability and an intangible right-to use lease/subscription asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value that it considers significant to the government-wide financial statements, or with annual lease/subscription payments that are considered significant to the fund in which they are accounted for.

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

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Leases and Subscription-based IT Arrangements (SBITA) (continued)*

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

- The District uses the interest rate charged by the lessor/SBITA vendor as the discount rate. When the interest rate charged by the lessor/SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.
- The lease/subscription term includes the noncancelable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

As of June 30, 2025, the District does not report any significant lease/SBITA assets or liabilities.

Revenues and Expenditures/Expenses

*Program Revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property Taxes*

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property (CPP)	6.0000
Debt service funds	
PRE, Industrial Personal Property, Non-PRE, CPP	7.0000

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues and Expenditures/Expenses (continued)

*Compensated Absences and Other Benefits*

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2025, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2025, \$1,067,524 of the District's bank balance of \$1,317,524 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$983,428.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Interest Rate Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
Huntington Private Bank Money Market	\$ 20,080	n/a
U.S. Treasury Notes	10,915,140	1.7668
Michigan Class Investment Pool	<u>7,602,284</u>	0.1068
	<u>\$ 18,537,504</u>	
Portfolio weighted average maturity		<u>1.0853</u>

One day maturity equals approximately .0027 years

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
U.S. Treasury Notes	\$ 10,915,140	AA+	Standard and Poor's
Michigan Class Investment Pool	<u>7,602,284</u>	AAAm	Standard and Poor's
	<u>\$ 18,517,424</u>		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

<u>Investment Type</u>	<u>Level 1</u>
U.S. Treasury Notes	<u>\$ 10,915,140</u>

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in Entities that Calculate Net Asset Value Per Share

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

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value Per Share (continued)

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

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, If Eligible</u>	<u>Redemption Notice Period</u>
Michigan Class Investment Pool	\$ 7,602,284	\$ -	No restrictions	None

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2025:

Cash and cash equivalents	\$ 983,428
Investments	18,508,974
Restricted investments	28,530
	<u>\$ 19,520,932</u>

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables reported in the government-wide financial statements at June 30, 2025, consist of the following:

State aid	\$ 5,121,907
Federal revenue	216,045
Federal interest subsidy	133,285
Other	114,208
	<u>\$ 5,585,445</u>

No allowance for doubtful accounts is considered necessary based on previous experience. The Federal interest subsidy receivable is only reflected in the government-wide financial statements as it relates to amounts only reported on the full-accrual basis of accounting.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in the District's capital assets is summarized as follows for the year ended June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Additions/ Reclassifications</u>	<u>Deletions/ Reclassifications</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated				
Land	\$ 926,456	\$ -	\$ -	\$ 926,456
Construction in progress	-	186,514	-	186,514
Total capital assets not being depreciated	<u>926,456</u>	<u>186,514</u>	<u>-</u>	<u>1,112,970</u>
Capital assets being depreciated				
Buildings and additions	107,363,559	281,017	-	107,644,576
Equipment and furniture	4,804,659	125,426	(8,451)	4,921,634
Vehicles	2,494,036	269,632	-	2,763,668
Other capital equipment	6,294,861	343,911	(973,553)	5,665,219
Total capital assets being depreciated	<u>120,957,115</u>	<u>1,019,986</u>	<u>(982,004)</u>	<u>120,995,097</u>
Less accumulated depreciation for				
Buildings and additions	(33,416,459)	(2,336,474)	-	(35,752,933)
Equipment and furniture	(2,102,082)	(314,778)	2,397	(2,414,463)
Vehicles	(1,592,389)	(192,179)	-	(1,784,568)
Other capital equipment	(3,399,062)	(663,075)	647,993	(3,414,144)
Total accumulated depreciation	<u>(40,509,992)</u>	<u>(3,506,506)</u>	<u>650,390</u>	<u>(43,366,108)</u>
Net capital assets being depreciated	<u>80,447,123</u>	<u>(2,486,520)</u>	<u>(331,614)</u>	<u>77,628,989</u>
Capital assets, net	<u>\$ 81,373,579</u>	<u>\$ (2,300,006)</u>	<u>\$ (331,614)</u>	<u>\$ 78,741,959</u>

Depreciation expense was not allocated to governmental functions as the assets serve multiple functions. It appears on the statement of activities as "unallocated".

**NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTE**

On August 21, 2023, the District issued two short-term state school aid anticipation notes in the total amount of \$1,000,000 for the purpose of funding operating expenditures until the previous fiscal year's state aid payments resumed. The Series 2023A-1 note in the amount of \$700,000 matured on July 22, 2024. The Series 2023A-2 note in the amount of \$300,000 matured on August 20, 2024. The notes carried an interest rate of 3.46%. As shown below, both notes were paid in full during the current fiscal year.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTE (continued)**

Activity for the year ended June 30, 2025, is as follows:

Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
\$ 396,957	\$ -	\$ (396,957)	\$ -

**NOTE 6 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations for the District for the year ended June 30, 2025:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences *	Total
Balance July 1, 2024, as restated	\$ 66,271,304	\$ 1,748,753	\$ 1,263,484	\$ 69,283,541
Additions	-	65,614	-	65,614
Deletions	(3,593,629)	(669,684)	(95,826)	(4,359,139)
Balance June 30, 2025	62,677,675	1,144,683	1,167,658	64,990,016
Due within one year	3,665,000	-	428,370	4,093,370
Due in more than one year	\$ 59,012,675	\$ 1,144,683	\$ 739,288	\$ 60,896,646

\*The change in the compensated absences liability is presented as a net change.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM OBLIGATIONS (continued)**

Long-term obligations at June 30, 2025, are comprised of the following:

General Obligation Bonds

\$15,000,000 2010 School Building and Site Bonds, Series A dated August 4, 2010, due in one payment on May 1, 2027, with interest of 6.50%, payable semi-annually.	\$ 15,000,000
\$49,325,000 2010 School Building and Site Bonds, Series B dated August 4, 2010, due in annual installments of \$5,000 through May 1, 2040, with interest ranging from 6.30% to 6.65%, payable semi-annually.	75,000
\$6,745,000 2020 Energy Conservation Bond dated April 29, 2020, due in principal installments ranging from \$390,000 to \$595,000 through May 1, 2035, with interest of 1.38%, payable semi-annually.	4,990,000
\$33,825,000 2020 Refunding Bonds dated June 30, 2020, due in principal installments ranging from \$2,130,000 to \$5,055,000 through May 1, 2033, with interest ranging from 0.70% to 2.00%, payable semi-annually.	33,065,000
\$13,715,000 2021 Refunding Bonds dated June 17, 2021, due in principal installments ranging from \$815,000 to \$1,140,000 through May 1, 2034, with interest ranging from 1.00% to 2.05%, payable semi-annually.	9,515,000
Premium on general obligation bonds	32,675
Total general obligation bonds	62,677,675
<u>Notes from Direct Borrowings and Direct Placements</u>	
Michigan School Loan Revolving Fund, including interest at 4.22% at June 30, 2025.	1,144,683
Total general obligation bonds and notes from direct borrowings and direct placements	63,822,358
Compensated absences	1,167,658
Total long-term obligations	\$ 64,990,016

The District has previously defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$34,745,000 of bonds outstanding are considered defeased.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - LONG-TERM OBLIGATIONS (continued)**

The school loan revolving fund payable represents a note payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. An interest rate of 4.22% has been assessed for the year ended June 30, 2025. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.00 mills. The school district is required to levy 7.00 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 7.00 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default. The State of Michigan has issued a mandatory repayment date of May 1, 2046, for all amounts still outstanding as of that date.

The 2010 School Building and Site Bonds, Series A and B, were issued under the federal *Build America Bonds* program. Under this program, the District is eligible to receive an interest subsidy credit from the federal government concurrent with each interest payment made on the bonds. The gross interest payments due on these bonds are included in the annual requirements for general obligation bonds presented below. For the 2010 Series A Bonds, the cumulative gross interest due over the remaining life of the bonds totals \$1,950,000. The District expects to receive federal interest subsidy payments totaling approximately \$1,596,000, resulting in a net interest cost to the District of \$354,000 over the remaining life of the bonds. For the 2010 Series B Bonds, the cumulative gross interest due over the remaining life of the bonds totals \$39,500. The District expects to receive federal interest subsidy payments totaling approximately \$13,824, resulting in a net interest cost to the District of \$25,676 over the remaining life of the bonds. As of June 30, 2025, the District has \$10,935,220 on deposit in an investment account designated for the repayment of the 2010 Series A Bonds maturing in May 2027.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2026	\$ 3,665,000	\$ 1,773,093	\$ -	\$ -	\$ -	\$ 5,438,093
2027	18,860,000	1,732,566	-	-	-	20,592,566
2028	6,050,000	709,038	-	-	-	6,759,038
2029	6,160,000	618,038	-	-	-	6,778,038
2030	6,280,000	515,139	-	-	-	6,795,139
2031-2035	21,605,000	902,248	-	-	-	22,507,248
2036-2040	25,000	4,989	-	-	-	29,989
	62,645,000	6,255,111	-	-	-	68,900,111
Issuance premium	32,675	-	-	-	-	32,675
Michigan School Loan Revolving Fund	-	-	1,122,700	21,983	-	1,144,683
Compensated absences	-	-	-	-	1,167,658	1,167,658
	<u>\$ 62,677,675</u>	<u>\$ 6,255,111</u>	<u>\$ 1,122,700</u>	<u>\$ 21,983</u>	<u>\$ 1,167,658</u>	<u>\$ 71,245,127</u>

For the year ended June 30, 2025, interest and fiscal charges expenditures approximated \$2,063,000 in the fund level statements. The District received \$754,128 in federal tax credits for the year ended June 30, 2025.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

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

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus Members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match (up to 3%) of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018, and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 20, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution Plan are not required to make additional contributions.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	<u>Pension</u>	<u>Other Postemployment Benefits</u>
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025, were equal to the required contribution total. Total pension contributions were approximately \$7,332,000. Of the total pension contributions approximately \$7,121,000 was contributed to fund the Defined Benefit Plan and approximately \$211,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025, were equal to the required contribution total. Total OPEB contributions were approximately \$232,000. Of the total OPEB contributions approximately \$92,000 was contributed to fund the Defined Benefit Plan and approximately \$140,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

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 date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.16111%	0.16087%
Net pension liability for the District	\$ 39,442,510	\$ 52,067,556

For the year ended June 30, 2025, the District recognized pension expense of \$3,317,888.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 388,193	\$ 182,770
Differences between expected and actual experience	1,070,103	428,548
Changes of assumptions	4,112,115	2,889,889
Net difference between projected and actual pension plan investment earnings	-	7,527,303
Reporting Unit's contributions subsequent to the measurement date	<u>6,601,516</u>	<u>-</u>
	<u>\$ 12,171,927</u>	<u>\$ 11,028,510</u>

\$6,601,516, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (1,160,188)
2027	381,917
2028	(2,726,868)
2029	<u>(1,952,960)</u>
	<u>\$ (5,458,099)</u>

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefit liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net other postemployment benefit liability asset	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.15894%	0.16203%
Net other postemployment benefit asset for the District	\$ (6,841,459)	\$ (916,576)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$2,483,008.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

OPEB Liabilities (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 166,693	\$ 191,219
Differences between expected and actual experience	-	7,249,857
Changes of assumptions	1,494,273	171,754
Net difference between projected and actual other postemployment benefits plan investment earnings	-	1,295,167
Reporting Unit's contributions subsequent to the measurement date	<u>44,218</u>	<u>-</u>
	<u>\$ 1,705,184</u>	<u>\$ 8,907,997</u>

\$44,218, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ (2,405,475)
2027	(1,420,495)
2028	(1,369,329)
2029	(1,239,363)
2030	(680,712)
2031	<u>(131,657)</u>
	<u>\$ (7,247,031)</u>

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions

**Investment Rate of Return for Pension** - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

**Investment Rate of Return for OPEB** - 6.00% a year, compounded annually net of investment and administrative expenses.

**Salary Increases** - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

**Inflation** - 3.0%.

**Mortality Assumptions -**

*Retirees:* PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

*Active:* PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

*Disabled Retirees:* PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

**Experience Study** - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

**The Long-term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Cost of Living Pension Adjustments** - 3.0% annual non-compounded for MIP members.

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**Additional Assumptions for Other Postemployment Benefit Only** - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2024, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

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

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	<u>\$ 57,823,143</u>	<u>\$ 39,442,510</u>	<u>\$ 24,137,096</u>

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (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:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net OPEB liability (asset)	<u>\$ (5,287,136)</u>	<u>\$ (6,841,459)</u>	<u>\$ (8,185,335)</u>

**Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates** - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend	1% Increase
Reporting Unit's proportionate share of the net OPEB liability (asset)	<u>\$ (8,185,350)</u>	<u>\$ (6,841,459)</u>	<u>\$ (5,400,143)</u>

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

**Payable to the Pension and OPEB Plan** - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**NOTE 8 - RISK MANAGEMENT**

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for property, equipment breakdown (boiler and machinery), fleet, liability, data breach, employee dishonesty, inland marine, crime, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

The District also participates in a pool, the SEG Self-Insurer Workers' Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

**NOTE 9 - TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Transfers between governmental funds for the year ended June 30, 2025, are as follows:

<u>Transfer In Fund</u>		<u>Transfer Out Fund</u>	
General fund	\$ 110,000	General fund	\$ 700,117
Debt service fund	449,037	Nonmajor governmental funds	<u>110,000</u>
Nonmajor governmental funds	<u>251,080</u>		
	<u>\$ 810,117</u>		<u>\$ 810,117</u>

Transfers from the nonmajor governmental funds to the general fund were to reimburse indirect costs. Transfers from the general fund to the debt service fund were to partially fund debt service payments. Transfers from the general fund to the nonmajor governmental funds were to fund capital improvement projects, for student meal debt forgiveness, and to allocate state at-risk categorical funding.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2025, are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General fund	\$ 47,984	General fund	\$ 692,835
Nonmajor governmental funds	<u>692,846</u>	Nonmajor governmental funds	<u>47,995</u>
	<u>\$ 740,830</u>		<u>\$ 740,830</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 11 - CONTINGENT LIABILITIES**

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

**NOTE 12 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

Municipalities within the District's boundaries have entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption (IFT)) PA 198 of 1974, as amended. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at 50% of the property tax bill for new property. Renaissance zones reduce business and residents in the zone to virtually zero to encourage new jobs and investment in the community. The Obsolete Property Rehabilitation Act (OPRA) provides commercial and commercial housing properties with tax exemptions in accordance with the locally approved exemption at a frozen taxable value. The properties that have abatements are located in the City of St. Johns.

For the year ended June 30, 2025, the District's property taxes revenue for the general operations and debt fund operations were reduced under this program by the following:

General fund	\$ 360,165
Nonmajor governmental funds	<u>6,946</u>
	<u>\$ 367,111</u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 Funding of the State School Aid Act. There are no abatements made by the District.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already received, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

During fiscal year 2025, changes to beginning net position, are as follows:

	<u>Governmental Activities</u>
Net position, as previously stated	\$ (17,302,753)
Change in accounting principle (GASB 101)	<u>(921,488)</u>
Net position, as restated	<u>\$ (18,224,241)</u>

**ST. JOHNS PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 4,557,385	\$ 4,646,092	\$ 4,756,723	\$ 110,631
State sources	29,954,024	29,810,868	29,336,377	(474,491)
Federal sources	683,373	638,074	567,102	(70,972)
Intermediate sources	1,252,863	1,452,675	1,421,319	(31,356)
<b>TOTAL REVENUES</b>	<b>36,447,645</b>	<b>36,547,709</b>	<b>36,081,521</b>	<b>(466,188)</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic needs	17,142,291	17,135,711	16,912,754	222,957
Added needs	4,516,861	4,755,331	4,666,471	88,860
<b>Total instruction</b>	<b>21,659,152</b>	<b>21,891,042</b>	<b>21,579,225</b>	<b>311,817</b>
Supporting services				
Pupil	2,023,841	1,741,005	1,706,567	34,438
Instructional staff	2,128,321	2,046,408	1,722,279	324,129
General administration	530,451	538,184	513,632	24,552
School administration	2,103,254	1,963,946	1,964,399	(453)
Business	733,340	744,738	778,092	(33,354)
Operations and maintenance	3,566,255	3,902,754	3,905,335	(2,581)
Pupil transportation	1,558,808	1,991,151	1,585,389	405,762
Central	1,456,446	1,389,557	1,119,408	270,149
Athletic activities	863,094	843,597	877,083	(33,486)
<b>Total supporting services</b>	<b>14,963,810</b>	<b>15,161,340</b>	<b>14,172,184</b>	<b>989,156</b>
Community services	542,862	542,911	550,923	(8,012)
Capital outlay	-	30,000	13,608	16,392
<b>TOTAL EXPENDITURES</b>	<b>37,165,824</b>	<b>37,625,293</b>	<b>36,315,940</b>	<b>1,309,353</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(718,179)</b>	<b>(1,077,584)</b>	<b>(234,419)</b>	<b>843,165</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	135,000	117,000	110,000	(7,000)
Transfers to other funds	(719,072)	(701,583)	(700,117)	1,466
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(584,072)</b>	<b>(584,583)</b>	<b>(590,117)</b>	<b>(5,534)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,302,251)</b>	<b>(1,662,167)</b>	<b>(824,536)</b>	<b>837,631</b>
Fund balance, beginning of year	6,665,613	6,665,613	6,665,613	-
Fund balance, end of year	<b>\$ 5,363,362</b>	<b>\$ 5,003,446</b>	<b>\$ 5,841,077</b>	<b>\$ 837,631</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. JOHNS PUBLIC SCHOOLS**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.16111%	0.16087%	0.15920%	0.15868%	0.16180%	0.16460%	0.16668%	0.16770%	0.16870%	0.17232%
Reporting Unit's proportionate share of net pension liability	\$ 39,442,510	\$ 52,067,556	\$ 59,873,743	\$ 37,568,197	\$ 55,579,545	\$ 54,510,204	\$ 50,107,429	\$ 43,458,287	\$ 42,088,985	\$ 42,088,439
Reporting Unit's covered-employee payroll	\$ 16,739,888	\$ 13,256,371	\$ 15,367,878	\$ 14,245,638	\$ 14,161,782	\$ 14,316,682	\$ 14,104,037	\$ 14,066,760	\$ 14,119,379	\$ 14,374,328
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	235.62%	392.77%	389.60%	263.72%	392.46%	380.75%	355.27%	308.94%	298.09%	292.80%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

53

**ST. JOHNS PUBLIC SCHOOLS**  
**SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required pension contributions	\$ 7,121,311	\$ 6,552,928	\$ 6,287,389	\$ 5,357,984	\$ 4,656,954	\$ 4,392,175	\$ 4,317,323	\$ 4,607,505	\$ 4,293,094	\$ 4,535,735
Pension contributions in relation to statutorily required contributions	7,121,311	6,552,928	6,287,389	5,357,984	4,656,954	4,392,175	4,317,323	4,607,505	4,293,094	4,535,735
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (pension)	\$ 17,575,497	\$ 16,498,688	\$ 13,160,184	\$ 15,129,883	\$ 13,987,102	\$ 14,285,278	\$ 14,343,513	\$ 14,043,481	\$ 14,087,232	\$ 14,110,347
Pension contributions as a percentage of covered-employee payroll	40.52%	39.72%	47.78%	35.41%	33.29%	30.75%	30.10%	32.81%	30.48%	32.14%

54

**ST. JOHNS PUBLIC SCHOOLS**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability/asset (%)	0.15894%	0.16203%	0.15858%	0.15798%	0.16049%	0.16423%	0.16579%	0.16772%
Reporting Unit's proportionate share of net OPEB liability (asset)	\$ (6,841,459)	\$ (916,576)	\$ 3,358,757	\$ 2,411,434	\$ 8,597,704	\$ 11,788,178	\$ 13,178,275	\$ 14,852,478
Reporting Unit's covered-employee payroll	\$ 16,739,888	\$ 13,256,371	\$ 15,367,878	\$ 14,245,638	\$ 14,161,782	\$ 14,316,682	\$ 14,104,037	\$ 14,066,760
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	40.87%	6.91%	21.86%	16.93%	60.71%	82.34%	93.44%	105.59%
Plan fiduciary net position as a percentage of total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ST. JOHNS PUBLIC SCHOOLS**  
**SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	\$ 92,030	\$ 1,382,778	\$ 879,316	\$ 1,277,258	\$ 1,222,214	\$ 1,220,529	\$ 1,186,582	\$ 981,557
OPEB contributions in relation to statutorily required contributions	92,030	1,382,778	879,316	1,277,258	1,222,214	1,220,529	1,186,582	981,557
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (OPEB)	\$ 17,575,497	\$ 16,498,688	\$ 13,160,184	\$ 15,129,883	\$ 13,987,102	\$ 14,285,278	\$ 14,343,513	\$ 14,043,481
OPEB contributions as a percentage of covered-employee payroll	0.52%	8.38%	6.68%	8.44%	8.74%	8.54%	8.27%	6.99%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 1 - PENSION INFORMATION**

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 benefit 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 periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

**NOTE 2 - OPEB INFORMATION**

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 benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2024 - The health care cost trend rate used in the September 30, 2023, 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, 2022, 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.

**ST. JOHNS PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 2 - OPEB INFORMATION (continued)**

Changes in Assumptions (continued)

- 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.
- 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 September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$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 periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

**ST. JOHNS PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2025**

	Special Revenue		Capital Projects	Total
	Food Service	Student/School Activities	Improvement Projects	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,287	\$ 91,795	\$ -	\$ 93,082
Investments	-	760,716	247,941	1,008,657
Due from other governmental units	75,341	-	-	75,341
Due from other funds	692,835	11	-	692,846
Inventories	20,990	-	-	20,990
<b>TOTAL ASSETS</b>	<b>\$ 790,453</b>	<b>\$ 852,522</b>	<b>\$ 247,941</b>	<b>\$ 1,890,916</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 1,701	\$ 8,496	\$ 74,756	\$ 84,953
Accrued payroll	3,629	2,500	-	6,129
Accrued retirement	1,600	1,101	-	2,701
Other accrued liabilities	1,058	177	-	1,235
Due to other funds	11	47,984	-	47,995
Unearned revenue	36,660	-	-	36,660
<b>TOTAL LIABILITIES</b>	<b>44,659</b>	<b>60,258</b>	<b>74,756</b>	<b>179,673</b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	20,990	-	-	20,990
Restricted				
Food service	724,804	-	-	724,804
Committed				
Capital projects	-	-	173,185	173,185
Student/school activities	-	792,264	-	792,264
<b>TOTAL FUND BALANCES</b>	<b>745,794</b>	<b>792,264</b>	<b>173,185</b>	<b>1,711,243</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 790,453</b>	<b>\$ 852,522</b>	<b>\$ 247,941</b>	<b>\$ 1,890,916</b>

**ADDITIONAL SUPPLEMENTARY INFORMATION**

**ST. JOHNS PUBLIC SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2025**

	Special Revenue		Capital Projects	Total
	Food Service	Student/School Activities	Improvement Projects	
<b>REVENUES</b>				
Local sources	\$ 180,196	\$ 787,859	\$ 21,184	\$ 989,239
State sources	636,085	-	-	636,085
Federal sources	1,219,109	-	-	1,219,109
<b>TOTAL REVENUES</b>	<b>2,035,390</b>	<b>787,859</b>	<b>21,184</b>	<b>2,844,433</b>
<b>EXPENDITURES</b>				
Current				
Food service activities	1,741,257	-	-	1,741,257
Student/school activity	-	723,233	-	723,233
Capital outlay	-	-	360,308	360,308
<b>TOTAL EXPENDITURES</b>	<b>1,741,257</b>	<b>723,233</b>	<b>360,308</b>	<b>2,824,798</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>294,133</b>	<b>64,626</b>	<b>(339,124)</b>	<b>19,635</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,080	-	250,000	251,080
Transfers to other funds	(110,000)	-	-	(110,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(108,920)</b>	<b>-</b>	<b>250,000</b>	<b>141,080</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>185,213</b>	<b>64,626</b>	<b>(89,124)</b>	<b>160,715</b>
<b>FUND BALANCES</b>				
Beginning of year	560,581	727,638	262,309	1,550,528
End of year	\$ 745,794	\$ 792,264	\$ 173,185	\$ 1,711,243



2425 E. Grand River Ave.,  
Suite 1, Lansing, MI 48912  
517.323.7500  
517.323.6346

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of  
St. Johns Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise St. Johns Public Schools' basic financial statements, and have issued our report thereon dated October 23, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Johns Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Johns Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of St. Johns Public Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Johns Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 23, 2025



2425 E. Grand River Ave.,  
Suite 1, Lansing, MI 48912  
517.323.7500  
517.323.6346

October 23, 2025

To the Board of Education  
St. Johns Public Schools

In planning and performing our audit of the financial statements of St. Johns Public Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered St. Johns Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 23, 2025 on the financial statements of St. Johns Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

**Food Service Fund Balance**

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed at current year-end. MDE requires that the SFA spend down the excess by the end of the next school year. We recommended that St. Johns Public Schools submit a spend down plan to the State of Michigan and achieve compliance by June 30, 2026.

This report is intended solely for the information and use of management and others within the District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,



2425 E. Grand River Ave.,  
 Suite 1, Lansing, MI 48912  
 ☎ 517.323.7500  
 📠 517.323.6346

October 23, 2025

To the Board of Education of  
 St. Johns Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns Public Schools for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Johns Public Schools are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by St. Johns Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements:

Management’s calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management’s calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 23, 2025.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the St. Johns Public Schools financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as St. Johns Public Schools auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of St. Johns Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



# THRUN LAW FIRM, P.C.

MICHAEL D. GRESENS  
CHRISTOPHER J. IAMARINO  
RAYMOND M. DAVIS  
MICHELE R. EADDY  
KIRK C. HERALD  
ROBERT A. DIETZEL  
KATHERINE WOLF BROADDUS

DANIEL R. MARTIN  
JENNIFER K. STARLIN  
TIMOTHY T. GARDNER, JR.  
IAN F. KOFFLER  
FREDRIC G. HEIDEMANN  
RYAN J. NICHOLSON  
CRISTINA T. PATZELT

PHILIP G. CLARK  
PIOTR M. MATUSIAK  
JESSICA E. McNAMARA  
ERIN H. WALZ  
RYAN J. MURRAY  
MACKENZIE D. FLYNN  
KATHRYN R. CHURCH

MARYJO D. BANASIK  
CATHLEEN M. DOOLEY  
KELLY S. BOWMAN  
AUSTIN W. MUNROE

**APPENDIX D**  
U.S. MAIL ADDRESS  
P.O. Box 2575, EAST LANSING, MI 48826-2575  
PHONE: (517) 484-8000 FAX: (517) 484.0041  
  
ALL OTHER SHIPPING  
2900 WEST ROAD, SUITE 400  
EAST LANSING, MI 48823-6366  
  
GORDON W. VANWIJEREN, JR. (OF COUNSEL)  
ROY H. HENLEY (OF COUNSEL)  
BRADFORD W. SPRINGER (OF COUNSEL)

## DRAFT LEGAL OPINION

St. Johns Public Schools  
Counties of Clinton and Gratiot  
State of Michigan

We have acted as bond counsel in connection with the issuance by St. Johns Public Schools, Counties of Clinton and Gratiot, State of Michigan (the “Issuer”), of its bonds in the aggregate principal amount of \$\_\_\_\_\_ designated 2026 School Improvement Bonds (General Obligation - Limited Tax) (the “Bonds”). The Bonds are in fully registered form and issued without coupons, are dated \_\_\_\_\_, 2026, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on May 1 of each year, and bear interest payable on May 1, 2027, and semiannually thereafter on November 1 and May 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, and a specimen of the Bond certificate of said issue.

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 limited tax general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;
- (3) the Issuer has the power, has pledged, and is obligated to levy taxes, within its authorized millage rate, on all taxable property now situated within the corporate boundaries of the Issuer in an amount sufficient to pay the principal of and interest on the Bonds, taking into account other available funds, but the Issuer does not have the power to levy taxes for the payment of the Bonds in excess of its constitutional and statutory tax rate limitations;



St. Johns Public Schools  
Counties of Clinton and Gratiot  
State of Michigan

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

Page 2

(4) if tax collections are insufficient to pay the principal of and interest on the Bonds when due, the Issuer has pledged and is obligated to use any and all other resources available for payment of the Bonds;

(5) the Issuer has designated the Bonds as “qualified tax-exempt obligations” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”);

(6) 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

(7) 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 Code is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

THRUN LAW FIRM, P.C.

TLF/FGH

**FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

§ \_\_\_\_\_  
**ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT  
STATE OF MICHIGAN  
2026 SCHOOL IMPROVEMENT BONDS  
(GENERAL OBLIGATION - LIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by St. Johns Public Schools, Counties of Clinton and Gratiot, State of Michigan (the “Issuer”), in connection with the issuance of its \$\_\_\_\_\_ 2026 School Improvement Bonds (General Obligation - Limited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on January 12, 2026 and \_\_\_\_\_, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

### SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 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.

(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.

ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT  
STATE OF MICHIGAN

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

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

**APPENDIX A**

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: St. Johns Public Schools, Clinton and Gratiot Counties, Michigan  
Name of Bond Issue: 2026 School Improvement Bonds (General Obligation - Limited 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 \_\_\_\_\_.

ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT  
STATE OF MICHIGAN

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

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



**APPENDIX B**

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

Name of Issuer:           St. Johns Public Schools, Clinton and Gratiot Counties, Michigan  
Name of Bond Issue:    2026 School Improvement Bonds (General Obligation - Limited 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 \_\_\_\_\_.

ST. JOHNS PUBLIC SCHOOLS  
COUNTIES OF CLINTON AND GRATIOT  
STATE OF MICHIGAN

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

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



**APPENDIX C**

**SIGNIFICANT EVENT NOTICE COVER SHEET**

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

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

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

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

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

Description of Significant Events Notice (Check One):

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

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

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

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

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

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

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

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

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



[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)