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).

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 6, 2026

NEW ISSUE—Book-Entry-Only

RATINGS†*: S&P Global Ratings: AA/A+
Michigan School Bond Qualification and Loan Program / Underlying

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

$11,955,000**
HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)

Dated: Date of Delivery **Due: May 1, as shown below**

The 2026 Refunding Bonds (General Obligation – Unlimited Tax) (the "Bonds") were authorized by Board of Education of Harper Creek Community Schools, County of Calhoun, State of Michigan (the "School District") by resolutions adopted on September 14, 2026 and expected to be adopted on December ___, 2026 (the "Resolutions"). The Bonds are being issued for the purpose of currently refunding all or a portion of prior bond issues of the School District. The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

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

Principal of and interest on the Bonds will be paid by the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Direct Participants and Indirect Participants, as more fully described herein. Interest will be payable semiannually on May 1 and November 1, commencing May 1, 2027, to the Bondholders of record as of the applicable record dates as stated in the Bonds.

(Base CUSIP§: _____)

Maturity**	Amount**	Interest Rate	Yield	CUSIP§	Maturity**	Amount**	Interest Rate	Yield	CUSIP§
2028	$2,600,000				2031	$2,750,000			
2029	2,615,000				2032	620,000			
2030	2,755,000				2033	615,000			

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

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

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

STIFEL **Raymond James**

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

† For an explanation of the ratings, see "RATINGS" herein.
* As of date of delivery.
** Preliminary, subject to change.
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No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement in connection with the offer made hereby and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or the 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, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information (except for information under the section captioned "UNDERWRITING," which was obtained from the Underwriters).

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

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

HARPER CREEK COMMUNITY SCHOOLS
7454 B Drive North
Battle Creek, Michigan 49014
(269) 441-6550

BOARD OF EDUCATION

Beau Bess, President
Barry Smith, Vice President
Erin Allwardt, Secretary
Sara Wallace, Treasurer
Brad Halverson, Trustee
Ashley Risner, Trustee
Chae Waterson, Trustee

ADMINISTRATIVE STAFF

Rob Ridgeway, Superintendent of Schools
Ginger Obermyer, Finance Director

BOND COUNSEL

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

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Ann Arbor, Michigan

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OFFICIAL STATEMENT
relating to

$11,955,000[1]
HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN, STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to furnish information in connection with the issuance and sale by Harper Creek Community Schools, County of Calhoun, State of Michigan (the "School District") of its 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds") in the principal amount of $11,955,000[1].

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of: (i) currently refunding all or a portion of the School District's outstanding 2016 Refunding Bonds, dated March 17, 2016, which are due and payable May 1, 2028 and May 1, 2029, and the School District's outstanding 2017 Refunding Bonds, dated February 7, 2017, which are due and payable May 1, 2028 through May 1, 2031, inclusive, and May 1, 2033, inclusive (together, the "Prior Bonds"); and (ii) paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on September 14, 2026 and expected to be adopted on December ___, 2026 (the "Resolutions"), are a full faith and credit unlimited tax general obligation of the School District. The principal of and interest on the Bonds are payable from the proceeds of ad valorem taxes levied on all taxable property in the School District which may be levied without limitation as to rate or amount. As of the date of delivery, the Bonds are expected to be fully qualified for participation in the State of Michigan School Bond Qualification and Loan Program. See "QUALIFICATION BY THE STATE OF MICHIGAN" and APPENDIX A, "State Qualification," in this Official Statement.

QUALIFICATION BY THE STATE OF MICHIGAN

An application will be submitted to the Michigan Department of Treasury to obtain, and it is the School District's expectation that the Bonds will receive, final qualification as of the date of delivery to participate in the Michigan School Bond Qualification and Loan Program pursuant to Act 92 of the Public Acts of Michigan, 2005, as amended ("Act 92"), enacted pursuant to Article IX, Section 16, of the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the School District will be or is unable to pay the principal and interest on the Bonds when due, the School District shall borrow and the State of Michigan (the "State") shall lend to it from the School Loan Revolving Fund (the "School Loan Revolving Fund") established by the State, an amount sufficient to enable the School District to make the payment. Article IX, Section 16 of the State Constitution as implemented by Act 112 of the Public Acts of Michigan, 1961, as amended, authorizes the State, without approval of its electors, to borrow from time to time such amounts as shall be required, pledge the State's full faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided under such section. Loans to school districts for such purposes are made from the proceeds of such State borrowing. See APPENDIX A, "State Qualification," in this Official Statement.

Complete financial statements of all of the State's funds as included in the State's Annual Comprehensive Financial Report ("ACFR") prepared by the State's Office of the State Budget are available from the Budget website: www.michigan.gov/budget. The State has agreed to file its ACFR with the Municipal Securities Rulemaking Board (as described in Rule 15c2-12(b)(5) of the Securities and Exchange

[1] Preliminary, subject to change.

Commission) annually, so long as any bonds qualified for participation in the Michigan School Bond Qualification and Loan Program remain outstanding.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be used to pay certain costs of issuance relating to the refunding of the Prior Bonds and to establish an escrow fund (the "Escrow Fund") composed of cash and non-callable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or other obligations the principal of and interest on which are fully secured by the foregoing. The Escrow Fund will be held by the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, as escrow agent (the "Escrow Agent") and will be used to pay principal of and accrued 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 accrued 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 accrued interest on the Prior Bonds as they are called for early redemption, as set forth in the following table.

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

Date	Principal	Interest	Total
01/20/2027	$9,795,000.00	$107,472.92	$9,902,472.92
03/15/2027	2,585,000.00	38,487.78	2,623,487.78
	12,380,000.00	145,960.70	12,525,960.70

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 accrued 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. Such verification of accuracy of the computations shall be based upon information supplied by the Underwriters and the interpretations of Section 148 of the Internal Revenue Code of 1986, as amended, as provided by Bond Counsel.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES
- Par Amount of the Bonds
- Original Issue Premium
- Original Issue Discount

Total Sources

USES
- Capital Projects Fund
- Underwriters' Discount
- Costs of Issuance for the Bonds

Total Uses

THE BONDS

Description and Form of the Bonds

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

The corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, will serve as the paying agent (the "Paying Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. For a description of payment of principal and interest, transfers 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 Paying Agent or the Underwriters as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Paying Agent or the Underwriters to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

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

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

are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

Transfer Outside Book-Entry-Only System

In the event that the book-entry-only system is discontinued, the Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; the School District and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolutions. No transfer or exchange made other than as described above and in the Resolutions shall be valid or effective for any purposes under the Resolutions.

No Optional Redemption[1]

The Bonds are not subject to optional redemption prior to maturity.

TAX PROCEDURES

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

On March 15, 1994, the electors of the State 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

[1] Preliminary, subject to change.

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

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

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

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to

restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts.

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 25 of 2026 ("PA 25"), the Legislature established a 2026/27 target foundation allowance of $10,300 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property[1], a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties[2] in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2026/27 calculates to an amount in excess of $10,300 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property[3] as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2026/27 per pupil foundation allowance does not exceed $10,300, and the School District does not levy such additional millage.

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

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

PA 25 amended the State School Aid Act for the 2026/27 fiscal year, increasing the School District's foundation allowance to $10,300 per pupil.

Pursuant to PA 25, the School District may be eligible to receive various categorical grants for specific purposes, such as special education, "at-risk" students, meal programs, early education, career and technical education programs, and other instructional and non-instructional programs. The annual amendments to the State School Aid Act determine the type and amount of those categorical funds. For further information regarding the School District's receipt of categorical funds for the 2025/26 fiscal year, see the School District's audited financial statements in APPENDIX D.

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

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

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

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

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

MICHIGAN PROPERTY TAX REFORM

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

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

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

LITIGATION

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

TAX MATTERS

State

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

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

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

Federal

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

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

Original Issue Premium[1]

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

Original Issue Discount[1]

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

[1] Preliminary, subject to change.

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

Future Developments

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

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

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, 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.

RATINGS

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 based upon the fact that each Bond will be fully qualified for participation in the Michigan School Bond Qualification and Loan Program as of its date of delivery. See "QUALIFICATION BY THE STATE OF MICHIGAN," "LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES" and APPENDIX A, "State Qualification," herein.

S&P will also assign, as of the date of delivery of the Bonds, its underlying municipal bond rating of "A+" to the Bonds without regard to qualification of the Bonds for participation in the Michigan School Bond Qualification and Loan Program.

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

UNDERWRITING

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

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

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

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may

involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

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

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

CONTINUING DISCLOSURE

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

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and Beneficial Owners of the Bonds are limited to the remedies described in the Agreement. A failure by the School District to comply with the Agreement must be reported by the School District in accordance with the Rule and must be considered by any broker, dealer or municipal securities

dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Except as set forth below, the School District has not, in the previous five years, failed to comply in any material respect with any previous continuing disclosure agreements executed by the School District pursuant to the Rule. The School District entered into a capital finance lease on October 12, 2023 (the "2023 Lease") and failed to file a material event notice. Once the failure was identified, the School District filed a late material event notice for the 2023 Lease on October 20, 2026.

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.

HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422 March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

> "The state * * * may borrow from time to time such amounts as shall be required, pledge its faith and credit and issue its notes or bonds therefor, for the purpose of making loans to school districts as provided in this section.
>
> "If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.
>
> "The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

BONDS: Qualified bonds of school districts.
CONSTITUTION OF 1963: School Bond Loan Fund.
SCHOOLS: Bond Loans.
STATE TREASURER: Payment of principal and interest on qualified school district bonds.

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

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

August 29, 1966.

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

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

> "If the minimum amount which would otherwise be necessary for a school district to levy in any year to pay principal and interest on its qualified bonds, including any necessary allowances for estimated tax delinquencies, exceeds 13 mills on each dollar of its assessed valuation as finally equalized, or such lower millage as the legislature may prescribe, then the school district may elect to borrow all or any part of the excess from the state. In that event the state shall lend the excess amount to the school district for the payment of principal and interest. If for any reason any school district will be or is unable to pay the principal and interest on its qualified bonds when due, then the school district shall borrow and the state shall lend to it an amount sufficient to enable the school district to make the payment.
>
> "The term 'qualified bonds' means general obligation bonds of school districts issued for capital expenditures, including refunding bonds, issued prior to May 4, 1955, or issued thereafter and qualified as provided by law pursuant to Section 27 or Section 28 of Article X of the Constitution of 1908 or pursuant to this section."

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

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

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

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

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

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

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

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

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

a. Ascertaining from the superintendent of public instruction or from the records in your own office that the bonds involved are duly qualified bonds as defined and described in amended Section 3 of the act;

b. Requiring proof reasonably satisfactory to you that the bond or bonds or the interest coupons have been properly presented for payment to the paying agent or officer charged with the responsibility for making payment thereof and that payment has been refused because sufficient monies had not been deposited by the school district for that purpose; such proof of nonpayment may be furnished you in the form of a certificate from the paying agent.

---

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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APPENDIX B[1]

HARPER CREEK COMMUNITY SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Harper Creek Community Schools (the "School District") occupies approximately 75 square miles and includes portions of Emmett, Fredonia, Leroy, Marshall, Newton, and Pennfield Townships and portions of the City of Battle Creek and the City of Marshall in Calhoun County. The School District is serviced by many main highways. Michigan Routes 66, 89 and 96 all travel through the City of Battle Creek. I-94 runs east and west across the southern portion of Michigan's lower peninsula and is located within the School District. Ten miles east of the School District, I-69 provides a direct route north to Lansing and other northern Michigan cities.

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

23 miles east of Kalamazoo
43 miles west of Jackson
49 miles southwest of Lansing
61 miles southeast of Grand Rapids
114 miles west of Detroit

POPULATION

The U.S. Census reported and 2024 estimated populations for the School District, the Charter Township of Emmett and the County of Calhoun are as follows:

	School District	Charter Township of Emmett	County of Calhoun
2024 Estimate	15,895	11,726	133,778
2020 U.S. Census	15,385	11,744	134,310
2010 U.S. Census	15,207	11,770	136,146

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

BOARD OF EDUCATION

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

ENROLLMENT

Historical Enrollment

Historical fall enrollment for the School District is as follows:

School Year End 30-Jun	Full-time Equivalent	Change	School Year End 30-Jun	Full-time Equivalent	Change
2026	2,749	0.53%	2021	2,647	-3.75%
2025	2,735	-2.25	2020	2,750	-1.42
2024	2,798	1.45	2019	2,790	1.68
2023	2,758	2.29	2018	2,744	-0.06
2022	2,696	1.85	2017	2,746	--

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

2025/2026 Fall Count

Kindergarten	251	7th	234
1st	180	8th	204
2nd	216	9th	228
3rd	187	10th	204
4th	230	11th	197
5th	210	12th	185
6th	223	Total	2,749

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

SCHOOL DISTRICT FACILITIES

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

Facility	Grades Served	Year Built	Last Remodel/Additions	Type of Construction
Elementary Schools:				
Beadle Lake	K-4	1956	2007	Masonry
Sonoma	K-4	1960	2007	Masonry
Wattles Park	K-4	1960	2007	Masonry
Middle School:				
Harper Creek	5-8	1957	2006	Masonry
High School:				
Harper Creek	9-12	2004	--	Masonry
Additional Facility:				
Administration	--	1953	1975	Masonry

OTHER SCHOOLS

There are no private, charter or parochial schools located within the School District's boundaries.

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 25 of 2026 set the target foundation allowance at $10,300 for fiscal year 2026/2027.

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

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

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments[1]	Blended Pupil Count	Amount Received per Pupil[2]
2027	$10,300	$27,706,206[3]	2,747.59[3]	$10,084[3]
2026	10,050	32,590,589	2,746.25	11,867
2025	9,608	32,010,015	2,737.85	11,692
2024	9,608	32,846,095	2,795.50	11,750
2023	9,150	30,155,475	2,764.33	10,909
2022	8,700	24,678,079	2,710.94	9,103

[1]Includes payments received for MPSERS UAAL rate stabilization. See "RETIREMENT PLAN - Contribution to MPSERS" herein.
[2]Represents the "Total State Aid Payments" divided by the "Blended Pupil Count".
[3]Preliminary estimate, subject to change.
Source: Michigan Department of Education via website www.michigan.gov

PROPERTY VALUATIONS

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

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

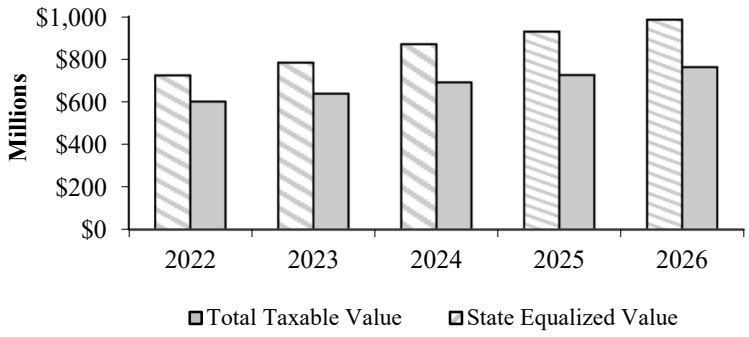
History of Valuations

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

Year	Principal Residence[1]	Non- Principal Residence[1]	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2026	$507,739,196	$255,458,370	$763,197,566	5.12%	$985,922,291	6.05%
2025	489,649,572	236,350,433	726,000,005	5.01	929,711,006	6.77
2024	467,811,945	223,562,385	691,374,330	8.31	870,738,500	11.06
2023	429,554,942	208,746,869	638,301,811	6.14	784,014,011	8.21
2022	408,758,145	192,616,618	601,374,763	----	724,497,115	----

[1]All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2026, industrial personal property had a taxable value of $4,830 and commercial personal property had a taxable value of $20,966,574 in the School District.
Source: Calhoun County Equalization Department

History of Valuations



Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

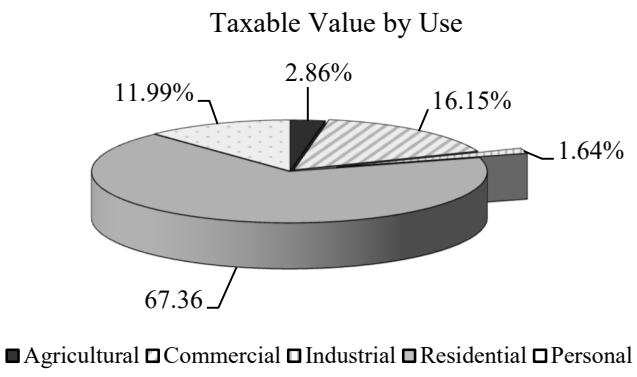
2026 Taxable Value	$763,197,566
Plus: 2026 Equivalent IFT Taxable Value[1]	13,493,525
Total 2026 Equivalent Taxable Value	$776,691,091
Less: 2026 Disabled Veterans Exemption Taxable Value[2]	(13,801,175)
Net 2026 Annual Equivalent Valuation	$762,889,916

[1]See "INDUSTRIAL FACILITY TAX ABATEMENTS" herein.
[2]Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled veteran's un-remarried, surviving spouse is exempt from property taxes, subject to certain application requirements.
Source: Calhoun County Equalization Department

Tax Base Composition

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

By Class:	2026 Taxable Value	Percent of Total
Real Property	$671,686,194	88.01%
Personal Property	91,511,372	11.99
TOTAL	$763,197,566	100.00%
By Use:		
Agricultural	$21,804,752	2.86%
Commercial	123,226,705	16.15
Industrial	12,495,476	1.64
Residential	514,159,261	67.36
Personal	91,511,372	11.99
TOTAL	$763,197,566	100.00%



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

Municipality	2026 Taxable Value	Percent of Total
Battle Creek City	$10,443,946	1.37%
Marshall City	5,630,759	0.74
Emmett Charter Township	484,168,937	63.44
Fredonia Township	10,570,398	1.39
Leroy Township	79,777,674	10.45
Marshall Township	10,406,100	1.36
Newton Township	151,786,988	19.89
Pennfield Township	10,412,764	1.36
TOTAL	$763,197,566	100.00%

Source: Calhoun County Equalization Department

INDUSTRIAL FACILITY TAX ABATEMENTS

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

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

The 2026 Taxable Value for the properties which have been granted IFT abatements within the School District's boundaries is $26,987,050, all of which is taxed at ½ rate. For purposes of computing "Equivalent" Taxable Value, it has been shown in the "History of Valuations" section as 50% of the Taxable Value.

Source: Calhoun County Equalization Department

MAJOR TAXPAYERS

Shown below are the ten largest taxpayers in the School District based on their 2026 total valuation subject to taxation.

Taxpayer	Product/Service	2026 Taxable Value	"Equivalent" IFT Value[1]	2026 Total Valuation
Enbridge Energy	Utility	$34,330,078	$0	$34,330,078
Consumers Energy	Utility	17,467,649	0	17,467,649
Blue Oval Battery Michigan LLC	Battery Manufacturer	907,500	12,917,850	13,825,350
Harper Village LLC	Shopping Center	8,127,318	0	8,127,318
Bronson-Acadia Joint Venture LLC	Healthcare	7,763,914	0	7,763,914
Edward Rose Realty Inc.	Apartments	7,594,765	0	7,594,765
Michigan Electric Transmission Co.	Utility	7,406,620	0	7,406,620
Meijer Inc.	Retail	6,875,010	0	6,875,010
Marshall Area Economic Development	Tourism Information Center	6,572,419	0	6,572,419
Flex N Gate	Auto Body Parts Supplier	5,742,992	575,675	6,318,667
TOTALS		$102,788,265	$13,493,525	$116,281,790
Total 2026 Values		$763,197,566		$776,691,091
Top 10 Taxpayers as a % of 2026 Total Values		13.47%		14.97%

[1]Represents 50% of the actual Taxable Value.
Source: Calhoun County Equalization Department

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

The following table shows the total School District tax rates for the past four years and current.

	2026	2025	2024	2023	2022
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	7.1200	7.1200	7.1200	7.1200	7.1200
Total Non-Principal Residence	25.1200	25.1200	25.1200	25.1200	25.1200
Total Principal Residence	7.1200	7.1200	7.1200	7.1200	7.1200

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

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

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

	2025	2024
State Education Tax	6.0000	6.0000
Calhoun County	7.6410	7.6406
Battle Creek City	15.1960	15.6650
Marshall City	20.8149	21.7045
Emmett Charter Township	2.3622	2.8032
Pennfield Township	6.8878	7.3500
Calhoun ISD	6.1919	6.1919
Kellogg Comm. College	3.6109	3.6109
Willard Public Library	1.9958	1.9986

Source: Calhoun County Equalization Department

TAX LEVIES AND COLLECTIONS

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

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2026	$4,333,278*	N/A		N/A	
2025	4,334,282	$4,132,096	95.34%	$4,334,292	100.00%
2024	4,032,127	3,836,037	95.14	4,032,127	100.00
2023	3,774,292	3,615,356	95.79	3,770,909	99.91
2022	3,558,460	3,393,393	95.36	3,558,460	100.00
2021	3,484,834	3,369,508	96.69	3,484,834	100.00

*Estimated.

RETIREMENT PLAN

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

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

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

Contribution to MPSERS

The School District's annual contribution to MPSERS for the past five years are shown below:

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPSERS Direct Offset Payments[1]
2026	$7,764,581	$380,342	$8,144,923	$2,819,691
2025	7,034,586	478,371	7,512,957	2,309,565
2024	7,196,232	1,420,407	8,616,639	3,432,441
2023	8,077,577	1,346,870	9,424,447	4,755,058
2022	5,685,553	1,270,488	6,956,041	2,618,710

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

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2026 financial statements, the School District reported a proportionate share of the net pension liability of $34,940,637 as of September 30, 2025.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2026 financial statements, the School District reported a proportionate share of the net OPEB asset of $11,169,961 as of September 30, 2025.

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

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrator/Supervisor	22	Non-Affiliated	N/A
Teachers	171	MEA	06/30/28
Maintenance/Mechanics/Grounds	7	Harper Creek Maintenance & Grounds	06/30/29
Transportation	19	Harper Creek Transportation Assoc.	06/30/27
Secretarial	12	Harper Creek Executive Secretary Group	06/30/28
Paraprofessionals	77	MEA/NEA	06/30/28
TOTAL	308		

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

DEBT STATEMENT* - (As of 11/06/26 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding before Refunding	Refunding (Refunded) Bonds	Principal Outstanding after Refunding
03/17/16	Refunding	UTQ	05/01/29	$4,600,000	($2,585,000)	$2,015,000*
02/07/17	Refunding	UTQ	05/01/33	10,490,000	(9,795,000)	695,000*
11/20/19	Refunding (SLRF)	UTQ	05/01/31	9,825,000	0	9,825,000
__/__/26	Refunding	UTQ	05/01/33	0	11,955,000	11,955,000*
NET DIRECT DEBT				$24,915,000	($425,000)	$24,490,000*

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
0.63%	Battle Creek City	$66,315,000	$417,785
1.61	Marshall City	20,535,000	330,614
93.66	Emmett Charter Township	8,405,000	7,872,123
10.28	Fredonia Township	0	0
40.49	Leroy Township	0	0
3.79	Marshall Township	0	0
91.15	Newton Township	0	0
2.83	Pennfield Township	685,000	19,386
14.14	Calhoun County	109,530,000	15,487,542
12.91	Calhoun ISD	0	0
13.80	Kellogg Comm. College	3,080,000	425,040
0.61	Marshall District Library	0	0
24.13	Willard Public Library	0	0

TOTAL OVERLAPPING DEBT	24,552,490
NET DIRECT AND OVERLAPPING DEBT	$49,042,490*

*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District had a SLRF balance of $15,968,179.18 as of November 6, 2026.

OTHER DEBT

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

Dated Date	Description	Interest Rate	Maturity Date	Balance
3/16/22	Installment Purchase Agreement	2.00%	6/30/27	$282,991
10/12/23	Capital Lease	4.33	1/30/29	81,751
			TOTAL	$364,742

DEBT HISTORY

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

FUTURE FINANCING

The School District does not have plans for any capital financings in the next 12 months.

DEBT RATIOS*

Estimated School District Population	15,895
2026 Taxable Value	$763,197,566
2026 State Equalized Value (SEV)	$985,922,291
2026 True Cash Value (TCV)	$1,971,844,582
Per Capita 2026 Taxable Value	$48,014.95
Per Capita 2026 State Equalized Value	$62,027.20
Per Capita 2026 True Cash Value	$124,054.39
Per Capita Net Direct Debt	$1,540.74
Per Capita Net Direct and Overlapping Debt	$3,085.40
Percent of Net Direct Debt of 2026 Taxable Value	3.21%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	6.43%
Percent of Net Direct Debt of 2026 SEV	2.48%
Percent of Net Direct and Overlapping Debt of 2026 SEV	4.97%
Percent of Net Direct Debt of 2026 TCV	1.24%
Percent of Net Direct and Overlapping Debt of 2026 TCV	2.49%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 11/06/26 – including the Bonds described herein)

2026 State Equalized Value		$985,922,291
Legal Debt Limit - 15% of SEV		$147,888,343
Total Bonded Debt Outstanding	$24,490,000	
Less: SLRF Qualified Bonds[1]	(24,490,000)	
Net Amount Subject to Legal Debt Limit		0
LEGAL DEBT MARGIN AVAILABLE		$147,888,343

*Preliminary, subject to change.

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

EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
Within the School District		
Firekeepers Casino	Casino/Hotel	1,999
Blue Oval Battery Michigan LLC	Battery Manufacturer	500
Harper Creek Community Schools	Education	308
Meijer Inc.	Retail & Grocery	300
Walmart Supercenter	Retail & Grocery	250
Calhoun County Medical Facility	Healthcare	175
Flex N Gate	Auto Body Parts Supplier	167
Lowe's	Home Improvement	125
Menards Inc.	Home Improvement	125
Binder Park Zoo	Zoo	100
Within the County of Calhoun		
Denso Manufacturing Michigan, Inc.	Automotive HVAC Components	2,500
Firekeepers Casino[1]	Casino/Hotel	1,999
Veterans Administration Medical Center	Healthcare	1,589
Hart-Doyle-Inouye Federal Center	Federal Services	1,500
Bronson Battle Creek Hospital	Healthcare & Hospital	1,360
Michigan National Guard	Military Base & Training Center	1,000
The Ferrero Group (formerly Kellogg Company)	Food Manufacturing	850
Duncan Aviation	Aircraft Maintenance	800
Oaklawn Hospital	Healthcare & Hospital	800
Kellogg Community College	Higher Education	753
Tenneco, Inc.	Automotive Exhaust Systems	750

[1]Includes the employees within the School District.
Source: 2026 Michigan Manufacturers Directory, MEDC website via www.michiganbusiness.org and individual employers

EMPLOYMENT BREAKDOWN

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

	Charter Township of Emmett		County of Calhoun	
	Number	Percent	Number	Percent
PERSONS BY OCCUPATION	5,061	100.00%	59,462	100.00%
Management, Business, Science & Arts	2,146	42.40	19,892	33.45
Service	561	11.08	10,601	17.83
Sales & Office	1,017	20.09	10,831	18.21
Natural Resources, Construction & Maintenance	552	10.92	4,970	8.36
Production, Transportation & Material Moving	785	15.51	13,168	22.15

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

	Charter Township of Emmett		County of Calhoun	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	5,061	100.00%	59,462	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	88	1.74	1,322	2.22
Construction	579	11.44	2,986	5.02
Manufacturing	906	17.90	12,755	21.45
Wholesale Trade	8	0.16	622	1.05
Retail Trade	702	13.87	7,022	11.81
Transportation, Warehousing & Utilities	175	3.46	3,005	5.05
Information	101	2.00	541	0.91
Finance, Insurance & Real Estate	204	4.03	1,814	3.05
Professional, Scientific & Management Services	364	7.19	4,368	7.35
Educational, Health & Social Services	1,173	23.17	13,886	23.35
Arts, Entertainment, Recreation & Food Services	486	9.60	5,505	9.26
Other Services except Public Administration	60	1.19	2,842	4.78
Public Administration	215	4.25	2,794	4.70

UNEMPLOYMENT

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

Annual Average	County of Calhoun	State of Michigan
September, 2026	4.6%	4.8%
2025	5.7	5.2
2024	5.2	4.7
2023	4.3	3.9
2022	4.7	4.2

POPULATION BY AGE

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

	Charter Township of Emmett		County of Calhoun	
	Number	Percent	Number	Percent
Total Population	11,726	100.00%	133,778	100.00%
0 through 19 years	2,664	22.72	33,923	25.36
20 through 64 years	6,561	55.95	74,928	56.01
65 years and over	2,501	21.33	24,927	18.63
Median Age	46.5 years		40.2 years	

INCOME

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

	Charter Township of Emmett		County of Calhoun	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	4,717	100.00%	53,333	100.00%
Less than $ 10,000	86	1.82	2,063	3.87
$ 10,000 to $ 14,999	123	2.61	2,695	5.05
$ 15,000 to $ 24,999	290	6.15	4,267	8.00
$ 25,000 to $ 34,999	318	6.74	4,914	9.21
$ 35,000 to $ 49,999	419	8.88	7,273	13.64
$ 50,000 to $ 74,999	964	20.44	9,870	18.50
$ 75,000 to $ 99,999	780	16.54	7,525	14.11
$100,000 to $149,999	820	17.38	7,971	14.95
$150,000 to $199,999	431	9.14	3,611	6.77
$200,000 or MORE	486	10.30	3,144	5.90
Median Income	$79,207		$63,177	

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APPENDIX C

GENERAL FUND BUDGET SUMMARY AND COMPARATIVE FINANCIAL STATEMENTS

Harper Creek Community Schools
General Fund Budget Summary

	As Adopted 2026/27
Revenues	
Local Sources	$5,214,518
State Sources	31,589,793
Federal Sources	760,908
Incoming Transfers & Other Transactions	4,961,200
Total Revenues	$42,526,419
Expenditures	
Instruction	
Basic Program	$20,187,543
Added Needs	6,926,635
Support Services	
Pupil	1,795,110
Instructional Staff	1,266,829
General Administration	1,157,858
School Administration	2,048,179
Business Services	652,415
Operation & Maintenance	4,406,630
Transportation	2,008,458
Central Services	1,389,775
Athletics	934,591
Community Services	533,354
Outgoing Transfers	28,921
Total Expenditures	$43,336,298
Excess of Expenditures (over) under Revenues	($809,879)
Beginning Fund Balance	$7,827,857
Projected Fund Balance	$7,017,978

Source: School District

Harper Creek Community Schools
General Fund

Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2024	2025	2026
Assets			
Cash and Cash Equivalents	$4,049,913	$4,377,611	$4,371,904
Due from Other Funds	9,153	234,000	--
Due from Other Governmental Units	7,065,361	6,450,860	8,024,296
Inventories	41,013	54,020	20,275
Prepaids	148,832	13,127	67,151
Total Assets	$11,314,272	$11,129,618	$12,483,626
Liabilities			
Accounts Payable	$326,938	$125,092	$318,064
Due to Other Funds	--	138,751	705,479
Salaries Payable & Related	3,358,535	2,991,558	3,594,106
Unearned Revenue	1,377,667	1,002,197	38,120
Accrued Expenditures	10,736	--	--
Total Liabilities	$5,073,876	$4,257,598	$4,655,769
Fund Balance			
Nonspendable			
Inventory	$41,013	$54,020	$20,275
Prepaids	148,832	13,127	67,151
Assigned	1,318,170	797,951	809,879
Unassigned	4,732,381	6,006,922	6,930,552
Total Fund Balance	$6,240,396	$6,872,020	$7,827,857
Total Liabilities and Fund Balance	$11,314,272	$11,129,618	$12,483,626

Source: Audited Financial Statements

Harper Creek Community Schools
General Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

	For Fiscal Years Ended June 30th		
	2024	2025	2026
Revenues			
Local Sources	$4,682,983	$5,041,291	$5,367,113
State Sources	31,790,253	31,966,735	33,134,797
Federal Sources	1,653,042	1,368,172	1,274,314
Interdistrict & Other	3,060,878	3,529,921	4,321,556
Total Revenues	$41,187,156	$41,906,119	$44,097,780
Expenditures			
Instruction	$24,979,539	$25,543,001	$26,158,361
Supporting Services	15,029,253	15,236,335	16,440,335
Community Service	418,119	472,040	502,926
Other	57,600	9,600	28,800
Debt Service			
Principal	79,495	28,138	29,275
Interest and Other Expenditures	4,242	5,367	4,230
Capital Outlay	157,657	--	--
Total Expenditures	$40,725,905	$41,294,481	$43,163,927
Excess of Revenues Over (Under) Expenditures	$461,251	$611,638	$933,853
Other Financing Sources (Uses)			
Proceeds from Operating Leases	$157,657	--	--
Transfers In	24,530	$20,000	$22,000
Transfers Out	(13,225)	(14)	(16)
Total Other Financing Sources (Uses)	$168,962	$19,986	$21,984
Net Change in Fund Balance	$630,213	$631,624	$955,837
Fund Balance - Beginning	$5,610,183	$6,240,396	$6,872,020
Fund Balance - Ending	$6,240,396	$6,872,020	$7,827,857

Source: Audited Financial Statements

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APPENDIX D

AUDITED FINANCIAL STATEMENTS

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

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WILLIS & JURASEK
CPAs AND CONSULTANTS

Independent Auditors' Report

Board of Education
Harper Creek Community Schools
Battle Creek, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harper Creek Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Harper Creek Community Schools, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2026 on our consideration of Harper Creek Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harper Creek Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harper Creek Community Schools' internal control over financial reporting and compliance.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

October 6, 2026

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by management's knowledge of the District's finances.

This report is designed to give an overview of the financial conditions of Harper Creek Community Schools. If you have any questions about this report or need further information, you may contact the Superintendent's Office at 7454 B Drive North, Battle Creek, MI 49014.

Overview of the Basic Financial Statements

The School District's financial report consists of basic financial statements, a series of financial statements that show information for the School District as a whole and also information on its funds. The District-wide financial statements, namely, the Statement of Net Position and the Statement of Activities (pages 1 - 2), provide information about the activities of the School District as a whole, covering the District's governmental activities. Governmental activities comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-principal residence exemption properties, State aid foundation, and State and federal grants. These statements provide both short-term and long-term information.

The governmental fund financial statements, beginning on page 3, present the District's finances in greater detail. The fund financial statements disaggregate financial information by separate fund for each major fund and also present non-major fund information, in an aggregated format. All of the District's funds are considered governmental funds. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (like the Food Service Fund and the StMDudent Activities Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Capital Projects Fund). In addition to the District's main operating fund, the General Fund, other governmental funds include special revenue funds which track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

The next section, beginning on page 7, is the Notes to Financial Statements, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies or commitments).

Types of Information in the Financial Statements

The District's *district-wide financial statements* use the economic resources measurement focus and accrual basis of accounting. This basis of accounting takes into account all of the current year's revenue and expenses, regardless of when cash is received or paid.

The District's *governmental fund financial statements* use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report non-financial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds or spending on construction.

The following table provides a summary of the differences in recording financial statement elements between the district-wide and governmental fund financial statements.

Types of Information Reported in the District's Financial Statements

	Financial Statements	
Financial Statement Element	**District-wide**	**Governmental Funds**
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short-term and long-term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school to assess the *overall health* of the School District.

More detail about the measurement focuses and bases of accounting can be found in Note 1 of the Notes to Financial Statements, the Summary of Significant Accounting Policies.

Analysis of the District's Finances

Governmental Activities

Below we focus our attention on the net position of the School District's governmental activities.

Net Position
June 30, 2026 and 2025

	Governmental Activities	
	2026	**2025**
Assets:		
Current assets	$ 15,603,411	$ 14,846,838
Non-current assets	62,039,213	54,460,084
Total assets	77,642,624	69,306,922
Deferred Outflows of Resources	12,434,284	22,186,483
Liabilities:		
Current liabilities	4,292,947	5,316,644
Non-current liabilities	77,363,088	107,160,078
Total liabilities	81,656,035	112,476,722
Deferred Inflows of Resources	23,096,315	17,092,261
Net Position:		
Invested in capital assets - net of related debt	34,777,055	29,999,295
Restricted	12,159,078	3,437,295
Unrestricted	(61,611,575)	(71,512,168)
Total net position	$(14,675,442)	$(38,075,578)

At year-end, the School District's net position - assets and deferred outflows less liabilities and deferred inflows - was $(14,675,442). Of this amount, $(61,611,575) was unrestricted. Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those assets for day-to-day operations. The increase is primarily due to an approximately $10,000,000 increase in unrestricted net position. All of the increase in net position was the result of the financial performance of the governmental activities. The following section analyzes the finances of the governmental activities.

The following provides information on the changes in net position of the School District's governmental activities.

Changes in Net Position
Years Ended June 30, 2026 and 2025

	Governmental Activities	
	2026	**2025**
Revenues:		
Program revenues:		
Charges for services	$ 1,690,111	$ 1,352,861
Operating grants	16,014,480	15,729,642
General revenues:		
Property taxes	10,689,314	9,653,086
State School Aid	23,383,881	23,072,791
Unrestricted investment earnings	328,384	253,183
Other	77,043	120,953
Total revenues	52,183,213	50,182,516
Expenses:		
Instruction	18,430,929	23,478,323
Support services	12,675,782	13,476,485
Food service	2,256,684	1,865,504
Athletics	883,157	842,742
Student activities	714,240	609,973
Community service	531,726	475,719
Interest	405,775	577,699
Capital outlay	147,139	357
Depreciation (unallocated)	2,209,376	2,059,877
Total expenses	38,254,808	43,386,679
Changes in net position	13,928,405	6,795,837
Net position, beginning of year	(38,801,478)	(44,871,415)
Net position, end of year	$(24,873,073)	$(38,075,578)

As shown above, the cost of all our governmental activities this year was $38,254,808. However, the amount that our taxpayers ultimately financed for those activities through school property taxes was $10,689,314. The remainder of the cost was paid by charges for services, State Aid, and federal grants. Expenses decreased most significantly in the instruction category. Government-wide expense trends also reflect the accounting effects of long-term pension and other postemployment benefit obligations, which may differ from governmental fund expenditure trends.

Revenues exceeded expenses again for the current year with a net change of $13,928,405.

There were several reasons for the change in the net position from 2025 to 2026 including the following primary factors:

- Increased property tax collections and higher State funding, including an FY2026 foundation allowance of $10,050 per pupil and a student count of 2,749.11 FTE, compared with original budget assumptions of $10,000 and 2,710 FTE.
- Changes in pension and other postemployment benefit measurements and related deferred resource balances; the District also experienced lower retirement expenditures than originally budgeted.
- Changes in grant and program revenue and spending, including increased food service reimbursements and costs.

Governmental Funds

The District's primary fund which accounts for general operations is its General Fund. The other major funds are the Food Service Fund and Debt Fund. The changes in these funds are as follows:

Revenues, Expenditures, and Changes in Fund Balances of Major Governmental Funds
Years Ended June 30, 2026 and 2025

	General Fund		Food Service Fund		Debt Fund	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Revenues:						
Local sources	$ 5,367,113	$ 5,041,291	$ 284,843	$ 245,796	$ 5,214,339	$ 4,972,833
State sources	33,134,797	31,966,735	603,144	576,697	36,475	13,843
Federal sources	1,274,314	1,368,172	1,662,924	1,569,344	-	-
Interdistrict and other	4,321,556	3,529,921	-	-	-	-
Total revenues	44,097,780	41,906,119	2,550,911	2,391,837	5,250,814	4,986,676
Expenses:						
Instruction	26,158,361	25,543,001	-	-	-	-
Support services	16,440,335	15,236,335	-	-	-	-
Community service	502,926	472,040	-	-	-	-
Food service activities	-	-	2,415,744	2,512,956	-	-
Other	28,800	9,600	-	-	1,831	1,121
Debt service	33,505	33,505	-	-	5,340,276	5,336,469
Capital outlay	-	-	-	-	-	-
Total expenses	43,163,927	41,294,481	2,415,744	2,512,956	5,342,107	5,337,590
Revenues Over (Under) Expenditures	933,853	611,638	135,167	(121,119)	(91,293)	(350,914)
Other Financing Sources (Uses), Net	21,984	19,986	(21,984)	(19,986)	134,587	201,586
Net Changes in Fund Balance	955,837	631,624	113,183	(141,105)	43,294	(149,328)
Fund Balances - Beginning of Year	6,872,020	6,240,396	1,430,729	1,571,834	324,020	473,348
Fund Balances - End of Year	$ 7,827,857	$ 6,872,020	$ 1,543,912	$ 1,430,729	$ 367,314	$ 324,020

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

Budget Development and Significant Budget Amendments

The original FY2026 General Fund budget was developed conservatively using prior-year activity and anticipated changes in funding and expenditures. The District assumed a $10,000 per-pupil foundation allowance and 2,710 full-time equivalent (FTE) students, compared with approximately 2,713 FTE in the spring 2025 count. Retirement revenue and expenditure percentages were initially maintained at prior-year levels, health insurance costs were projected to increase 8%, and At-Risk and Transportation grant funding was initially held at prior-year amounts.

The original budget included approximately $260,000 of special education indirect cost revenue through Calhoun Intermediate School District using a 10.44% indirect rate. To align expenditures with projected resources, the District initially planned to reduce nine positions Districtwide through attrition and reduced budgeted maintenance, technology, and transportation supplies.

During FY2026, the foundation allowance increased to $10,050 and the student count reached 2,749.11 FTE. Retirement expenses decreased from original estimates, and health insurance costs increased approximately 3% rather than the projected 8%. The special education indirect rate was 10.55%, and related revenue totaled $509,570, compared with the approximately $260,000 originally budgeted. Actual staffing reductions totaled four positions across instructional and support functions, rather than the nine positions originally contemplated, resulting in higher personnel costs than under the original staffing plan. The reductions to maintenance, technology, and transportation supplies remained in place.

The District also amended its revenue estimates to reflect higher property tax collections and more revenue than conservatively projected from childcare programs and athletic gate receipts. These changes, along with updated State funding, staffing, and benefit assumptions, informed revisions to the General Fund budget during the fiscal year.

General Fund Results

The General Fund ended FY2026 with a fund balance of $7,827,857, an increase of $955,837 (approximately 14%) from $6,872,020 at June 30, 2025. General Fund revenue increased by $2,191,661, from $41,906,119 to $44,097,780, while expenditures increased by $1,869,446, from $41,294,481 to $43,163,927. The increase in fund balance was supported by revenues exceeding expenditures, including higher-than-anticipated enrollment and State funding, greater property tax collections, and favorable changes in certain benefit costs. Personnel expenditures were affected by the District ultimately reducing four positions rather than the nine positions contemplated in the original budget.

The General Fund's ending fund balance represented approximately 18% of FY2026 operating expenditures, above the District's minimum target of 15%. Approximately 89% of fund balance was unassigned, while the remainder was nonspendable, restricted, committed, or assigned for other purposes.

Other Major Funds

The Food Service Fund and Debt Fund balances are restricted for their respective purposes. The Food Service Fund increased by $113,183, from $1,430,729 to $1,543,912, as revenues of $2,550,911 exceeded expenditures of $2,415,744 before net other financing uses. Federal food service reimbursements exceeded conservative original estimates. Food service expenditures reflected increased food purchases, equipment needs, and higher contracted labor costs related to wage increases for Chartwells employees. The Debt Fund increased by $43,294, from $324,020 to $367,314, after debt service and other financing activity.

Significant Capital Assets and Long-Term Obligations

Capital Assets

At the end of fiscal year 2026, the School District had $90,681,722 invested in land and buildings, furniture and equipment, and vehicles. We have estimated that these assets have depreciated by $39,812,470 through June 30, 2026; therefore, we currently have net book value of $50,869,252. Overall, the carrying value of capital assets (original cost less accumulated depreciation) decreased 3% from the prior year. The decrease reflects depreciation and amortization, disposals, and current-year additions, including vehicles, cafeteria tables, and construction in progress.

	Governmental Activities	
	2026	2025
Land	$ 812,508	$ 812,508
Construction in progress	106,953	-
Buildings and improvements	84,051,806	83,981,164
Vehicles	2,769,008	3,585,503
Furniture and equipment	2,488,062	2,347,162
Right to use - Copiers	157,657	157,657
Right to use - SBITAs	295,728	295,728
Total capital assets	90,681,722	91,179,722
Less accumulated depreciation/amortization	(39,812,470)	(38,661,809)
Net capital assets	$ 50,869,252	$ 52,517,913

Total additions for the year consisted of buses, food service equipment, parking lot repaving, and an electric signage update that was in progress at year-end.

Long-Term Obligations

Long-term obligations decreased from $47,030,101 at June 30, 2025 to $42,260,519 at June 30, 2026, a reduction of $4,769,582, or approximately 10.1%. Scheduled repayments of bonds, notes, leases, and subscription-based information technology arrangements, together with changes in compensated absences and other debt-related balances, contributed to the overall decrease. The School Loan Revolving Fund obligation increased during the year, partially offsetting reductions in other obligations.

	Governmental Activities	
	2026	2025
Bonds payable	$24,915,000	$29,145,000
Notes payable	282,991	565,983
Capital leases payable	81,751	108,634
SBITAs payable	68,706	125,661
Bond premium	962,554	1,194,392
School Loan Revolving Fund	15,760,517	15,020,431
Compensated absences	189,000	870,000
Total long-term debt	$42,260,519	$47,030,101

See Note 8 for an analysis of the District's net pension/OPEB liability.

Currently Known Facts, Decisions, or Conditions

The District's FY2026 budget and year-end results reflected careful monitoring of enrollment, State funding, personnel costs, and operational needs. While the District maintained a General Fund balance above its minimum target, ongoing attention to staffing levels, employee benefit costs, and the availability of grant funding remains important. Management will continue to monitor future enrollment and State funding decisions and adjust spending plans as needed to support educational services and long-term financial stability.

The District's FY2026 foundation allowance and enrollment were higher than originally assumed, and certain employee benefit costs were below budgeted expectations. The District maintained planned reductions to maintenance, technology, and transportation supplies while adapting staffing plans to actual operational needs. These circumstances helped support a positive General Fund operating result.

Looking ahead, the District will continue to develop budgets based on anticipated student enrollment, State funding, collective bargaining and benefit costs, and the changing availability of restricted grants. The District will seek to preserve its minimum General Fund fund balance target of 15% of annual operating expenditures.

Management remains focused on aligning recurring expenditures with sustainable revenue sources while maintaining appropriate educational programs, facilities, and student support services.

Harper Creek Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets:	
Cash and investments	$ 6,066,206
Receivables	1,098,640
Due from other governmental units	8,316,131
Inventories	55,283
Prepaid expenses	67,151
Net OPEB asset	11,169,961
Capital assets:	
Cost of capital assets	90,681,722
Less: accumulated depreciation/amortization	(39,812,470)
Net capital assets	50,869,252
Total assets	77,642,624
Deferred Outflows of Resources:	
Deferred charge on refunding	393,805
Pension related	9,920,204
OPEB related	2,120,275
Total deferred outflows of resources	12,434,284
Liabilities:	
Accounts payable and accrued expenses	4,243,751
Unearned revenue	49,196
Long-term liabilities:	
Due within one year:	
Bonds and notes payable	4,954,546
Accrued interest	161,932
Compensated absences	19,000
Due in more than one year:	
Bonds and notes payable	37,116,973
Compensated absences	170,000
Net pension liability	34,940,637
Total liabilities	81,656,035
Deferred Inflows of Resources:	
Pension related	13,653,625
OPEB related	9,442,690
Total deferred inflows of resources	23,096,315
Net Position:	
Invested in capital assets, net of related debt	34,777,055
Restricted for:	
Student activities	621,803
Debt service	367,314
Net other post-employment benefits	11,169,961
Unrestricted	(61,611,575)
Total net position	$ (14,675,442)

See Notes to Financial Statements.

Harper Creek Community Schools
Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and Change in Net Position
Primary Government				
Governmental activities:				
Instruction	$ 18,430,929	$ -	$ 13,638,060	$ (4,792,869)
Support services	12,675,782	-	110,352	(12,565,430)
Food service activities	2,256,684	250,712	2,266,068	260,096
Athletics	883,157	202,171	-	(680,986)
Student activities	714,240	777,996	-	63,756
Community services	531,726	459,232	-	(72,494)
Interest on long-term debt	405,775	-	-	(405,775)
Capital outlay	147,139	-	-	(147,139)
Depreciation and amortization	2,209,376	-	-	(2,209,376)
Total governmental activities	$ 38,254,808	$ 1,690,111	$ 16,014,480	(20,550,217)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				5,533,489
Property taxes, levied for debt service				5,155,825
State aid not restricted to specific purposes				23,383,881
Unrestricted investment earnings				328,384
Other				77,043
Total general revenues				34,478,622
Change in Net Position				13,928,405
Net Position - Beginning of Year				(28,603,847)
Net Position - End of Year				$ (14,675,442)

See Notes to Financial Statements.

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Harper Creek Community Schools
Balance Sheet
Governmental Funds
June 30, 2026

	General Fund	Food Service Fund	Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 4,371,904	$ 709,868	$ 361,640	$ 622,794	$ 6,066,206
Due from other funds	-	838,894	5,674	7,802	852,370
Receivable from other governments	8,024,296	291,835	-	-	8,316,131
Other receivables	-	-	-	1,098,640	1,098,640
Inventories	20,275	35,008	-	-	55,283
Prepaid expenditures	67,151	-	-	-	67,151
Total assets	$ 12,483,626	$ 1,875,605	$ 367,314	$ 1,729,236	$ 16,455,781
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 318,064	$ 320,617	$ -	$ 10,964	$ 649,645
Due to other funds	705,479	-	-	146,891	852,370
Salaries payable and related	3,594,106	-	-	-	3,594,106
Unearned revenue	38,120	11,076	-	-	49,196
Total liabilities	4,655,769	331,693	-	157,855	5,145,317
Fund Balances:					
Nonspendable:					
Inventories	20,275	35,008	-	-	55,283
Prepaid expenditures	67,151	-	-	-	67,151
Restricted:					
Food services	-	1,508,904	-	-	1,508,904
Student activities	-	-	-	621,803	621,803
Debt service	-	-	367,314	-	367,314
Committed	-			949,578	949,578
Assigned for subsequent year expenditures	809,879	-	-	-	809,879
Unassigned	6,930,552	-	-	-	6,930,552
Total fund balances	7,827,857	1,543,912	367,314	1,571,381	11,310,464
Total liabilities and fund balances	$ 12,483,626	$ 1,875,605	$ 367,314	$ 1,729,236	$ 16,455,781

See Notes to Financial Statements.

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Harper Creek Community Schools
Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to
Net Position of Governmental Activities on the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds		$ 11,310,464
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
The cost of capital assets is	$ 90,681,722	
Accumulated depreciation and amortization is	(39,812,470)	
		50,869,252
Some assets are not current resources and therefore are not reported in the Governmental Funds Balance Sheet:		
Noncurrent assets at year-end consist of:		
Net OPEB asset		11,169,961
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds payable	(24,915,000)	
Notes payable	(282,991)	
Capital leases payable	(81,751)	
SBITAs payable	(68,706)	
Unamortized bond premiums, net	(962,554)	
School bond loan funds payable	(15,760,517)	
Compensated absences	(189,000)	
Unamortized deferred charge on bond refunding	393,805	
Net pension liability	(34,940,637)	
Accrued interest on bonds and notes payable	(161,932)	
		(76,969,283)
Deferred inflows and outflows related to pension/OPEB assets/liabilities are long-term and thus not reported in the funds.		
Deferred outflows related to net pension liability	9,920,204	
Deferred outflows related to net OPEB asset/liability	2,120,275	
Deferred inflows related to net pension liability	(13,653,625)	
Deferred inflows related to net OPEB asset/liability	(9,442,690)	
		(11,055,836)
Total Net Position - Governmental Activities		$ (14,675,442)

See Notes to Financial Statements.

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Harper Creek Community Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2026

	General Fund	Food Service Fund	Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 5,367,113	$ 284,843	$ 5,214,339	$ 1,894,309	$ 12,760,604
State sources	33,134,797	603,144	36,475	-	33,774,416
Federal sources	1,274,314	1,662,924	-	-	2,937,238
Interdistrict and other	4,321,556	-	-	-	4,321,556
Total revenues	44,097,780	2,550,911	5,250,814	1,894,309	53,793,814
Expenditures:					
Instruction	26,158,361	-	-	-	26,158,361
Support services	16,440,335	-	-	-	16,440,335
Community services	502,926	-	-	-	502,926
Food service activities	-	2,415,744	-	-	2,415,744
Student activities	-	-	-	714,240	714,240
Other	28,800	-	1,831	-	30,631
Debt service:					
Principal	29,275	-	4,230,000	282,992	4,542,267
Interest and other charges	4,230	-	1,110,276	11,320	1,125,826
Capital outlay	-	-	-	548,794	548,794
Total expenditures	43,163,927	2,415,744	5,342,107	1,557,346	52,479,124
Revenues Over (Under) Expenditures	933,853	135,167	(91,293)	336,963	1,314,690
Other Financing Sources (Uses):					
Proceeds from long-term debt, net	-	-	134,587	-	134,587
Transfers in	22,000	16	-	-	22,016
Transfers out	(16)	(22,000)	-	-	(22,016)
Total other financing sources (uses)	21,984	(21,984)	134,587	-	134,587
Net Changes in Fund Balances	955,837	113,183	43,294	336,963	1,449,277
Fund Balances - Beginning of Year	6,872,020	1,430,729	324,020	1,234,418	9,861,187
Fund Balances - End of year	$ 7,827,857	$ 1,543,912	$ 367,314	$ 1,571,381	$ 11,310,464

See Notes to Financial Statements.

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Harper Creek Community Schools

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2026

Net Change in Fund Balances - Total Governmental Funds		$ 1,449,277
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	$ (2,209,376)	
Capital outlay	560,715	
		(1,648,661)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds:		
Issuance of long-term debt	(740,086)	
Principal payments on long-term debt	4,596,830	
Amortization of bond premium	231,838	
Amortization of deferred charge on refunding	(84,753)	
		4,003,829
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Change in accrued interest on bonds and notes payable	25,262	
Change in accrued compensated absences	681,000	
		706,262
Governmental funds report the required pension and OPEB contributions for the District's fiscal year ended June 30 as expenditures. The Statement of Activities reports the fully accrued pension and OPEB expenses based upon a September year-end to coincide with the State of Michigan's fiscal year.		
Changes in pension related liabilities and deferrals	5,529,492	
Changes in OPEB related assets/liabilities and deferrals	3,888,206	
		9,417,698
Change in Net Position of Governmental Activities		$ 13,928,405

See Notes to Financial Statements.

Harper Creek Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Harper Creek Community Schools (the "School District" or "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The School District is governed by an elected seven-member Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, State, and federal sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide and Fund Financial Statements

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

District-Wide Statements – The district-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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The district-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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The Statement of Net Position presents all governmental activities on a consolidated basis. The Statement of Net Position reports all assets and liabilities including those of a long-term nature. The net difference is reported as net position. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position. It is the District's policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

District-Wide and Fund Financial Statements (Continued)

District-Wide Statements (Continued) – 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. Program revenue includes charges to customers and restricted grants and contributions (see Program Revenues below). Taxes, intergovernmental payments, and other unrestricted items are not included as program revenues but instead as general revenue. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, severance pay, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds; issuance of long-term debt and acquisition of lease and SBITA assets are reported as other financing sources.

Property taxes, unrestricted State and federal aid, intergovernmental grants, and interest associated with the current fiscal period, are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received by year-end or within 60 days of year-end. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

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

Food Service Fund – The Food Service Fund, a special revenue fund, is used to account for the proceeds of specific revenue sources that are restricted to expenditures for food service activities.

Debt Fund – The Debt Fund is used to account for and report financial resources that are restricted to expenditures for principal and interest.

Note 1 – Summary of Significant Accounting Policies (Continued)

District-Wide and Fund Financial Statements (Continued)

Additionally, the government reports the following funds/fund types:

Student Activities Fund – The Student Activities Fund, a special revenue fund, is used to account for the proceeds of specific revenue sources that are restricted to expenditures for student activities.

Capital Projects Fund – The Capital Projects Fund is used to record tax receipts or other revenue and the disbursement of monies specifically designated for the acquisition or construction of capital assets.

Revenue, Assets, Liabilities, and Net Position or Equity

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

State Revenue – The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts regarding pupil membership counts. For the year ended June 30, 2026, the foundation allowance was based on pupil membership counts taken in February 2025 and October 2025.

The State portion of the foundation is provided primarily by a State education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by non-PRE property taxes which may be levied at a rate of up to 18 mills. The local portion also includes 6 mills on Commercial Personal property. The State revenue is recognized during the foundation period and is funded through payments from October 2025 to August 2026. The unpaid portion at June 30th is reported as due from other governmental units.

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

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

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

General Fund – non-primary residence	18.0000
General Fund – commercial personal property	6.0000
Debt Fund	7.1200

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Property Taxes - Tax abatements provided to property taxpayers, if any, were not significant, and thus, no disclosure was deemed required in accordance with GASB Statement No. 77, *Tax Abatement Disclosures.*

Cash and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Property tax and other receivables are shown net of an allowance for uncollectible amounts. Based on previous experience, the District has determined the uncollectible amounts are immaterial and no provision has been recorded.

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

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

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the district-wide financial statements. The District defines capital assets as assets with an initial individual cost of $10,000 or greater and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

Harper Creek Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets (Continued) - Capital assets are depreciated/amortized using the straight-line method over the following useful lives:

Land and construction in progress	Not depreciated
Buildings and improvements	5-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-10 years
Right-to-use - SBITAs	4-6 years
Right-to-use – copiers	5 years

Leases and Subscription-Based IT Arrangements (SBITAs) – The District recognizes lease/subscription-based IT arrangement liabilities and the related intangible right-to-use assets in the government-wide financial statements with an initial individual value of $10,000 or more. Right-to-use assets, if any, are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives.

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

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

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

The District monitors changes in circumstances regarding its capitalized leases/SBITAs and remeasures lease/SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liabilities.

Lease/SBITA assets are reported with other capital assets, and lease/SBITA liabilities are reported with long-term obligations on the Statement of Net Position.

Currently, the District holds a copier lease and several curriculum-based SBITAs.

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. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Long-Term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental-fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently reports deferred outflows of resources related to deferred pension and OPEB plan expenses. Deferred pension and OPEB plan expenses are recognized in the applicable plan years. The District also currently reports deferred outflows of resources from pension and OPEB payments made subsequent to the measurement date to be recognized as the corresponding time lags are met.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources related to its pension and OPEB plan earnings. These future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results.

Defined Benefit Pension Plan – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value. See Note 8 for detailed information.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net other postemployment benefits ("OPEB") asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 8 for detailed information.

Harper Creek Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity – The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance. These categories consist of *nonspendable* amounts which are not in spendable form or are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision-making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose. It is the District's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

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

Note 2 – Cash and Investments

At year-end, the District's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and investments	$ 6,066,206

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, CDs)	$ 6,066,206

Investment and Deposit Risk – The District's cash and investments are subject to several types of risk, as noted below.

Custodial Credit Risk – Deposits – Custodial credit risk of deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. At year-end, the District's deposit balance of approximately $6,372,000 had $6,122,000 of bank deposits that were uninsured and uncollateralized.

Custodial Credit Risk – Investments – Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk.

Note 2 – Cash and Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. 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.

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 specific financial institutions, qualified mutual funds and qualified external investment pools. See Note 1 for a full description of allowed investments. The District's investment policy does not further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not limit investments with individual issuers.

Foreign Currency Risk – The District does not invest in foreign currency and does no maintain a policy regarding foreign currency risk.

Note 3 – Receivables

Receivables at year-end totaled $9,414,771 and consist mainly of amounts due from the Michigan Department of Education for State aid and federal grants.

Note 4 – Capital Assets

Capital asset activity of the District's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Year-End Balance
Capital assets not being depreciated/amortized:				
Land	$ 812,508	$ -	$ -	$ 812,508
Construction in progress	-	106,953	-	106,953
Subtotal	812,508	106,953	-	919,461
Capital assets being depreciated/amortized:				
Buildings and improvements	83,981,164	70,642	-	84,051,806
Buses and other vehicles	3,585,503	182,470	998,965	2,769,008
Furniture and equipment	2,347,162	200,650	59,750	2,488,062
Right-to-use - copiers	157,657	-	-	157,657
Right-to-use - SBITAs	295,728	-	-	295,728
Subtotal	90,367,214	453,762	1,058,715	89,762,261
Accumulated depreciation/amortization:				
Buildings and improvements	34,417,667	1,668,019	-	36,085,686
Buses and other vehicles	2,815,532	208,404	998,965	2,024,971
Furniture and equipment	1,207,821	244,468	59,750	1,392,539
Right-to-use - copiers	49,925	31,531	-	81,456
Right-to-use - SBITAs	170,864	56,954	-	227,818
Subtotal	38,661,809	2,209,376	1,058,715	39,812,470
Net capital assets being depreciated/amortized	51,705,405	(1,755,614)	-	49,949,791
Net capital assets	$ 52,517,913	$ (1,648,661)	$ -	$ 50,869,252

Depreciation/amortization for the current year totaled $2,209,376. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Note 5 – Interfund Receivables, Payables and Transfers

The District reports interfund balances between some of its funds. The sum of all balances presented in the table below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for 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.

As of June 30, 2026, interfund receivables and payables consisted of the following:

	Due From	
	General Fund	Nonmajor Governmental Funds
Due To:		
Food Service Fund	$ 692,003	$ 146,891
Debt Fund	5,674	-
Nonmajor governmental funds	7,802	-
	$ 705,479	$ 146,891

For the year ended June 30, 2026, interfund transfers consisted of the following:

	Transfers In	
	General Fund	Food Service Fund
Transfers Out:		
General Fund	$ -	$ 16
Food Service Fund	22,000	-
	$ 22,000	$ 16

The transfer from the Food Service Fund to the General Fund for the payment of indirect costs and the transfer from General Fund to Food Service was for the payment of grant funds used for meals.

Note 6 – Long-Term Obligations

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment, and right-to-use assets. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General obligation bonds payable	$ 29,145,000	$ -	$ 4,230,000	$ 24,915,000	$ 4,375,000
Notes payable	565,983	-	282,992	282,991	282,991
Capital leases payable	108,634	-	26,883	81,751	30,567
SBITAs payable	125,661	-	56,955	68,706	34,150
Subtotal - installment debt	29,945,278	-	4,596,830	25,348,448	4,722,708
Bond premium	1,194,392	-	231,838	962,554	231,838
School Loan Revolving Fund	15,020,431	740,086	-	15,760,517	-
Compensated absences	870,000	-	681,000	189,000	19,000
Total long-term debt	$ 47,030,101	$ 740,086	$ 5,509,668	$ 42,260,519	$ 4,973,546

General obligation bonds and notes payable consist of:

Bonds payable - $8,715,000 2016 Refunding Bonds, due in annual installments of $600,000 to $2,070,000 through year 2029; interest at 4.00%	$ 4,600,000
Bonds payable - $15,350,000 2017 Refunding Bonds, due in annual installments of $685,000 to $2,820,000 through year 2033; interest at 2.00% to 5.00%	10,490,000
Bonds payable - $15,790,000 2019 Refunding Bonds (SLRF), due in annual installments of $1,055,000 to $2,250,000 through year 2031; interest at 1.95% to 2.74%	9,825,000
Notes payable – Southern Michigan Bank & Trust, secured by equipment; annual installments of $282,992 plus interest at 2.00%; matures 2027	282,991
	$ 25,197,991

Note 6 – Long-Term Obligations (Continued)

Future principal and interest payment requirements on bonds and notes payable are as follows:

	Governmental Activities		
	Principal	Interest	Total
2027	$ 4,657,991	$ 968,938	$ 5,626,929
2028	4,535,000	806,868	5,341,868
2029	4,690,000	646,046	5,336,046
2030	4,870,000	466,348	5,336,348
2031	5,065,000	271,310	5,336,310
2032-2033	1,380,000	103,500	1,483,500
Total	$ 25,197,991	$ 3,263,010	$ 28,461,001

Capital leases payable consists of:

Capital lease payable - $157,657, due in monthly installments of $2,792 through year 2029; interest at 4.33%	$ 81,751

Future minimum lease payments are as follows:

	Capital Lease Payable		
	Principal	Interest	Total
2027	$ 30,567	$ 2,937	$ 33,504
2028	31,917	1,587	33,504
2029	19,267	279	19,546
Total	$ 81,751	$ 4,803	$ 86,554

SBITAs payable consist of:

SBITA payable - $209,811, due in annual installments of approximately $35,000 through the year 2028 including interest at 1.19%	$ 68,706

Note 6 – Long-Term Obligations (Continued)

Annual debt service requirements to maturity on the above SBITAs payable are as follows:

	SBITAs Payable		
	Principal	Interest	Total
2027	$ 34,150	$ 819	$ 34,969
2028	34,556	624	35,180
Total	$ 68,706	$ 1,443	$ 70,149

School Loan Revolving Fund

The school loan revolving fund represents amounts borrowed from the State of Michigan School Bond Qualification and Loan Program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Interest rate at year-end was 3.77% and the mandatory final repayment date is May 1, 2037. Activity for the year is summarized as follows:

	School Loan Revolving Fund		
	Principal	Interest	Total
Beginning balances	$ 12,955,004	$ 2,065,427	$ 15,020,431
Additions	134,587	605,499	740,086
Ending balances	$ 13,089,591	$ 2,670,926	$ 15,760,517

Note 7 – Risk Management

The School District is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions

Organization

Pension/OPEB Plan Description – The School District participates in the Michigan Public School Employees' Retirement System ("MPSERS" or "the System"), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State of Michigan. The System was originally created under Public Act (PA) 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes a governing board and its authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor plus the State Superintendent of Instruction, who serves as an ex-officio member.

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

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees, and covers substantially all employees of the School District. In addition, the System maintains a health plan ("OPEB") which provides postemployment healthcare benefits to eligible retirees as an elective option of receiving health, prescription drug, dental, and vision coverage under the Michigan Public School Employees Retirement Act. There are currently more than 695 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code.

The System's financial statements are included as a pension and other employee benefit trust fund (a component unit) in the State of Michigan Annual Comprehensive Financial Report and are available on the ORS website at www.michigan.gov/orsschools. Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan and OPEB plan fiduciary positions.

Employers participating in the System are required to report pension and OPEB information in their financial statements in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended. The requirements of GASB Nos. 68 and 75 incorporate provisions intended to reflect the effects of transactions and events related to pensions and OPEB in the measurement of employer liabilities and recognition of expenses, deferred outflows of resources, and deferred inflows of resources related to pensions and OPEB.

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. Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. Depending on the plan option selected, member retirement benefits for DB plan members 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.

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

Pension Benefits Provided – Based on current benefit provisions, new hires can opt between two plans. The first plan, called Pension Plus 2, is a hybrid plan that contains a pension component with a required employee contribution and a flexible and transferrable defined contribution tax deferred investment account component that contains a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. The second option is a Defined Contribution plan under which a participant receives a 4% employer contribution to a tax-deferred 401(k) account and can choose to make employee contributions up to the maximum allowed per IRS regulations to a tax-deferred 457 account.

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

OPEB 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 OPEB, 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 MPSERS, who earned service credit in the twelve 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 required 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) accounts.

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

Pension/OPEB Plan Contributions – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the active plan members. The School District, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded actuarial accrued liability. Required employer pension contributions are comprised of pension normal cost, pension unfunded actuarial accrued liability (UAAL), and pension early retirement incentive contributions. Required employer pension contributions also include the UAAL rate stabilization contributions. Required employer OPEB contributions are comprised of OPEB normal cost and OPEB UAAL.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability will be amortized over a declining period ending September 30, 2038.

Pension Plan Contributions – School districts' contributions are determined based on employee elections. There are several different benefits options included in the plan available to employees based on date of hire and certain voluntary elections. Contribution rates are adjusted annually by the ORS. The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2025:

Benefit Type	Member Rates	Employer Rates	Status
Basic (Defined Benefit)	0.0% - 4.0%	20.96 – 30.11%	Closed
MIP (Defined Benefit)	3.0% - 7.0%	20.96 – 30.11%	Closed
Pension Plus (Hybrid)	3.0% - 6.4%	26.27%	Closed
Pension Plus 2 (Hybrid)	6.2%	27.16%	Open
Defined Contribution	0.0%	20.96%	Open

Employer contributions range from 20.96% to 30.11% for the plan year ended September 30, 2025 and are determined based on employee elections. The District's required and actual contributions to the plan for the year ended September 30, 2025 were $7,279,907. The District's required and actual pension contributions include an allocation of $1,881,820 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2025.

OPEB Contributions – OPEB employee contributions in effect for the fiscal year ended September 30, 2025 range from 0% - 3%. Employer contributions range from 0.00% to 1.53% for the plan year ended September 30, 2025 and are determined based on employee elections. Required contributions to the OPEB plan from the District were $172,806 for the year ended September 30, 2025. The District's required and actual OPEB contributions include an allocation of $0 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2025.

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

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

Proportionate Share of School District's Net Pension Liability - At June 30, 2026, the District reported a liability of $34,940,637 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2024. The District's proportionate share 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 statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2025, the District's proportionate share was .17441549 percent, an increase of .00003955 percent from its proportion measured as of September 30, 2024.

Pension Expense - For the year ended June 30, 2026, the School District recognized pension expense of $2,115,441, inclusive of payments to fund the MPSERS UAAL stabilization rate.

Proportionate Share of School District's Net OPEB Asset/Liability - At June 30, 2026, the District reported an asset of $11,169,961 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2024. The District's proportionate share 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 statutorily required OPEB contributions from all applicable employers during the measurement period. At September 30, 2025, the District's proportionate share was .18374312 percent, an increase of .01129073 percent from its proportion measured as of September 30, 2024.

OPEB Expense - For the year ended June 30, 2026, the School District recognized OPEB benefit of $3,493,490 inclusive of payments to fund the MPSERS UAAL stabilization rate.

Deferred Outflows and Deferred Inflows - At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Pension	OPEB	Pension	OPEB
Difference between expected and actual experience	$ 1,353,351	$ -	$ 311,213	$ 7,647,485
Changes of assumptions	1,254,120	1,490,751	1,846,697	118,467
Net difference between projected and actual earnings on pension/OPEB plan investments	-	-	8,350,064	1,569,623
Changes in proportion and differences between District contributions and proportionate share of contributions	439,794	248,205	325,960	107,115
District contributions subsequent to the measurement date	6,872,939	381,319	2,819,691	-
Total	$ 9,920,204	$ 2,120,275	$ 13,653,625	$ 9,442,690

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Pension/OPEB Assets/Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB (Continued)

Deferred Outflows and Deferred Inflows (Continued) - $6,872,939 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. $381,319 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as an increase/reduction of the net OPEB asset/liability in the year subsequent fiscal year.

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

Year Ended June 30	Pension	OPEB
2027	$ (254,162)	$ (2,003,774)
2028	(3,778,133)	(1,985,375)
2029	(2,902,775)	(1,898,268)
2030	(851,599)	(1,249,851)
2031	-	(434,427)
Thereafter	-	(132,039)

Payables to the Pension/OPEB Plan – The District is current on all required pension and OPEB plan payments. The District reported an accrued pension/OPEB plan payable at June 30, 2026 of $564,033. Amounts accrued at year end represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS unfunded actuarial accrued liability (UAAL).

Actuarial Assumptions

Actuarial Valuations and Assumptions – Actuarial valuations for the pension and OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. 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.

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 2024
Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans	6.00%, net of investment expenses
Pension Plus Plan and Plus 2 Plan	6.00%, net of investment expenses
OPEB	6.00%, net of investment expenses
Projected salary increases	2.75 – 11.55%, including wage inflation at 2.75%

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.50% Year 15 Post-65: 6.50% Year 1 graded to 3.50% Year 15
Cost of living pension adjustments	3.0% annual non-compounded for MIP members
Mortality: Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010
Mortality: Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees:	PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions (OPEB) – applies to individuals hired before September 4, 2012:

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

Additional assumption information includes the following:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension/OPEB asset/liability as of September 30, 2025 is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for assets/liabilities is the average of the expected remaining service lives of all employees in years – 4.4524 for pension plan employers and 6.4654 for OPEB plan employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Plan Assets – The long-term expected rate of return on pension/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.

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return on Plan Assets (Continued) – Best estimates of arithmetic real rates of return for each major asset class included in the pension/OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation Pension	Target Allocation OPEB	Long-Term Expected Real Rate of Return*
Domestic equity pools	21.0%	16.0%	5.8%
Private equity pools	16.0%	16.0%	9.3%
International equity	14.0%	11.0%	5.6%
Fixed income pools	15.0%	26.0%	2.5%
Real estate and infrastructure pools	8.0%	5.0%	7.0%
Absolute return pools	13.0%	15.0%	4.4%
Real return/opportunistic pools	9.0%	7.0%	7.0%
Short-term investment pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

*Long-term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return – For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension/OPEB plan investments, net of pension/OPEB plan investment expense, was 9.81% and 9.24%, 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 assets/liabilities. This discount rate was based on the long-term expected rates of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that future plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on these assumptions, the pension/OPEB plans' 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/OPEB plan investments was applied to all periods of projected benefits payments to determine the total pension/OPEB assets/liabilities.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using a single 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 single discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$55,138,252	$34,940,637	$18,118,609

Note 8 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the Net OPEB Asset/Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net OPEB asset/liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB asset/liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
($9,623,628)	($11,169,961)	($12,523,337)

Sensitivity of the Net OPEB Asset/Liability to Changes in the Healthcare Cost Trend Rate - The following table presents the School District's proportionate share of the net OPEB asset/liability calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB asset/liability would be if it were calculated using a heathcare cost trend rate that is one percentage point lower or one percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
($12,510,988)	($11,169,961)	($9,761,927)

Note 9 – Contingent Liabilities

The District has received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 10 – Net Investment in Capital Assets

The composition of net investment in capital assets as of June 30, 2026, was as follows:

Capital assets not being depreciated	$	919,461
Capital assets being depreciated, net		49,949,791
Installment debt		(25,348,448)
Non-capital related debt		9,825,000
Bond premium		(962,554)
Deferred charge on bond refunding		393,805
Net investment in capital assets	$	34,777,055

Note 11 – Change in Accounting Principle

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The Standard addresses the following areas:

- Management's Discussion and Analysis (MD&A)
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in net position
- Information about major component units in basic financial statements (should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements)
- Budgetary comparison information (should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances presented in the notes to RSI)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

Required Supplementary Information

Harper Creek Community Schools
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Original and Final Budget	Variance with Actual and Final Budget
	Original	Final	Actual		
Revenues:					
Local sources	$ 4,700,300	$ 5,289,385	$ 5,367,113	$ 589,085	$ 77,728
State sources	32,183,040	33,060,763	33,134,797	877,723	74,034
Federal sources	1,262,449	1,313,940	1,274,314	51,491	(39,626)
Interdistrict and other	3,959,093	4,265,966	4,321,556	306,873	55,590
Total revenues	42,104,882	43,930,054	44,097,780	1,825,172	167,726
Expenditures:					
Instruction:					
Basic programs	19,970,117	20,239,767	19,990,058	(269,650)	249,709
Added needs	6,113,950	6,259,935	6,168,303	(145,985)	91,632
Support services:					
Pupil	1,799,801	1,822,904	1,802,277	(23,103)	20,627
Instructional staff	1,525,414	1,599,716	1,569,626	(74,302)	30,090
General administration	1,147,686	1,154,286	1,145,737	(6,600)	8,549
School administration	2,114,712	1,980,564	1,955,072	134,148	25,492
Business	616,227	630,935	579,264	(14,708)	51,671
Operation & maintenance	4,308,072	4,317,591	4,294,126	(9,519)	23,465
Pupil transportation	1,882,236	2,028,167	1,977,747	(145,931)	50,420
Central services	1,998,351	2,248,024	2,212,400	(249,673)	35,624
Athletic activities	920,256	928,636	904,086	(8,380)	24,550
Community services	479,160	513,342	502,926	(34,182)	10,416
Other	38,400	28,800	28,800	9,600	-
Debt service:					
Principal	-	-	29,275	-	(29,275)
Interest and other charges	-	-	4,230	-	(4,230)
Total expenditures	42,914,382	43,752,667	43,163,927	(838,285)	588,740
Revenues Over (Under) Expenditures	(809,500)	177,387	933,853	(986,887)	756,466
Other Financing Sources (Uses):					
Transfers in	15,000	20,000	22,000	5,000	2,000
Transfers out	(3,500)	(121)	(16)	3,379	105
Total other financing sources (uses)	11,500	19,879	21,984	8,379	2,105
Net Changes in Fund Balances	(798,000)	197,266	955,837	$ 995,266	$ 758,571
Fund Balances - Beginning of Year	6,872,020	6,872,020	6,872,020		
Fund Balances - End of Year	$ 6,074,020	$ 7,069,286	$ 7,827,857		

Harper Creek Community Schools
Budgetary Comparison Schedule - Food Service Fund
Year Ended June 30, 2026

	Budgeted Amounts			Variance with Original and Final Budget	Variance with Actual and Final Budget
	Original	Final	Actual		
Revenues:					
Local sources	$ 200,000	$ 272,001	$ 284,843	$ 72,001	$ 12,842
State sources	500,000	510,000	603,144	10,000	93,144
Federal sources	1,000,000	1,388,000	1,662,924	388,000	274,924
Total revenues	1,700,000	2,170,001	2,550,911	470,001	380,910
Expenditures:					
Salaries and benefits	95,000	80,000	71,846	15,000	8,154
Purchased services	900,000	1,100,000	893,020	(200,000)	206,980
Supplies and materials	1,000,000	1,350,000	1,362,264	(350,000)	(12,264)
Other	100,000	200,000	88,614	(100,000)	111,386
Total expenditures	2,095,000	2,730,000	2,415,744	(635,000)	314,256
Revenues Over (Under) Expenditures	(395,000)	(559,999)	135,167	(164,999)	695,166
Other Financing Sources (Uses):					
Transfers in	-	-	16	-	16
Transfers out	-	-	(22,000)	-	(22,000)
Total other financing sources (uses)	-	-	(21,984)	-	(21,984)
Net Changes in Fund Balances	(395,000)	(559,999)	113,183	$ (164,999)	$ 673,182
Fund Balances - Beginning of Year	1,430,729	1,430,729	1,430,729		
Fund Balances - End of Year	$ 1,035,729	$ 870,730	$ 1,543,912		

Harper Creek Community Schools
Schedule of the District's Proportionate Share of the Net Pension Liability of the MPSERS Plan
Last Ten Fiscal Years (Amounts Determined Each Year as of September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability (%)	0.174415%	0.174376%	0.175693%	0.172854%	0.167276%	0.167080%	0.165260%	0.161630%	0.158520%	0.153030%
District's proportionate share of net pension liability	$ 34,940,637	$ 42,690,744	$ 56,865,023	$ 65,008,093	$ 39,603,290	$ 57,393,966	$ 54,727,910	$ 48,590,222	$ 41,079,377	$ 38,179,920
District's covered-employee payroll	$ 19,143,853	$ 18,080,808	$ 17,372,265	$ 16,977,101	$ 15,027,315	$ 14,686,331	$ 14,525,335	$ 13,842,535	$ 13,453,797	$ 12,939,039
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	182.52%	236.11%	327.33%	382.92%	263.54%	390.80%	376.78%	351.02%	305.34%	295.08%
Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

Harper Creek Community Schools
Schedule of the District's Pension Contributions to the MPSERS Plan
Last Ten Fiscal Years (Amounts Determined Each Year as of June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 7,764,581	$ 7,034,586	$ 7,196,232	$ 8,077,577	$ 5,685,553	$ 4,974,587	$ 4,618,172	$ 4,364,842	$ 4,417,200	$ 3,720,967
Contributions in relation to statutorily required contributions	7,764,581	7,034,586	7,196,232	8,077,577	5,685,553	4,974,587	4,618,172	4,364,842	4,417,200	3,720,967
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,834,368	$ 18,975,056	$ 17,969,749	$ 17,112,476	$ 16,081,609	$ 14,754,593	$ 14,776,305	$ 14,374,232	$ 13,828,927	$ 13,498,334
Contributions as a percentage of covered-employee payroll	39.15%	37.07%	40.05%	47.20%	35.35%	33.72%	31.25%	30.37%	31.94%	27.57%

Harper Creek Community Schools
Schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability of the MPSERS Plan
Last Nine Fiscal Years (Amounts Determined as of September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB (asset) liability (%)	0.183743%	0.172452%	0.174577%	0.175178%	0.166803%	0.165850%	0.166300%	0.162650%	0.157980%
District's proportionate share of net OPEB (asset) liability	$ (11,169,961)	$ (7,423,037)	$ (987,577)	$ 3,710,383	$ 2,546,048	$ 8,885,026	$ 11,936,244	$ 12,929,182	$ 13,989,492
District's covered-employee payroll	$ 19,143,853	$ 18,080,808	$ 17,372,265	$ 16,977,101	$ 15,027,315	$ 14,686,331	$ 14,525,335	$ 13,842,535	$ 13,453,797
District's proportionate share of net OPEB (asset) liability as a percentage of its covered-employee payroll	-58.35%	-41.05%	-5.68%	21.86%	16.94%	60.50%	82.18%	93.40%	103.98%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Harper Creek Community Schools
Schedule of the District's OPEB Contributions to the MPSERS Plan
Last Nine Fiscal Years (Amounts Determined as of June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 380,342	$ 478,371	$ 1,420,407	$ 1,346,870	$ 1,270,488	$ 1,211,510	$ 1,167,800	$ 1,126,450	$ 1,023,873
OPEB contributions in relation to statutorily required contributions	380,342	478,371	1,420,407	1,346,870	1,270,488	1,211,510	1,167,800	1,126,450	1,023,873
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll (OPEB)	$ 19,834,368	$ 18,975,056	$ 17,969,749	$ 17,112,476	$ 16,081,609	$ 14,754,593	$ 14,776,305	$ 14,374,232	$ 13,828,927
OPEB contributions as a percentage of covered-employee payroll	1.92%	2.52%	7.90%	7.87%	7.90%	8.21%	7.90%	7.84%	7.40%

RSI Note 1 – Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the General Fund and any major special revenue funds, are noted in the required supplementary information section.

4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Other funds do not have appropriated budgets.

6. The budget was amended during the year with supplemental appropriations, the final one approved prior to fiscal year-end.

RSI Note 2 – Budgetary Comparison

Significant variances between the original and final budget are as follows:

General Fund Original and Final Budget

	Variance	Explanation
Revenues:		
Local sources	$ 589,085	The District collected higher-than-anticipated property tax revenues during the fiscal year. Additionally, the original budget included conservative revenue estimates for childcare programs and athletic gate receipts. As actual collections became more predictable, the budget was amended to reflect the additional anticipated revenue.

Harper Creek Community Schools
Notes to Required Supplementary Information
Year Ended June 30, 2026

RSI Note 2 – Budgetary Comparison (Continued)

General Fund Original and Final Budget (Continued)

	Variance	Explanation
Revenues:		
State sources	$ 877,723	The original budget was developed using a foundation allowance of $10,000 per pupil and projected enrollment of 2,710 FTE. The foundation allowance increased to $10,050 per pupil, and enrollment increased to 2,749.11 FTE. These changes resulted in additional anticipated State funding and required an increase to the original revenue budget.
Interdistrict and other	$ 306,873	The District experienced an increase in special education reimbursements from Calhoun Intermediate School District compared to the original budget. This included an increase in the special education indirect cost reimbursement from approximately $260,000 originally budgeted to $509,570, as well as additional special education cost reimbursements. These increases resulted in higher-than-anticipated interdistrict revenue and required an adjustment to the original budget.
Expenditures:		
Instruction - basic programs	$ (269,650)	The original budget included planned staffing reductions through attrition as part of the District's efforts to control expenditures. While nine positions were originally identified for reduction Districtwide, the District ultimately reduced four positions across instructional and support services. These changes resulted in adjustments to budgeted personnel expenditures during the fiscal year.
Support - central services	$ (249,673)	The District amended its central support services budget to reflect updated personnel and benefit expenditures. Actual staffing reductions were less than originally anticipated, resulting in adjustments to budgeted expenditures across instructional and support service functions.

RSI Note 2 – Budgetary Comparison (Continued)

Food Service Fund Original and Final Budget

	Variance	Explanation
Revenues:		
Federal sources	$ 388,000	The original Food Service Fund budget was developed using conservative estimates for federal reimbursement revenue based on prior-year activity. As the fiscal year progressed, anticipated federal reimbursements exceeded original projections, resulting in an increase to budgeted federal revenue.
Expenditures:		
Purchased services	$ (200,000)	The District increased its purchased services budget to reflect higher contracted food service costs, primarily attributable to wage increases for Chartwells food service employees. These adjustments were necessary to align the budget with anticipated costs of operating the food service program.
Supplies and materials	$ (350,000)	The District increased budgeted expenditures for supplies and materials to accommodate additional food purchases and equipment needs within the food service program. These adjustments reflected the anticipated operational needs of the program during the fiscal year.

Significant variances between final budget and actual are as follows:

General Fund Final Budget and Actual

	Variance	Explanation
Expenditures:		
Instruction - basic programs	$ 249,709	Actual expenditures for basic instruction differed from the final amended budget due to differences between projected and actual personnel and benefit costs. Retirement expenditures were lower than originally anticipated, and health insurance costs increased approximately 3%, compared to the 8% increase initially projected.

RSI Note 2 – Budgetary Comparison (Continued)

Food Service Fund Final Budget and Actual

	Variance	Explanation
Revenues:		
Federal sources	$ 274,924	Actual federal reimbursement revenue differed from the final amended budget as a result of differences between projected and actual food service program activity and related reimbursements. Federal revenue estimates were adjusted throughout the year based on available information; however, actual reimbursements differed from those projections.
Expenditures:		
Purchased services	$ 206,980	Actual purchased services expenditures differed from the final amended budget due to differences between projected and actual contracted food service costs, including wages for Chartwells employees. The District's budget estimates were conservative and were adjusted throughout the fiscal year to reflect anticipated operating costs.

RSI Note 3 – Pension & OPEB Information

Changes of Benefit Terms: There were no changes of benefit terms in fiscal year 2025.

Changes of Assumptions: For the State's fiscal year ended September 30, 2025:

The recognition period for liabilities, an average of the expected remaining service lives of all employees, changed to 4.4524 from 4.4612 for pension plan employers and to 6.4654 from 6.2834 for OPEB plan employers.

The OPEB healthcare cost trend rate was adjusted as follows:
Pre-65: From 7.25% to 7.75% for Year 1

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APPENDIX E
FORM OF LEGAL OPINION

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BRADFORD W. SPRINGER (OF COUNSEL)

DRAFT LEGAL OPINION

Harper Creek Community Schools
County of Calhoun
State of Michigan

We have acted as bond counsel in connection with the issuance by Harper Creek Community Schools, County of Calhoun, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of $_____ designated 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are in fully registered form and issued without coupons, are dated _____, 2026, are of $5,000 denomination or any integral multiple thereof, are not subject to redemption at the option of the Issuer prior to maturity, mature on May 1 of the years shown below, and bear interest payable on May 1, 2027, and semiannually thereafter on November 1 and May 1 of each year in the amounts and at the rates as follows:

Year	Amount	Rate	Year	Amount	Rate

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

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

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

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

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

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

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

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

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

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

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF
CONTINUING DISCLOSURE AGREEMENT

$_____

HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)

This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by Harper Creek Community Schools, County of Calhoun, State of Michigan (the "Issuer"), in connection with the issuance of its $_____ 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on September 14, 2026 and _____, 2026 (together, the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2027, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer's fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By:_____
Its: Superintendent

Dated: _____, 2026

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APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Harper Creek Community Schools, Calhoun County, Michigan

Name of Bond Issue: 2026 Refunding Bonds (General Obligation - Unlimited Tax)

Date of Bonds: _____, 2026

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

HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____

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APPENDIX B

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

Name of Issuer: Harper Creek Community Schools, Calhoun County, Michigan

Name of Bond Issue: 2026 Refunding Bonds (General Obligation - Unlimited Tax)

Date of Bonds: _____, 2026

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

HARPER CREEK COMMUNITY SCHOOLS
COUNTY OF CALHOUN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____

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APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

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

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

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: (_____)_____

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

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