

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 SEPTEMBER 8, 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.



\$5,120,000**
HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN, 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 Hopkins Public Schools, County of Allegan, State of Michigan (the "School District") by resolutions adopted on June 22, 2026 and expected to be adopted on September __, 2026 (the "Resolutions"). The Bonds are being issued for the purpose of currently refunding all or a portion of a prior bond issue of the School District. The Bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon and will be payable from ad valorem taxes, which may be levied on all taxable property in the School District without limitation as to rate or amount.

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

The Bonds are 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\$: _____)

Interest			Interest		
Maturity**	Amount**	Rate	Maturity**	Amount**	Rate
2027	\$810,000		2030	\$870,000	
2028	760,000		2031	915,000	
2029	830,000		2032	935,000	

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 Underwriter subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan. It is expected that the Bonds will be available for delivery through DTC on or about October __, 2026.

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

STIFEL

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

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

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

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

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

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Traci Rhoades, Vice President
Jessica Johnston, Secretary
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Andrea Buist, Trustee
Ian Gibson, Trustee
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ADMINISTRATIVE STAFF

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OFFICIAL STATEMENT
relating to

\$5,120,000¹
HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN, 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 Hopkins Public Schools, County of Allegan, State of Michigan (the “School District”) of its 2026 Refunding Bonds (General Obligation - Unlimited Tax) (the “Bonds”) in the principal amount of \$5,120,000¹.

PURPOSE AND SECURITY

The Bonds are being issued for the purpose of currently refunding all or a portion of the School District's outstanding 2016 Refunding Bonds, Series A (General Obligation – Unlimited Tax), dated March 17, 2016, which are due and payable May 1, 2027 through May 1, 2032, inclusive (the “Prior Bonds”); and paying the costs of issuing the Bonds.

The Bonds, as authorized for issuance by the resolutions of the Board of Education of the School District adopted on June 22, 2026 and expected to be adopted on September ____, 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated as “qualified tax-exempt obligations” under section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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.

¹ Preliminary, subject to change.

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

PLAN OF REFUNDING

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

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
11/01/2026	\$0.00	\$137,250.00	\$137,250.00
12/01/2026	5,490,000.00	22,875.00	5,512,875.00
	\$5,490,000.00	160,125.00	\$5,650,125.00

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

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES

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

USES

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

THE BONDS

Description and Form of the Bonds

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of, and bear interest from, the date of issuance. Interest on the Bonds shall be payable semiannually each 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 Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the School District, the Paying Agent or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the School District nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

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

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

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

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 Redemption¹

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 property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties² in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 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 property³ as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 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 2024/25 fiscal year, see the School District's audited financial statements in APPENDIX D.

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

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.

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 Underwriter at the time of the original delivery of the Bonds.

TAX MATTERS

State

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

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

Original Issue Premium¹

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

Original Issue Discount¹

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

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 Underwriter by its counsel, Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

APPROVAL BY MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Department of Treasury of the State of Michigan stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act, 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 the "Underwriter"), has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Bonds from the School District. The Bond Purchase Agreement provides, in part, that the Underwriter, subject to certain conditions, will purchase from the School District the aggregate principal amount of Bonds for a purchase price as set forth therein. The Underwriter has further agreed to offer the Bonds to the public at the approximate initial offering prices corresponding to the yields as set forth on the cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices corresponding to the yields stated on the cover hereto. The offering prices may be changed from time to time by the Underwriter. The aggregate underwriting fee for the Bonds equals _____ percent of the aggregate principal amount of the Bonds.

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

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

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

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

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

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

CONTINUING DISCLOSURE

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

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

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

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

OTHER MATTERS

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

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

HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent of Schools

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**APPENDIX A
STATE QUALIFICATION**

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN ACT

Act 92 of 2005

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

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

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

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

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

Sec. 13. (1) If a school district owes a balance due to the revolving loan fund or has been identified as a potential borrower, the school district shall file an annual loan activity application with the state treasurer 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

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

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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APPENDIX B¹

HOPKINS PUBLIC SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Hopkins Public Schools (the “School District”) encompasses an area of approximately 95.18 square miles. The School District includes all of the Village of Hopkins and portions of the Townships of Allegan, Dorr, Hopkins, Monterey, Salem and Watson in the County of Allegan.

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

30 miles south of Grand Rapids
30 miles north of Kalamazoo
70 miles west of Lansing

POPULATION

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

	<u>School District</u>	<u>Township of Hopkins</u>	<u>County of Allegan</u>
2024 Estimate	9,399	2,740	121,456
2020 U.S. Census	8,804	2,760	120,502
2010 U.S. Census	8,020	2,601	111,408

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	1,417	-0.38%	2021	1,523	-7.21%
2025	1,422	-1.64	2020	1,641	-1.31
2024	1,446	-2.66	2019	1,663	-0.27
2023	1,486	-1.99	2018	1,667	-1.19
2022	1,516	-0.45	2017	1,687	--

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

2025/2026 Fall Count

Kindergarten	128	7 th	108
1 st	93	8 th	111
2 nd	92	9 th	120
3 rd	92	10 th	125
4 th	102	11 th	121
5 th	101	12 th	109
6 th	111	Subtotal	1,413
		ECSE	4
		Total	<u>1,417</u>

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

SCHOOL DISTRICT FACILITIES

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

<u>Facility</u>	<u>Grades Served</u>	<u>Year Built</u>	<u>Last Remodel/Addition</u>	<u>Type of Construction</u>
<i>Elementary Schools:</i>				
Hopkins	K - 5	1974	2008	Brick/Masonry
Sycamore	K - 5	1974	2008	Brick/Masonry
<i>Middle School:</i>				
Hopkins	6 - 8	1957	2017	Brick/Masonry
<i>High School:</i>				
Hopkins	9 - 12	1999	2020	Brick/Masonry

OTHER SCHOOLS

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

<u>Name of School</u>	<u>Grades Served</u>	<u>Approximate Enrollment</u>
St. Stanislaus Catholic School	P - 8	85
St. Mary's Visitation	P - 6	41
		<u>126</u>

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

STATE AID PAYMENTS

The School District's primary source of funding for operating costs is the State School Aid per pupil foundation allowance. Public Act 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 (including 2026/27 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	N/A	N/A	N/A
2026	10,050	\$17,515,473	1,417.02	\$12,361
2025	9,608	17,140,340	1,423.94	12,037
2024	9,608	17,968,610	1,449.94	12,393
2023	9,150	16,908,814	1,487.92	11,364
2022	8,700	14,913,838	1,513.98	9,851

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

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

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

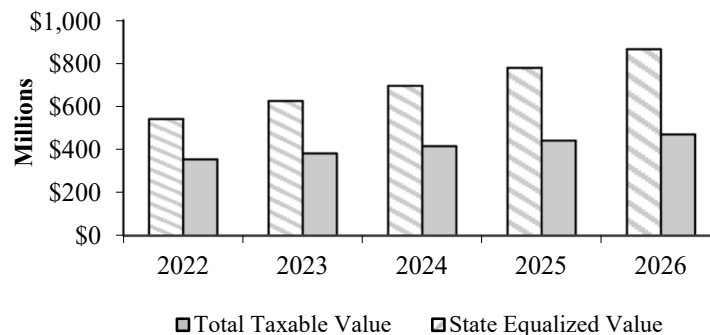
A history of the property valuations in the School District is shown below:

Year	Principal Residence ¹	Non- Principal Residence ¹	Total Taxable Value	Percent Change	State Equalized Value	Percent Change
2026	\$392,463,912	\$77,570,739	\$470,034,651	6.57%	\$865,793,900	11.13%
2025	368,624,720	72,447,806	441,072,526	6.27	779,058,612	12.01
2024	348,137,117	66,916,147	415,053,264	8.75	695,522,100	11.30
2023	323,235,706	58,421,656	381,657,362	7.79	624,900,400	15.41
2022	298,192,444	55,888,243	354,080,687	6.39	541,441,400	6.92

¹All industrial personal property is included in the principal residence tax base. While commercial personal property continues to be included in the non-principal residence tax base, it is exempt from 12 of the 18 operating mills levied on non-principal residence property only. In 2026, industrial personal property had a taxable value of \$930,100 and commercial personal property had a taxable value of \$2,186,900 in the School District.

Source: Allegan County Equalization Department

History of Valuations



Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

2026 Taxable Value	\$470,034,651
Less: 2026 Disabled Veterans Exemption Taxable Value ¹	(5,713,940)
Net 2026 Annual Equivalent Valuation	<u>\$464,320,711</u>

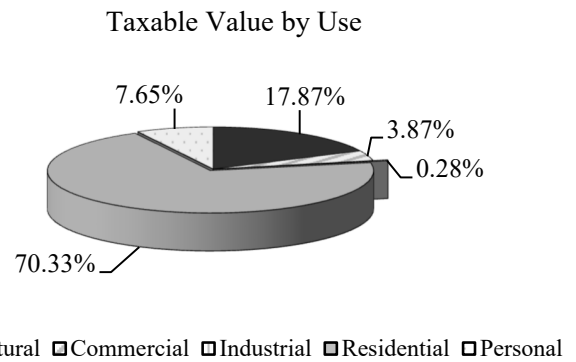
¹Represents value which is exempt from taxes pursuant to Michigan's General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled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

Source: Allegan 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	\$434,096,747	92.35%
Personal Property	35,937,904	7.65
TOTAL	<u>\$470,034,651</u>	<u>100.00%</u>
By Use:		
Agricultural	\$84,009,133	17.87%
Commercial	18,172,262	3.87
Industrial	1,334,768	0.28
Residential	330,580,584	70.33
Personal	35,937,904	7.65
TOTAL	<u>\$470,034,651</u>	<u>100.00%</u>



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

Municipality	2026 Taxable Value	Percent of Total
<i>County of Allegan</i>		
Township of Allegan	\$354,560	0.08%
Township of Dorr	109,716,217	23.34
Township of Hopkins	104,326,857	22.20
Township of Monterey	86,309,408	18.36
Township of Salem	145,079,117	30.86
Township of Watson	24,248,492	5.16
TOTAL	<u>\$470,034,651</u>	<u>100.00%</u>

Source: Allegan 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
Consumers Energy	Utility	\$27,323,422
Schaendorf, John B Dairy	Dairy Farm	9,718,088
Sandy Pines Wilderness	RV Campground	9,523,517
Schaendorf Properties LLC	Farm	2,825,668
Brenner, Deborah Sue Trust	Trust	2,134,575
Brenner Brothers and Sons	Farm	2,071,372
Wolverine Power Supply Co.	Utility	1,641,000
Michigan Gas Utilities	Utility	1,398,900
Wamhoff, Charles E & Barbara J	Farm	1,324,638
Collier Farm Properties LLC	Farm	1,177,858
TOTALS		\$59,139,038
Total 2026 Taxable Value		\$470,034,651
Top 10 Taxpayers as a % of 2026 Total Taxable Value		12.58%

Source: Allegan County Equalization Department

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

	2026	2025	2024	2023	2022
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	6.5400	10.3400	10.3400	10.3400	10.3400
Sinking Fund	1.5201	1.5323	1.5412	1.5450	1.5450
Total Non-Principal Residence	<u>26.0601</u>	<u>29.8723</u>	<u>29.8812</u>	<u>29.8850</u>	<u>29.8850</u>
Total Principal Residence	<u>8.0601</u>	<u>11.8723</u>	<u>11.8812</u>	<u>11.8850</u>	<u>11.8850</u>

The School District levies voted operating millage on non-principal residence property and sinking fund millage and authorized debt millage on all taxable property within the School District. The voted operating millage expires with the 2032 levy. The sinking fund millage expires with the 2030 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
County of Allegan	6.9663	6.9902
Township of Allegan	4.7055	4.6990
Township of Dorr	4.8802	4.9723
Township of Hopkins	4.9767	3.9613
Township of Monterey	5.9892	5.8634
Township of Salem	6.9482	6.9536
Township of Watson	2.9902	3.1328
Village of Hopkins	13.9767	11.1095
Allegan Area ESA	4.7571	4.8142

Source: Allegan 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 December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Allegan 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	\$1,351,958*	N/A		N/A	
2025	1,240,684	\$1,199,602	96.69%	\$1,240,684	100.00%
2024	1,144,185	1,116,962	97.62	1,144,185	100.00
2023	1,036,728	1,014,451	97.85	1,036,728	100.00
2022	950,320	931,875	98.06	950,320	100.00
2021	898,990	870,537	96.84	898,990	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 ("MPERS"), which is a statewide retirement plan for employees of Michigan public schools administered by the State of Michigan. These contributions are established and required by law and are calculated by using the contribution rates as determined annually by the State.

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

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

Contribution to MPERS

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

Fiscal Year Ended 30-Jun	Pension Amount	Health Care Amount	Total Amount	State Aid MPERS Direct Offset Payments ²
2026 ¹	\$3,811,695	\$170,608	\$3,982,303	\$1,408,032
2025	3,877,078	49,339	3,926,417	1,208,808
2024	3,690,333	779,125	4,469,458	1,799,114
2023	4,210,110	744,337	4,954,447	2,530,226
2022	3,054,286	726,876	3,781,162	1,420,079

¹Estimated.

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

Effective for fiscal years beginning after June 15, 2014, GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net pension liability of \$22,171,066 as of September 30, 2024.

Effective for fiscal years beginning after June 15, 2017, GASB Statement 75 requires all reporting units in a multi-employer cost sharing OPEB plan to record a balance sheet liability for their proportionate share of the net OPEB liability of the plan. The School District implemented GASB 75 in its year ended June 30, 2018 financial statements. In its June 30, 2025 financial statements, the School District reported a proportionate share of the net OPEB asset of \$3,862,514 as of September 30, 2024.

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

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

<u>Employee Group</u>	<u>No. of Employees</u>	<u>Affiliation</u>	<u>Exp. Date of Contract</u>
Administrators/Supervisors	14	Non-Affiliated	N/A
Teachers	95	HEA/MEA/NEA	06/30/27
Mechanics/Custodians/ Maint./Secretaries	23	AFSCME	06/30/28
Paraprofessionals (Aides)	20	Non-Affiliated	N/A
Food Service	16	Non-Affiliated	N/A
Transportation	13	Non-Affiliated	N/A
Technology	3	Non-Affiliated	N/A
Administrative Support	3	Non-Affiliated	N/A
TOTAL	<u>187</u>		

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

DEBT STATEMENT* - (As of 09/08/26 – including the Bonds described herein)**DIRECT DEBT:**

<u>Dated Date</u>	<u>Purpose</u>	<u>Bond Type</u>	<u>Final Maturity</u>	<u>Principal Outstanding before Refunding</u>	<u>Refunding (Refunded) Bonds</u>	<u>Principal Outstanding after Refunding</u>
03/17/16	Refunding, Series A	UTQ	05/01/32	\$5,490,000	(\$5,490,000)	\$0*
11/20/19	Refunding, Series B	UTQ	05/01/28	2,975,000	0	2,975,000
06/09/21	Refunding	UTQ	05/01/27	1,000,000	0	1,000,000
//26	Refunding	UTQ	05/01/32	0	5,120,000	5,120,000*
NET DIRECT DEBT				<u>\$9,465,000</u>		<u>\$9,095,000*</u>

OVERLAPPING DEBT:

<u>Percent Share</u>	<u>Municipality</u>	<u>Net Debt</u>	<u>District's Share</u>
0.15%	Township of Allegan	\$0	\$0
26.80	Township of Dorr	1,103,000	295,604
78.62	Township of Hopkins	0	0
61.89	Township of Monterey	0	0
48.72	Township of Salem	0	0
23.83	Township of Watson	0	0
100.00	Village of Hopkins	0	0
5.88	County of Allegan	24,959,390	1,467,612
9.78	Allegan Area ESA	300,000	29,340

TOTAL OVERLAPPING DEBT1,792,556**NET DIRECT AND OVERLAPPING DEBT**\$10,887,556*

*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

SCHOOL LOAN REVOLVING FUND (SLRF) PROGRAM

The School District did not have a SLRF balance as of September 8, 2026.

OTHER DEBT

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

<u>Dated Date</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
09/08/26	State Aid Note	3.56%	09/08/27	\$2,400,000

DEBT HISTORY

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

FUTURE FINANCING

The School District has a bond proposal for a not to exceed amount of \$98,700,000 on the November 3, 2026 ballot. If successful, approximately \$20.8 million is expected to be issued in March 2027 and \$77.9 million would be expected to be issued in August 2028.

DEBT RATIOS*

Estimated School District Population	9,399
2026 Taxable Value	\$470,034,651
2026 State Equalized Value (SEV)	\$865,793,900
2026 True Cash Value (TCV)	\$1,731,587,800
Per Capita 2026 Taxable Value	\$50,009.01
Per Capita 2026 State Equalized Value	\$92,115.53
Per Capita 2026 True Cash Value	\$184,231.07
Per Capita Net Direct Debt	\$967.66
Per Capita Net Direct and Overlapping Debt	\$1,158.37
Percent of Net Direct Debt of 2026 Taxable Value	1.93%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	2.32%
Percent of Net Direct Debt of 2026 SEV	1.05%
Percent of Net Direct and Overlapping Debt of 2026 SEV	1.26%
Percent of Net Direct Debt of 2026 TCV	0.53%
Percent of Net Direct and Overlapping Debt of 2026 TCV	0.63%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 09/08/2026 – including the Bonds described herein)

2026 State Equalized Value	\$865,793,900
Legal Debt Limit - 15% of SEV	\$129,869,085
Total Bonded Debt Outstanding	\$9,095,000
Less: SLRF Qualified Bonds ¹	<u>(9,095,000)</u>
Net Amount Subject to Legal Debt Limit	<u>0</u>
LEGAL DEBT MARGIN AVAILABLE	<u><u>\$129,869,085</u></u>

*Preliminary, subject to change.

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

EMPLOYMENT CHARACTERISTICS

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

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Hopkins Public Schools	Education	187
Sandy Pines Wilderness	RV Campground	85
Sebright Products, Inc.	Industrial Trash Compactors, Conveyors & Extruders	80
Schaendorf Custom Farming Inc.	Farm	45
CD's Quik Mark	Convenience Store	28
SP Industries, Inc.	Waste Material Handling & Compaction Equipment	25
Hopkins Area Fire Department	Emergency Services	22
Russo's Pizzeria Bar	Restaurant	20
John B. Schaendorf Dairy	Dairy Farm	19
<i>Within the County of Allegan</i>		
Perrigo Co. (HQ)	Pharmaceuticals & Nutritional Supplements	3,500
JBS USA, LLC	Meat Processing & Packing	1,400
Gun Lake Casino & Resort	Casino & Resort	985
Challenge Manufacturing	Automotive Metal Stampings	857
Tiara Yachts (2 locations)	Boat Manufacturer	695
County of Allegan	Government	650
Yan Feng	Automotive Interior Parts	617
Hamilton Community Schools	Education	422
City of Holland (incl. BPW)	Local Government	398
Otsego Public Schools	Education	374
Parker Hannifin Corp. (2 locations)	Brass Plumbing Fittings & Valves	370
Beacon Health System - Allegan Hospital	Healthcare & Hospital	350
Wayland Union School District	Education	340
Allegan Public Schools	Education	327

Source: 2025 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 Township of Hopkins and the County of Allegan as follows:

PERSONS BY OCCUPATION	Township of Hopkins		County of Allegan	
	Number	Percent	Number	Percent
	1,381	100.00%	58,054	100.00%
Management, Business, Science & Arts	412	29.83	19,507	33.60
Service	226	16.36	8,432	14.52
Sales & Office	323	23.39	11,142	19.19
Natural Resources, Construction & Maintenance	211	15.28	6,625	11.42
Production, Transportation & Material Moving	209	15.14	12,348	21.27

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

	Township of Hopkins		County of Allegan	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	1,381	100.00%	58,054	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	43	3.11	1,249	2.15
Construction	197	14.27	4,668	8.04
Manufacturing	188	13.61	14,496	24.97
Wholesale Trade	77	5.58	1,094	1.88
Retail Trade	146	10.57	6,989	12.04
Transportation, Warehousing & Utilities	63	4.56	2,768	4.77
Information	23	1.67	462	0.81
Finance, Insurance & Real Estate	9	0.66	2,156	3.71
Professional, Scientific & Management Services	72	5.21	4,754	8.19
Educational, Health & Social Services	271	19.62	10,244	17.65
Arts, Entertainment, Recreation & Food Services	141	10.21	4,078	7.02
Other Services except Public Administration	116	8.40	3,456	5.95
Public Administration	35	2.53	1,640	2.82

UNEMPLOYMENT

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

Annual Average	County of Allegan	State of Michigan
July, 2026	4.0%	5.4%
2025	4.5	5.2
2024	4.1	4.7
2023	3.6	3.9
2022	3.8	4.2

POPULATION BY AGE

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

	Township of Hopkins		County of Allegan	
	Number	Percent	Number	Percent
Total Population	2,740	100.00%	121,456	100.00%
0 through 19 years	760	27.74	30,878	25.42
20 through 64 years	1,431	52.22	68,200	56.15
65 years and over	549	20.04	22,378	18.43
Median Age	34.9 years		41.0 years	

INCOME

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

	Township of Hopkins		County of Allegan	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	999	100.00%	45,522	100.00%
Less than \$ 10,000	25	2.50	1,293	2.84
\$ 10,000 to \$ 14,999	34	3.40	902	1.98
\$ 15,000 to \$ 24,999	81	8.11	2,336	5.13
\$ 25,000 to \$ 34,999	37	3.70	3,290	7.23
\$ 35,000 to \$ 49,999	67	6.71	4,639	10.19
\$ 50,000 to \$ 74,999	145	14.51	7,731	16.98
\$ 75,000 to \$ 99,999	256	25.63	7,323	16.09
\$100,000 to \$149,999	177	17.72	9,601	21.09
\$150,000 to \$199,999	114	11.41	4,373	9.61
\$200,000 or MORE	63	6.31	4,034	8.86
Median Income	\$88,825		\$83,283	

APPENDIX C

GENERAL FUND BUDGET SUMMARIES AND COMPARATIVE FINANCIAL STATEMENTS

Hopkins Public Schools General Fund Budget Summaries

	Final 2025/26	As Adopted 2026/27
Revenues		
Local Sources	\$1,509,106	\$1,557,577
State Sources	17,236,189	16,963,225
Federal Sources	235,043	177,951
Incoming	750,233	748,448
Other	71,250	105,000
Total Revenues	<u>\$19,801,821</u>	<u>\$19,552,201</u>
Expenditures		
Instructional Services		
Basic Program	\$9,744,315	\$9,991,603
Added Needs	1,711,790	1,660,945
Support		
Pupil	1,135,388	1,209,436
Instructional Staff	618,372	667,006
General Administration	483,702	466,260
School Administration	1,489,958	1,403,292
Business Services	359,114	356,150
Operation & Maintenance	2,329,282	2,220,058
Transportation	991,194	1,048,894
Central Services	762,715	713,941
Athletics	739,670	642,560
Community Activities	358	--
Non-Public School Pupils	7,900	11,187
Debt Service	80,000	80,000
Total Expenditures	<u>\$20,453,758</u>	<u>\$20,471,332</u>
Excess of Expenditures (over) under Revenues	<u>(\$651,937)</u>	<u>(\$919,131)</u>
Beginning Fund Balance - July 1	<u>\$2,656,701</u>	<u>\$2,004,764</u>
Projected Fund Balance - June 30	<u><u>\$2,004,764</u></u>	<u><u>\$1,085,633</u></u>

Source: School District

Hopkins Public Schools
General Fund
Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash and Cash Equivalents	\$1,014,455	\$1,656,235	\$1,186,587
Intergovernmental	3,636,006	3,473,056	3,215,905
Accounts Receivable	--	824	6,346
Due from Other Funds	--	--	40,000
Inventories	64,849	69,432	56,530
Prepays	170,217	173,291	182,842
Total Assets	<u>\$4,885,527</u>	<u>\$5,372,838</u>	<u>\$4,688,210</u>
Liabilities			
Accounts Payable	\$73,399	\$84,053	\$120,012
Accrued Salaries and Related Items	975,983	1,015,819	1,094,476
Accrued Retirement	710,167	598,600	481,654
Unearned Revenue	460,725	625,305	334,010
Due to Other Funds	--	--	1,357
Total Liabilities	<u>\$2,220,274</u>	<u>\$2,323,777</u>	<u>\$2,031,509</u>
Fund Balance			
Nonspendable			
Inventories	\$64,849	\$69,432	\$56,530
Prepays	170,217	173,291	182,842
Assigned			
Subsequent Year Expenditures	115,138	418,327	1,118,652
Unassigned	2,315,049	2,388,011	1,298,677
Total Fund Balance	<u>\$2,665,253</u>	<u>\$3,049,061</u>	<u>\$2,656,701</u>
Total Liabilities and Fund Balance	<u><u>\$4,885,527</u></u>	<u><u>\$5,372,838</u></u>	<u><u>\$4,688,210</u></u>

Source: Audited Financial Statements

**Hopkins Public Schools
General Fund**

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

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Revenue			
Local Sources	\$1,254,908	\$1,428,704	\$1,307,364
State Sources	16,686,289	17,385,290	16,972,975
Federal Sources	1,026,188	821,512	536,973
Incoming Transfers and Other	656,459	762,417	746,551
Total Revenue	<u>\$19,623,844</u>	<u>\$20,397,923</u>	<u>\$19,563,863</u>
Expenditures			
Current			
Instruction	\$11,661,836	\$11,428,611	\$11,475,123
Supporting Services	8,319,416	8,599,744	8,745,968
Community Service	6,812	4,486	12,647
Debt Service			
Principal	--	--	76,244
Interest and Other Expenditures	6,525	36,750	24,951
Total Expenditures	<u>\$19,994,589</u>	<u>\$20,069,591</u>	<u>\$20,334,933</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(\$370,745)</u>	<u>\$328,332</u>	<u>(\$771,070)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	\$1,500	\$15,476	\$3,500
Proceeds from Issuance of Debt	--	--	335,210
Operating Transfers In	40,000	40,000	40,000
Total Other Financing Sources (Uses)	<u>\$41,500</u>	<u>\$55,476</u>	<u>\$378,710</u>
Net Change in Fund Balance	<u>(\$329,245)</u>	<u>\$383,808</u>	<u>(\$392,360)</u>
Fund Balance - Beginning	<u>\$2,994,498</u>	<u>\$2,665,253</u>	<u>\$3,049,061</u>
Fund Balance - Ending	<u><u>\$2,665,253</u></u>	<u><u>\$3,049,061</u></u>	<u><u>\$2,656,701</u></u>

Source: Audited Financial Statements

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APPENDIX D

AUDITED FINANCIAL STATEMENTS

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Hopkins Public Schools

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025 on our consideration of Hopkins Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hopkins Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hopkins Public Schools' internal control over financial reporting and compliance.

October 14, 2025

HOPKINS PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

The original budget that was approved by the Board of Education in June 2024 anticipated a per pupil increase of \$241/pupil and projected an increase in the student count of approximately 7 students. The fall pupil count for the 2024/25 school year was 1,442, which was a decrease of 16 students. The spring count was 1,438, a decrease of 4 students. The district has not yet returned to its pre-pandemic student enrollment numbers which peaked at just over 1,660 prior to 2020. The State continued funding through Section 29(6) Enrollment Stabilization of \$100,641 that helped offset its declining enrollment.

The district once again received a large amount of federal funds over and above the usual Title grants. They spent \$76,553 of remaining ESSER 11t funds to support specific subgroups of students and to make up for learning loss, provide summer school, and employ staffing to support evidence-based activities and high-quality assessments. Additionally, they received \$226,896 of School Violence Prevention funding towards safety and security improvements in the district. The district received \$10,185 of Filters First Healthy Hydration funding for bottle fill stations. Title Grant funding was \$213,954. General fund funding from all Federal sources totaled \$536,973.

There were once again many new and continuing grants funded through the State School Aid Act and other funding sources for behavioral health and safety. 31o and 31aa funding continued to support additional counseling, social work, and behavioral support specialists. 31n(6) funds of \$102,322 were received to support licensed behavioral health providers. Section 97b grant funding of \$53,161 was received to support a School Resource Officer. Section 35j for literacy improvement and professional development was added for \$100,186 and \$5,950 97j funding to support early student behavioral intervention tools. Funding for transportation reimbursement continued in 2024/2025 through 221 to reimburse districts for actual expenses which totaled \$234,685.

For fiscal year 2024-25, the district decreased its general fund balance by \$(392,360) to bring its total general fund balance to \$2,656,701 or 13.06% of expenditures. The district participated in short-term borrowing of \$1,100,000 for the period of September 2024 through April 2025. The district was eligible to receive \$551,882 in At Risk 31A funds and continued to receive the 61d CTE payment for students in our Agricultural Vocational Education program. From the Office of Retirement Services, the 147c and 147a funding decreased \$197,189. State Funding added \$535,517 to reduce the UAAL cost, however the district still fell short in MPERS funding from 2023-2024. Funding for 147e remained steady. Funding from section 147f was eliminated, a reduction of \$46,836. The district received 147g funding of \$167,651 to reimburse employees' MPERS health care deductions from October 1, 2024 to September 30, 2025. Employee deductions will permanently stop after the state fiscal year end September 30, 2025. The district continued to receive the FIRST Robotics Grant, Early Literacy Targeted Instruction Grant, the Bilingual Education Grant, and the Headlee Obligation for Data Collection funding. The district received \$2,867 from section 27k funding to reimburse student loan payments to those employees who applied and qualified under the state application process.

The sinking fund generated \$632,498 from 1.5412 mills during the winter tax collection. The debt millage remained at 10.34 mills, generating \$4,121,224 in tax revenue. The debt retirement fund was able to pay off \$2,899 to the School Bond Loan Fund and property values in the district increased by 8.75%.

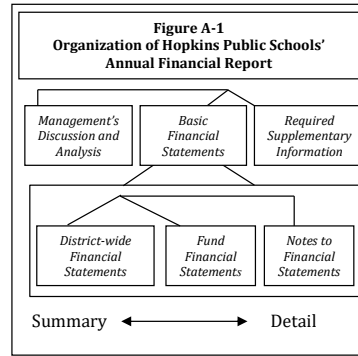
The food service added a surplus of \$43,017 to their fund balance and was once again able to transfer \$40,000 to the General Fund for indirect costs. The district was required to submit a spend-down plan of \$119,487. The district received approval for an extension of the spend down plan by the MDE.

HOPKINS PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.



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

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

HOPKINS PUBLIC SCHOOLS MANAGEMENT'S DISCUSSION AND ANALYSIS

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

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food service).

The District has two kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Fiduciary Funds - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-3 Hopkins Public Schools' Net Position		
	2025	2024*
Assets		
Current assets	\$ 7,316,304	\$ 7,008,963
Net other postemployment benefits asset	3,862,514	514,610
Capital assets	28,828,378	29,369,084
Total assets	40,007,196	36,892,657
Deferred outflows of resources	8,135,474	11,474,036
Liabilities		
Long-term liabilities outstanding	15,239,520	18,282,793
Other liabilities	2,118,208	2,430,529
Net pension liability	22,171,066	29,868,791
Total liabilities	39,528,794	50,582,113
Deferred inflows of resources	12,869,129	9,090,636
Net position		
Net investment in capital assets	15,147,822	12,567,001
Restricted for debt service	603,849	210,000
Restricted for capital projects - sinking fund	1,015,082	490,473
Restricted for net other postemployment benefits	3,862,514	514,610
Unrestricted	(24,884,520)	(25,088,140)
Total net position	\$ (4,255,253)	\$ (11,306,056)
*The 2024 numbers have not been updated for the adoption of GASB 101		

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table A-4 Changes in Hopkins Public Schools' Net Position		
	2025	2024*
Revenues		
Operating grants and contributions	\$ 6,401,006	\$ 6,716,605
Capital grants and contributions	-	1,125,000
Charges for services	71,899	87,037
General revenues		
Property taxes	5,901,022	5,450,643
State aid - unrestricted	13,247,288	13,694,888
Other	1,028,827	1,278,646
Total revenues	26,650,042	28,352,819
Expenses		
Instruction	9,071,584	10,827,816
Support services	7,357,189	7,982,254
Community services	19,010	4,486
Food services	906,169	983,057
Student/school activities	431,933	423,209
Interest on long-term debt	550,489	658,505
Unallocated depreciation/amortization	1,020,016	978,449
Total expenses	19,356,390	21,857,776
Change in net position	\$ 7,293,652	\$ 6,495,043
*The 2024 numbers have not been updated for the adoption of GASB 101		

DISTRICT GOVERNMENTAL ACTIVITIES

The District's fund balance decreased during the current fiscal year. The financial position of the District is stable. The District is looking at ways to reduce costs and balance the budget. The District's sinking fund millage is renewed through 2030, which greatly helps to offset general fund expenses. The pension cost increased in 2024-2025. Funding from section 147a(4) offset some of the UAAL pension costs in 2024-2025. The District continued to pay the state hard cap for health insurance which increased by .2%. The dental/vision costs increased 7.4%. The District continued contracts with all employee groups which included step increases in addition to scale increases ranging from 2% to 4%.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's taxable values grew by 8.75 % for 2024. The winter tax bills continued to reflect a rate of 10.34 mills to be levied for debt on all properties in order to allow the District to pay back their original bonds and also pay back their loan from the State's school bond loan fund in a timely manner. The District continued to levy 1.412 mills for their sinking fund .

The Hopkins Board of Education has set a goal to maintain a fund balance of 15% for the District. The District completed the year reporting a general fund balance of \$2,656,701 or 13.06%.

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund and Budget Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time the budget is adopted, such as the amount of state aid, student enrollment, and the cost of employee contracts. The original 2024-25 budget was approved in June 2024. During the fiscal year, the budget was amended twice to reflect changes and to recognize these changes with the Board of Education.

The District was able to use the large amount of federal funding they received toward safety and security improvement throughout the District. Federal funding continued to support learning loss and improve student engagement by implementing evidence-based activities, administering high-quality assessments, and monitoring the academic progress of those students who needed more help.

The original June adopted budget anticipated that the District would have over a \$418,327 deficit in general fund, the actual result for 2024-2025 is a deficit of \$392,360.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital purchases in FY '25 increased in buildings and additions due to a new pole barn at the high school and District wide safety and security upgrades.

Table A-5 Hopkins Public Schools' Capital Assets Net of Depreciation		
	2025	2024
Land	\$ 739,062	\$ 739,062
Construction in progress	206,720	-
Building and additions	24,668,883	25,415,005
Furniture and equipment	1,527,471	1,467,510
Transportation equipment	1,299,219	1,593,019
Land improvements	52,613	55,488
Right to use - subscription-based IT	143,990	99,000
Right to use - equipment	190,420	-
Total	\$ 28,828,378	\$ 29,369,084

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term Debt

Table A-6 Hopkins Public Schools' Outstanding Long-Term Debt		
	2025	2024*
General obligation bonds	\$ 13,972,051	\$ 17,457,388
Notes from direct borrowings and direct placements	258,966	2,870
Compensated absences and termination benefits	1,008,503	822,535
Total	\$ 15,239,520	\$ 18,282,793
*The 2024 numbers have not been updated for the adoption of GASB 101		

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is aware of several areas impacting 2025 and the future.

- Due to the fact the state budget has not been passed, the District does not yet know if they will receive an increase in the per pupil allowance for the 2025-26 school year. The District's federal funding will be greatly reduced in large part due to the federal safety and security grant funds that have been most expended in 2024-2025. Due to elimination of grant funds, positions that were federal and state grant will shift to the General Fund or instead be reduced or eliminated.
- The District has not yet seen the student count recover completely from the COVID-19 pandemic. The District continues to face a reduction in their enrollment year after year. The student count numbers for the 2025-26 school year are expected to slightly higher than in 2024-25.
- The District is facing many unknowns with state funding levels for the 2025-2026 school year.
- The District will continue the need to borrow in order to finance operations during the 2025-26 school year. With the first State Aid payment not received until October and the receipt of property taxes not beginning until December, the anticipated state borrowing will be approximately \$2.78 million.
- The District is continuing to address the large student loss at the high school by offering a virtual option for students to complete their high school classes using an outside vendor and staff support.
- The District will once again be able to use the sinking fund to offset general fund expenses for building projects and repairs. The anticipated revenue for the 2025-26 fiscal year is \$668,730.
- The Michigan Public School Employee Retirement System continues to be very complex and difficult to budget. The pension system is currently funded up to a level where school districts will see a reduction in their employer rates beginning October 1, 2025.
- The teacher shortage within the State of Michigan continues to be an item of concern; however, at this time all staff positions at Hopkins are filled. The District is experiencing a shortage in drivers due to turnover and a lack of applicants. This shortage is occurring throughout the state, and many districts are seeking creative solutions to cover the shortage.

**HOPKINS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

- The District will provide free meals through September 30, 2025. Without an approved State budget, it is not known to the District if free meals will be provided again for all students for the 2025-26 school year. The District had to submit and was approved for a spend-down plan as a result of the high fund balances that remained after the pandemic because of all meals being free for students. It is anticipated that after the completion of the 2025-26 fiscal year, there will be a fund balance that will need to be spent down once again.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Hopkins Public Schools, 400 Clark Street, Hopkins, MI 49328.

BASIC FINANCIAL STATEMENTS

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,834,290
Accounts receivable	7,078
Intergovernmental	3,225,414
Inventories	66,680
Prepays	182,842
Net other postemployment benefits asset	3,862,514
Capital assets, not being depreciated	945,782
Capital assets, net of accumulated depreciation/amortization	<u>27,882,596</u>
TOTAL ASSETS	<u>40,007,196</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges, net of amortization	323,661
Related to other postemployment benefits	1,039,144
Related to pensions	<u>6,772,669</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,135,474</u>
LIABILITIES	
Accounts payable	123,173
Accrued salaries and related items	1,095,130
Accrued retirement	481,654
Accrued interest	75,668
Unearned revenue	342,583
Noncurrent liabilities	
Due within one year	3,758,953
Due in more than one year	11,480,567
Net pension liability	<u>22,171,066</u>
TOTAL LIABILITIES	<u>39,528,794</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	5,056,561
Related to pensions	6,603,760
Related to state aid funding for pension	<u>1,208,808</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,869,129</u>
NET POSITION	
Net investment in capital assets	15,147,822
Restricted for debt service	603,849
Restricted for capital projects - sinking fund	1,015,082
Restricted for net other postemployment benefits	3,862,514
Unrestricted	<u>(24,884,520)</u>
TOTAL NET POSITION	<u>\$ (4,255,253)</u>

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

		Program Revenues		Governmental Activities
		Charges for	Operating	Net (Expense)
Functions/Programs	Expenses	Services	Grants and Contributions	Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 9,071,584	\$ -	\$ 3,989,767	\$ (5,081,817)
Support services	7,357,189	-	863,199	(6,493,990)
Community services	19,010	-	-	(19,010)
Food services	906,169	71,899	1,068,975	234,705
Student/school activities	431,933	-	479,065	47,132
Interest on long-term debt	550,489	-	-	(550,489)
Unallocated depreciation/amortization	<u>1,020,016</u>	<u>-</u>	<u>-</u>	<u>(1,020,016)</u>
Total governmental activities	<u>\$ 19,356,390</u>	<u>\$ 71,899</u>	<u>\$ 6,401,006</u>	<u>(12,883,485)</u>
General revenues				
Property taxes, levied for general purposes				1,147,300
Property taxes, levied for debt service				4,121,224
Property taxes, levied for sinking fund				632,498
Investment earnings				71,869
State sources - unrestricted				13,247,288
Intermediate sources				619,779
Other				<u>337,179</u>
Total general revenues				<u>20,177,137</u>
CHANGE IN NET POSITION				7,293,652
NET POSITION, beginning of year as previously reported				(11,306,056)
Adjustment to beginning net position				<u>(242,849)</u>
NET POSITION, beginning of year as restated				<u>(11,548,905)</u>
NET POSITION, end of year				<u>\$ (4,255,253)</u>

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,186,587	\$ 1,015,082	\$ 1,632,621	\$ 3,834,290
Accounts receivable	6,346	-	732	7,078
Intergovernmental	3,215,905	-	9,509	3,225,414
Due from other funds	40,000	-	1,357	41,357
Inventories	56,530	-	10,150	66,680
Prepays	182,842	-	-	182,842
TOTAL ASSETS	\$ 4,688,210	\$ 1,015,082	\$ 1,654,369	\$ 7,357,661
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 120,012	\$ -	\$ 3,161	\$ 123,173
Accrued salaries and related items	1,094,476	-	654	1,095,130
Accrued retirement	481,654	-	-	481,654
Due to other funds	1,357	-	40,000	41,357
Unearned revenue	334,010	-	8,573	342,583
TOTAL LIABILITIES	2,031,509	-	52,388	2,083,897
FUND BALANCES				
Nonspendable				
Inventories	56,530	-	10,150	66,680
Prepays	182,842	-	-	182,842
Restricted				
Debt service	-	-	679,517	679,517
Capital projects	-	1,015,082	-	1,015,082
Food service	-	-	438,087	438,087
Committed for student/school activities	-	-	313,595	313,595
Assigned				
Capital projects funds	-	-	160,632	160,632
Subsequent year expenditures	1,118,652	-	-	1,118,652
Unassigned	1,298,677	-	-	1,298,677
TOTAL FUND BALANCES	2,656,701	1,015,082	1,601,981	5,273,764
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,688,210	\$ 1,015,082	\$ 1,654,369	\$ 7,357,661

See notes to financial statements.

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

Total governmental fund balances		\$ 5,273,764
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - deferred charges on refunding	\$ 323,661	
Deferred outflows of resources - related to pensions	6,772,669	
Deferred outflows of resources - related to other postemployment benefits	1,039,144	
Deferred inflows of resources - related to pensions	(6,603,760)	
Deferred inflows of resources - related to other postemployment benefits	(5,056,561)	
Deferred inflows of resources - related to state aid funding for pension	(1,208,808)	
		(4,733,655)
Some assets are not current financial resources and therefore are not reported in the governmental funds balance sheet.		
Noncurrent assets at year end consist of the following:		
Net other postemployment benefit asset		3,862,514
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	52,151,787	
Accumulated depreciation/amortization is	(23,323,409)	
		28,828,378
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds and notes payable		(14,231,017)
Compensated absences and termination benefits		(1,008,503)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(75,668)
Net pension liability		(22,171,066)
Net position of governmental activities		\$ (4,255,253)

See notes to financial statements.

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HOPKINS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ 1,147,300	\$ 632,498	\$ 4,121,224	\$ 5,901,022
Tuition	6,675	-	-	6,675
Investment earnings	32,448	1,693	37,728	71,869
Food sales	-	-	71,646	71,646
Student/school activity income	-	-	479,065	479,065
Other	120,941	-	124,319	245,260
Total local sources	1,307,364	634,191	4,833,982	6,775,537
State sources	16,972,975	-	635,914	17,608,889
Federal sources	536,973	-	433,061	970,034
Incoming transfers and other	746,551	-	-	746,551
TOTAL REVENUES	19,563,863	634,191	5,902,957	26,101,011
EXPENDITURES				
Current				
Instruction	11,475,123	-	-	11,475,123
Supporting services	8,745,968	-	-	8,745,968
Food service activities	-	-	989,213	989,213
Student/school activities	-	-	431,933	431,933
Community service activities	12,647	-	-	12,647
Capital outlay	-	109,582	72,642	182,224

See notes to financial statements.

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	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)				
Debt service				
Principal repayment	\$ 76,244	\$ -	\$ 3,355,000	\$ 3,431,244
Payments on school loan revolving fund	-	-	2,899	2,899
Interest	24,951	-	539,895	564,846
Other	-	-	1,448	1,448
TOTAL EXPENDITURES	20,334,933	109,582	5,393,030	25,837,545
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(771,070)	524,609	509,927	263,466
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	3,500	-	3,100	6,600
Proceeds from issuance of debt	335,210	-	-	335,210
Transfers out	-	-	(40,000)	(40,000)
Transfers in	40,000	-	-	40,000
TOTAL OTHER FINANCING SOURCES (USES)	378,710	-	(36,900)	341,810
NET CHANGE IN FUND BALANCES	(392,360)	524,609	473,027	605,276
FUND BALANCES				
Beginning of year	3,049,061	490,473	1,128,954	4,668,488
End of year	\$ 2,656,701	\$ 1,015,082	\$ 1,601,981	\$ 5,273,764

See notes to financial statements.

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

Net change in fund balances total governmental funds	\$ 605,276
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/amortization:	
Depreciation/amortization expense	(1,525,378)
Capital outlay	984,672
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	90,054
Accrued interest payable, end of the year	(75,668)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on debt	3,431,244
Proceeds from issuance of long term obligation	(335,210)
Payments on school loan revolving fund	2,899
Amortization of deferred charge on refunding	(45,650)
Amortization of bond premium	130,337
Interest on school loan revolving fund	(29)
Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences and termination benefits, beginning of the year, as restated	1,065,384
Accrued compensated absences and termination benefits, end of the year	(1,008,503)
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	1,923,613
Other postemployment benefit related items	1,460,305
Restricted Revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension, beginning of the year	1,799,114
State aid funding for pension, end of the year	(1,208,808)
Change in net position of governmental activities	\$ 7,293,652

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	Custodial Fund
ASSETS	
Cash and cash equivalents	<u>\$ 12,001</u>
NET POSITION	
Restricted for school use/student organizations	<u>\$ 12,001</u>

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Custodial Funds
Additions	
Student activity income	\$ 18,298
Deductions	
Payments made on behalf of student organizations	24,188
Change in fiduciary net position	(5,890)
Net Position	
Beginning of year	17,891
End of year	<u>\$ 12,001</u>

See notes to financial statements.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Hopkins Public Schools. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Sinking Fund* accounts for the receipt of the sinking fund millage proceeds and acquisition of capital assets or construction of capital projects. The District has complied with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following *Other Nonmajor Funds*:

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

The *Capital Improvement Fund* accounts for the receipt of proceeds from the District's sale of its cable television channel and the acquisition or construction of capital facilities or equipment held by the District.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In additions, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

The fiduciary funds financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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

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

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

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

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

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

Cash and Cash Equivalents

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaid Items

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land is not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and additions	50
Land improvements	20
Furniture and equipment	5-15
Transportation equipment	8
Right to use - subscription-based IT	6
Right to use - equipment	5

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: The District is a lessee for a noncancelable lease/subscription of a building and an IT arrangement. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA 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 judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, 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/SBITA.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- 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 purchase option price that the District is reasonably certain to exercise.

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

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.

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows (continued)

pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

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

During the years ended June 30, 2020 and 2021, the District issued bonded debt in the amounts of \$5,975,000, and \$3,255,000, respectively, used to make principal and interest payments related to the School Bond Loan fund and the School Loan Revolving fund. 4.8%, and 1.8%, respectively, of these proceeds are not considered capital related debt, as this amount was used to pay off accrued interest. The current allocations of this debt not considered capital related to debt at June 30, 2025 is \$190,800, and \$36,000, respectively.

The School Bond Loan fund was paid in full as of June 30, 2025.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Program Revenues

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

Revenues and Expenditures/Expenses

Property Taxes

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

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

Fund	Mills
General fund:	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund:	
PRE, Non-PRE, Commercial Personal Property	10.3400
Sinking fund:	
PRE, Non-PRE, Commercial Personal Property	1.5412

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

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

Long-term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$3,569,894 of the District's bank balance of \$4,069,894 was exposed to custodial credit risk because it was uninsured and uncollateralized. Interest bearing accounts and certificates of deposit are included in the above totals.

Custodial Credit Risk - Investments

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

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

Fair Value Measurement

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

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

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

The District does not have any investments subject to the fair value measurement.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

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

Per financial statements	
District-wide - cash and cash equivalents	\$ 3,834,290
Fiduciary - cash and cash equivalents	12,001
	<u> </u>
Total	<u>\$ 3,846,291</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2024	Additions	Deletions/ Reclassifications	Balance June 30, 2025
Capital assets not being depreciated				
Land	\$ 739,062	\$ -	\$ -	\$ 739,062
Construction in progress	-	206,720	-	206,720
Total capital assets not being depreciated/amortized	<u>739,062</u>	<u>206,720</u>	<u>-</u>	<u>945,782</u>
Capital assets being depreciated/amortized				
Buildings and additions	43,522,695	97,879	-	43,620,574
Furniture and equipment	4,618,839	331,664	832,022	4,118,481
Transportation equipment	3,025,824	13,199	83,583	2,955,440
Land improvements	57,500	-	-	57,500
Right to use - subscription-based IT	118,800	97,185	-	215,985
Right to use - equipment	-	238,025	-	238,025
Total capital assets being depreciated/amortized	<u>51,343,658</u>	<u>777,952</u>	<u>915,605</u>	<u>51,206,005</u>
Accumulated depreciation/amortization				
Buildings and additions	18,107,690	844,001	-	18,951,691
Furniture and equipment	3,151,329	271,703	832,022	2,591,010
Transportation equipment	1,432,805	306,999	83,583	1,656,221
Land improvements	2,012	2,875	-	4,887
Right to use - subscription-based IT	19,800	52,195	-	71,995
Right to use - equipment	-	47,605	-	47,605
Total accumulated depreciation/amortization	<u>22,713,636</u>	<u>1,525,378</u>	<u>915,605</u>	<u>23,323,409</u>
Net capital assets being depreciated/amortized	<u>28,630,022</u>	<u>(747,426)</u>	<u>-</u>	<u>27,882,596</u>
Net governmental capital assets	<u>\$ 29,369,084</u>	<u>\$ (540,706)</u>	<u>\$ -</u>	<u>\$ 28,828,378</u>

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$1,525,378.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

The District allocated depreciation/amortization to the various activities as follows:

Instruction	\$ 198,363
Support services	306,999
Unallocated depreciation/amortization	<u>1,020,016</u>
Total depreciation/amortization	<u>\$ 1,525,378</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 at the fund level consist of the following:

	General Fund	Total Nonmajor Funds	Total
State Aid - State of Michigan	\$ 3,083,785	\$ 9,509	\$ 3,093,294
Federal grants	131,557	-	131,557
Intermediate school district	<u>563</u>	<u>-</u>	<u>563</u>
	<u>\$ 3,215,905</u>	<u>\$ 9,509</u>	<u>\$ 3,225,414</u>

No allowance for doubtful accounts is considered necessary.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

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

General Obligation Bonds

2016 series A general obligation refunding bonds due in annual installments of \$825,000 to \$940,000 through May 1, 2032 with interest at 4.00% to 5.00%.	\$ 6,315,000
2018 general obligation refunding bonds due in annual installments of \$405,000 through May 1, 2026 with interest at 2.50%.	405,000
2019 series A general obligation refunding bonds due in annual installments of \$350,000 through May 1, 2026 with interest at 4.00%.	350,000
2019 series B general obligation refunding bonds due in annual installments of \$1,000,000 to \$1,490,000 from May 1, 2025 through May 1, 2028 with interest at 2.352% to 2.491%.	3,975,000
2021 general obligation refunding bonds due in annual installments of \$1,000,000 from May 1, 2025 through May 1, 2027 with interest at 1.10% to 1.45%.	2,000,000
Plus premium on bond issuance, net of amortization	927,051
Total general obligation bonds	13,972,051
<u>Notes From Direct Borrowings and Direct Placements</u>	
Copier Lease - During the 2025 fiscal year, the District entered into a five-year lease agreement as lessee for the use of copiers. An initial liability was recorded in the amount of \$237,389 during the current fiscal year. Due in monthly payments of \$4,375 and an interest rate of 3.92%.	194,071
SBITA - During the 2025 fiscal year, the District entered into a three-year lease agreements as lessee for the use of site licenses. An initial liability was recorded in the amount of \$97,821 during the current fiscal year. Due in annual payments of \$32,607 with an interest rate of 3.92%.	64,895
Accrued retirement benefits	
Obligation under contract for compensated absences and termination benefits	1,008,503
Total general long-term obligations	\$ 15,239,520

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize the long-term obligations as of June 30, 2025, including interest of \$1,565,987 are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		SBITA		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest	Principal	Interest		
2026	\$ 3,580,000	\$ 454,009	\$ 45,708	\$ 6,792	\$ 32,395	\$ 212	\$ -	\$ 4,119,116
2027	3,350,000	362,365	47,532	4,968	32,500	106	-	3,797,471
2028	2,400,000	268,366	49,429	3,071	-	-	-	2,720,866
2029	930,000	185,750	51,402	1,098	-	-	-	1,168,250
2030	925,000	139,250	-	-	-	-	-	1,064,250
2031 - 2032	1,860,000	140,000	-	-	-	-	-	2,000,000
	13,045,000	1,549,740	194,071	15,929	64,895	318	-	14,869,953
Premium on bond issuance	927,051	-	-	-	-	-	-	927,051
Compensated absences and termination benefits	-	-	-	-	-	-	1,008,503	1,008,503
	<u>\$ 13,972,051</u>	<u>\$ 1,549,740</u>	<u>\$ 194,071</u>	<u>\$ 15,929</u>	<u>\$ 64,895</u>	<u>\$ 318</u>	<u>\$ 1,008,503</u>	<u>\$ 16,805,507</u>

An amount of \$679,157 is available in the debt service fund to service the general obligation debt. Interest expense for all funds for the year ended June 30, 2025 was \$564,846.

The following is a summary of the changes in liabilities reported as long term obligations:

	Balance July 1, 2024, as restated	Additions	Reductions	Balance June 30, 2025	Due within One Year
General obligation bonds	\$ 17,457,388	\$ -	\$ 3,485,337	\$ 13,972,051	\$ 3,580,000
Notes from direct borrowings					
direct placements	2,870	335,239	79,143	258,966	78,103
Accumulated compensated absences and termination benefits*	1,065,384	-	56,881	1,008,503	100,850
Totals	\$ 18,525,642	\$ 335,239	\$ 3,621,361	\$ 15,239,520	\$ 3,758,953

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

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$12,565,000 bonds outstanding are considered defeased.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

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

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$4,005,000. Of the total pension contributions approximately \$3,877,000 was contributed to fund the Defined Benefit Plan and approximately \$128,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$124,000. Of the total OPEB contributions approximately \$49,000 was contributed to fund the Defined Benefit Plan and approximately \$75,000 was contributed to fund the Defined Contribution Plan.

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.09056%	0.09228%
Net pension liability for the District	\$ 22,171,066	\$ 29,868,791

For the year ended June 30, 2025, the District recognized pension expense of \$1,953,465.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 2,311,465	\$ 1,624,438
Net difference between projected and actual earnings on pension plan investments	-	4,231,179
Differences between expected and actual experience	601,517	240,892
Changes in proportion and difference between employer contributions and proportionate share of contributions	352,344	507,251
Reporting Unit's contributions subsequent to the measurement date	<u>3,507,343</u>	<u>-</u>
	<u>\$ 6,772,669</u>	<u>\$ 6,603,760</u>

\$3,507,343, 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.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Year Ending June 30,	Amount
2026	\$ (570,289)
2027	87,394
2028	(1,698,019)
2029	(1,157,520)
	<u>\$ (3,338,434)</u>

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

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

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment benefit liability	9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	14,295,943,589	\$ 11,789,347,341
Net other postemployment benefit (asset) liability	(4,304,397,666)	\$ (565,698,392)
Proportionate share	0.08973%	0.09097%
Net other postemployment benefit (asset) liability for the District	(3,862,514)	\$ (514,610)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$1,410,966

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 843,629	\$ 96,968
Net difference between projected and actual earnings on investments	-	731,218
Differences between expected and actual experience	-	4,093,085
Changes in proportion and difference between employer contributions and proportionate share of contributions	182,094	135,290
Reporting Unit's contributions subsequent to the measurement date	<u>13,421</u>	<u>-</u>
	<u>\$ 1,039,144</u>	<u>\$ 5,056,561</u>

\$13,421, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2026	\$ (1,307,393)
2027	(753,987)
2028	(772,732)
2029	(723,969)
2030	(398,734)
2031	(74,023)
	<u>\$ (4,030,838)</u>

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

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

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

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.30%
International Equity Pools	15.00%	6.50%
Private Equity Pools	16.00%	9.00%
Real Estate and Infrastructure Pools	10.00%	7.10%
Fixed Income Pools	13.00%	2.20%
Absolute Return Pools	9.00%	5.20%
Real Return/Opportunistic Pools	10.00%	6.90%
Short Term Investment Pools	2.00%	1.40%
	<u>100.00%</u>	

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

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

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

	<u>Pension</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Reporting Unit's proportionate share of the net pension liability	<u>\$ 32,503,021</u>	<u>\$ 22,171,066</u>	<u>\$ 13,567,726</u>

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

	<u>Other Postemployment Benefit</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	<u>\$ (2,984,983)</u>	<u>\$ (3,862,514)</u>	<u>\$ (4,621,232)</u>

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	<u>Other Postemployment Benefit</u>		
	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	<u>\$ (4,621,241)</u>	<u>\$ (3,862,514)</u>	<u>\$ (3,048,783)</u>

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 7 - TRANSFERS

The transfer of \$40,000 from the food service fund to the general fund was for the reimbursement of indirect costs.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association 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. Participant's annual dental and vision benefits are limited.

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RISK MANAGEMENT (continued)

The District continues to carry commercial insurance for all other risks of loss, including property and casualty and other employee health and accident insurance.

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Payments in Lieu of Taxes (PILOT) granted by townships. PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under this program is as follows:

<u>Municipality</u>	<u>Taxes Abated</u>
Monterey Township	<u>\$ 1,556</u>

NOTE 11 - SUBSEQUENT EVENTS

Subsequent to year end, the District approved borrowing \$1,100,000 in state aid notes for fiscal year 2026.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;

**HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

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

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

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

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

HOPKINS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - ADJUSTMENTS TO BEGINNING NET POSITION

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

	Reporting Units Affected by Adjustments and Restatements of Beginning Balances	
	Governmental Activities	
	Net Position	Accumulated Compensated Absences
Balance as of July 1, 2024, as previously stated	\$ (11,306,056)	\$ 822,535
Adoption of GASB Statement 101	<u>(242,849)</u>	<u>242,849</u>
Balance as of July 1, 2024, as restated	<u>\$ (11,548,905)</u>	<u>\$ 1,065,384</u>

REQUIRED SUPPLEMENTARY INFORMATION

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 1,227,746	1,310,185	\$ 1,307,364	\$ (2,821)
State sources	17,533,450	17,109,174	16,972,975	(136,199)
Federal sources	294,128	606,350	536,973	(69,377)
Incoming transfers and other	773,901	723,409	746,551	23,142
TOTAL REVENUES	19,829,225	19,749,118	19,563,863	(185,255)
EXPENDITURES				
Current				
Instruction				
Basic programs	9,570,186	9,456,730	9,573,975	(117,245)
Added needs	2,051,417	1,959,902	1,901,148	58,754
Total instruction	11,621,603	11,416,632	11,475,123	(58,491)
Supporting services				
Pupil	1,294,111	1,179,053	1,140,852	38,201
Instructional staff	465,589	732,772	648,599	84,173
General administration	440,253	470,723	461,085	9,638
School administration	1,428,108	1,425,645	1,392,664	32,981
Business	400,936	385,271	421,032	(35,761)
Operation/maintenance	2,149,785	2,190,608	2,148,235	42,373
Pupil transportation	1,080,333	1,110,418	1,056,013	54,405
Central services	697,174	828,218	810,859	17,359
Athletics	665,327	664,943	666,629	(1,686)
Total supporting services	8,621,616	8,987,651	8,745,968	241,683
Community services	7,583	13,430	12,647	783
Debt services	36,750	16,090	101,195	(85,105)
TOTAL EXPENDITURES	20,287,552	20,433,803	20,334,933	98,870
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(458,327)	(684,685)	(771,070)	(86,385)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	3,500	3,500
Proceeds from issuance of debt	-	-	335,210	335,210
Transfers in	40,000	40,000	40,000	-
TOTAL OTHER FINANCING SOURCES (USES)	40,000	40,000	378,710	338,710
NET CHANGE IN FUND BALANCE	\$ (418,327)	\$ (644,685)	(392,360)	\$ 252,325
FUND BALANCE				
Beginning of year			3,049,061	
End of year			\$ 2,656,701	

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**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.09056%	0.09228%	0.09237%	0.08893%	0.08796%	0.08896%	0.088192%	0.08723%	0.08449%	0.08275%
Reporting Unit's proportionate share of net pension liability	\$ 22,171,066	\$ 29,868,791	\$ 34,739,328	\$ 21,054,334	\$ 30,214,801	\$ 29,461,203	\$ 26,512,080	\$ 22,605,030	\$ 21,079,471	\$ 20,210,589
Reporting Unit's covered-employee payroll	\$ 9,469,751	\$ 9,094,368	\$ 9,036,674	\$ 8,145,539	\$ 7,721,039	\$ 7,793,276	\$ 7,573,471	\$ 7,378,958	\$ 7,214,118	\$ 6,918,053
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	234.13%	328.43%	384.43%	258.48%	391.33%	378.03%	350.07%	306.34%	292.20%	292.14%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 3,877,078	\$ 3,690,333	\$ 4,210,110	\$ 3,054,286	\$ 2,617,149	\$ 2,424,967	\$ 2,314,457	\$ 2,046,009	\$ 1,897,258	\$ 1,596,266
Contributions in relation to statutorily required contributions	3,877,078	3,690,333	4,210,110	3,054,286	2,617,149	2,424,967	2,314,457	2,046,009	1,897,258	1,596,266
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 9,519,854	\$ 9,394,666	\$ 9,034,275	\$ 8,603,791	\$ 8,012,577	\$ 8,038,181	\$ 7,701,203	\$ 7,497,015	\$ 7,373,865	\$ 7,104,003
Contributions as a percentage of covered-employee payroll	40.73%	39.28%	46.60%	35.50%	32.66%	30.17%	30.05%	27.29%	25.73%	22.47%

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**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED SEPTEMBER 30)**

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net pension liability (%)	0.08973%	0.09097%	0.09292%	0.09025%	0.08719%	0.89110%	0.08889%	0.08730%
Reporting Unit's proportionate share of net OPEB (asset) liability	\$ (3,862,514)	\$ (514,610)	\$ 1,968,171	\$ 1,377,500	\$ 4,671,206	\$ 6,396,340	\$ 7,065,884	\$ 7,730,626
Reporting Unit's covered-employee payroll	\$ 9,469,751	\$ 9,094,368	\$ 9,036,674	\$ 8,145,539	\$ 7,721,039	\$ 7,793,276	\$ 7,573,471	\$ 7,378,958
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	40.79%	5.66%	21.78%	16.91%	60.50%	82.08%	93.30%	104.77%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

**HOPKINS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 49,339	\$ 779,125	\$ 744,337	\$ 726,876	\$ 704,527	\$ 681,979	\$ 635,405	\$ 598,419
Contributions in relation to statutorily required contributions	49,339	779,125	744,337	726,876	704,527	681,979	635,405	598,419
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 9,519,854	\$ 9,394,666	\$ 9,034,275	\$ 8,603,791	\$ 8,012,577	\$ 8,038,181	\$ 7,701,203	\$ 7,497,015
Contributions as a percentage of covered-employee payroll	0.52%	8.29%	8.24%	8.45%	8.79%	8.48%	8.25%	7.98%

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

**HOPKINS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

**HOPKINS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

APPENDIX E
FORM OF LEGAL OPINION

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THRUN

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DRAFT LEGAL OPINION

Hopkins Public Schools
County of Allegan
State of Michigan

We have acted as bond counsel in connection with the issuance by Hopkins Public Schools, County of Allegan, 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 prior to maturity at the option of the Issuer, 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:

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

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

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

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

- (1) the Bonds have been lawfully authorized and issued and are enforceable obligations of the Issuer in accordance with their terms;
- (2) the Bonds are the general obligation of the Issuer for which its full faith, credit and resources have been irrevocably pledged;
- (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;



Hopkins Public Schools
County of Allegan
State of Michigan
_____, 2026
Page 2

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

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

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

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

THRUN LAW FIRM, P.C.

TLF/CJI

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

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**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____

**HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN
STATE OF MICHIGAN
2026 REFUNDING BONDS
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Hopkins Public Schools, County of Allegan, 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 June 22, 2026 and _____, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

debt obligation, or (c) a guarantee of (a) or (b) provided; however, that a “Financial Obligation” shall not include any municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, on or prior to the end of the sixth month after the end of the fiscal year of the Issuer commencing with the fiscal year ending June 30, 2026, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Hopkins Public Schools, Allegan 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 _____.

HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX B

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

Name of Issuer: Hopkins Public Schools, Allegan 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 _____.

HOPKINS PUBLIC SCHOOLS
COUNTY OF ALLEGAN
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

Number of pages of attached significant event notice: _____

Description of Significant Events Notice (Check One):

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

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

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

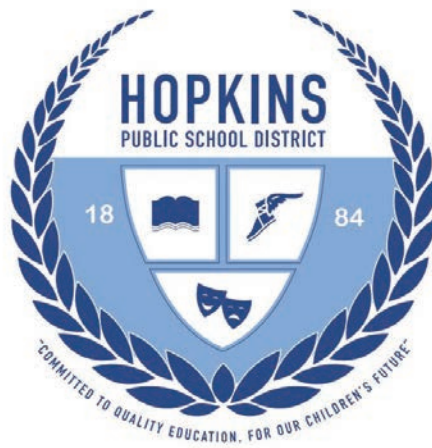
Voice Telephone Number: (_____) _____

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

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