

PRELIMINARY OFFICIAL STATEMENT DATED MAY 12, 2026

NEW ISSUE—Book-Entry-Only

RATING†*: S&P Global Ratings: AA-

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, assuming compliance with certain covenants by the School District, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds and interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" and "APPENDIX D- FORM OF APPROVING OPINION" herein for a description of certain provisions of the Internal Revenue Code of 1986, as amended, which may affect the tax treatment of interest on the Bonds for certain Bondholders.



\$154,085,000**

**PORTAGE PUBLIC SCHOOLS
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)**

Dated: Date of Delivery

Due: November 1, as shown below

On August 3, 2021, the qualified electors of Portage Public Schools, County of Kalamazoo, State of Michigan (the "School District") approved a proposal authorizing the issuance of bonds of the School District in an aggregate amount not to exceed \$175,725,000 to be issued in one or more series. Proceeds of the 2026 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of \$81,740,000**, representing the fourth series of bonds issued pursuant to such voter authorization, will be used for school building and site purposes and a portion of the proceeds of the Bonds in the principal amount of \$72,345,000** will be used to currently refund all or a portion of a prior bond issue of the School District. The Bonds were authorized by the Board of Education of the School District by a resolution adopted on April 13, 2026 (the "Resolution"). The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

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>
2026	\$10,850,000				2039	\$1,170,000			
2027	9,000,000				2040	1,925,000			
2028	9,640,000				2041	2,325,000			
2029	9,500,000				2042	2,770,000			
2030	6,490,000				2043	3,215,000			
2031	6,700,000				2044	3,685,000			
2032	6,920,000				2045	4,950,000			
2033	6,515,000				2046	10,000,000			
2034	6,255,000				2047	10,000,000			
2035	6,240,000				2048	9,640,000			
2036	5,295,000				2049	9,000,000			
2037	1,500,000				2050	9,000,000			
2038	1,500,000								

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

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

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



Huntington Capital Markets

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

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

* As of date of delivery.

** Preliminary, subject to change.

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

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

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

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

PORTAGE PUBLIC SCHOOLS
8107 Mustang Drive
Portage, Michigan 49002-5577
(269) 323-5000

BOARD OF EDUCATION

Randy Van Antwerp, President
Robert "Bo" Snyder, Vice President
Terri Novaria, Secretary
Emily Crawford, Trustee
Kimberly Larson, Trustee
Mary Lou Rohwer, Trustee
Mark Stevenson, Trustee

ADMINISTRATIVE STAFF

Johnny Edwards, Superintendent of Schools
Russell Gerbers, Assistant Superintendent of Operations
Paula Johnson, Director of Finance and Treasurer
Sammi Stevens, Business Manager

BOND COUNSEL

Miller, Canfield, Paddock and Stone, P.L.C.
Detroit, Michigan

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Southfield, Michigan

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
PURPOSE AND SECURITY	1
POTENTIAL FOR BOND INSURANCE.....	1
PLAN OF REFUNDING	1
ESTIMATED SOURCES AND USES OF FUNDS	2
THE BONDS	2
Description and Form of the Bonds.....	2
Book-Entry-Only System	3
Transfer Outside Book-Entry-Only System	4
Optional Redemption.....	5
Notice of Redemption and Manner of Selection.....	5
TAX PROCEDURES	5
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES	6
SOURCES OF SCHOOL OPERATING REVENUE	7
State School Aid	7
Regional Enhancement Millage: Kalamazoo Regional Educational Service Agency.....	8
MICHIGAN PROPERTY TAX REFORM	8
LITIGATION.....	8
TAX MATTERS.....	9
Tax Treatment of Accruals on Original Issue Discount	9
Amortizable Bond Premium	10
Market Discount	10
Information Reporting and Backup Withholding.....	10
Future Developments.....	10
APPROVAL OF LEGAL PROCEEDINGS.....	11
APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY.....	11
RATING	11
UNDERWRITING	12
MUNICIPAL ADVISOR'S OBLIGATION	12
CONTINUING DISCLOSURE	13
OTHER MATTERS.....	14
APPENDIX A:	General Financial, Economic and School Information
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 Undertaking

OFFICIAL STATEMENT
relating to

\$154,085,000¹

PORTAGE PUBLIC SCHOOLS
COUNTY OF KALAMAZOO, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
(UNLIMITED TAX GENERAL OBLIGATION)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by the Portage Public Schools, County of Kalamazoo, State of Michigan (the "School District") of its 2026 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the "Bonds") in the principal amount of \$154,085,000¹.

PURPOSE AND SECURITY

On August 3, 2021, the qualified electors of the School District approved a proposal authorizing the issuance of bonds in an aggregate amount of not to exceed \$175,725,000, to be issued in one or more series. The Bonds in the principle amount of \$81,740,000¹, representing the fourth series of bonds, will be used for the purpose of defraying the cost of erecting and completing new school buildings, including buildings to replace existing elementary schools; acquiring, remodeling, equipping, reequipping, furnishing and refurbishing and constructing additions to buildings in the school district; acquiring school buses; acquiring and installing instructional technology, technology infrastructure and equipment in and connecting new and existing school district facilities; acquiring, preparing, developing, and improving sites, including playfields, playgrounds, facilities and structures, and paying a portion of the costs of issuing the Bonds.

The remaining \$72,345,000¹ of the Bond proceeds will be used for the purpose of currently refunding all or part of the School District's outstanding 2016 School Building and Site and Refunding Bonds, dated May 25, 2016 which are due and payable on November 1, 2026, November 1, 2027, November 1, 2028, November 1, 2029, November 1, 2030, November 1, 3031 through November 1, 2037, inclusive, November 1, 2039 and May 1, 2040 (the "Prior Bonds"), and paying the remaining portion of the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolution of the Board of Education of the School District adopted on April 13, 2026 (the "Resolution"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount.

POTENTIAL FOR BOND INSURANCE

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

PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and, together with other available funds of the School District, to establish an

¹ Preliminary, subject to change.

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

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
07/10/2026	<u>\$84,645,000.00</u>	<u>\$807,341.93</u>	<u>\$85,452,341.93</u>

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

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

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

USES

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

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each November 1 and May 1 to maturity or early redemption, commencing November 1, 2026. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

¹ Preliminary, subject to change.

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

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

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

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

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

Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Payments of principal and interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the School District or Transfer 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, Transfer 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 Transfer 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 Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its

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

Optional Redemption¹

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

Notice of Redemption and Manner of Selection

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

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Transfer Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether or not presented for redemption, provided funds are on hand with the Transfer Agent to redeem said Bonds. Upon presentation and surrender of such Bonds at the corporate trust office of the Transfer Agent, such Bonds shall be paid and redeemed.

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

TAX PROCEDURES

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

¹ Preliminary, subject to change.

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

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

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

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

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

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

State School Aid

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994-95. In 2021 the Legislature eliminated the foundation allowance range in the 2021/22 fiscal year that had been in place since the passage of school finance reform legislation in 1994. In 2025 the Legislature established a base foundation allowance for fiscal year 2025/26 of \$10,050 per pupil.

The base foundation allowance is funded by locally raised property taxes plus State school aid appropriated under the School Aid Act. The revenues for the State's contribution to the base foundation allowance are derived from a mix of taxing sources, including but not limited to, a statewide property tax of 6 mills on all taxable property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead property² in order for the school district to receive its full base foundation allowance. Furthermore, school districts whose budgeted foundation allowance in 2025/26 calculates to an amount in excess of the \$10,050 base foundation allowance are authorized to levy additional millage to obtain this budgeted foundation allowance, first by levying such amount of the 18 mills against homestead property³ as is necessary to obtain the budgeted foundation allowance and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the budgeted foundation allowance.

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

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

The appropriation of funds by the Legislature to establish the base foundation allowance and the categorical grants under the School Aid Act may be adjusted annually as part of the State's budgeting process. State aid appropriations and the payment schedule for State school aid may be changed by the Legislature at any time. If the amount appropriated from the State School Aid Fund exceeds the amount available for expenditure for a fiscal year, in the absence of overriding legislative action by the Legislature, the School Aid Act subjects most state aid payable to school districts for that fiscal year to an automatic proration on a per pupil basis in an amount necessary to eliminate the portion of the overage attributable to the appropriation to all school districts.

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

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

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

Regional Enhancement Millage: Kalamazoo Regional Educational Service Agency

The Revised School Code provides that an intermediate school district may seek voter approval for up to 3 enhancement mills for distribution to local constituent school districts on a per pupil basis to be used to enhance its operations ("Enhancement Millage"). Proceeds of the Enhancement Millage are not counted toward the foundation allowance. The School District is serviced by the Kalamazoo Regional Educational Service Agency ("Kalamazoo RESA"), which is the intermediate school district for constituent school districts located in Kalamazoo County. On May 2, 2023, the voters in Kalamazoo County approved a renewal of a county-wide Enhancement Millage which authorized the levy of 1.5 mills for 6 years being the years 2023 through 2028. From the levy of this Enhancement Millage the School District will receive additional operating revenues of approximately \$473 per student for the 2025/26 school year and anticipates receiving similar amounts for each school year through and including the 2028/29 school year.

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

MICHIGAN PROPERTY TAX REFORM

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

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

LITIGATION

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

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

TAX MATTERS

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

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

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

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

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

Tax Treatment of Accruals on Original Issue Discount

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

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

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

Amortizable Bond Premium

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

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

Market Discount

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

Information Reporting and Backup Withholding

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

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

Future Developments

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds and, unless separately engaged, Bond Counsel is not obligated to defend the School District in the event of an

audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the School District as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Bond Counsel. A copy of the opinion of Bond Counsel will be provided with the Bonds, which opinion will be in substantially the form set forth in APPENDIX D. Except to the extent necessary to deliver its approving opinion as to the validity of the Bonds and tax matters relating to the Bonds and the interest thereon, Bond Counsel has not been retained to examine or review any financial statements or other financial, statistical, or quantitative information, projections or estimates and will not express any opinion as to the accuracy or completeness of any such statements, information, projections or estimates. The legal fees of Bond Counsel in connection with the issuance of the Bonds are expected to be paid from Bond proceeds.

Miller, Canfield, Paddock and Stone, P.L.C. is currently representing Stifel, Nicolaus & Company, Incorporated in certain matters unrelated to the issuance of the Bonds. Both the School District and Stifel, Nicolaus & Company, Incorporated have consented to these unrelated representations.

Certain legal matters will be passed upon for the Underwriters by their counsel, Varnum LLP, Grand Rapids, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

RATING

S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P") will assign, as of the date of delivery of the Bonds, its municipal bond rating of "AA-" 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 effect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone: (212) 438-1000.

UNDERWRITING

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

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

The School District has retained Baker Tilly Municipal Advisors, LLC (the "Municipal Advisor" or "BTMA") as municipal advisor in connection with certain aspects of the issuance of the Bonds. BTMA is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. BTMA is a subsidiary of Baker Tilly Advisory Group, LP ("BTAG") which is indirectly

owned by (a) H&F Waterloo Holdings, L.P., an affiliate of Hellman & Friedman LLC ("H&F"), an investment adviser registered with the Securities and Exchange Commission (the "SEC"), (b) Valeas Capital Partners Fund I Waterloo Aggregator LP, an affiliate of Valeas Capital Partners Management LP ("Valeas"), an investment adviser registered with the SEC, and (c) individuals who are principals of BTAG. None of these parties own a majority interest in BTAG, or indirectly, BTMA. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, operate under an alternative practice structure and are members of the global network of Baker Tilly International, Ltd. Baker Tilly US, LLP ("BTUS") is a licensed CPA firm providing assurance services to its clients. BTAG and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

BTMA has been retained by the School District to provide certain municipal advisory services to the School District and, in that capacity, has assisted the School District in preparing this Official Statement. The information contained in the Official Statement has been compiled from the sources stated or, if not otherwise sourced, from records and other materials provided by the School District. The Municipal Advisor makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement, and its assistance in preparing this Official Statement should not be construed as a representation that it has independently verified such information. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the School District, and it has no secondary obligations or other responsibility.

Other Financial Industry Activities and Affiliations:

Baker Tilly Wealth Management, LLC ("BTWM"), an SEC registered investment adviser, and Baker Tilly Capital, LLC ("BTC"), a broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"), are controlled subsidiaries of BTAG. Both H&F and Valeas, are registered with the SEC as investment advisers and serve as managers of, or advisers to, certain private investment funds, some of which indirectly own BTAG.

BTWM and other subsidiaries of BTAG may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its municipal 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 Undertaking for the Bonds (the "Undertaking") for the benefit of the Bondholders (as defined in the Undertaking) to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE UNDERTAKING" to this Official Statement.

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

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

OTHER MATTERS

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

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

PORTAGE PUBLIC SCHOOLS
COUNTY OF KALAMAZOO
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

APPENDIX A¹
SCHOOL DISTRICT DATA

Location and Area

Portage Public Schools, County of Kalamazoo, State of Michigan (the "School District") is located in the southeastern portion of Kalamazoo County in the southwestern section of Michigan's lower peninsula. The School District covers an area of approximately 42.9 square miles. The School District is comprised of most of the City of Portage, a portion of the City of Kalamazoo and portions of Pavilion Township and Texas Township. The School District operates eight elementary schools, three middle schools, two high schools, and an alternative community high school program that operates in the District's Community Education Center.

Population²

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

2000	48,616
2010	51,511
2020	55,532

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>
Kalamazoo County	250,331	264,322	5.59%
City of Portage	46,292	49,224	6.33%
City of Kalamazoo	74,262	76,106	2.48%
Pavilion Township	6,222	6,431	3.36%
Texas Township	14,697	17,105	16.38%

Board of Education

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

Enrollments

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

Enrollment History

2025/26	8,537*	2020/21	8,671
2024/25	8,594	2019/20	8,917
2023/24	8,593	2018/19	8,856
2022/23	8,703	2017/18	8,762
2021/22	8,669	2016/17	8,698

Projected enrollment for 2026/27 is 8,530 as estimated by the School District.

*Unaudited

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

² Sources: U.S. Census of Population.

2025/26 Enrollment by Grade

Y5, K & ECSE	640	7 th	695
1 st	574	8 th	705
2 nd	629	9 th	718
3 rd	607	10 th	664
4 th	623	11 th	620
5 th	630	12 th	625
6 th	696	Alternative Education	<u>111</u>
		Total	<u>8,537</u>

Note: The fall FTE count includes 113.57 FTEs for shared-time program students in grades K-12.

School District Facilities

	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Additions/Remodeling</u>
Elementary Schools:			
Amberly	K-5	1960	1976, 1989, 2000, 2007, 2009, 2011, 2012, 2014
Angling Road	K-5	1963	1978, 1999, 2004, 2010, 2014, 2015
Central	K-5	2025	
Haverhill*	K-5	1962	1979, 1999, 2005, 2012, 2014
Haverhill (New)	K-5	2025	
Lake Center	K-5	2010	2011
Moorsbridge	K-5	1994	1999, 2014, 2015, 2024
12 th Street	K-5	2009	2011
Woodland**	K-5		
Middle Schools:			
Central	6-8	2021	
North	6-8	2021	
West	6-8	1971	1973, 1999, 2007, 2013, 2014, 2020, 2024
High Schools:			
Central	9-12	2011	2020, 2024
Athletic Event Facility	9-12	2021	
Multipurpose Building		2002	
Northern	9-12	1965	1989, 1995, 1999, 2004, 2009-12, 2018, 2024
Athletic Event Facility	9-12	2021	
Natatorium	9-12	2021	
Multipurpose Building		2002	
Community High School	Alt. Ed.	1951	1967, 2000, 2007, 2011, 2014, 2018, 2020
Administration Building	N/A	1955	1974, 1998, 2004, 2009, 2011, 2012
Maintenance/Transportation Building	N/A	2009	

Note: Pursuant to the bond proposal approved by the voters on August 3, 2021, the School District plans to replace Central, Haverhill, Amberly, Woodland, and Angling Road Elementary Schools with four or five new buildings, remodel Moorsbridge and replace or remodel Community High School and make other improvements in the School District.

*Haverhill Elementary is a Woodland swing school until 2027.

**Woodland Elementary was demolished in July 2025, and a new building is scheduled to open in 2027.

Other Schools

There is one public school academy, Oakland Academy, serving grades K-8, with 171 students, within the School District’s boundaries. There are two private or parochial schools located within the School District’s boundaries: St. Michael’s Lutheran School, serving grades Pre K-8, with 186 students and Kalamazoo Country Day School, serving grades Pre K-8, with 135 students.

Labor Relations

The School District has 986 full-time and part-time employees, with 684 employees serving under five different union-affiliated contracts.

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Teachers (including Community HS)	565	Portage Education Association	6/30/2027
Secretaries	25	Portage Assoc. of Educ. Office Personnel	6/30/2027
Custodial and Maintenance	33	Portage Custodial/Maintenance Assoc., MEA/NEA	6/30/2028
Bus Drivers	61	Portage Schools Bus Drivers' Association	6/30/2026
Food Service	8	Non-affiliated	N/A
Paraprofessionals	149	Portage Support Professionals Association	N/A*
Administrators	39	Non-affiliated	N/A
Technical & Administrative Support	38	Non-affiliated	N/A
Shared Time Teachers	12	Non-affiliated	N/A
Other	<u>56</u>	Non-affiliated	N/A
Total	<u>986</u>		

*Currently in negotiations.

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

Retirement Plan

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

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

Contributions to MPSERS

<u>Fiscal Year Ending June 30</u>	<u>Contribution to MPSERS¹</u>
2026	\$25,964,491 (est.)
2025	24,867,265
2024	27,431,516
2023	29,821,272*
2022	23,114,501

*Includes one time 147c2 payment of \$1,327,757.

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 implemented GASB 68 in its year ended June 30, 2025, audited financial statements. Please refer to the audit for the pension liability.

¹ Sources: Audited Financial Statements and School District.

Other Post-Employment Benefits

MPERSERS 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. In its June 30, 2020, financial statements, the School District reported a proportionate share of the net OPEB liability of \$39,542,847 measured as of September 30, 2019. Further information regarding MPERSERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

GENERAL FINANCIAL INFORMATION

Assessed Valuations¹

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

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

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

History of Valuations – State Equalized Valuation and Taxable Valuation^{2,3,4}

	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2025	\$4,169,743,400	\$3,193,016,704
2024	3,934,140,200	3,046,488,106
2023	3,517,135,100	2,824,352,318
2022	3,249,505,400	2,656,132,371
2021	3,128,333,300	2,533,077,536

2025 Taxable Value by Class^{1,3}

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agriculture	\$3,142,243	0.10%
Commercial	620,496,302	19.42%
Industrial	226,957,949	7.11%
Residential	2,203,033,610	69.00%
Commercial Personal	72,356,600	2.27%
Industrial Personal	9,313,500	0.29%
Utility Personal	<u>57,716,500</u>	<u>1.81%</u>
Total	<u>\$3,193,016,704</u>	<u>100.00%</u>

¹ See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.

² 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.

³ Source: Kalamazoo County Equalization Department.

⁴ The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

2025 Taxable Valuation by Municipal Unit^{1,2,3}

<u>Name of Unit</u>	<u>Homestead</u>	<u>Non-Homestead</u>	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Kalamazoo County</i>				
City of Kalamazoo	\$31,780,865	\$21,296,245	\$53,077,110	1.66%
City of Portage	1,667,177,698	986,245,719	2,653,423,417	83.10%
Pavilion Township	34,002,199	21,289,545	55,291,744	1.73%
Texas Township	<u>389,814,114</u>	<u>41,410,319</u>	<u>431,224,433</u>	<u>13.51%</u>
Total	<u>\$2,122,774,876</u>	<u>\$1,070,241,828</u>	<u>\$3,193,016,704</u>	<u>100.00%</u>

Industrial Facilities Tax (IFT) Valuation¹

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

After expiration of the abatement certificate, the then-current SEV of the facility is returned to the ad valorem tax roll. The owner of such facility may obtain a new certificate, provided it has complied with the provisions of Act 198. The 2025 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is \$158,242,732 which is taxed at one-half rate of the total IFT valuations.

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

Tax Increment Authorities¹

Act 57 of the Public Acts of Michigan, 2018, as amended (the "TIF Act") authorizes the designation of specific districts known as Tax Increment Finance Authority ("TIFA") Districts, Downtown Development Authority ("DDA") Districts, Local Development Finance Authority ("LDFA") Districts and Brownfield Redevelopment District Authority ("BRDA") Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA or BRDA to capture tax revenues attributable to increases in value ("TIF Captured Value") of real and personal property located within an approved development area while any tax increment financing plans by an established District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions.

Texas Township and the City of Portage established DDAs within the School District's boundaries. The base values of the DDAs are \$769,175 and \$12,767,600 with final captured values of \$7,839,263 and \$33,928,341, respectively. The DDAs do not capture any of the School District's millage revenue. The City of Portage established an LDFA district in 2003 within the School District's boundaries. The base value of the LDFA is \$19,130,740 and the final captured value is \$18,175,878. The LDFA does not capture any of the School District's millage revenue. The City of Portage also has BRDAs within the School District. The base values of the BRDAs total \$2,583,741 and the current captured values total \$31,808,474. The BRDAs do not capture any of the School District's millage revenue.

¹ Source: Kalamazoo County Equalization Department.

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

³ Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only.

Tax Levies and Collections

The School District's fiscal year begins July 1. School District property taxes are levied on July 1 in the City of Portage and are payable without interest on or before the following September 14 and without penalty on or before the following February 14. School District property taxes are levied on December 1 in the City of Kalamazoo and Pavilion and Texas Townships and are payable without interest or penalty on or before the following February 14. On March 1, unpaid real property taxes are returned delinquent to the County Treasurer for collection with penalties and interest. On the first Tuesday in May in each year, a tax sale is held by the County at 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.

Kalamazoo County (the "County"), to date, has purchased and paid from its Tax Payment Funds the delinquent taxes on all real property of all taxing units in the County. The decision to make such payments is determined on an annual basis by the County. There is no guarantee that the payments will continue in future years. If the delinquent taxes which are due and payable to the County are not received by the County for any reason, the County has 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 County by the School District.

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>		<u>Collections Plus Funding to June 30, Each Year</u>	
2025/26	\$42,410,186	In Process of collection		In Process of collection	
2024/25	40,595,476	\$38,487,631	94.81%	\$40,566,013	99.93%
2023/24	37,662,969	35,681,122	94.74%	37,599,637	99.83%
2022/23	35,785,163	34,925,309	97.60%	35,715,487	99.81%
2021/22	34,404,650	33,816,394	98.29%	34,218,223	99.46%

*Operating Tax Levy includes other funds.

State Aid Payments

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

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

<u>Fiscal Year End June 30th</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>	<u>Blended Pupil Count¹</u>
2025/26	\$10,050	\$87,584,726 ^{2,3}	8,540
2024/25	9,608	88,905,696 ⁴	8,586
2023/24	9,608	91,418,811 ⁵	8,599
2022/23	9,150	88,938,740	8,694
2021/22 ⁶	8,700	74,134,856	8,665

¹ 90/10 Regular Blend.

² Includes \$1,391,069 of 31aa funding that is currently tied up in a lawsuit at the state level. The District will have the option to resend these funds by December 31st pursuant to the outcome of the lawsuit.

³ Includes one time funding for section 271(4) of \$850,743 and 271(2) of \$1,248,309.

⁴ Does not include categoricals for breakfast and lunch reimbursements. These categoricals include \$2,382,896.53 of 30d funding for Universal Breakfast and Lunch, and \$140,579.15 of 31d funding for school lunch.

⁵ 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.

Constitutional Millage Rollback

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

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 – Voted ¹	17.5695	17.5695	17.5695	17.5695	17.5695
Debt	6.8500	6.8500	6.8500	6.8500	6.8500
Sinking Fund ¹	<u>0.4980</u>	<u>0.4983</u>	<u>0.4988</u>	<u>0.4988</u>	<u>0.4988</u>
Total Non-Principal Residence	7.3480	7.3483	7.3488	7.3488	7.3488
Total Principal Residence	24.9175	24.9178	24.9183	24.9183	24.9183

Other Tax Rates (Per \$1,000 of Valuation)²

	<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
Kalamazoo County	7.9967	8.0057	8.0740	7.9685	8.0028
City of Portage	10.6400	10.6400	10.6400	12.9183	12.9183
City of Kalamazoo	13.8000	13.8000	13.8000	13.8757	13.8757
Pavilion Township	2.2661	2.2804	2.3000	2.3000	2.2973
Texas Township	1.8007	1.8093	1.8126	1.8126	1.8288
Kalamazoo RESA ³	6.9565	6.9785	6.9935	6.9853	7.0129
Kalamazoo Valley Community College	2.7645	2.7729	2.7802	2.7802	2.7918
Kalamazoo County Transportation	0.3091	0.3102	0.3110	0.3110	0.3124
Kalamazoo Public Library	3.8713	3.8893	3.8999	3.8999	3.9117
Portage District Library	1.9906	1.9922	1.9945	1.9945	1.9945

¹ 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. The voted operating millage expires with the 2033 levy. The sinking fund millage authorization expires with the 2029 tax levy.

² Sources: Kalamazoo County Equalization Department.

³ In May 2023, voters in Kalamazoo County renewed the 1.5 Kalamazoo RESA Regional Enhancement Millage for six years. This millage is allocated on a per pupil FTE basis among the school districts in Kalamazoo County. This millage generates approximately \$473 per pupil for the School District.

Largest Taxpayers¹

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 10.06% of the School District’s 2025 Taxable Valuation of \$3,193,016,704.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>2025 Taxable Valuation</u>	<u>Equivalent IFT Value*</u>	<u>2025 Total Taxable Value</u>
Pfizer Inc./Pharmacia & Upjohn Co.	Pharmaceuticals	\$123,965,536	\$33,329,859	\$157,295,395
Stryker Medical/Stryker Instruments/Stryker Corporation	Medical equipment	49,717,869	44,350,780	94,068,649
Consumers Energy Company	Utility	52,284,037		52,284,037
Freg The View Associates, LLC/Freg The Vista Associates, LLC	Real estate	16,752,239		16,752,239
Crossroads Mall Realty Holding, LLC**	Real estate	14,610,400		14,610,400
Pavilion MFD LLC	Real estate	13,470,267		13,470,267
Edward Rose, Inc.	Retail and grocery	13,461,286		13,461,286
Andmark Pinefield Condos, LLC	Apartments	12,634,949		12,634,949
Meijer Inc.	Retail store	12,337,368		12,337,368
ET Kalamazoo FX, LLC	Filtration technology	<u>12,139,033</u>		<u>12,139,033</u>
TOTAL		<u>\$321,372,984</u>	<u>\$77,680,639</u>	<u>\$399,053,623</u>

*The School District collects debt tax revenues at one-half rate of the total IFT valuations.

**Has a current tax appeal with the Michigan Tax Tribunal.

Debt History

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

Future Financing

The School District anticipates issuing the first series of the November 2025 voter authorization in calendar year 2027.

School Bond Qualification and Loan Program²

As of May 12, 2026, the School District does not have an outstanding balance in the School Loan Revolving Fund.

Direct Debt as of May 12, 2026²

05/25/16	2016 School Building and Site and Refunding Bonds (UTNQ)	\$84,645,000
05/29/19	2019 School Building and Site Bonds (UTNQ)	47,375,000
11/03/21	2021 School Building and Site Bonds (UTNQ)	38,740,000
02/06/25	2025 School Building and Site Bonds (UTNQ)	<u>37,180,000</u>
Direct Debt		\$207,940,000
Plus:	2026 School Building and Site and Refunding Bonds (UTNQ)	\$154,085,000
Less:	2016 School Building and Site and Refunding Bonds (UTNQ)	<u>(\$84,645,000)</u>
NET DIRECT DEBT (as of date of delivery)		<u>\$277,380,000*</u>

*Preliminary, subject to change.

¹ Source: Kalamazoo County Equalization Department.

² Source: Municipal Advisory Council of Michigan.

Overlapping Debt as of May 12, 2026¹

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
2.44%	City of Kalamazoo	\$157,205,000	\$3,835,802
96.69%	City of Portage	38,945,696	37,656,593
32.71%	Texas Township	5,535,000	1,810,499
26.37%	Kalamazoo County	130,210,000	34,336,377
26.02%	Kalamazoo Valley Community College	3,060,000	796,212
97.18%	Portage Library (Kalamazoo)	2,770,000	<u>2,691,886</u>
Net overlapping debt in the School District			<u>\$81,127,369</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$358,507,369</u>

Debt Ratios*

2025 State Equalized Valuation (SEV)	\$4,169,743,400
2025 Taxable Valuation	\$3,193,016,704
2020 Population	55,532
Direct Debt (Including New Issue)	\$277,380,000
Direct/Overlapping Debt	\$358,507,369
Direct Debt Per Capita	\$4,995
Direct/Overlapping Debt Per Capita	\$6,456
Per Capita 2025 SEV	\$75,087
Ratio of Direct Debt to 2025 SEV	6.65%
Ratio of Direct/Overlapping Debt to 2025 SEV	8.69%
Per Capita 2025 Taxable Valuation	\$57,499
Ratio of Direct Debt to 2025 Taxable Valuation	8.69%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	11.23%

*Preliminary, subject to change.

¹ Source: Municipal Advisory Council of Michigan.

Legal Debt Margin*

2025 State Equalized Valuation		\$4,169,743,400
Debt Limit (15% of 2025 State Equalized Valuation)		625,461,510
Debt Outstanding	\$277,380,000	
Less bonds not subject to Debt Limit ¹	<u>(0)</u>	
Total Subject to Debt Limit		<u>277,380,000</u>
Additional Debt Which Could Be Legally Incurred		<u>\$348,081,510</u>

ECONOMIC PROFILE

The School District is located the following distances from these cities:

57	miles south of Grand Rapids
78	miles southwest of Lansing
141	miles west of Detroit
146	miles northeast of Chicago, IL

Unemployment²

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

	<u>Kalamazoo County</u>	<u>State of Michigan</u>
2026, January	4.7%	5.6%
2025	4.6	5.2
2024	4.2	4.7
2023	3.6	3.9
2022	3.7	4.2
2021	4.7	5.7
2020	7.4	7.4

*Preliminary, subject to change.

¹ 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.

² Source: State of Michigan Office of Labor Market Information.

Major Employers¹

<u>Company</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>Within the Area of the School District</i>		
Beacon Kalamazoo	Hospital services	1,586
Summit Polymers, Inc.	Injection plastic moldings	1,044
Mann & Hummel, Inc.	Mfg. filtration systems	1,000
Portage Public Schools	Education	986
Texas Roadhouse	Restaurant	626
Stryker Instruments	Medical equipment	563
Kalamazoo RESA	Education	500
Blain Supply, Inc	Wholesaler	239
Lowe's Home Centers, LLC	Retail	296
Pfizer, Inc.	Pharmaceuticals	219
<i>Kalamazoo County</i>		
Western Michigan University	Higher education	6,094
Bronson Healthcare System	Hospital services	2,519
Beacon Kalamazoo	Hospital services	2,414
Kalamazoo Public Schools	Education	1,800
County of Kalamazoo	Government	1,000
Kalamazoo Valley Community College Foundation	Education	1,000
Evergreen Packaging LLC	Packaging materials	951
City of Kalamazoo	Government	900
Zoetis LLC	Pharmaceuticals	888
Greenleaf Hospitality Group	Hotels and accommodations	853

¹ Sources: D&B Hoovers and the School District.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

PORTAGE PUBLIC SCHOOLS

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

	<u>Amended 2025/26</u>
<u>REVENUES</u>	
Local Sources	\$32,675,978
State Sources	90,581,200
Federal Sources	1,227,286
Incoming Transfers and Other Transactions	<u>247,304</u>
Total Revenues	<u>\$124,731,768</u>
<u>EXPENDITURES</u>	
Instruction	
Basic Programs	\$63,412,023
Added Needs	12,325,149
Support Services	
Pupil	11,800,719
Instructional Staff	8,625,006
General Administration	895,398
School Administration	6,675,446
Business Services	1,288,671
Operation and Maintenance	11,720,062
Transportation	4,777,826
Central Services	4,320,467
Athletics	2,410,719
Community Services	289,454
Other Financing Use – Debt Service	<u>121,928</u>
Total Expenditures	<u>\$128,662,868</u>
Excess (Deficiency) of Revenues Over Expenditures	(\$3,931,100)
Fund Balance - July 1	<u>\$31,052,457</u>
Estimated Fund Balance - June 30	<u>\$27,121,357</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

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



This page intentionally left blank.

Rehmann

FINANCIAL STATEMENTS

of

Portage Public Schools
8107 Mustang Drive
Portage, Michigan 49002



MISSION STATEMENT

Portage Public Schools will educate all students to achieve their potential.

VISION STATEMENT

An exceptional, continuously improving learning culture with high expectations, committed to all!

GLOBAL ENDS STATEMENT

Portage Public Schools will educate all students to achieve their potential, at a level such that the results justify the costs.

Ends

The following ends statements are listed in priority order.

- 1.1 Students demonstrate improvement in the mastery of core curriculum performance standards.
- 1.2 Students have critical thinking, creativity, communication, and collaboration skills to equip them to learn and to lead with confidence.
- 1.3 Students will have knowledge and skills necessary to succeed at post-secondary institutions and in the world of work.
- 1.4 Students are ethically aware and culturally sensitive to prepare them to be responsible citizens.
- 1.5 The District will actively build a culture of collaboration and service to the community.

**For the Fiscal Year Ended
June 30, 2025**

Mark Bielang
Superintendent of Schools

BOARD OF EDUCATION

Randy Van Antwerp
President

Robert "Bo" Snyder
Vice President

Terri Novaria
Secretary

Emily Crawford
Trustee

Kimberly Larson
Trustee

Ean Hamilton
Trustee

Mark Stevenson
Trustee

Prepared by:
Paula Johnson, Director of Finance
Sammi Stevens, Business Manager

PORTAGE PUBLIC SCHOOLS

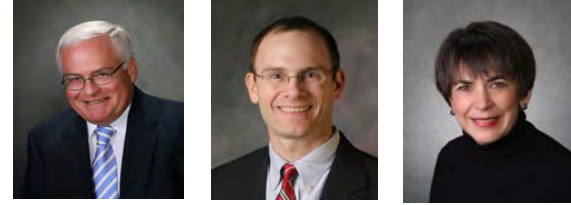
Table of Contents	
	<u>Page</u>
Title Page	1
Mission Statement, Vision Statement, and Global Ends Statement	2
Table of Contents	3
INTRODUCTORY SECTION	5
District Officials	6
FINANCIAL SECTION	7
Independent Auditors' Report	9
Management's Discussion and Analysis	13
Basic Financial Statements	25
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	31
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	32
Reconciliation of Net Change in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	35
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	36
Notes to Financial Statements	37
Required Supplementary Information	67
MPSERS Cost-Sharing Multiple-Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	68
Schedule of the District's Pension Contributions	70
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability	72
Schedule of the District's Other Postemployment Benefit Contributions	74
Notes to Required Supplementary Information	76

PORTAGE PUBLIC SCHOOLS

Table of Contents	
	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules	79
Nonmajor Governmental Funds:	81
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds	84
Other Information	85
Schedule of Bonded Indebtedness	86
FEDERAL PROGRAM AWARD INFORMATION	Issued under separate cover

**PORTAGE PUBLIC SCHOOLS
DISTRICT OFFICIALS**

2024-2025 Board of Education



INTRODUCTORY SECTION



Top Row (Left to right): **Randy Van Antwerp** (Board President, Elected 2009, Term Expires 2026); **Bo Snyder** (Board Vice-President, Elected 2009, Term Expires 2028); **Terri Novaria** (Board Secretary, Elected 2014, Term Expires 2028).

Bottom Row (Left to right): **Emily Crawford** (Trustee, Elected 2022, Term Expires 2026); **Kimberly Larson** (Trustee, Elected 2022, Term Expires 2026); **Mary Lou Rohwer** (Trustee, Elected 2024, Term Expires 2028); **Mark Stevenson** (Trustee, Elected 2024, Term Expires 2028).

Central Administration

- Mark Bielang, Superintendent
- Paula Johnson, Director of Finance
- Bradley Galin, Director of Human Resources
- Kelly Jensenius, Ed.D., Director of Elementary Education
- Johnny Edwards, Assistant Superintendent of Operations
- Michelle Karpinski, Community Relations Manager
- Anne Gordon, Ed.D., Director of Special Education Services
- Michael Pascoe, Ed. D., Assistant Superintendent of Instruction and Assessment
- Ryan Miller, ED.D., Director of Information and Technology Systems

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

October 27, 2025

Board of Education
Portage Public Schools
Portage, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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.



2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory and other information sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 27, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

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

Financial Highlights

- The District's total net position increased by \$33,947,122.
- As of the close of the current fiscal year, the District's governmental funds (general, debt service, building and site sinking, bookstore, food service, student activities, and construction funds) reported combined ending fund balances of \$94,867,169, a net increase of \$13,363,473 in comparison with the prior year.
- At the end of the current fiscal year, total fund balance of the general fund was \$31,052,457, or 25.5% of total general fund expenditures. Unassigned fund balance was \$24,819,383, or 20.4% of total general fund expenditures.
- Capital assets increased by \$30,552,751 (net of depreciation/amortization expense) as the District used bond proceeds to fund capital projects. Bus and technology purchases, along with building and site improvements, were made during the year.

Using this Annual Report

This annual report consists of a series of basic financial statements and the notes to those basic financial statements. These statements are organized so the reader can understand the District financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant funds for the year ended June 30, 2025, the general fund, the debt service fund, and the 2021, 2023 and 2025 capital project funds, with all other funds presented in one column as nonmajor governmental funds. The fund financial statement section also includes the general fund budget and actual comparison statement. The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by supplementary information that further explains and supports the basic financial statements.

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

The Statement of Net Position and the Statement of Activities, which appear first in the District's basic financial statements, report information about the District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

These two statements report the District's net position and how they have changed. Net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources as reported in the Statement of Net Position – is one way to measure the District's financial health, or position. Over time, increases or decreases in the District's net position – as reported in the Statement of Activities – are indicators of whether its financial position is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as changes in the District's property tax base, the quality of the education provided, and the condition of the school buildings and other facilities to assess the overall health of the District.

The Statement of Net Position and Statement of Activities report the governmental activities for the District, which encompass all of the District's services, including instruction, supporting services, athletics, student activities, community service, bookstore and food service. Property taxes, unrestricted state aid (foundation grant allowance revenue), charges for services, and State and federal grants finance most of these activities.

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

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes other funds to help it control and manage money for particular purposes (the food service and bookstore special revenue funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

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

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

Financial Analysis of the District as a Whole

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,689,363 at the close of the most recent fiscal year.

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 145,876,698	\$ 106,688,580
Capital assets, net	284,389,356	253,836,605
Total assets	<u>430,266,054</u>	<u>360,525,185</u>
Deferred outflows of resources	<u>45,885,455</u>	<u>63,250,904</u>
Liabilities		
Other liabilities	30,138,545	23,628,288
Long-term liabilities	380,085,953	392,648,563
Total liabilities	<u>410,224,498</u>	<u>416,276,851</u>
Deferred inflows of resources	<u>69,616,374</u>	<u>45,135,723</u>
Net position		
Net investment in capital assets	80,138,851	73,990,607
Restricted	42,021,275	18,634,371
Unrestricted (deficit)	<u>(125,849,489)</u>	<u>(130,261,463)</u>
Total net position	<u>\$ (3,689,363)</u>	<u>\$ (37,636,485)</u>

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The District's net position was \$(3,689,363) and \$(37,636,485) at June 30, 2025 and 2024, respectively. The net investment in capital assets of \$80,138,851 compares the original cost less accumulated depreciation/amortization of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from enabling legislation that limit the District's ability to use net position for day-to-day operations. This includes \$23,040,250 for other postemployment benefit (OPEB), \$3,886,769 for food service, \$7,658,055 for debt service, and \$7,436,201 for capital projects. The remaining amount, a net deficit of \$125,849,489, is unrestricted.

Unrestricted net position of governmental activities represent the accumulated results of all past years' operations. The operating results of the general fund has a significant impact on the change in unrestricted net position.

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

The District reports positive balances in two of the three categories of net position. The District's net investment in capital assets increased \$6,148,244 as a result of the overall capital additions increasing during the year. The increase in the restricted net position of \$23,386,904 is a result of excess revenues in the food service, capital projects funds and an OPEB asset at the end of the year. The increase in unrestricted net position (deficit) of \$4,411,974 was primarily due to effects of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was implemented in fiscal year 2015, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which was implemented in fiscal year 2018. In addition to expanded disclosure requirements, the District is required to report its proportionate share of the MPSERS net pension liability and net other postemployment benefit asset on the statement of net position.

The results of this year's operations for the District as a whole are reported in the Condensed Statement of Activities, which shows the changes in net position for fiscal years ended June 30, 2025 and 2024.

	Change in Net Position	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 4,407,035	\$ 4,452,119
Operating grants and contributions	36,231,329	39,381,220
Capital grants and contributions	6,281	-
General revenues:		
Property taxes	52,376,296	48,494,508
Unrestricted state aid	65,391,664	65,522,882
Unrestricted grants and contributions	386,898	243,313
Gain on sale of capital assets	22,219	14,713
Unrestricted investment earnings	935,953	835,658
Total revenues	159,757,675	158,944,413
Expenses		
Instruction	59,059,056	65,601,875
Supporting services	39,978,261	41,730,274
Athletics	1,880,920	2,170,986
Student activities	1,583,337	1,507,729
Community service	1,263,700	1,432,615
Bookstore	17,399	17,028
Food service	4,368,607	4,224,874
Interest on long-term debt	9,798,953	7,138,520
Unallocated depreciation/amortization	7,860,320	8,001,976
Total expenses	125,810,553	131,825,877
Change in net position	33,947,122	27,118,536
Net position, beginning of year	(37,636,485)	(64,755,021)
Net position, end of year	\$ (3,689,363)	\$ (37,636,485)

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

Operating grants and contributions decreased \$3,149,891 as a result of a decreased allocations under the State Aid categorical and other federal, and local grants. Property taxes increased \$3,881,788, in part from increased taxable values from an improving economy.

The decrease in instruction expense of \$6,542,819 is due to a decrease of use in one time federal funding and a change in the retirement calculation due to financial software conversion and the District's curriculum adoption cycle, a decrease of \$1,752,013 in supporting services was also primarily due to the a reduction of expense in one time federal funding along with a decrease of some state categorical. The increase in interest on long-term debt expenses of \$2,660,433 was the result of issuance of new debt in current year.

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

The District's Funds

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

As the District completed this year, the governmental funds reported a combined fund balance of \$94,867,169, which is an increase of \$13,363,473 from last year. The primary reason for the increase is due bond proceeds issued in the 2025 capital projects fund of \$43 million.

In the general fund, the District's principal operating fund, the fund balance increased \$3,901,334 to \$31,052,457. The District budgeted a decrease of \$889,244 due to projections at the time the final amendment was adopted. The general fund balance is available to fund costs related to allowable school operating purposes.

The debt service fund reported fund balance of \$9,792,857 which is an increase of \$2,473,903. The increase is attributable to receiving more revenue from property taxes than necessary to make debt payments. Millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund, fund balances, are restricted since they can only be used to pay debt service obligations. These funds levied a total of 6.85 mills, which remained unchanged from the prior year.

The 2021, 2023 and 2025 capital projects (construction) funds reported fund balances of \$7,687, \$0 and \$40,628,626, respectively. The change in these funds is primarily the result of spending on bond approved construction projects and the issuance of bonds.

General Fund Budgetary Highlights

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

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

As a matter of practice, the District amends its budget during the school year as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A statement showing the District's general fund original and final budget amounts compared with amounts actually paid and received is provided as part of the basic financial statements.

Changes to the general fund original budget were as follows:

General Fund Revenues and Other Financing Sources

The general fund budget for revenues and other financing sources was increased by 1.1% for the year ended June 30, 2025.

Total revenues and other financing sources (final budget)	\$ 125,419,686
Total revenues and other financing sources (original budget)	<u>124,000,174</u>
Increase in budgeted revenues and other financing sources	<u>\$ 1,419,512</u>

Some of the significant revised budget adjustments for revenue for the year include:

- The local sources budget increased by \$1,735,418 due to property taxes and interest earnings.
- The state sources decreased \$392,909. This was due to a decrease in state categoricals, including Enrollment Stabilization 29(6) and Section 31aa Mental Health, Safety & Security funding.

General Fund Expenditures and Other Financing Uses

The District's budget for expenditures and other financing uses remained fairly similar for the year ended June 30, 2025.

Total expenditures and other financing uses (final budget)	\$ 126,308,930
Total expenditures and other financing uses (original budget)	<u>126,312,528</u>
Increase in budgeted expenditures and other financing uses	<u>\$ (3,598)</u>

Some of the significant revised budget adjustments for expenditures for the year include:

- Decrease in salaries and benefits of \$1,406,434 based on actual staff employed and negotiated employee contracts. This decrease is primarily due to the decrease in retirement contributions and a lower than expected health insurance premium increase.
- Increase of supplies and purchased service budgets of \$1,682,949 primarily for contracted employee, substitute costs, athletic related expenses. The focus of Section 35a(5) Early Literacy Targeted Instruction funding was changed to supplies & materials, instead of salaries, as previous years.

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

- Decrease in capital outlay budgets of \$279,621, which is primarily due to the secure vestibules and other security related projects expenditures being less than projected. Netted against this decrease were transportation and maintenance equipment purchases.

Although the District's final budget for the general fund anticipated that expenditures would exceed revenues by \$889,244, the actual results for the year show revenues in excess of expenditures of \$3,901,334.

Some of the significant variations between budgeted and actual results for revenues and expenditures are described below:

- Actual revenues and other financing sources were \$413,544 more than the final estimated budget. This was due to a combination of a variety of factors. Taxable value changes were not submitted to Michigan Department of Education until after the final amendment was taken to the Board, causing an increase in the District's per pupil foundation allowance from budget. Interest earnings were also higher than projected.
- Actual expenditures were \$4,377,034 less than the final budget. This occurred across all functions in the District. Salaries and fringe benefits were less than what were budgeted by \$2,976,951. Other supply, purchased services and capital outlay accounts throughout the District were less than budgeted by \$1,411,529. Of the combined savings, \$127,041 was in unspent federal grant funds due to the timing of expenditures and \$1,173,804 were unspent non-federal grants.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2025 and 2024, the District's investment in capital assets for its governmental activities was \$284,389,356 and \$253,836,605 (net of accumulated depreciation/amortization), respectively. This investment in capital assets includes land and improvements, buildings and improvements, equipment, transportation maintenance vehicles, subscription assets and construction in progress.

	Capital Assets	
	2025	2024
Land	\$ 1,556,563	\$ 1,556,563
Construction in progress	64,477,024	29,250,966
Land improvements	16,280,065	16,280,065
Buildings and improvements	273,808,097	271,877,084
Equipment	13,946,318	13,460,623
Vehicles	7,356,970	6,629,089
Subscription assets	<u>320,947</u>	<u>320,947</u>
Total capital assets	377,745,984	339,375,337
Less accumulated depreciation/amortization	<u>(93,356,628)</u>	<u>(85,538,732)</u>
Total capital assets, net	<u>\$ 284,389,356</u>	<u>\$ 253,836,605</u>

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

The amount represents a net increase in net capital assets of \$30,552,751, or 12.04% (cost of new additions, less net book value of deletions, less depreciation/amortization expense for the year) over the prior year and includes the following capital asset events during 2024-2025:

- Construction in progress increased \$35,226,058 due to two (2) new elementary buildings, Central Elementary & Haverhill Elementary, close to being completed. The District also started demolition and ground work at Woodland Elementary school.
- Technology equipment and other capital asset equipment were purchased for \$1,595,546.
- Building and site sinking funds projects totaling \$531,387 were spent on the following:
 - Started the roof and boiler at PCEC
 - New fire alarm system at the Stable
 - Floor refinishing at the Doghouse, Lake Center Elementary and Central High School
 - Completion of roof at 12th Street Elementary

Depreciation/amortization expense for the year is \$7,860,320. Additional information on the District's capital assets can be found in Note 5 of this report.

Long-term Debt. At June 30, 2025 and 2024, the District's outstanding debt can be summarized as follows:

	Long-term Debt	
	2025	2024
General obligation bonds	\$ 221,645,000	\$ 190,585,000
Unamortized bond premium	<u>25,259,987</u>	<u>26,720,744</u>
Total long-term debt	<u>\$ 246,904,987</u>	<u>\$ 217,305,744</u>

During the 2024-2025 fiscal year, the District's total debt increased by \$29,599,243 (13.6%). This increase was due to a bond issuance off-set by scheduled principal payments.

Additional information on the District's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budget and Rates

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that continue to significantly affect its financial health:

- As of June 2025, Michigan had an unemployment rate of 5.3% higher than the national rate of 4.1%. This is the first time in three (3) years that the unemployment rate in Michigan does not match the national rate. Michigan's unemployment rate did increase from 4.1% to 5.3% during the 12 months encompassing the period of July, 2024 to June, 2025 due to the impact on the economy working to move out of COVID-19. It is unknown at this time the affect of the current federal government shut down and how it will affect this rate going forward.

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

- Districts are required to incorporate student achievement data into administrator and teacher evaluations.
- Overall, the State has increased the requirements for districts to submit both student and district operational data.
- Michigan, similar to many other states, continues to experience the financial pressure of its public employee defined benefit retirement plans. During the fiscal year 2011-2012, Public Act 300 was signed into law by the governor. This law reformed the MPSERS plans and helped to hold the District contributions more constant. The employer retirement contribution rate for the 2024-2025 school year was 41.94% for employees who worked in the public school system prior to July 1, 2010. This included a 10.58% stabilization rate factor, which is being offset to Districts in the form of a state aid categorical. For the 2025-2026 school year, the total contribution rate is 44.93%, which includes a 15.02% stabilization rate factor. The total actual effective rate may be higher or lower depending on the actual payrolls charged in the current year. The increased costs for postemployment retirement benefits continue to be a significant cost factor for the District even after Public Act 300 was placed into law.
- The Affordable Health Care Act will continue to have an impact on the District's budget in the future as it mandates that large employers provide health care coverage to employees working more than 30 hours a week.
- The increase in the minimum wage level will have an impact on the general fund and lunch fund budgets and the ability to attract and retain employees.

The elected Board of Education and Administration considered many factors when setting the District's 2025-2026 fiscal year budget. Two of the major factors affecting the budget are the student enrollment and the State funding of the foundation grant allowance, which was not known at the time the 2025-2026 budget was adopted.

Each year, the District has an enrollment projections prepared. Due to the continued uncertainty of the net number of jobs that would be impacted by the local economy, and student demographics, the District budgeted for 8,541 blended student FTEs for 2025-2026, which is lower than actual blended rate in 2024-2025 by approximately 44 FTE's. This includes FTEs for the parochial schools, who the District is providing shared time services for their non-core courses. Section 25 of the State Aid Act continues while participation is not required, the local County superintendents have agreed not to participate in completing the paperwork for these exchanges of students between the count days due to our previous experience in the minimal net overall gain of FTEs and funding; so the District will only be tracking students who enroll from outside the County and charter schools from the fall count day, (October 2025) until the spring count day (February 2026). With these challenges in pupil accounting, it will make it difficult to forecast an accurate blended FTE number until after the February 2026 count day next spring.

PORTAGE PUBLIC SCHOOLS

Management's Discussion and Analysis

As stated earlier in this report, the State foundation grant revenue is determined by multiplying the blended student count by the foundation grant allowance per pupil. As the State Aid bill was not finalized by the time the Board of Education adopted the budget in June 2025, the District's Board of Education adopted a budget with a 90/10% blend of the estimated October 2025 and previous February 2025 student FTE counts. The District estimated an increase of \$392 per pupil, budgeting at \$10,000 foundation grant level. As of October 1, 2025, the State had yet to pass their complete budget for the 2025-2026 year before the deadline of October 1, 2025. At the time of this MD&A, the House and Senate have passed State budgets but the district and partnering organizations are still analyzing the final budget. Governor Whitmer has yet to sign the passed budget. District administration is closely analyzing the budget that has been released. Once the final student count and related per pupil funding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Since the District's revenue is heavily dependent upon State funding and the health of the State's School Aid Fund, the actual funding received depends on the State's ability to collect revenues to fund its appropriations to Districts. Based on early enrollment data at the start of the 2025-2026 school year, we anticipate that the fall student count have little variation to estimates used in creating the budget. Any change in the final student count will be considered when the District amends the budget in early 2026.

It is important to note that the 2024-2025 State Aid bill did not provide a per-pupil foundation allowance increase. Instead, the State replaced the customary increase with a one-time categorical allocation, which does not provide sustained funding growth. As a result, the per-pupil foundation allowance now trails two years behind the anticipated schedule of increases, creating a significant ongoing funding gap for districts.

All 2025-2026 labor contracts have been settled at the time of this MD&A. The District continues to look for ways to reduce salary and fringe benefit costs in light of the impact retirement and insurance costs have on our budget.

In May 2023, a 1.5 mill County-wide enhancement millage was renewed by the voters in Kalamazoo County. This millage is for six years and continues with the 2025-2026 school year. It is intended to provide approximately \$4,230,600 of local support for the District. In May 2021, a renewal in the County-wide special education millage of 1.5 mills was passed by the voters in Kalamazoo County. This millage is for six years and began in the 2020-2021 school year. It is intended to provide approximately \$7,923,768 of support for the District's special education costs. As enrollment numbers and state funding are finalized, the District will amend its budget to respond to these constraints.

The budget for the year ending June 30, 2025 was adopted in June 2024, before funding levels were known. Financial outlooks continue to remain unknown for the State of Michigan due to a split House and Senate. Any COVID-19 funding the District received was required to be spent by September 30, 2024. The District successfully spent all funds received. Some districts did experience a funding cliff because they have relied on these funds to cover normal daily operating expenses rather than using them for one time expenditures.

Requests for Information

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 money it receives. If you have questions about this report or need additional information, contact the Business Office at Portage Public Schools, 8107 Mustang Drive, Portage, Michigan 49002.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

PORTAGE PUBLIC SCHOOLS

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 31,127,470
Investments	72,427,588
Receivables	18,745,195
Inventories and prepaid items	536,195
Net other postemployment benefit asset	23,040,250
Capital assets not being depreciated/amortized	66,033,587
Capital assets being depreciated/amortized, net	<u>218,355,769</u>
Total assets	<u>430,266,054</u>
Deferred outflows of resources	
Deferred charge on advance bond refundings	1,303,864
Deferred pension amounts	38,303,365
Deferred other postemployment benefit amounts	<u>6,278,226</u>
Total deferred outflows of resources	<u>45,885,455</u>
Liabilities	
Accounts payable and accrued liabilities	25,769,288
Unearned revenue	4,369,257
Bonds and other long-term liabilities:	
Due within one year	17,030,078
Due in more than one year	232,296,721
Net pension liability (due in more than one year)	<u>130,759,154</u>
Total liabilities	<u>410,224,498</u>
Deferred inflows of resources	
Deferred pension amounts	39,133,192
Deferred other postemployment benefit amounts	<u>30,483,182</u>
Total deferred inflows of resources	<u>69,616,374</u>
Net position	
Net investment in capital assets	80,138,851
Restricted for:	
Other postemployment benefit	23,040,250
Food service	3,886,769
Debt service	7,658,055
Capital projects	7,436,201
Unrestricted (deficit)	<u>(125,849,489)</u>
Total net position	<u>\$ (3,689,363)</u>

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

PORTAGE PUBLIC SCHOOLS

Statement of Activities
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 59,059,056	\$ 440,438	\$ 20,812,995	\$ -	\$ (37,805,623)
Supporting services	39,978,261	125,866	10,369,716	-	(29,482,679)
Athletics	1,880,920	445,143	9,571	6,281	(1,419,925)
Student activities	1,583,337	1,692,108	-	-	108,771
Community service	1,263,700	1,206,146	5,250	-	(52,304)
Bookstore	17,399	17,399	-	-	-
Food service	4,368,607	479,935	5,033,797	-	1,145,125
Interest on long-term debt	9,798,953	-	-	-	(9,798,953)
Unallocated depreciation/amortization	7,860,320	-	-	-	(7,860,320)
Total governmental activities	\$ 125,810,553	\$ 4,407,035	\$ 36,231,329	\$ 6,281	(85,165,908)
General revenues:					
Property taxes, levied for general operations					29,453,570
Property taxes, levied for debt service and sinking fund					22,922,726
Unrestricted state aid					65,391,664
Grants and contributions not restricted to specific programs					386,898
Gain on sale of capital assets					22,219
Unrestricted investment earnings					935,953
Total general revenues					119,113,030
Change in net position					33,947,122
Net position, beginning of year					(37,636,485)
Net position, end of year					\$ (3,689,363)

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

PORTAGE PUBLIC SCHOOLS

Balance Sheet
 Governmental Funds
 June 30, 2025

	General Fund	Debt Service	2021 Capital Projects
Assets			
Cash and cash equivalents	\$ 26,563,446	\$ -	\$ -
Investments	2,935,471	9,792,857	1,931,678
Accounts receivable	177,599	-	-
Due from other governments	17,830,745	-	-
Due from other funds	106,175	-	-
Inventory	-	-	-
Prepays	314,183	-	-
Total assets	\$ 47,927,619	\$ 9,792,857	\$ 1,931,678
Liabilities			
Accounts payable	\$ 678,310	\$ -	\$ 1,923,991
Salaries and withholdings payable	7,664,759	-	-
Accrued liabilities	4,100,793	-	-
Due to other governments	139,932	-	-
Due to other funds	11,611	-	-
Unearned revenue	4,279,757	-	-
Total liabilities	16,875,162	-	1,923,991
Fund balances			
Nonspendable	314,183	-	-
Restricted	-	9,792,857	7,687
Committed	4,056,192	-	-
Assigned	1,862,699	-	-
Unassigned	24,819,383	-	-
Total fund balances	31,052,457	9,792,857	7,687
Total liabilities and fund balances	\$ 47,927,619	\$ 9,792,857	\$ 1,931,678

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

2023 Capital Projects	2025 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,564,024	\$ 31,127,470
4,912,559	43,957,138	8,897,885	72,427,588
-	-	20,363	197,962
-	-	716,488	18,547,233
-	-	11,611	117,786
-	-	72,012	72,012
-	-	150,000	464,183
\$ 4,912,559	\$ 43,957,138	\$ 14,432,383	\$ 122,954,234
\$ 4,912,559	\$ 3,328,512	\$ 835,671	\$ 11,679,043
-	-	-	7,664,759
-	-	15,495	4,116,288
-	-	-	139,932
-	-	106,175	117,786
-	-	89,500	4,369,257
4,912,559	3,328,512	1,046,841	28,087,065
-	-	222,012	536,195
-	40,628,626	11,815,263	62,244,433
-	-	1,348,267	5,404,459
-	-	-	1,862,699
-	-	-	24,819,383
-	40,628,626	13,385,542	94,867,169
\$ 4,912,559	\$ 43,957,138	\$ 14,432,383	\$ 122,954,234

PORTAGE PUBLIC SCHOOLS

Reconciliation

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

Fund balances - total governmental funds \$ 94,867,169

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

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

Capital assets not being depreciated/amortized	66,033,587
Capital assets being depreciated/amortized	311,712,397
Accumulated depreciation/amortization	(93,356,628)

Certain liabilities and deferred outflows of resources, such as bonds payable, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Bonds payable	(221,645,000)
Accrued interest on bonds payable	(2,134,802)
Unamortized bond premiums	(25,259,987)
Compensated absences	(2,421,812)
Deferred charge on advance bond refunding	1,303,864
Estimated claims liability	(34,464)

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

Net pension liability	(130,759,154)
Deferred outflows related to the net pension liability	38,303,365
Deferred inflows related to the net pension liability	(39,133,192)
Net other postemployment benefit asset	23,040,250
Deferred outflows related to the net other postemployment benefit asset	6,278,226
Deferred inflows related to the net other postemployment benefit asset	(30,483,182)

Net position of governmental activities \$ (3,689,363)

This page intentionally left blank.

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

PORTAGE PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2025

	General Fund	Debt Service	2021 Capital Projects
Revenues			
Local sources	\$ 32,296,970	\$ 21,673,999	\$ 711,644
State sources	91,445,465	1,426,678	-
Federal sources	1,832,272	-	-
Total revenues	125,574,707	23,100,677	711,644
Expenditures			
Current:			
Instruction	72,420,026	-	-
Supporting services	46,097,555	-	-
Athletics	2,098,571	-	-
Community service	1,315,744	-	-
Bookstore	-	-	-
Food service	-	-	-
Student activities	-	-	-
Debt service:			
Principal	-	12,320,000	-
Interest	-	8,277,194	-
Other	-	29,580	1,923,991
Capital outlay	-	-	22,304,288
Total expenditures	121,931,896	20,626,774	24,228,279
Revenues over (under) expenditures	3,642,811	2,473,903	(23,516,635)
Other financing sources (uses)			
Issuance of bonds payable	-	-	-
Premium on issuance of bonds payable	-	-	-
Proceeds from sale of capital assets	51,964	-	-
Insurance recoveries	100,663	-	-
Transfers in	105,896	-	-
Transfers out	-	-	-
Total other financing sources (uses)	258,523	-	-
Net change in fund balances	3,901,334	2,473,903	(23,516,635)
Fund balances, beginning of year	27,151,123	7,318,954	23,524,322
Fund balances, end of year	\$ 31,052,457	\$ 9,792,857	\$ 7,687

2023 Capital Projects	2025 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 237,328	\$ 746,765	\$ 4,030,420	\$ 59,697,126
-	-	3,070,402	95,942,545
-	-	2,097,659	3,929,931
237,328	746,765	9,198,481	159,569,602
-	-	-	72,420,026
-	-	-	46,097,555
-	-	-	2,098,571
-	-	-	1,315,744
-	-	17,399	17,399
-	-	4,835,595	4,835,595
-	-	1,583,337	1,583,337
-	-	-	12,320,000
-	-	-	8,277,194
-	425,917	39,614	2,419,102
10,710,753	3,328,511	2,332,161	38,675,713
10,710,753	3,754,428	8,808,106	190,060,236
(10,473,425)	(3,007,663)	390,375	(30,490,634)
-	43,380,000	-	43,380,000
-	256,289	-	256,289
-	-	-	51,964
-	-	65,191	165,854
-	-	-	105,896
-	-	(105,896)	(105,896)
-	43,636,289	(40,705)	43,854,107
(10,473,425)	40,628,626	349,670	13,363,473
10,473,425	-	13,035,872	81,503,696
\$ -	\$ 40,628,626	\$ 13,385,542	\$ 94,867,169

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

PORTAGE PUBLIC SCHOOLS

Reconciliation	
Net Change in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities For the Year Ended June 30, 2025	
Net change in fund balances - total governmental funds	\$ 13,363,473
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital assets purchased/constructed	38,442,816
Depreciation/amortization expense	(7,860,320)
Governmental funds report proceeds from the sale of capital assets as an other financing source. However, in the statement of activities, the difference between the sales proceeds and the net book value of the capital assets sold are reported as a gain or loss on disposal.	
Proceeds from the sale of capital assets	(51,964)
Gain on sale of capital assets	22,219
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on bonds payable	12,320,000
Issuance of bonds payable	(43,380,000)
Premium on issuance of bonds payable	(256,289)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on bonds	(734,895)
Change in compensated absences	(1,754,523)
Amortization of bond premiums	1,717,046
Amortization of deferred charge on advance bond refunding	(87,901)
Change in estimated claims liability	(1,785)
Change in the net pension liability and related deferred amounts	12,585,889
Change in the net other postemployment benefit asset and related deferred amounts	9,623,356
Change in net position of governmental activities	<u>\$ 33,947,122</u>

This page intentionally left blank.

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

PORTAGE PUBLIC SCHOOLS

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

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 30,430,144	\$ 32,165,562	\$ 32,296,970	\$ 131,408
State sources	91,538,661	91,145,752	91,445,465	299,713
Federal sources	1,901,369	1,936,408	1,832,272	(104,136)
Total revenues	<u>123,870,174</u>	<u>125,247,722</u>	<u>125,574,707</u>	<u>326,985</u>
Expenditures				
Instruction:				
Basic programs	62,318,724	62,085,372	60,851,869	(1,233,503)
Added needs	12,103,721	12,177,979	11,568,157	(609,822)
Total instruction	<u>74,422,445</u>	<u>74,263,351</u>	<u>72,420,026</u>	<u>(1,843,325)</u>
Supporting services:				
Pupil	11,194,306	11,268,267	10,789,943	(478,324)
Instructional staff	8,751,940	8,473,546	7,784,989	(688,557)
General administration	846,509	865,823	833,711	(32,112)
School administration	6,387,409	6,648,458	6,386,760	(261,698)
Business	1,268,317	1,392,855	1,356,270	(36,585)
Operations and maintenance	10,640,795	10,748,731	10,349,799	(398,932)
Transportation	5,102,480	4,623,269	4,573,282	(49,987)
Central support	4,558,131	4,171,182	4,022,801	(148,381)
Total supporting services	<u>48,749,887</u>	<u>48,192,131</u>	<u>46,097,555</u>	<u>(2,094,576)</u>
Athletics	<u>1,827,507</u>	<u>2,510,151</u>	<u>2,098,571</u>	<u>(411,580)</u>
Community service	<u>1,312,689</u>	<u>1,343,297</u>	<u>1,315,744</u>	<u>(27,553)</u>
Total expenditures	<u>126,312,528</u>	<u>126,308,930</u>	<u>121,931,896</u>	<u>(4,377,034)</u>
Revenues over (under) expenditures	<u>(2,442,354)</u>	<u>(1,061,208)</u>	<u>3,642,811</u>	<u>4,704,019</u>
Other financing sources				
Proceeds from sale of capital assets	10,000	51,964	51,964	-
Insurance recoveries	-	-	100,663	100,663
Transfers in	120,000	120,000	105,896	(14,104)
Total other financing sources	<u>130,000</u>	<u>171,964</u>	<u>258,523</u>	<u>86,559</u>
Net change in fund balance	<u>(2,312,354)</u>	<u>(889,244)</u>	<u>3,901,334</u>	<u>4,790,578</u>
Fund balance, beginning of year	<u>27,151,123</u>	<u>27,151,123</u>	<u>27,151,123</u>	<u>-</u>
Fund balance, end of year	<u>\$ 24,838,769</u>	<u>\$ 26,261,879</u>	<u>\$ 31,052,457</u>	<u>\$ 4,790,578</u>

NOTES TO FINANCIAL STATEMENTS

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Portage Public Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting Entity

The District has followed the guidelines of the Governmental Accounting Standards Board's Statements No. 39 and 61 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2025.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is *incurred*, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

Property taxes, unrestricted school aid, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The *debt service fund* is used to account for the accumulation of resources restricted or committed for the payment of general long-term debt principal, interest, and related costs.

The *2021 capital projects fund* is used to account for capital outlay expenditures from the 2021 Building and Site Bonds.

The *2023 capital projects fund* is used to account for capital outlay expenditures from the 2023 Building and Site Bonds.

The *2025 capital projects fund* is used to account for capital outlay expenditures from the 2025 Building and Site Bonds.

Additionally, the District reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The District's special revenue funds include bookstore, food service, and student activity operations.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements.

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits which include savings and checking accounts.

Investments

Investments consist of money market accounts. Investments are stated at amortized cost, which approximates fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans).

Receivables generally consist of amounts due from the State of Michigan for July and August State aid payments and amounts due from grantors for expenditures incurred under reimbursement-based grants (for which allowable expenditures were incurred as of year-end, but the funds had either not yet been requested or not yet been received). Management has estimated that any uncollectible receivables will be immaterial and, as such, no allowance for doubtful accounts has been recorded.

Inventories and Prepaid Items

Inventories of the special revenue funds consist primarily of government food commodities, which are donated and recorded at estimated cost. Donated government commodities are recorded as revenue when they are received.

Certain prepayments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items when purchased in both the government-wide and fund financial statements. Reported inventories and prepaid items are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, equipment, vehicles, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 or computer equipment with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives (land is not depreciated):

	Years
Land improvements	10-30
Buildings and improvements	7-50
Equipment	3-45
Vehicles	5-10

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows for the deferred charge on advance bond refundings. This amount represents the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension and other postemployment benefit (assets) liabilities. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

Compensated Absences

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

Unearned Revenue

Childcare and community enrichment fees received, which relate to future periods, are recorded as unearned revenue. Receipts in excess of cost on grants are recorded as unearned revenue until spent or refunded to the grantor.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable subscription-based information technology arrangements. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

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

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows related to its pension and other postemployment benefit costs in the government-wide statement of net position.

Property Taxes

Property taxes are assessed as of December 31, and attach as an enforceable lien on property on July 1 and December 1 of the following year. These taxes are due on September 14 and February 14, respectively, with the final collection date of February 28 before they are added to the delinquent tax rolls. The delinquent real property taxes of the District are purchased by Kalamazoo County. These taxes have been recorded as revenue for the current year.

Fund Balance

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority to assign fund balance has been delegated by the Board of Education to the Superintendent. Unassigned fund balance is the residual classification for the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, a negative unassigned fund balance is reported if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit (assets) liabilities, 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 Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis. State law requires the District to have its budget in place by July 1. Districts are permitted to amend their budgets during the year.

The bookstore special revenue fund had expenditures in excess of appropriations as of June 30, 2025 of \$1,298.

Bonded Construction Costs

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

The 2019A, 2021 and 2023 capital projects funds includes capital project activities funded with bonds. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Beginning with the year of bond issuance, the District has reported the annual construction activity in the capital projects funds. The projects for which the 2019A, 2021 and 2023 School Building and Site Bonds, were issued were considered complete on June 30, 2025, and the cumulative expenditures recognized for the construction periods were \$56,950,380, \$55,053,291, and \$10,842,026, respectively.

Sinking Fund

The building and site sinking fund records capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provisions of Section §1212 of the Michigan Revised School Code.

3. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 31,127,470
Investments	<u>72,427,588</u>
Total	<u><u>\$ 103,555,058</u></u>
Deposits	
Cash on hand	\$ 195
Bank deposits (checking accounts and savings accounts)	49,304,630
Certificate of deposits	2,061,760
Investments	<u>52,188,473</u>
Total	<u><u>\$ 103,555,058</u></u>

Statutory Authority

Michigan law authorizes the District to deposit and invest in:

1. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class District, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
2. Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
3. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

4. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
5. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a District.
6. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a District.

The District's investment policy allows for all of these types of investments.

Deposit and Investment Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the District's investments are invested MILAF+, which does not have a stated maturity date.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in above. The investment policy does not have specific limits in excess of State law on investment credit risk. The District's MILAF+ investments were rated by Standard and Poors as AAAM as of year-end.

Custodial Credit Risk. Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year-end, \$50,500,196 of the District's bank balance of \$52,256,518 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk. Investments. Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the District's name. In accordance with the District's investment policy, individual securities are held in the name of the District and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk. MILAF+ money market funds are not evidenced by specific securities, and therefore are not subject to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

4. RECEIVABLES AND UNEARNED REVENUE

Receivables as of year-end for the District are as follows:

Accounts	\$ 197,962
Intergovernmental:	
Federal	722,010
State	17,748,424
ISD (K/RESA)	53,464
Other	<u>23,335</u>
Total	<u>\$ 18,745,195</u>

The District reports unearned revenue in connection with amounts received prior to the delivery of goods/services or expenditure on allowable costs. The various components of unearned revenue were as follows:

Grant funds received in advance of expenditure	\$ 4,278,447
Payments received for services net yet provided	1,310
Student lunch account balances	<u>89,500</u>
Total	<u>\$ 4,369,257</u>

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated/amortized:					
Land	\$ 1,556,563	\$ -	\$ -	\$ -	\$ 1,556,563
Construction in progress	29,250,966	37,442,072	(29,745)	(2,186,269)	64,477,024
	<u>30,807,529</u>	<u>37,442,072</u>	<u>(29,745)</u>	<u>(2,186,269)</u>	<u>66,033,587</u>
Capital assets, being depreciated/amortized:					
Land improvements	16,280,065	-	-	-	16,280,065
Buildings and improvements	271,877,084	136,491	-	1,794,522	273,808,097
Equipment	13,460,623	93,948	-	391,747	13,946,318
Vehicles	6,629,089	770,305	(42,424)	-	7,356,970
Subscription assets (Note 9)	320,947	-	-	-	320,947
	<u>308,567,808</u>	<u>1,000,744</u>	<u>(42,424)</u>	<u>2,186,269</u>	<u>311,712,397</u>
Less accumulated depreciation/amortization for:					
Land improvements	(9,379,972)	(777,935)	-	-	(10,157,907)
Buildings and improvements	(61,676,806)	(5,690,340)	-	-	(67,367,146)
Equipment	(9,719,380)	(830,180)	-	-	(10,549,560)
Vehicles	(4,548,609)	(454,883)	42,424	-	(4,961,068)
Subscription assets (Note 9)	(213,965)	(106,982)	-	-	(320,947)
	<u>(85,538,732)</u>	<u>(7,860,320)</u>	<u>42,424</u>	<u>-</u>	<u>(93,356,628)</u>
Total capital assets being depreciated/amortized, net	<u>223,029,076</u>	<u>(6,859,576)</u>	<u>-</u>	<u>2,186,269</u>	<u>218,355,769</u>
Capital assets, net	<u>\$ 253,836,605</u>	<u>\$ 30,582,496</u>	<u>\$ (29,745)</u>	<u>\$ -</u>	<u>\$ 284,389,356</u>

Depreciation/amortization expense is reported as unallocated in the statement of activities.

The District has active construction projects at year-end. At June 30, 2025, the District has commitments with contractors of approximately \$38.2 million.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year-end for the District are as follows:

Accounts payable	\$ 11,679,043
Salaries and withholdings payable	7,664,759
Accrued liabilities	4,116,288
Due to other governments	139,932
Accrued interest payable	2,134,802
Estimated claims liability	34,464
Total	<u>\$ 25,769,288</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due from Other Funds	Due to Other Funds
General fund	\$ 106,175	\$ 11,611
Nonmajor governmental funds	11,611	106,175
Total	<u>\$ 117,786</u>	<u>\$ 117,786</u>

The District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2025, interfund transfers consisted of the following:

	Transfers In	General Fund
Nonmajor governmental funds	\$ 105,896	

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

8. BONDS AND OTHER LONG-TERM LIABILITIES

General obligation and other obligations of the District at June 30, 2025 are summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 190,585,000	\$ 43,380,000	\$ (12,320,000)	\$ 221,645,000	\$ 13,705,000
Unamortized bond premiums	26,720,744	256,289	(1,717,046)	25,259,987	1,629,810
Compensated absences	667,289	1,754,523	-	2,421,812	1,695,268
Total	<u>\$ 217,973,033</u>	<u>\$ 45,390,812</u>	<u>\$ (14,037,046)</u>	<u>\$ 249,326,799</u>	<u>\$ 17,030,078</u>

The change in compensated absences is presented net.

General obligation bonds

2021 School Building and Site Bonds, \$45,795,000, due in installments of \$2,480,000 to \$5,940,000 through November 1, 2045, with interest ranging 2.50 to 5.00%. Purpose of issue: construction of new buildings, renovations, and re-equipping at District buildings. \$ 38,740,000

2019 School Building and Site Bonds, \$52,720,000, due in installments of \$465,000 to \$6,480,000 through May 1, 2040, with interest ranging 3.00 to 5.00%. Purpose of issue: construction of new buildings, renovations, and re-equipping at District buildings. 47,375,000

2016 Building and Site Refunding Bonds, \$144,805,000, due in installments of \$465,000 to \$6,680,000 through May 1, 2040, with interest at 3.00% to 5.00% payable semi-annually. Purpose of issue: partial refunding of 2008 Building & Site Bond issue, construction of new buildings, renovations, and re-equipping at District buildings. 92,150,000

2025 Building and Site Bonds, \$43,380,000, due in installments of \$345,000 to \$6,200,000 through November 1, 2047, with interest at 4.00% to 6.00% payable semi-annually. Purpose of issue: construction of new buildings, renovations, and re-equipping at District buildings. 43,380,000

Total \$ 221,645,000

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Future principal and interest payment requirements on outstanding debt are as follows:

Year Ended June 30,	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 13,705,000	\$ 10,009,717	\$ 23,714,717
2027	9,505,000	8,911,294	18,416,294
2028	9,505,000	8,427,944	17,932,944
2029	9,045,000	7,959,469	17,004,469
2030	9,515,000	7,478,469	16,993,469
2031-2035	53,325,000	29,564,519	82,889,519
2036-2040	58,290,000	16,487,565	74,777,565
2041-2045	45,920,000	6,826,324	52,746,324
2046-2048	12,835,000	435,000	13,270,000
Total	<u>\$ 221,645,000</u>	<u>\$ 96,100,301</u>	<u>\$ 317,745,301</u>

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District is involved in three agreements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use subscription assets, as the District has the control of the right to use another party's IT software and the noncancelable term of the agreement surpasses one year. The present values are discounted using an interest rate of 4 percent based on the District's expectant borrowing rate. As of June 30, 2024 the District had paid off the liability on these agreements.

The assets acquired through subscription-based information technology arrangements are included in the rollforward at Note 5, Capital Assets.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

10. FUND BALANCE - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Debt Service	2021 Capital Projects	2025 Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 72,012	\$ 72,012
Prepays	314,183	-	-	-	150,000	464,183
Total nonspendable	<u>314,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,012</u>	<u>536,195</u>
Restricted						
Food service	-	-	-	-	3,664,757	3,664,757
Debt service	-	9,792,857	-	-	-	9,792,857
Capital projects	-	-	7,687	40,628,626	8,150,506	48,786,819
Total restricted	<u>-</u>	<u>9,792,857</u>	<u>7,687</u>	<u>40,628,626</u>	<u>11,815,263</u>	<u>62,244,433</u>
Committed						
Equity and inclusion	2,905,913	-	-	-	-	2,905,913
Student activity	1,150,279	-	-	-	1,348,267	2,498,546
Total committed	<u>4,056,192</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,348,267</u>	<u>5,404,459</u>
Assigned						
Curriculum improvement	810,000	-	-	-	-	810,000
Unspent insurance proceeds	62,119	-	-	-	-	62,119
Site-based building expenditures	146,326	-	-	-	-	146,326
Site ownership of athletic revenue	577,479	-	-	-	-	577,479
NHS and CHS brick campaign	17,114	-	-	-	-	17,114
Anticipated future instructional and operational costs	249,661	-	-	-	-	249,661
Total assigned	<u>1,862,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,862,699</u>
Unassigned	<u>24,819,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,819,383</u>
Total fund balances - governmental funds	<u>\$ 31,052,457</u>	<u>\$ 9,792,857</u>	<u>\$ 7,687</u>	<u>\$ 40,628,626</u>	<u>\$ 13,385,542</u>	<u>\$ 94,867,169</u>

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025 is as follows:

Capital assets:	
Capital assets not being depreciated/amortized	\$ 66,033,587
Capital assets being depreciated/amortized, net	<u>218,355,769</u>
	<u>284,389,356</u>
Related debt:	
Bonds payable	221,645,000
Unexpended bond proceeds	(41,350,618)
Unamortized bond premiums	25,259,987
Deferred charge on bond refunding, net	<u>(1,303,864)</u>
	<u>204,250,505</u>
Net investment in capital assets	<u>\$ 80,138,851</u>

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District is a participant in a public entity risk pool through SET-SEG. This program provides substantially all the insurance needs of the District, including property, general liability, automobile, umbrella premium, and workers' compensation. Payments made for the year ended June 30, 2025 totaled \$650,609. The contributions made by the District fund the program at rates predicated on expected losses, excess insurance premium contribution, and administration costs, including appropriate state assessment. The possibility of additional claims exists, but the amount of liability to the District would be immaterial by the time the aggregate stop-loss coverages are triggered. There have been no significant reductions in coverage and settlements have not exceeded insurance coverage during the past three years.

The District is currently paying benefits for claims that were part of its former self-insured workers' compensation plan. These claims are on a pay-as-you-go basis for claims up to \$300,000, with reinsurance coverage provided once claims exceed \$495,000 in the aggregate. The self-insurance program is administered by a third party administrator. All workers' compensation benefits are paid out of the general and food service funds.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Changes in the estimated claims liability is as follows:

	Year Ended June 30,	
	2025	2024
Liability, beginning of year	\$ 32,679	\$ 47,608
Estimated claims incurred	6,580	-
Claim payments	(4,795)	(14,929)
Liability, end of year	\$ 34,464	\$ 32,679

The \$34,464 is accrued on the government-wide statement of net position. The District pays unemployment claims on a reimbursement basis. The District continues to carry commercial insurance for all other risks of loss, including employee life, health, and accident insurance. In the last three years settled amounts have not exceeded the insurance coverage held by the District.

13. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Pension Benefits Provided

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

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Other Postemployment Benefits Provided

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

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

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

Contributions

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

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

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

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$21,169,385, which included \$5,841,328, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$1,327,757, which was a one-time, state payment toward the MPSERS unfunded liability.

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

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

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$1,165,481.

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$581,765.

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

At June 30, 2025, the District reported a liability of \$130,759,154 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.53410%, which was a decrease of 0.00559% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$9,542,258. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 3,547,588	\$ 1,420,716	\$ 2,126,872
Changes in assumptions	13,632,417	9,580,511	4,051,906
Net difference between projected and actual earnings on pension plan investments	-	24,954,389	(24,954,389)
Changes in propor. on and differences between employer contributions and proportionate share of contributions	283,320	3,177,576	(2,894,256)
	<u>17,463,325</u>	<u>39,133,192</u>	<u>(21,669,867)</u>
District contributions subsequent to the measurement date	20,840,040	-	20,840,040
Total	<u>\$ 38,303,365</u>	<u>\$ 39,133,192</u>	<u>\$ (829,827)</u>

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

Year Ended June 30,	Amount
2026	\$ (5,061,131)
2027	(66,522)
2028	(9,868,531)
2029	<u>(6,673,683)</u>
Total	<u>\$ (21,669,867)</u>

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

At June 30, 2025, the District reported an asset of \$23,040,250 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.53527% which was an increase of 0.00686% from its proportion measured as of September 30, 2023.

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized an OPEB benefit of \$8,451,941. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 24,415,629	\$ (24,415,629)
Changes in assumptions	5,032,322	578,424	4,453,898
Net difference between projected and actual earnings on OPEB plan investments	-	4,361,784	(4,361,784)
Changes in proportion and differences between employer contributions and proportionate share of contributions	678,361	1,127,345	(448,984)
	5,710,683	30,483,182	(24,772,499)
District contributions subsequent to the measurement date	567,543	-	567,543
Total	<u>\$ 6,278,226</u>	<u>\$ 30,483,182</u>	<u>\$ (24,204,956)</u>

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

Year Ended June 30,	Amount
2026	\$ (8,051,475)
2027	(4,941,243)
2028	(4,708,484)
2029	(4,312,398)
2030	(2,335,696)
Thereafter	(423,203)
Total	<u>\$ (24,772,499)</u>

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Actuarial Assumptions

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

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

Long-term Expected Return on Pension and OPEB Plan Assets

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

Pension

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

OPEB

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

Rate of Return

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

Discount Rate

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 191,694,325	\$ 130,759,154	\$ 80,018,900

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (17,805,695)	\$ (23,040,250)	\$ (27,566,076)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (27,566,125)	\$ (23,040,250)	\$ (18,186,274)

Pension and OPEB Plans Fiduciary Net Position

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$3,365,471 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$85,579 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

14. RETIREMENT INCENTIVE PLAN

Certain teachers and administrators of the District have elected to participate in a retirement incentive program established by the District for those meeting various eligibility requirements. The District deposits funds into a special pay plan created in accordance with Section 403b of the Internal Revenue Code (IRC) on behalf of the qualifying employee. The employee may utilize such funds in a manner specified by the special pay plan. The expenditures for this plan are liquidated through the general fund and were \$216,233 for the year ended June 30, 2025. There was no outstanding long-term liability under this plan at year-end, as payments for current year retirements were made prior to June 30, 2025.

15. DEFERRED COMPENSATION PLAN

The District offers its administrators a pay for performance plan created in accordance with Section 457 of the IRC. Administrators participate in and vest in the plan based upon certain length of employment and evaluation criteria. Final payments are made in a lump sum distribution when the administrator retires or leaves the employment of the District. The vested benefits of the pay for performance plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As such, these amounts do not represent liabilities of the District and have not been recorded in the accompanying financial statements.

16. CONTINGENT LIABILITIES

In the normal course of its activities, the District has become a party in various legal actions. Management of the District is of the opinion that the outcome of such actions will not have a material effect on the financial position of the District and, therefore, has not reflected loss reserves in the financial statements.

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

PORTAGE PUBLIC SCHOOLS

Notes to Financial Statements

17. TAX ABATEMENTS

The District received reduced property tax revenues during 2025 as a result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the county. The abatements amounted to \$633,660 in reduced tax revenues for 2025.

18. SUBSEQUENT EVENT

The District entered into an installment purchase agreement for the purchase of copiers. The term of the installment purchase agreement is three years. Total cost of the installment purchase agreement is \$365,784 including interest.



REQUIRED SUPPLEMENTARY INFORMATION

PORTAGE PUBLIC SCHOOLS

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

	Year Ended June 30,			
	2016	2017	2018	2019
District's proportionate share of the net pension liability	\$ 123,519,664	\$ 127,440,677	\$ 137,622,298	\$ 163,032,754
District's proportion of the net pension liability	0.50571%	0.51080%	0.53107%	0.54233%
District's covered payroll	\$ 42,950,726	\$ 43,422,102	\$ 45,272,461	\$ 46,677,113
District's proportionate share of the net pension liability as a percentage of its covered payroll	287.58%	293.49%	303.99%	349.28%
Plan fiduciary net position as a percentage of the total pension liability	63.17%	63.27%	64.21%	62.36%

	Year Ended June 30,					
	2020	2021	2022	2023	2024	2025
District's proportionate share of the net pension liability	\$ 181,740,827	\$ 189,306,361	\$ 128,980,084	\$ 206,003,836	\$ 174,675,530	\$ 130,759,154
District's proportion of the net pension liability	0.54879%	0.55109%	0.54478%	0.54776%	0.53969%	0.53410%
District's covered payroll	\$ 48,117,699	\$ 49,000,240	\$ 48,544,235	\$ 53,248,834	\$ 52,509,458	\$ 56,095,096
District's proportionate share of the net pension liability as a percentage of its covered payroll	377.70%	386.34%	265.70%	386.87%	332.66%	233.10%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	59.72%	72.60%	60.77%	65.91%	74.44%

See notes to required supplementary information.

PORTAGE PUBLIC SCHOOLS

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

	Year Ended June 30,			
	2016	2017	2018	2019
Statutorily required contribution	\$ 11,613,926	\$ 12,416,989	\$ 14,945,857	\$ 14,736,529
Contributions in relation to the statutorily required contribution	<u>(11,613,926)</u>	<u>(12,416,989)</u>	<u>(14,945,857)</u>	<u>(14,736,529)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 43,919,616	\$ 45,728,576	\$ 46,473,490	\$ 47,991,352
Contributions as a percentage of covered payroll	26.44%	27.15%	32.16%	30.71%

See notes to required supplementary information.

	Year Ended June 30,					
	2020	2021	2022	2023	2024	2025
Statutorily required contribution	\$ 14,311,061	\$ 16,483,549	\$ 18,494,700	\$ 19,687,035	\$ 22,439,083	\$ 21,169,386
Contributions in relation to the statutorily required contribution	<u>(14,311,061)</u>	<u>(16,483,549)</u>	<u>(18,494,700)</u>	<u>(19,687,035)</u>	<u>(22,439,083)</u>	<u>(21,169,386)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 49,188,292	\$ 48,086,774	\$ 51,256,617	\$ 52,415,017	\$ 55,696,151	\$ 58,457,641
Contributions as a percentage of covered payroll	29.09%	34.28%	36.08%	37.56%	40.29%	36.21%

PORTAGE PUBLIC SCHOOLS

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

	Year Ended June 30,			
	2018	2019	2020	2021
District's proportionate share of the net OPEB (asset) liability	\$ 47,015,270	\$ 43,597,250	\$ 39,542,847	\$ 29,632,847
District's proportion of the net OPEB (asset) liability	0.53092%	0.54847%	0.55091%	0.55313%
District's covered payroll	\$ 45,272,461	\$ 46,677,113	\$ 48,117,699	\$ 49,000,240
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	103.85%	93.40%	82.18%	60.47%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%	42.95%	48.46%	59.44%

	Year Ended June 30,			
	2022	2023	2024	2025
	\$ 8,226,957	\$ 11,658,704	\$ (2,989,182)	\$ (23,040,250)
	0.53899%	0.55044%	0.52841%	0.53527%
	\$ 48,544,235	\$ 53,248,834	\$ 52,509,458	\$ 56,095,096
	16.95%	21.89%	-5.69%	-41.07%
	87.33%	83.09%	105.04%	143.08%

See notes to required supplementary information.

PORTAGE PUBLIC SCHOOLS

Required Supplementary Information
 MPERS Cost-Sharing Multiple-Employer Plan
 Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2018	2019	2020	2021
Statutorily required contribution	\$ 3,482,258	\$ 3,766,315	\$ 4,971,610	\$ 3,953,848
Contributions in relation to the statutorily required contribution	<u>(3,482,258)</u>	<u>(3,766,315)</u>	<u>(4,971,610)</u>	<u>(3,953,848)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 46,473,490	\$ 47,991,352	\$ 49,188,292	\$ 48,086,774
Contributions as a percentage of covered payroll	7.49%	7.85%	10.11%	8.22%

	Year Ended June 30,			
	2022	2023	2024	2025
Statutorily required contribution	\$ 4,047,107	\$ 4,111,369	\$ 4,405,038	\$ 1,165,481
Contributions in relation to the statutorily required contribution	<u>(4,047,107)</u>	<u>(4,111,369)</u>	<u>(4,405,038)</u>	<u>(1,165,481)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 51,256,617	\$ 52,415,017	\$ 55,696,151	\$ 58,457,641
Contributions as a percentage of covered payroll	7.90%	7.84%	7.91%	1.99%

See notes to required supplementary information.

PORTAGE PUBLIC SCHOOLS

Notes to Required Supplementary Information

Pension Information

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

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

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

OPEB Information

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

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

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

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

PORTAGE PUBLIC SCHOOLS

Notes to Required Supplementary Information

OPEB Information (Concluded)

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

This page intentionally left blank.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

This page intentionally left blank.

PORTAGE PUBLIC SCHOOLS

■ Nonmajor Governmental Funds

Special Revenue Funds

Bookstore Fund – This fund was established to account for activity of the high school bookstores.

Food Service Fund – This fund is used to account for the revenue and expenditures of the school lunch program. Revenues consist of sales of food and federal and state government subsidies.

Student Activities Fund – This fund is used to account for student activities.

Capital Projects Funds

The 2019A Capital Projects Fund – This fund is used to account for capital outlay expenditures from the 2019 Building and Site Bonds.

The Building and Site Sinking Fund – This fund accounts for proceeds from the sinking fund property tax millage and expenditures for allowable purposes as stated in the initial ballot language approved by the voters.

PORTAGE PUBLIC SCHOOLS

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue			Capital Project		Total
	Bookstore	Food Service	Student Activities	2019A Capital Projects	Building and Site Sinking Fund	
Assets						
Cash and cash equivalents	\$ -	\$ 3,215,757	\$ 1,348,267	\$ -	\$ -	\$ 4,564,024
Investments	-	25,346	-	1,387,098	7,485,441	8,897,885
Accounts receivable	-	20,363	-	-	-	20,363
Due from other governments	-	716,488	-	-	-	716,488
Due from other funds	-	11,611	-	-	-	11,611
Inventory	-	72,012	-	-	-	72,012
Prepays	-	150,000	-	-	-	150,000
Total assets	\$ -	\$ 4,211,577	\$ 1,348,267	\$ 1,387,098	\$ 7,485,441	\$ 14,432,383
Liabilities						
Accounts payable	\$ -	\$ 113,638	\$ -	\$ 672,793	\$ 49,240	\$ 835,671
Accrued liabilities	-	15,495	-	-	-	15,495
Due to other funds	-	106,175	-	-	-	106,175
Unearned revenue	-	89,500	-	-	-	89,500
Total liabilities	-	324,808	-	672,793	49,240	1,046,841
Fund balances						
Nonspendable	-	222,012	-	-	-	222,012
Restricted	-	3,664,757	-	714,305	7,436,201	11,815,263
Committed	-	-	1,348,267	-	-	1,348,267
Total fund balances	-	3,886,769	1,348,267	714,305	7,436,201	13,385,542
Total liabilities and fund balances	\$ -	\$ 4,211,577	\$ 1,348,267	\$ 1,387,098	\$ 7,485,441	\$ 14,432,383

PORTAGE PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2025

	Special Revenue			Capital Project		Total
	Bookstore	Food Service	Student Activities	2019A Capital Projects	Building and Site Sinking Fund	
Revenues						
Local sources	\$ 17,399	\$ 538,449	\$ 1,692,108	\$ 90,629	\$ 1,691,835	\$ 4,030,420
State sources	-	2,936,133	-	-	134,269	3,070,402
Federal sources	-	2,097,659	-	-	-	2,097,659
Total revenues	17,399	5,572,241	1,692,108	90,629	1,826,104	9,198,481
Expenditures						
Current:						
Bookstore	17,399	-	-	-	-	17,399
Food service	-	4,835,595	-	-	-	4,835,595
Student activities	-	-	1,583,337	-	-	1,583,337
Debt service:						
Other	-	-	-	38,521	1,093	39,614
Capital outlay	-	-	-	1,408,037	924,124	2,332,161
Total expenditures	17,399	4,835,595	1,583,337	1,446,558	925,217	8,808,106
Revenues over (under) expenditures	-	736,646	108,771	(1,355,929)	900,887	390,375
Other financing sources (uses)						
Insurance recoveries	-	-	-	-	65,191	65,191
Transfers out	-	(105,896)	-	-	-	(105,896)
Total other financing sources (uses)	-	(105,896)	-	-	65,191	(40,705)
Net change in fund balances	-	630,750	108,771	(1,355,929)	966,078	349,670
Fund balances, beginning of year	-	3,256,019	1,239,496	2,070,234	6,470,123	13,035,872
Fund balances, end of year	\$ -	\$ 3,886,769	\$ 1,348,267	\$ 714,305	\$ 7,436,201	\$ 13,385,542

PORTAGE PUBLIC SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2025

	Bookstore			Food Service			Student Activities		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues									
Local sources	\$ 17,390	\$ 17,399	\$ 9	\$ 509,972	\$ 538,449	\$ 28,477	\$ 1,750,000	\$ 1,692,108	\$ (57,892)
State sources	-	-	-	2,311,906	2,936,133	624,227	-	-	-
Federal sources	-	-	-	2,170,900	2,097,659	(73,241)	-	-	-
Total revenues	17,390	17,399	9	4,992,778	5,572,241	579,463	1,750,000	1,692,108	(57,892)
Expenditures									
Current:									
Bookstore	16,101	17,399	1,298	-	-	-	-	-	-
Food service	-	-	-	5,079,643	4,835,595	(244,048)	-	-	-
Student activities	-	-	-	-	-	-	1,700,000	1,583,337	(116,663)
Total expenditures	16,101	17,399	1,298	5,079,643	4,835,595	(244,048)	1,700,000	1,583,337	(116,663)
Revenues over (under) expenditures	1,289	-	(1,289)	(86,865)	736,646	823,511	50,000	108,771	58,771
Other financing uses									
Transfers out	-	-	-	(120,000)	(105,896)	(14,104)	-	-	-
Net changes in fund balances	1,289	-	(1,289)	(206,865)	630,750	837,615	50,000	108,771	58,771
Fund balances, beginning of year	-	-	-	3,256,019	3,256,019	-	1,239,496	1,239,496	-
Fund balances, end of year	\$ 1,289	\$ -	\$ (1,289)	\$ 3,049,154	\$ 3,886,769	\$ 837,615	\$ 1,289,496	\$ 1,348,267	\$ 58,771

[THIS PAGE INTENTIONALLY LEFT BLANK]

OTHER INFORMATION

PORTAGE PUBLIC SCHOOLS

Schedule of Bonded Indebtedness (Unaudited)
June 30, 2025

Year Ended June 30,	2025 Debt Principal	2021 Debt Principal	2019 Debt Principal	2016 Debt Principal	Total
2026	\$ 6,200,000	\$ -	\$ -	\$ 7,505,000	\$ 13,705,000
2027	1,620,000	-	-	7,885,000	9,505,000
2028	1,225,000	-	-	8,280,000	9,505,000
2029	345,000	-	-	8,700,000	9,045,000
2030	355,000	-	-	9,160,000	9,515,000
2031	780,000	-	2,960,000	5,915,000	9,655,000
2032	835,000	-	3,090,000	6,220,000	10,145,000
2033	900,000	-	3,220,000	6,535,000	10,655,000
2034	955,000	-	3,675,000	6,540,000	11,170,000
2035	1,010,000	-	4,290,000	6,400,000	11,700,000
2036	800,000	-	4,495,000	6,680,000	11,975,000
2037	810,000	-	5,235,000	6,445,000	12,490,000
2038	830,000	-	8,255,000	3,905,000	12,990,000
2039	855,000	2,485,000	5,970,000	990,000	10,300,000
2040	880,000	2,480,000	6,185,000	990,000	10,535,000
2041	3,320,000	5,840,000	-	-	9,160,000
2042	3,315,000	5,835,000	-	-	9,150,000
2043	3,315,000	5,835,000	-	-	9,150,000
2044	3,315,000	5,890,000	-	-	9,205,000
2045	3,315,000	5,940,000	-	-	9,255,000
2046	4,050,000	4,435,000	-	-	8,485,000
2047	3,850,000	-	-	-	3,850,000
2048	500,000	-	-	-	500,000
Total	\$ 43,380,000	\$ 38,740,000	\$ 47,375,000	\$ 92,150,000	\$ 221,645,000
Principal payments due	November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rates	4.00-6.00%	2.50%-5.00%	3.00%-5.00%	3.00%-5.00%	
Original issue	<u>\$ 43,380,000</u>	<u>\$ 45,795,000</u>	<u>\$ 52,720,000</u>	<u>\$ 144,805,000</u>	

**INDEPENDENT AUDITORS' 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**

October 27, 2025

Board of Education
Portage Public Schools
Portage, Michigan

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 **Portage Public Schools** (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 the District's 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 District'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.

Rehmann Johnson LLC

INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 27, 2025

Board of Education
Portage Public Schools
Portage, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Portage Public Schools** (the "District"), as of and for the year ended June 30, 2025, and have issued our report thereon dated October 27, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 15, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated October 27, 2025. In addition, we noted certain other matters which are included in Attachment A to this letter.



2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our meeting about planning matters on September 12, 2025.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements.

The District changed accounting policies related to accounting for the liability for compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*. The cumulative effect of the accounting change as of the beginning of the year is reported on the Schedule of Passed Adjustments (Attachment C2).

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. The financial statements include net pension liability and a net other postemployment benefit asset and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

The schedule of adjustments passed is included with management's written representations in Attachment C2 to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in Attachment C to this letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. 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.

Upcoming Changes in Accounting Standards

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment B to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of **Portage Public Schools** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



PORTAGE PUBLIC SCHOOLS

Attachment A – Comments and Recommendations

For the June 30, 2025 Audit

During our audit, we became aware of certain other matters that are opportunities for strengthening internal control and/or improving operating efficiency. This memorandum summarizes our comments and recommendations regarding these matters. Our consideration of the District's internal control over financial reporting is described in our report, dated October 27, 2025, issued in accordance with *Government Auditing Standards*. This memorandum does not affect that report or our report dated October 27, 2025, on the financial statements of Portage Public Schools.

Excess Fund Balance (repeat comment)

The United States Department of Agriculture (USDA) requires that the ending fund balance of a recipient district's food service fund does not exceed three months' average of operating expenses (7 CFR Part 210.14(b)). As of June 30, 2025, the District's food service fund was carrying fund balance in excess of the USDA requirement.

New Hire Employees Not Submitted to ORS

During testing in the current year, it was noted that one of the employees selected for testing had retirement reportable wages throughout the year; however not all those wages were submitted to the Michigan Office of Retirement Services (ORS) for pension and other post-employment benefit reporting. Through follow up with the District, it was determined that was a result of the accounting software conversion during the year. The District was able to do a comparison of payroll information submitted and was able to limit this to select employees and estimated approximately \$15,000 of reportable wages was under-reported to ORS. The District has revised its reporting to include the missing information. Going forward, we encourage the District to reconcile payroll wages with the information uploaded to ORS.



PORTAGE PUBLIC SCHOOLS

Attachment B – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2025 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 103 ■ Financial Reporting Model Improvements

Effective 06/15/2026 (your FY 2026)

This standard establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following: a. management's discussion and analysis (MD&A), b. unusual or infrequent items, c. presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, d. information about major component units in basic financial statements, e. budgetary comparison information, and f. financial trends information in the statistical section.

GASB 104 ■ Disclosure of Certain Capital Assets

Effective 06/15/2026 (your FY 2026)

This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale.



PORTAGE PUBLIC SCHOOLS

Attachment C – Management Representations
For the June 30, 2025 Audit

The following pages contain the written representations that we requested from management.



Johnny Edwards
Superintendent
Phone: 269.323.5182
jedwards@portageps.org

October 27, 2025

Rehmann Robson
2330 East Paris Ave, SE
Grand Rapids, MI 59546

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Portage Public Schools** (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and the respective budgetary comparison for the General Fund of the District in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 27, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 15, 2025 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to the nonattest services provided, which include any assistance you provided in drafting the financial statements and related notes, proposing standard, adjusting or conversion journal entries, maintaining/updating capital asset depreciation schedules, assistance with maintaining/updating a GASB 68/75 template for pension/OPEB, and assistance in completing portions of the Data Collection form, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and

P: 269-323-5000
8107 Mustang Drive Portage, MI 49002

www.portageps.org

- e. Established and maintained internal controls, including monitoring ongoing activities.
- 5. We acknowledge our responsibility 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.
- 6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
- 9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 13. All funds and activities are properly classified.
- 14. All funds that meet the quantitative GASB criteria for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 15. All components of net position and fund balance classifications have been properly reported.
- 16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 18. Deposit and investment risks have been properly and fully disclosed.
- 19. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 20. All required supplementary information is measured and presented within the prescribed guidelines.

- 21. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 22. We are responsible for the fair presentation of the District's proportionate share of the net pension liability and net other postemployment benefit asset of the Michigan Public School Employees Retirement System (MPSERS) and related amounts. We provided MPSERS with complete and accurate information regarding the District's participation in the plan, and have reviewed the information provided by MPSERS for inclusion in the District's financial statements.

Information Provided

- 23. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 25. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 26. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- 27. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
- 28. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 29. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 30. We have a process to track the status of audit findings and recommendations.
- 31. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 32. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

33. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
34. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
35. The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
36. We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
37. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
38. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
39. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
40. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
41. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
42. We have conducted a comprehensive risk assessment and determined that no material concentrations or constraints are required to be disclosed in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the District's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
43. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events, if any.

Supplementary Information in Relation to the Financial Statements as a Whole

44. With respect to the supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.

- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Required Supplementary Information

45. With respect to the required supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.


 Johnny Edwards, Superintendent


 Paula Johnson, Director of Finance

PORTAGE PUBLIC SCHOOLS

Schedule of Adjustments Passed (SOAP)
For the June 30, 2025 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

	Effect of Passed Adjustment - Over(Under)Statement				
	Assets	Liabilities	Beginning Equity	Revenues	Expenses/ Expenditures
Governmental activities					
Beginning balance impact of GASB 101 Implementation	\$ -	\$ -	\$ 1,304,338	\$ -	\$ 1,304,338
Misstatement as a percentage of total assets and deferred outflows - governmental activities	0.00%	0.00%	0.27%	0.00%	0.27%

Founded in 1852
by Sidney Davy Miller



Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

MICHIGAN
ILLINOIS
NEW YORK
OHIO
WASHINGTON, D.C.
CALIFORNIA
CANADA
MEXICO
POLAND
UKRAINE
QATAR

FORM OF APPROVING OPINION

Portage Public Schools

County of Kalamazoo
State of Michigan

We have acted as bond counsel to the Portage Public Schools, County of Kalamazoo, State of Michigan (the “Issuer”) in connection with the issuance by the Issuer of bonds in the aggregate principal sum of \$_____, designated 2026 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the “Bonds”). In such capacity, we have examined such law and the transcript of proceedings relating to the issuance of the Bonds and such other proceedings, certifications and documents as we have deemed necessary to render this opinion.

The Bonds are in fully-registered form in the denomination of \$5,000 each or multiples thereof, numbered in order of registration, bearing original issue date of June __, 2026, payable as to principal and interest as provided in the Bonds. The Bonds are subject to redemption prior to maturity as set forth in the Bonds.

As to questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us.

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

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding obligations of the Issuer.
2. All taxable property within the boundaries of the Issuer is subject to taxation for payment of the Bonds, without limitation as to rate or amount.
3. The interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. Further, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or by any taxing authority within the State of Michigan except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds

in order that interest thereon be (or continue to be) excludable from gross income for federal and State of Michigan income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds.

Except as stated in paragraph 3 above, we express no opinion regarding other federal or State tax consequences arising with respect to the Bonds and the interest thereon.

The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity, including those relating to equitable subordination.

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

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

FORM OF CONTINUING DISCLOSURE UNDERTAKING

§ _____
 PORTAGE PUBLIC SCHOOLS
 COUNTY OF KALAMAZOO, STATE OF MICHIGAN
 2026 SCHOOL BUILDING AND SITE AND REFUNDING BONDS
 (UNLIMITED TAX GENERAL OBLIGATION)

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the Portage Public Schools, County of Kalamazoo, State of Michigan (the “School District”), in connection with the issuance of its 2026 School Building and Site and Refunding Bonds (Unlimited Tax General Obligation) (the “Bonds”). The School District covenants and agrees for the benefit of the Bondholders, as hereinafter defined, as follows:

(a) *Definitions.* The following terms used herein shall have the following meanings:

“Audited Financial Statements” means the annual audited financial statement pertaining to the School District prepared by an individual or firm of independent certified public accountants as required by Act 2, Public Acts of Michigan, 1968, as amended, which presently requires preparation in accordance with generally accepted accounting principles.

“Bondholders” shall mean the registered owner of any Bond or any person (a) with the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any person holding a Bond through a nominee, depository or other intermediary) or (b) treated as the owner of any Bond for federal income tax purposes.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system, or such other system, Internet website, or repository hereafter prescribed by the MSRB for the submission of electronic filings pursuant to the Rule.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the date of this Undertaking which are applicable to this Undertaking.

“SEC” means the United States Securities and Exchange Commission.

(b) *Continuing Disclosure.* The School District hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to the MSRB through EMMA, on or

before the last day of the 6th month after the end of the fiscal year of the School District, commencing with the fiscal year ending June 30, 2026, in an electronic format as prescribed by the MSRB:

(1) Certain annual financial information and operating data reasonably available to the School District in form and substance similar to the information contained in the official statement of the School District relating to the Bonds (the “Official Statement”) appearing in the Tables in the Official Statement as described below:

- a. Enrollments – Enrollment History;
- b. Retirement Plan – Contributions to MPERS;
- c. History of Valuations – State Equalized Valuation and Taxable Valuation;
- d. Tax Levies and Collections;
- e. State Aid Payments;
- f. School District Tax Rates (Per \$1,000 of Valuation);
- g. Largest Taxpayers;
- h. Direct Debt;
- i. Legal Debt Margin; and
- j. General Fund Budget Summary, current year only, in Appendix B.

(2) The Audited Financial Statements. Provided, however, that if the Audited Financial Statements are not available by the date specified above, they shall be provided when available and unaudited financial statements will be filed by such date and the Audited Financial Statements will be filed as soon as available.

Such annual financial information and operating data described above are expected to be provided directly by the School District or by specific reference to other documents available to the public through EMMA or filed with the SEC, including official statements of debt issues of the School District or related public entities.

If the fiscal year of the School District is changed, the School District shall send a notice of such change to the MSRB through EMMA, prior to the earlier of the ending date of the fiscal year prior to such change or the ending date of the fiscal year as changed.

(c) *Notice of Failure to Disclose.* The School District agrees to provide or cause to be provided, in a timely manner, to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, notice of a failure by the School District to provide the annual financial information with respect to the School District described in subsection (b) above on or prior to the dates set forth in subsection (b) above.

(d) *Occurrence of Events.* The School District agrees to provide or cause to be provided to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the

occurrence of any of the following events listed in (b)(5)(i)(C) of the Rule with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the School District, which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District;
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (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 School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; or
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties.

(e) *Materiality Determined Under Federal Securities Laws.* The School District agrees that its determination of whether any event listed in subsection (d) is material shall be made in accordance with federal securities laws.

(f) *Identifying Information.* All documents provided to the MSRB through EMMA shall be accompanied by the identifying information prescribed by the MSRB.

(g) *Termination of Reporting Obligation.* The obligation of the School District to provide annual financial information and notices of material events, as set forth above, shall be terminated if and when the School District no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule, including upon legal defeasance of all Bonds.

(h) *Benefit of Bondholders.* The School District agrees that its undertaking pursuant to the Rule set forth in this Undertaking is intended to be for the benefit of the Bondholders and shall be enforceable by any Bondholder; provided that, the right to enforce the provisions of this Undertaking shall be limited to a right to obtain specific enforcement of the School District’s obligations hereunder and any failure by the School District to comply with the provisions of this Undertaking shall not constitute a default or an event of default with respect to the Bonds.

(i) *Amendments to the Undertaking.* Amendments may be made in the specific types of information provided or the format of the presentation of such information to the extent deemed necessary or appropriate in the judgment of the School District, provided that the School District agrees that any such amendment will be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretations thereof by the SEC, which, to the extent applicable, are incorporated herein by reference. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the School District or the type of activities conducted thereby, (b) the undertaking, as amended, 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, and (c) the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the School District (such as independent legal counsel), but such interpretations may be changed in the future. If the accounting principles to be followed by the School District in the preparing of the Audited Financial Statements are modified, the annual financial information for the year in which the change is made shall present a comparison between the financial statements as prepared on the prior basis and the statements as prepared on the new basis, and otherwise shall comply with the

CONTINUING DISCLOSURE UNDERTAKING

Portage Public Schools 2026 School Building and Site and Refunding Bonds

requirements of the Rule, in order to provide information to investors to enable them to evaluate the ability of the School District to meet its obligations. A notice of the change in accounting principles shall be sent to the MSRB through EMMA.

IN WITNESS WHEREOF, the School District has caused this Undertaking to be executed by its authorized officer.

PORTAGE PUBLIC SCHOOLS

County of Kalamazoo

State of Michigan

By: _____

Its: _____

Dated: June __, 2026

[THIS PAGE INTENTIONALLY LEFT BLANK]

Portage Public Schools

THE FUTURE LEARNS HERE



Printed by: ImageMaster, LLC
www.imagemaster.com