

This Preliminary Official Statement and the information contained herein is subject to completion and amendment. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. 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 its 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 information permitted to be omitted by SEC rule 15c2-12(b)(1).

New Issue
Book-Entry-Only

S&P Global Ratings †: A+

TAX STATUS: In the opinion of Thrun Law Firm, P.C., Bond Counsel, assuming continued compliance by the School District with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (i) interest on the Bonds is excluded from gross income for federal income tax purposes, as described in the opinion, (ii) the Bonds and 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 (iii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax to the extent of, and subject to, the conditions described herein. The School District has covenanted to comply with certain requirements of the Code necessary to continue the exclusion of interest on the Bonds from gross income for federal income tax purposes. See "TAX MATTERS" herein.

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



\$8,610,000*
BIRCH RUN AREA SCHOOLS
Counties of Saginaw and Genesee
State of Michigan
2026 School Building and Site Bonds, Series I
(General Obligation – Unlimited Tax)

Date of Sale: August 4, 2026
Time of Sale: 11:00 AM, ET

PURPOSE AND SECURITY: The 2026 School Building and Site Bonds, Series I (General Obligation – Unlimited Tax) (the "Bonds") were authorized by the Board of Education of the Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan (the "School District") by resolutions adopted on May 18, 2026 and expected to be adopted on August 17, 2026 (the "Resolutions") and at an election of the School District electors held on May 5, 2026, for the purpose of remodeling school buildings and facilities, including upgraded skilled trades instructional space, roofing, boiler, heating, cooling and mechanical equipment replacement; erecting additions to school buildings and facilities, including additional classrooms; equipping, re-equipping, furnishing and refurbishing school buildings and facilities; acquiring, installing, equipping and re-equipping school buildings for instructional technology; and acquiring, preparing, developing, improving and equipping athletic fields, play fields, playgrounds, structures, facilities and sites (the "Project"); and paying the costs of issuing the bonds. The Bonds will pledge the full faith, credit and resources of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount as provided by Article IX, Section 6, of the Michigan Constitution of 1963.

BOOK-ENTRY-ONLY: 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 "BOOK-ENTRY-ONLY SYSTEM" herein.

PAYMENT OF BONDS: Principal of and interest on the Bonds will be paid by 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 the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC 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.

Dated/Delivery:	To Be Determined (Estimated to be August 27, 2026)	Principal Due:	May 1, years shown below
Purchase Price:	Not less than 100% or more than 118% of par value	Maximum Interest Rate:	5.5%
Multiples:	1/8 or 1/100 of 1% or both	Maximum Interest Spread:	3.0%

(Base CUSIP\$: _____)

CUSIP\$	Year	Amount*	Interest Rate	Yield	CUSIP\$	Year	Amount*	Interest Rate	Yield
	2028	\$360,000				2037	\$545,000		
	2029	360,000				2038	550,000		
	2030	425,000				2039	560,000		
	2031	430,000				2040	570,000		
	2032	445,000				2041	580,000		
	2033	465,000				2042	585,000		
	2034	485,000				2043	610,000		
	2035	505,000				2044	610,000		
	2036	525,000							

INTEREST RATE RESTRICTION: Bonds maturing in any one year shall not bear an interest rate lower than Bonds maturing in the preceding year.

PRIOR REDEMPTION: Bonds of this issue maturing in years 2037 and thereafter shall be subject to redemption at the option of the School District prior to maturity as described in "PRIOR REDEMPTION – Optional Redemption" herein.

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in any year as serial bonds or term bonds, or both. Any such designation must be made within one (1) hour after the Bond sale. See "TERM BOND OPTION" herein.

MATURITY ADJUSTMENT: The School District reserves the right to adjust the aggregate principal amount of the Bonds after receipt of the bids and prior to final award. See "MATURITY ADJUSTMENT" herein.

ADJUSTMENT TO PURCHASE PRICE: In the event of a maturity adjustment, the purchase price of the Bonds will be adjusted proportionately to the adjustment in principal amount of the Bonds and in such manner as to maintain as comparable an underwriter spread as possible to the winning bid.

BOND COUNSEL: The Bonds will be offered when, as and if issued by the School District subject to the approving legal opinion of Thrun Law Firm, P.C., East Lansing, Michigan.

This cover page contains information for a 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.

Additional information relative to this Bond issue may be obtained from:
PFM Financial Advisors LLC
555 Briarwood Circle, Suite 333
Ann Arbor, MI 48108
734-994-9700

This Official Statement is dated _____, 2026

† For an explanation of the rating, see "RATING" herein.
‡ As of date of delivery.
* Preliminary, subject to change.
§ Copyright 2026, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The School District shall not be responsible for the selection of CUSIP numbers, nor any representation made as to their correctness on the Bonds or as indicated above.

Birch Run Area Schools

12450 Church Street, Suite 2

Birch Run, MI 48415

Phone: (989) 624-9307

BOARD OF EDUCATION

Katie Barnum

President

Tom White

Vice President

Kristy Albrecht

Secretary

Ryan Rigda

Treasurer

David Cook

Trustee

Christina Young

Trustee

Lee Engelhardt

Trustee

ADMINISTRATIVE STAFF

Diane L. Martindale

Superintendent

Nathan Mausolf

Executive Director of Initiatives and Operations

Rod Livingston

Business Manager

PROFESSIONAL SERVICES

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

Municipal Advisor PFM Financial Advisors LLC
Ann Arbor, Michigan

Paying Agent..... Argent Institutional Trust Company
Grand Rapids, Michigan

No dealer, broker, salesperson or other person has been authorized by the School District to give any information or to make any representations, other than those contained in the Official Statement. This Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement and any addenda thereto were prepared relying on information of the School District and other sources and are believed to be reliable.

In making an investment decision, investors must rely on their own examination of the School District's financial records, and the terms of the offering, including the merits and risks involved.

TABLE OF CONTENTS

INTRODUCTION	1
INFORMATION FOR BIDDERS.....	1
INTEREST.....	1
MATURITY ADJUSTMENT	1
ADJUSTMENT TO PURCHASE PRICE.....	1
GOOD FAITH DEPOSIT	2
TERM BOND OPTION	2
PRIOR REDEMPTION	2
Optional Redemption.....	2
Mandatory Redemption – Term Bonds	2
Notice of Redemption and Manner of Selection	2
OFFICIAL NOTICE OF SALE.....	3
BIDCOMP/PARITY BIDDING.....	3
PURPOSE AND SECURITY.....	3
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	3
ESTIMATED SOURCES AND USES OF FUNDS	3
TAX PROCEDURES	3
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDER’S REMEDIES.....	4
SOURCES OF SCHOOL OPERATING REVENUE	4
MICHIGAN PROPERTY TAX REFORM.....	5
DESCRIPTION AND FORM OF THE BONDS	6
BOOK-ENTRY-ONLY SYSTEM	6
TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM.....	8
PAYING AGENT AND BOND REGISTRATION.....	8
BOND INSURANCE AT PURCHASER’S OPTION	8
LITIGATION.....	8
TAX MATTERS.....	8
State	8
Federal	8
Original Issue Discount	9
Original Issue Premium.....	9
Future Developments.....	9
MUNICIPAL FINANCE QUALIFYING STATEMENT.....	10
BOND COUNSEL’S RESPONSIBILITY	10
MUNICIPAL ADVISOR.....	10
CONTINUING DISCLOSURE.....	11
UNDERWRITER	11
RATING	11
OTHER MATTERS.....	12

APPENDIX A:	GENERAL FINANCIAL, ECONOMIC & SCHOOL INFORMATION
APPENDIX B:	GENERAL FUND BUDGET SUMMARIES AND COMPARATIVE FINANCIAL STATEMENTS
APPENDIX C:	AUDITED FINANCIAL STATEMENTS
APPENDIX D:	FORM OF LEGAL OPINION
APPENDIX E:	FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX F:	DRAFT OFFICIAL NOTICE OF SALE
APPENDIX G:	CERTIFICATION REGARDING “ISSUE PRICE” BID FORM

\$8,610,000*
BIRCH RUN AREA SCHOOLS
Counties of Saginaw and Genesee
State of Michigan
2026 School Building and Site Bonds, Series I
(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 Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan (the "School District") of its 2026 School Building and Site Bonds, Series I (General Obligation – Unlimited Tax) (the "Bonds").

INFORMATION FOR BIDDERS

Date of Sale: August 4, 2026 **Time of Sale:** 11:00 AM, ET

Bids may be emailed to munibids@macmi.com or submitted electronically via PARITY.

DATED: Date of Delivery **MAXIMUM INTEREST RATE:** 5.5%

FIRST INTEREST: May 1, 2027 **MAXIMUM INTEREST SPREAD:** 3.0%

DENOMINATIONS: \$5,000 or any integral multiple thereof not exceeding for each maturity the principal amount of such maturity. **MULTIPLES:** 1/8 or 1/100 of 1% or both

REGISTRATION: Principal and Interest

PURCHASE PRICE: Aggregate not less than 100% nor more than 118% of par value of the Bonds.

PAYING AGENT: Argent Institutional Trust Company, Grand Rapids, Michigan

GOOD FAITH DEPOSIT: A Good Faith Deposit of \$86,100 will be required. For further information regarding this issue, see "DRAFT OFFICIAL NOTICE OF SALE".

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

RESTRICTION: THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE LESS THAN THE INTEREST RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR.

PRINCIPAL DUE: May 1, annually as shown on the front cover.

ISSUE PRICE: The winning bidder shall assist the School District in establishing the issue price of the Bonds, in accordance with the requirements set forth in APPENDIX F concerning the Draft Official Notice of Sale and the Certification Regarding "Issue Price" in APPENDIX G attached hereto, and shall deliver to the School District at closing an "Issue Price" certificate prepared by Bond Counsel setting forth the reasonably expected issue price to the public and/or the sales prices of the Bonds. See APPENDICES F and G herein for additional information.

INTEREST

Interest on the Bonds will be payable on May 1, 2027 and semiannually on the 1st day of each November 1 and May 1 thereafter. Interest will be computed on the basis comprised of a 360-day year of twelve 30-day months.

MATURITY ADJUSTMENT

The School District reserves the right to adjust the principal amount of the Bonds after receipt of the bids and prior to final award. Such adjustment, if necessary, will be made in increments of \$5,000 and may be made in any maturity.

ADJUSTMENT TO PURCHASE PRICE

In the event of a maturity adjustment, the purchase price of the Bonds will be adjusted proportionately to the adjustment in principal amount of the Bonds and in such manner as to maintain as comparable an underwriter spread as possible to the winning bid.

GOOD FAITH DEPOSIT

A certified or cashier's check in the amount of \$86,100 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$86,100 shall be made by the winning bidder by federal wire transfer as directed by PFM Financial Advisors LLC, to be received by the School District not later than noon, prevailing Eastern Time, on the next business day following the award as a guarantee of good faith on the part of the bidder to be forfeited as liquidated damages if such bid be accepted and the bidder fails to take up and pay for the Bonds. Any award made to the low bidder is conditional upon receipt of the good faith deposit. The good faith deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the good faith deposit will be retained by the School District. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Bonds shall be made at the closing. Good faith checks of unsuccessful bidders will be returned via U.S. Mail.

TERM BOND OPTION

Bidders shall have the option of designating bonds maturing in any year as serial bonds or term bonds, or both. The bidder must designate whether each of the principal amounts shown on the cover hereof represent a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond maturity. In any event, the principal amount schedule on the cover hereof shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made within one (1) hour after the Bond sale.

PRIOR REDEMPTION

Optional Redemption

Bonds or portions of Bonds in multiples of \$5,000 of this issue maturing in the year 2037 and thereafter shall be subject to redemption prior to maturity, at the option of the School District, in such order as the School District may determine and by lot within any maturity, on any date occurring on or after May 1, 2036, at par and accrued interest to the date fixed for redemption.

Mandatory Redemption – Term Bonds

Principal designated by the original Purchaser of the Bonds as a term maturity shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on the redemption dates corresponding to the maturities hereinbefore scheduled. When term Bonds are purchased by the School District and delivered to the Paying Agent for cancellation or are redeemed in a manner other than by mandatory redemption, the principal amount of the term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the School District.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the Registered Owner at the registered address shown on the registration books kept by the Paying Agent. Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner thereof. No further interest payment on the Bonds or portions of Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem the same.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Paying Agent, in such manner as the Paying Agent in its discretion may deem proper, in the principal amounts designated by the School District. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

So long as the book-entry-only system remains in effect, in the event of a partial redemption the Paying Agent will give notice to Cede & Co., as nominee of DTC, only, and only Cede & Co. will be deemed to be a holder of the Bonds. DTC is expected to reduce the credit balances of the applicable DTC Participants in respect of the Bonds and in turn the DTC Participants are expected to select those Beneficial Owners whose ownership interests are to be

extinguished or reduced by such partial redemption, each by such method as DTC or such DTC Participants, as the case may be, deems fair and appropriate in its sole discretion.

OFFICIAL NOTICE OF SALE

See APPENDIX F - "DRAFT OFFICIAL NOTICE OF SALE".

BIDCOMP/PARITY BIDDING

Notice is hereby given that electronic proposals will be received via BIDCOMP/PARITY, in the manner described below, until 11:00 a.m., Eastern Time, on Tuesday, August 4, 2026.

Bids may be submitted electronically via BIDCOMP/PARITY pursuant to the Notice of Sale, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in BIDCOMP/PARITY conflict with the Official Notice of Sale for the Bond, the terms of the Official Notice of Sale for the Bonds shall control. For further information about BIDCOMP/PARITY, potential bidders may contact the Municipal Advisor at (734) 994-9700 or BIDCOMP/PARITY at (212) 849-5021.

PURPOSE AND SECURITY

The Bonds were authorized by the Board of Education of the Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan, by resolutions adopted on May 17, 2026 and expected to be adopted on August 18, 2026, and at an election of the School District electors held on May 5, 2026, for the purpose of remodeling school buildings and facilities, including upgraded skilled trades instructional space, roofing, boiler, heating, cooling and mechanical equipment replacement; erecting additions to school buildings and facilities, including additional classrooms; equipping, re-equipping, furnishing and refurbishing school buildings and facilities; acquiring, installing, equipping and re-equipping school buildings for instructional technology; and acquiring, preparing, developing, improving and equipping athletic fields, play fields, playgrounds, structures, facilities and sites (the "Project"); and paying the costs of issuing the bonds. The Bonds will pledge the full faith, credit and resources of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount as provided by Article IX, Section 6, of the Michigan Constitution of 1963.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds:

Par Amount of Bonds

Net Premium

TOTAL SOURCES

Uses of Funds:

Capital Projects Fund

Underwriter's Discount

Costs of Issuance

TOTAL USES

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, to the Michigan Tax Tribunal and ultimately to the Michigan 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 respective county's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

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

LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDER'S 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, will be sufficient to pay promptly when due the principal of and interest on the Bonds becoming due prior to the time of the next tax levy. The tax levy shall not be subject to limitation as to rate or amount. Taxes for the payment of the principal of or interest on the Bonds are certified for collection each year with the school tax levies. In the event of the failure of the proper officials to certify taxes for the payment of the principal and interest requirements, a timely action in the nature of mandamus could compel certification and collection of adequate taxes.

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

SOURCES OF SCHOOL OPERATING REVENUE

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

The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 15 of 2025 ("PA 15"), the Legislature established a 2025/26 target foundation allowance of \$10,050 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including but not limited to, a statewide property tax of 6 mills on all taxable property¹, a State sales and use tax, a real estate transfer tax and a cigarette tax.

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

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 properties¹ in order for the school district to receive its per pupil foundation allowance. An intermediate school district may seek voter approval for up to three enhancement mills for distribution to local constituent school districts on a per pupil basis. Proceeds of the enhancement mills are not counted toward the foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2025/26 calculates to an amount in excess of \$10,050 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property² as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2025/26 per pupil foundation allowance does not exceed \$10,050, and the School District does not levy such additional millage.

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

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

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

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

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

MICHIGAN PROPERTY TAX REFORM

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

The bill package, together with the original 2012 legislation, created two new exemptions from the personal property tax. Under the "small taxpayer exemption," the commercial and industrial personal property of each owner with a combined true cash value in a local tax collecting unit of less than \$80,000 is 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 was phased-out over time; with the exemption taking effect after the property

¹ "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.

² "Homestead property," in this context, means principal residence, qualified to the extent not otherwise exempt 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.

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.

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 school state aid fund.¹ While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, school districts will be reimbursed in 2021 and thereafter for debt millage calculated pursuant to a statutory formula.

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 or early redemption, 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 or its successor 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. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds, which are held in the book-entry-only system, see "Book-Entry-Only System" below. 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. See also, "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 or the Paying Agent 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 or the Paying Agent 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 DTC 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

¹ A school district that increases its millage rate to replace debt millage revenue loss would not be eligible to receive reimbursement distributions. Further, because much of the foregone revenue is deposited into and disbursed to the State Aid Fund, in the future the legislature may choose to change the funding formulas in the State School Aid Act of 1979 (Act 94) or appropriate funds therein for other purposes.

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 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 DTC 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 the 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 notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, 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 detail information from the School District or the 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 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 shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as 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 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 to DTC.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

In the event that the book-entry-only system is discontinued, the following provisions would apply to the Bonds. The Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolutions, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations; during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the School District and 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.

PAYING AGENT AND BOND REGISTRATION

Principal and interest shall be payable and the Bonds shall be registered and transferred as described under the heading "BOOK-ENTRY-ONLY SYSTEM" above until the book-entry-only system is discontinued. The School District has appointed the Paying Agent shown on the cover. In the event the book-entry-only system is discontinued, the Paying Agent will also act as bond registrar and transfer agent.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for the issuance of any policy of municipal bond insurance or commitment therefore at the option of the purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser. There will be no changes made to the Resolutions to reflect bond insurance. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the School District has requested and received a rating on the Bonds from a rating agency, the School District will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE SCHOOL DISTRICT.

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 against it, 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 or that would materially impact the School District finances or their ability to meet the debt service obligations on the Bonds. A certificate to such effect will be delivered to the Purchaser at the time of the original delivery of the Bonds.

TAX MATTERS

State

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

Federal

In the opinion of Bond Counsel, based upon its examination of the documents described in its opinion, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an "applicable corporation" (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on an applicable corporation. The

opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel will express no opinion regarding other federal tax consequences with respect to the Bonds.

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

Original Issue Discount¹

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

Original Issue Premium¹

For federal income tax purposes, the initial offering prices to the public (excluding bond houses and brokers) of certain Bonds, 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.

Future Developments

No assurance can be given that any future legislation or clarifications or amendments to the Code, if enacted into law, will not contain proposals which could cause the interest on the Bonds to be subject directly or indirectly to

¹ Preliminary, subject to change.

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 AND ORIGINAL ISSUE DISCOUNT, IF ANY.

MUNICIPAL FINANCE QUALIFYING STATEMENT

The Michigan Department of Treasury has determined that the School District is in material compliance with the criteria identified in the Revised Municipal Finance Act, Act 34 of the Public Acts of Michigan, 2001, as amended, for a municipality to be granted qualified status. The School District may therefore proceed to issue the Bonds without further approval from the Department of Treasury of the State of Michigan.

BOND COUNSEL'S RESPONSIBILITY

Bond Counsel has reviewed the statements made in this Official Statement under the headings "INTEREST," "PRIOR REDEMPTION," "PURPOSE AND SECURITY," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "TAX MATTERS," "MUNICIPAL FINANCE QUALIFYING STATEMENT," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE" (first two paragraphs only). Except as otherwise disclosed on pages herein, Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the School District or any other person and has not made independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to the portions hereof.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in the connection with the authorization, marketing or issuance of the Bonds, and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds.

MUNICIPAL ADVISOR

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 assisting to prepare 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 other terms of the Agreement are set forth in APPENDIX E - “FORM OF CONTINUING DISCLOSURE AGREEMENT” to this Official Statement. Additionally, the School District shall, to the extent not already provided in the School District’s annual audit filing pursuant to the Agreement, provide certain annual financial information and operating data generally consistent with the information contained in APPENDIX A 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 General Fund Budget Summaries in APPENDIX B herein.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolutions and holders of the Bonds or Beneficial Owners 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 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 all material respects, with any previous continuing disclosure agreements executed by the School District pursuant to the Rule.

UNDERWRITER

The Bonds were purchased at a competitive sale on August 4, 2026, by _____ (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which represents the par amount of the Bonds of \$_____, less underwriter’s discount of \$_____, and plus original issue premium in the amount of \$_____. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the inside cover page hereof. The initial public offering price may be changed from time to time by the Underwriter.

RATING

S&P Global Ratings, acting through Standard & Poor’s Financial Services, LLC (“S&P”), will assign, as of the date of delivery of the Bonds, its municipal bond rating of “A+” to the Bonds

No application has been made to any other ratings service for a rating on the Bonds. The School District furnished to S&P certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse affect on the market price of the Bonds. Any ratings assigned represent only the views of S&P. Further information is available upon request from S&P Global Ratings, 55 Water Street, New York, New York 10014, telephone: (212) 438-1000.

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.

BIRCH RUN AREA SCHOOLS
COUNTIES OF SAGINAW AND GENESEE
STATE OF MICHIGAN

By: Diane L. Martindale
Its: Superintendent

APPENDIX A¹

BIRCH RUN AREA SCHOOLS

GENERAL FINANCIAL, ECONOMIC AND SCHOOL INFORMATION

LOCATION AND AREA

Birch Run Area Schools (the "School District") occupies an area of 64.2 square miles in the southeast portion of Michigan's Lower Peninsula, encompassing all of the Village of Birch Run and Township of Taymouth and a portion of the Township of Birch Run in Saginaw County, and a portion of the Township of Vienna in Genesee County.

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

6	miles southwest of Frankenmuth
17	miles south of Saginaw
18	miles north of Flint
45	miles northeast of Lansing
65	miles north of Ann Arbor
70	miles northwest of Detroit

POPULATION

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

	School District	Township of Birch Run	County of Saginaw
2024 Estimate	9,125	5,862	188,665
2020 U.S. Census	8,959	5,888	190,124
2010 U.S. Census	9,614	6,033	200,169

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	1,761	-1.40%	2021	1,841	-1.45%
2025	1,786	1.48	2020	1,868	0.32
2024	1,760	-2.44	2019	1,862	-1.48
2023	1,804	-1.85	2018	1,890	-0.05
2022	1,838	-0.16	2017	1,891	0.75

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

2025/2026 Fall Count

Kindergarten	121	7 th	124
1 st	122	8 th	153
2 nd	147	9 th	113
3 rd	136	10 th	129
4 th	153	11 th	139
5 th	125	12 th	153
6 th	146	Total	<u>1,761</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.

Facility	Grades Served	Year Built	Last Remodel/Addition	Type of Construction
<i>Elementary School:</i>				
North Elementary	PK - 4	1969	2020	Masonry/Steel
<i>Middle School:</i>				
Marshall Greene	5 - 8	1978	2025	Masonry/Steel
<i>High School:</i>				
Birch Run	9 -12	1954	2020	Masonry/Steel
<i>Additional Facilities:</i>				
Birch Run Early College	11-12	1998	2012	Masonry/Steel
Progressive	9 -12	1998	2012	Masonry/Steel
Multiuse Facility	--	1968	2012	Concrete Block

OTHER SCHOOLS

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

STATE AID PAYMENTS

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

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

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

Fiscal Year End 30-Jun	Foundation Allowance per Pupil	Total State Aid Payments ¹	Blended Pupil Count	Amount Received per Pupil ²
2026	\$10,050	\$20,375,446 ³	1,752.32 ³	\$11,628 ³
2025	9,608	19,825,234	1,782.50	11,122
2024	9,608	20,442,751	1,765.13	11,581
2023	9,150	18,953,905	1,805.91	10,495
2022	8,700	16,334,184	1,836.40	8,895
2021	8,111	15,635,272 ⁴	1,861.14	8,401 ⁴

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

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

³Preliminary estimate, subject to change.

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

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

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 Departments.

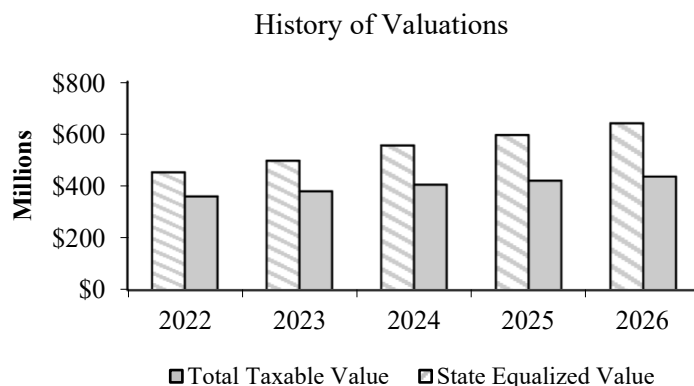
History of Valuations

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	\$282,725,859	\$153,215,710	\$435,941,569	3.71%	\$640,610,550	7.61%
2025	272,160,909	148,179,202	420,340,111	3.87	595,329,850	7.14
2024	257,749,795	146,942,343	404,692,138	6.60	555,659,630	11.84
2023	237,933,621	141,686,837	379,620,458	5.54	496,851,100	9.86
2022	222,628,018	137,068,309	359,696,327	3.92	452,242,000	6.20

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 \$295,300 and commercial personal property had a taxable value of \$10,671,200 in the School District.

Source: Saginaw and Genesee Counties Equalization Departments



Annual Equivalent Valuation

A summary of the 2026 valuation is as follows:

2026 Taxable Value	\$435,941,569
Less: 2026 Disabled Veterans Exemption Taxable Value ¹	(4,817,225)
Net 2026 Annual Equivalent Valuation	<u>\$431,124,344</u>

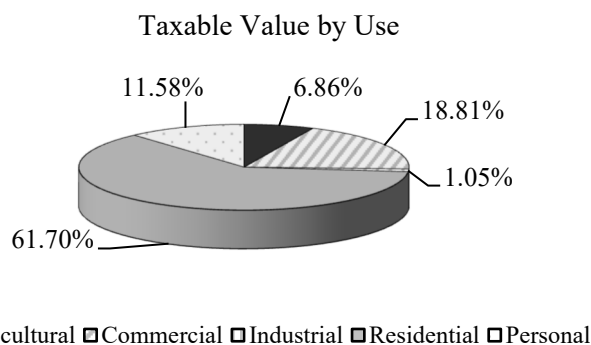
¹Represents value which is exempt from taxes pursuant to Michigan’s General Property Tax Act Section 7b, MCL 211.7b, which states real property used and owned as a homestead by either (1) a disabled veteran who was discharged from the United States armed forces under honorable conditions or (2) the disabled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

Source: Saginaw and Genesee Counties Equalization Departments

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	\$385,472,058	88.42%
Personal Property	50,469,511	11.58
TOTAL	\$435,941,569	100.00%
By Use:		
Agricultural	\$29,913,562	6.86%
Commercial	81,998,667	18.81
Industrial	4,558,399	1.05
Residential	269,001,430	61.70
Personal	50,469,511	11.58
TOTAL	\$435,941,569	100.00%



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 Saginaw</i>		
Birch Run Township	\$261,264,582	59.93%
Taymouth Township	168,486,706	38.65
<i>County of Genesee</i>		
Vienna Township	6,190,281	1.42
TOTAL	\$435,941,569	100.00%

Source: Saginaw and Genesee Counties Equalization Departments

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	\$35,635,700
Birch Run Outlets II, LLC	Retail	24,880,713
Meijer Inc.	Retail & Grocery	6,788,809
Silver Creek Birch Run LLC	Apartments	4,217,943
Covington Capital LLC & Donnelly T.	Finance	3,885,898
Sona Hospitality Inc.	Hotel	2,684,600
Varniraj BR Inc.	Hotel	2,439,103
Lag Birch Run, LLC d.b.a. LaFontaine Ford	Auto Dealership	2,338,737
Cinema Hollywood LLC d.b.a. Emagine Birch Run	Theater	2,244,135
Birch Run Hospitality LLC	Hotel	2,106,375
TOTALS		\$87,222,013
Total 2026 Taxable Value		\$435,941,569
Top 10 Taxpayers as a % of 2026 Total Taxable Value		20.01%

Source: Saginaw and Genesee Counties Equalization Departments

CONSTITUTIONAL MILLAGE ROLLBACK

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

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

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

	2025	2024	2023	2022	2021
Operating – Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	2.6000	2.6000	2.8500	2.8500	2.8500
Sinking Fund	0.9000	0.9000	0.9000	0.9000	0.9000
Total Non-Principal Residence	21.5000	21.5000	21.7500	21.7500	21.7500
Total Principal Residence	3.5000	3.5000	3.7500	3.7500	3.7500

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 2030 levy. The sinking fund millage expires with the 2028 levy.

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

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

	2025	2024
State Education Tax	6.0000	6.0000
Saginaw County	12.6112	12.9100
Genesee County	10.4126	10.4918
Birch Run Township	0.9211	1.5211
Taymouth Township	0.8908	0.8908
Birch Run Village	4.5700	4.5700
Saginaw ISD	4.6438	4.6438
Delta Community College	2.0559	2.0563
Vienna Township	4.0400	4.0400
Bishop Airport Authority	0.4689	0.4725

Source: Saginaw and Genesee Counties Equalization Departments

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 Treasurers for collection. Saginaw and Genesee Counties (the "Counties") annually pay from their Delinquent Tax Revolving Fund delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection.

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

Levy Year	Operating Tax Levy	Collections to March 1, Each Year		Collections Plus Funding to June 30, Each Year	
2025	\$2,696,260*	\$2,468,451	91.55%	\$2,693,292	99.89%
2024	2,656,006	2,407,549	90.65	2,656,000	100.00
2023	2,578,108	2,435,086	94.45	2,578,108	100.00
2022	2,477,823	2,380,973	96.09	2,477,823	100.00
2021	2,415,937	2,295,989	95.04	2,412,682	99.87
2020	2,421,208	2,235,731	92.34	2,417,555	99.85

*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	\$4,035,755	\$189,888	\$4,225,643	\$1,547,407
2025	3,994,411	172,740	4,167,151	1,308,855
2024	4,041,394	802,599	4,843,993	1,904,777
2023	3,478,220	767,426	4,245,646	2,535,148
2022	3,204,186	714,660	3,918,846	1,475,401

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 \$23,920,891 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 \$4,219,091 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 C.

Source: Audited Financial Statements and School District

LABOR RELATIONS

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

Employee Group	No. of Employees	Affiliation	Exp. Date of Contract
Administrators	14	Non-Affiliated	N/A
Teachers	102	Birch Run Education Assn./MEA/NEA	06/30/26*
Secretaries	7	Birch Run Ed. Suppt. Personnel Assn./MEA/NEA	06/30/29
Aides	53	Birch Run Ed. Suppt. Personnel Assn./MEA/NEA	06/30/29
Maintenance/Custodial	1	Birch Run Ed. Suppt. Personnel Assn./MEA/NEA	06/30/29
Food Service	15	Service Employees Int'l Group, Local 582	06/30/29
TOTAL	192		

*In negotiations.

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

DEBT STATEMENT* - (As of 07/21/26 – including the Bonds described herein)

DIRECT DEBT:

Dated Date	Purpose	Bond Type	Final Maturity	Principal Outstanding
08/17/11	QZAB School Improvements	LTNQ	08/17/26	\$191,691
08/25/20	School Building & Site	LTNQ	05/01/29	775,000
05/13/21	Refunding	UTQ	05/01/27	955,000
___/___/26	School Building & Site, Series I	UTNQ	05/01/44	8,610,000*
NET DIRECT DEBT				\$10,531,691*

OVERLAPPING DEBT:

Percent Share	Municipality	Net Debt	District's Share
80.20%	Birch Run Township	\$880,000	\$705,760
100.00	Taymouth Township	0	0
1.21	Vienna Township	0	0
100.00	Birch Run Village	3,000,000	3,000,000
0.04	Genesee County	390,456,942	156,183
6.01	Saginaw County	113,587,299	6,826,597
6.30	Saginaw ISD	2,085,000	131,355
2.77	Delta Community College	0	0
0.04	Bishop Airport Authority	0	0
TOTAL OVERLAPPING DEBT			10,819,895
NET DIRECT AND OVERLAPPING DEBT			\$21,351,586*

*Preliminary, subject to change.

Source: Municipal Advisory Council of Michigan

OTHER DEBT

The School District has no short-term borrowing outstanding.

DEBT HISTORY

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

FUTURE FINANCING

The School District does not have plans for additional capital financings in the next 12 months. Following the issuance of the 2026 Bonds, described herein, the School District will have approximately \$9,000,000 of remaining voted authorization that is expected to be issued in series over the next two years.

DEBT RATIOS*

Estimated School District Population	9,125
2026 Taxable Value	\$435,941,569
2026 State Equalized Value (SEV)	\$640,610,550
2026 True Cash Value (TCV)	\$1,281,221,100
Per Capita 2026 Taxable Value	\$47,774.42
Per Capita 2026 State Equalized Value	\$70,203.90
Per Capita 2026 True Cash Value	\$140,407.79
Per Capita Net Direct Debt	\$1,154.16
Per Capita Net Direct and Overlapping Debt	\$2,339.90
Percent of Net Direct Debt of 2026 Taxable Value	2.42%
Percent of Net Direct and Overlapping Debt of 2026 Taxable Value	4.90%
Percent of Net Direct Debt of 2026 SEV	1.64%
Percent of Net Direct and Overlapping Debt of 2026 SEV	3.33%
Percent of Net Direct Debt of 2026 TCV	0.82%
Percent of Net Direct and Overlapping Debt of 2026 TCV	1.67%

*Preliminary, subject to change.

LEGAL DEBT MARGIN* - (As of 07/21/26 – including the Bonds described herein)

2026 State Equalized Value		\$640,610,550
Legal Debt Limit - 15% of SEV		\$96,091,582
Total Bonded Debt Outstanding	\$10,531,691	
Less: SLRF Qualified Bonds ¹	<u>(955,000)</u>	
Net Amount Subject to Legal Debt Limit		<u>9,576,691</u>
LEGAL DEBT MARGIN AVAILABLE		<u><u>\$86,514,891</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 Saginaw and Genesee Counties:

Employer	Product or Service	Approx. No. of Employees
<i>Within the School District</i>		
Meijer, Inc.	Retail & Grocery	201
Birch Run Area Schools	Education	192
General RV Center	Recreational Vehicle Dealership	100
Tony's I-75 Restaurant	Restaurant	80
Pottery Barn Outlet	Retail	75
Suski Chevrolet Buick	Auto Dealership	75
Applebee's	Restaurant	60
Uno Pizzeria & Grill	Restaurant	60
Cinema Hollywood LLC d.b.a. Emagine Birch Run	Theater	57
Buffalo Wild Wings	Restaurant	55
Lag Birch Run, LLC d.b.a. LaFontaine Ford	Auto Dealership	55
<i>Within the County of Saginaw</i>		
Nexteer Automotive	Steering Components	6,900
Covenant Medical Center Harrison	Healthcare	4,500
MyMichigan Medical Center Saginaw	Healthcare	2,573
Morley Companies, Inc.	B2B Services	2,148
Hemlock Semiconductors	Poly-Silicon	1,476
Saginaw Valley State University	Higher Education	1,124
Aleda E Lutz Veterans Medical Center	Healthcare	1,070
Garber Management Group	Automotive Dealer	1,000
Frankenmuth Bavarian Inn	Restaurant/Hotel	1,000
School District of the City of Saginaw	Education	849
<i>Within the County of Genesee</i>		
General Motors (includes 5 locations)	Automotive Parts & Bodies	5,763
Henry Ford Health Genesys Hospital (formerly Ascension)	Healthcare	3,105
Hurley Medical Center - Flint	Healthcare	2,456
McLaren Health Care - Flint	Healthcare	2,269
United States Postal Service	Government	1,488
Genesee County	Government	1,426
Walmart Supercenter (multiple locations)	Retail & Grocery	1,269
Optum Specialty Pharmacy	Specialty Pharmacy Services	1,030
Genesee Intermediate School District	Education	957
Meijer, Inc. (multiple locations)	Retail & Grocery	873

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 Birch Run and the County of Saginaw as follows:

PERSONS BY OCCUPATION	Township of Birch Run		County of Saginaw	
	Number	Percent	Number	Percent
	2,789	100.00%	81,990	100.00%
Management, Business, Science & Arts	1,043	37.40	29,722	36.25
Service	487	17.46	14,718	17.95
Sales & Office	642	23.02	17,392	21.21
Natural Resources, Construction & Maintenance	405	14.52	6,710	8.19
Production, Transportation & Material Moving	212	7.60	13,448	16.40

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 Birch Run and the County of Saginaw as follows:

	Township of Birch Run		County of Saginaw	
	Number	Percent	Number	Percent
PERSONS BY INDUSTRY	2,789	100.00%	81,990	100.00%
Agriculture, Forestry, Fishing, Hunting & Mining	0	0.00	1,029	1.26
Construction	406	14.56	5,097	6.22
Manufacturing	360	12.91	13,478	16.44
Wholesale Trade	12	0.43	1,354	1.65
Retail Trade	255	9.14	9,719	11.85
Transportation, Warehousing & Utilities	82	2.94	3,760	4.59
Information	24	0.86	936	1.14
Finance, Insurance & Real Estate	314	11.26	4,464	5.44
Professional, Scientific & Management Services	197	7.06	7,160	8.73
Educational, Health & Social Services	427	15.31	20,963	25.56
Arts, Entertainment, Recreation & Food Services	272	9.75	7,080	8.64
Other Services except Public Administration	249	8.93	3,640	4.44
Public Administration	191	6.85	3,310	4.04

UNEMPLOYMENT

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

Annual Average	County of Saginaw	State of Michigan
May, 2026	6.1%	5.2%
2025	6.5	5.2
2024	5.8	4.7
2023	5.2	3.9
2022	5.4	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 Birch Run and the County of Saginaw as follows:

	Township of Birch Run		County of Saginaw	
	Number	Percent	Number	Percent
Total Population	5,862	100.00%	188,665	100.00%
0 through 19 years	1,254	21.39	45,646	24.19
20 through 64 years	3,429	58.50	104,590	55.44
65 years and over	1,179	20.11	38,429	20.37
Median Age	46.6 years		41.2 years	

INCOME

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

HOUSEHOLDS BY INCOME	Township of Birch Run		County of Saginaw	
	Number	Percent	Number	Percent
HOUSEHOLDS BY INCOME	2,388	100.00%	77,958	100.00%
Less than \$ 10,000	151	6.32	4,978	6.39
\$ 10,000 to \$ 14,999	42	1.76	4,060	5.21
\$ 15,000 to \$ 24,999	142	5.95	6,414	8.23
\$ 25,000 to \$ 34,999	118	4.94	6,933	8.89
\$ 35,000 to \$ 49,999	292	12.23	9,890	12.69
\$ 50,000 to \$ 74,999	366	15.33	14,522	18.62
\$ 75,000 to \$ 99,999	209	8.75	10,101	12.96
\$100,000 to \$149,999	514	21.52	10,828	13.88
\$150,000 to \$199,999	323	13.53	5,181	6.65
\$200,000 or MORE	231	9.67	5,051	6.48
Median Income	\$82,375		\$60,622	

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

GENERAL FUND BUDGET SUMMARIES AND COMPARATIVE FINANCIAL STATEMENTS

Birch Run Area Schools General Fund Budget Summaries

	As Final 2025/26	As Adopted 2026/27
Revenues		
Local Sources	\$3,936,100	\$3,936,100
State Sources	20,816,900	21,099,200
Federal Sources	684,400	684,400
Interdistrict Sources	62,000	62,000
Total Revenues	<u>\$25,499,400</u>	<u>\$25,781,700</u>
Expenditures		
Instructional Services		
Basic Programs	\$12,339,100	\$12,448,200
Added Needs	2,060,400	2,087,000
Support Services		
Pupil	1,257,000	1,267,700
Instruction Staff	919,880	936,580
General Administration	650,500	658,900
School Administration	1,564,800	1,597,600
Business Services	350,800	356,400
Operations & Maintenance	3,159,300	3,165,000
Pupil Transportation	1,217,900	1,218,600
Central Services	693,200	694,300
Community Services	155,300	157,300
Athletics	682,600	681,800
Debt Service	209,000	209,000
Total Expenditures	<u>\$25,259,780</u>	<u>\$25,478,380</u>
Excess of Expenditures (over) under Revenues	<u>\$239,620</u>	<u>\$303,320</u>
Beginning Fund Balance - July 1	<u>\$8,323,123</u>	<u>\$8,562,743</u>
Projected Fund Balance - June 30	<u><u>\$8,562,743</u></u>	<u><u>\$8,866,063</u></u>

Source: School District

Birch Run Area Schools
General Fund
Comparative Balance Sheet

	For Fiscal Years Ended June 30th		
	2023	2024	2025
Assets			
Cash	\$1,145,897	\$1,067,352	\$593,953
Taxes Receivable	32,861	--	--
Accounts Receivable	42,822	39,722	43,724
Due from Other Funds	17,702	91,043	27,976
Due from Other Governmental Units	5,914,890	5,386,619	5,221,335
Interest Receivable	12,314	--	--
Inventory	695	--	--
Investments	2,698,386	4,953,533	5,344,980
Prepaid Items	4,000	224,397	15,482
Total Assets	\$9,869,567	\$11,762,666	\$11,247,450
Liabilities			
Accounts Payable	\$265,167	\$243,001	\$7,962
State Aid Anticipation Note Payable	127,472	--	--
Due to Other Funds	623,550	762,164	322,030
Due to Other Governmental Units	461,144	346,479	237,409
Payroll Deductions and Withholdings	492,010	587,325	692,573
Accrued Expenditures	324,999	325,115	357,969
Accrued Salaries Payable	1,100,576	1,176,483	1,190,077
Unearned Revenue	65,492	41,400	116,307
Total Liabilities	\$3,460,410	\$3,481,967	\$2,924,327
Deferred Inflows of Resources			
Unavailable Revenue - Grants Received	\$94,961	\$0	\$0
Total Deferred Inflows of Resources	\$94,961	\$0	\$0
Fund Balance			
Non-spendable			
Inventory	\$695	--	--
Prepaid Items	4,000	\$224,397	\$15,482
Assigned for Capital Projects	887,107	887,107	887,107
Unassigned	5,422,394	7,169,195	7,420,534
Total Fund Balance	\$6,314,196	\$8,280,699	\$8,323,123
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$9,869,567	\$11,762,666	\$11,247,450

Source: Audited Financial Statements

Birch Run Area 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	\$3,176,516	\$3,485,422	\$3,808,386
State Sources	19,146,360	20,557,899	20,048,366
Federal Sources	1,750,704	1,074,210	871,478
Interdistrict Sources	127,304	50,917	47,651
Total Revenue	<u>\$24,200,884</u>	<u>\$25,168,448</u>	<u>\$24,775,881</u>
Expenditures			
Current			
Education			
Instruction	\$13,481,182	\$14,079,877	\$14,426,161
Supporting Services	8,230,004	8,470,895	9,309,011
Community Services	180,985	191,545	189,574
Capital Outlay	223,937	322,049	636,070
Debt Service			
Principal	191,691	191,691	191,691
Interest and Other Expenditures	28,706	40,188	28,705
Total Expenditures	<u>\$22,336,505</u>	<u>\$23,296,245</u>	<u>\$24,781,212</u>
Other Financing Sources (Uses)			
Transfers In	\$69,000	\$94,300	\$47,755
Total Other Financing Sources (Uses)	<u>\$69,000</u>	<u>\$94,300</u>	<u>\$47,755</u>
Net Change in Fund Balance	\$1,933,379	\$1,966,503	\$42,424
Fund Balance - Beginning	<u>\$4,380,817</u>	<u>\$6,314,196</u>	<u>\$8,280,699</u>
Fund Balance - Ending	<u><u>\$6,314,196</u></u>	<u><u>\$8,280,699</u></u>	<u><u>\$8,323,123</u></u>

Source: Audited Financial Statements

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Independent Auditors' Report

Management and the Board of Education
Birch Run Area Schools
Birch Run, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit, 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 Birch Run Area 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Birch Run Area 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.

2 - 1

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 Birch Run Area 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Birch Run Area 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 Birch Run Area Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions 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.

Other Supplementary Information

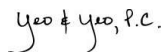
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Birch Run Area Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, other than the prior year 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Birch Run Area Schools' basic financial statements as of and for the year ended June 30, 2024, which are not presented with the accompanying basic financial statements. In our report dated September 27, 2024, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Birch Run Area Schools' basic financial statements as a whole. The 2024 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 2024 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 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 2024 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025 on our consideration of Birch Run Area 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 Birch Run Area 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 Birch Run Area Schools' internal control over financial reporting and compliance.

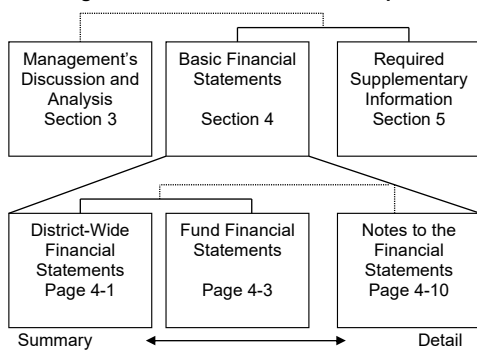

Saginaw, Michigan
October 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Birch Run Area Schools Management's Discussion and Analysis Year Ended June 30, 2025

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

**Figure A-1
Birch Run Area Schools
Organization of Annual Financial Report**



District-Wide Financial Statements

The District-wide statements provide a perspective of the District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two District-wide statements: The Statement of Net Position and the Statement of Activities.

The Statement of Net Position (page 4-1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4-3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various district services.

When analyzed together, the two statements help the reader determine whether the District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the district, reporting the District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the District's

Birch Run Area Schools
Management's Discussion and Analysis
Year Ended June 30, 2025

major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Birch Run Area Schools include Debt Service Funds, Capital Projects Fund, Fiduciary Funds and a Special Revenue Fund for Food Service.

Birch Run Area Schools is the trustee, or fiduciary, for its student activity funds and for a number of scholarships established for the benefit of our students. These fiduciary activities are reported in separate statements of fiduciary net position. They are excluded from the other financial statements because the District may not use the assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the District as a Whole

Summary of Net Position

	Governmental Activities	
	June 30, 2025	June 30, 2024
Assets and Deferred Outflows		
Current assets	\$ 16,639,935	\$ 12,945,923
Capital assets	44,557,017	43,932,212
Less accumulated depreciation	(26,795,037)	(25,509,923)
Capital assets, net	17,761,980	18,422,289
Deferred outflows of resources	8,858,702	11,779,265
Total assets and deferred outflows	<u>\$ 43,260,617</u>	<u>\$ 43,147,477</u>
Liabilities and Deferred Inflows		
Current liabilities	\$ 2,630,333	\$ 2,925,238
Long-term liabilities	28,266,439	36,338,565
Deferred inflows of resources	13,219,110	9,560,158
Total liabilities and deferred inflows	<u>\$ 44,115,882</u>	<u>\$ 48,823,961</u>
Net position		
Total Capital Assets	\$ 14,417,556	\$ 13,679,998
Restricted	5,078,660	667,434
Unrestricted	(20,351,481)	(20,023,916)
Total Net Position	<u>\$ (855,265)</u>	<u>\$ (5,676,484)</u>

The *Summary of Net Position* and the *Statement of Net Position from Operating Results* on the next page show the changes in the District's net position. Unrestricted net position is similar but not identical to fund balance. Other assets are restricted for capital projects and food service operations. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4-9.

3 - 2

Birch Run Area Schools
Management's Discussion and Analysis
Year Ended June 30, 2025

The net position for the District increased by \$4,821,219 during the 2024/25 year. This is primarily due to the District's portion of the net pension liability increasing as well as the District now recognizing its portion of the net OPEB liability. The *Statement of Activities* (below) shows the details of this change.

Statement of Activities

	Governmental Activities	
	June 30, 2025	June 30, 2024
Revenues		
Program revenues		
Charges for services	\$ 823,088	\$ 693,512
Operating grants and contributions	7,871,448	8,474,333
General revenues		
Property taxes	4,524,328	4,307,215
State foundation allowance	14,529,520	14,429,972
Other	395,160	342,685
Total Revenues	<u>28,143,544</u>	<u>28,247,717</u>
Expenses		
Instruction	13,055,006	13,540,732
Support services	8,761,056	8,503,290
Food services	1,269,220	1,336,993
Other transactions	237,043	277,465
Total expenses	<u>23,322,325</u>	<u>23,658,480</u>
Change in net position	<u>\$ 4,821,219</u>	<u>\$ 4,589,237</u>

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of \$9,806,202 which is a increase of \$311,298 from last year. The primary reasons for the increase are:

- In the General Fund, our unassigned fund, the fund balance increased by \$42,424. The increase was the result of responsible spending, conservative budgeting and increased grant revenue.
- The fund balance of our Food Service Fund decreased by \$69,556. This was the result of increased food quality, new equipment purchases and employee compensation.

Approximately 73% of the District's revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 90 percent of the current year's fall count and 10 percent of the prior year's winter count.
3. The amount raised by the District's non-homestead property tax levy of 18 mills.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Birch Run Area Schools' foundation allowance was \$9,608 per student.

3 - 3

Birch Run Area Schools
Management's Discussion and Analysis
Year Ended June 30, 2025

Student Enrollment

The District's blended student count for 2024/25 was 1,783 students. This is thirty-nine students less than the blended count of the prior year. The following summarizes the blended student count in the past five years:

Enrollment History

	Student FTE	FTE Change from Prior Year
2024/25	1,783	18
2023/24	1,765	(39)
2022/23	1,804	(32)
2021/22	1,836	(25)
2020/21	1,861	1,861

Preliminary student enrollment projections for 2025/26 indicate that enrollments are likely to be similar to 2024/25.

Property Taxes Levied for General Operations

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year's Consumer Price Index increase or 5 percent. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value. The following summarizes the local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

Local Property Tax Revenue	% of General Fund Revenue
3,125,771	16.1%
2,887,246	15.1%
2,725,393	15.1%
2,879,952	16.5%
2,432,409	14.8%

Local revenues in the table include the receipt of delinquent taxes from prior years.

3 - 4

Birch Run Area Schools
Management's Discussion and Analysis
Year Ended June 30, 2025

Capital Assets

At June 30, 2025, the District had the following invested in capital assets including land, buildings, furniture, and equipment.

Assets	2025	2024
Land	\$ 40,000	\$ 40,000
Site Improvements	5,035,155	5,035,155
Building and improvements	36,099,010	35,474,205
Furniture and equipment	3,382,852	3,382,852
Subtotal	44,557,017	43,932,212
Less accumulated depreciation	(26,795,037)	(25,509,923)
	<u>\$ 17,761,980</u>	<u>\$ 18,422,289</u>

Long-Term Debt

The long-term obligations for the District decreased from \$5,381,649 to \$4,345,548. Total decrease of \$1,036,101 represent bond payments,

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2024/25 was approved on 6/24/2024 and amended on 6/23/2025.

General Fund Revenues

Total Revenues Revised Budget	\$ 24,660,200
Total Revenues Original Budget	<u>24,846,800</u>
	<u>\$ (186,600)</u>

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

- Additional federal and state grant funding

The District's actual general fund revenues were more than the revised budget by \$194,210 a variance of 0.8%.

General Fund Expenditures

Total Expenditures Revised Budget	\$ 24,392,080
Total Expenditures Original Budget	<u>24,443,300</u>
	<u>\$ (51,220)</u>

Some of the significant expenditure budget adjustments for the year include:

- Planned capital improvements
- Grant spending on existing positions

The District's actual general fund expenditures were more than the revised budget by \$469,679 a variance of 1.9%.

3 - 5

Birch Run Area Schools
Management's Discussion and Analysis
Year Ended June 30, 2025

Economic Factors and Next Year's Budget and Rates

Since most of the District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in late September, State law requires the District to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. During 2024/25 State funding stayed the same at \$9,608. Further, changes in pupil accounting which allow for interim claims of students have made student count variable between Fall and Spring counts. That variation makes budgeting revenue accurately impossible until after the Spring count in February.

In the 2025/26 school year the foundation grant will increase to \$10,050. This increase will leave funding below that of the 2006/07 year by the rate of inflation.

The state mandated retirement rate (MPSERS) will be 31.36%. The MPSERS rate in the 2006/07 year was only 17.74% to compare with the foundation grant. Thus, while inflation is 58.75% over this time period, the MPSERS rate has increased by 68.6% and the foundation allowance has increased by only 41.85%. Despite the changes in the retirement system in the 2011/12 school year, the rates have not decreased, but has instead created a complex system with dozens of different options and rates for employees/the district. Further, while the state is helping fund the unfunded liability, it has created a convoluted accounting system for that funding.

With the decreases in state aid and the increases in MPSERS, salaries, health insurance benefits, and general inflation, it is difficult to maintain a balanced budget while still providing an adequate educational program. Birch Run has controlled costs by implementing insurance hard caps in all collective bargaining agreements and tying salary schedule increases to the increase/decrease in foundation grant, while also contracting services for custodial, transportation and the business office. However, it is exceedingly difficult to manage a 69% increase in retirement and 59% increase in inflation.

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to: Birch Run Area Schools, 12450 Church Street, Suite 2, Birch Run, Michigan, 48415.

BASIC FINANCIAL STATEMENTS

Birch Run Area Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 1,604,016
Accounts receivable	43,724
Due from other governmental units	5,372,770
Inventory	39,872
Investments	5,344,980
Prepaid items	15,482
Capital assets not being depreciated	40,000
Capital assets - net of accumulated depreciation	17,721,980
Net OPEB asset	4,219,091
	<u>34,401,915</u>
Total assets	
Deferred Outflows of Resources	
Deferred amount on debt refunding	12,409
Deferred amount relating to the net pension liability	7,620,824
Deferred amount relating to the net OPEB asset	1,225,469
	<u>8,858,702</u>
Total deferred outflows of resources	

See Accompanying Notes to the Financial Statements
4 - 1

Birch Run Area Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	\$ 7,962
Due to other governmental units	237,409
Payroll deductions and withholdings	692,573
Accrued expenditures	373,660
Accrued salaries payable	1,190,077
Unearned revenue	128,652
Long-term liabilities	
Net pension liability	23,920,891
Due within one year	1,940,981
Due in more than one year	2,404,567
	<u>30,896,772</u>
Total liabilities	
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	7,776,472
Deferred amount relating to the net OPEB asset	5,442,638
	<u>13,219,110</u>
Total deferred inflows of resources	
Net Position	
Net investment in capital assets	14,417,556
Restricted for:	
Food service	461,121
Debt service	301,258
Capital projects	97,190
Other post employment benefits	4,219,091
Unrestricted	(20,351,481)
	<u>\$ (855,265)</u>
Total net position	

See Accompanying Notes to the Financial Statements
4 - 2

Birch Run Area Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 13,055,006	\$ 10,445	\$ 6,223,665	\$ (6,820,896)
Supporting services	8,761,056	224,850	264,166	(8,272,040)
Food services	1,269,220	75,483	1,383,617	189,880
Community services	165,089	512,310	-	347,221
Interest and fiscal charges on long-term debt	71,953	-	-	(71,953)
Total governmental activities	<u>23,322,325</u>	<u>823,088</u>	<u>7,871,448</u>	<u>(14,627,789)</u>
General revenues				
Property taxes, levied for general purposes				3,125,771
Property taxes, levied for debt service				1,038,952
Property taxes, levied for sinking fund				359,605
State aid - unrestricted				14,529,520
Interest and investment earnings				303,093
Other				<u>92,067</u>
Total general revenues				<u>19,449,008</u>
Change in net position				4,821,219
Net position - beginning				<u>(5,676,484)</u>
Net position - ending				<u>\$ (855,265)</u>

See Accompanying Notes to the Financial Statements
4 - 3

Birch Run Area Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 593,953	\$ 1,010,063	\$ 1,604,016
Accounts receivable	43,724	-	43,724
Due from other funds	27,976	322,030	350,006
Due from other governmental units	5,221,335	151,435	5,372,770
Inventory	-	39,872	39,872
Investments	5,344,980	-	5,344,980
Prepaid items	<u>15,482</u>	<u>-</u>	<u>15,482</u>
Total assets	<u>\$ 11,247,450</u>	<u>\$ 1,523,400</u>	<u>\$ 12,770,850</u>
Liabilities			
Accounts payable	\$ 7,962	\$ -	\$ 7,962
Due to other funds	322,030	27,976	350,006
Due to other governmental units	237,409	-	237,409
Payroll deductions and withholdings	692,573	-	692,573
Accrued expenditures	357,969	-	357,969
Accrued salaries payable	1,190,077	-	1,190,077
Unearned revenue	<u>116,307</u>	<u>12,345</u>	<u>128,652</u>
Total liabilities	<u>2,924,327</u>	<u>40,321</u>	<u>2,964,648</u>

See Accompanying Notes to the Financial Statements
4 - 4

Birch Run Area Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances			
Non-spendable			
Inventory	\$ -	\$ 39,872	\$ 39,872
Prepaid items	15,482	-	15,482
Restricted for			
Food service	-	461,121	461,121
Debt service	-	316,949	316,949
Capital projects	-	97,674	97,674
Committed	-	567,463	567,463
Assigned for capital projects	887,107	-	887,107
Unassigned	<u>7,420,534</u>	<u>-</u>	<u>7,420,534</u>
 Total fund balances	 <u>8,323,123</u>	 <u>1,483,079</u>	 <u>9,806,202</u>
 Total liabilities and fund balances	 <u>\$ 11,247,450</u>	 <u>\$ 1,523,400</u>	 <u>\$ 12,770,850</u>

See Accompanying Notes to the Financial Statements
4 - 5

Birch Run Area Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 9,806,202
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	40,000
Capital assets - net of accumulated depreciation	17,721,980
Net OPEB asset is not recorded as an asset in the governmental funds	4,219,091
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	12,409
Deferred outflows of resources resulting from the net pension liability	7,620,824
Deferred outflows of resources resulting from the net OPEB asset	1,225,469
Deferred inflows of resources resulting from the net pension liability	(7,776,472)
Deferred inflows of resources resulting from the net OPEB asset	(5,442,638)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(15,691)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(23,920,891)
Compensated absences	(988,231)
Bonds payable	<u>(3,357,317)</u>
Net position of governmental activities	<u>\$ (855,265)</u>

See Accompanying Notes to the Financial Statements
4 - 6

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

	General Fund	Formerly Major Fund Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 3,808,386	\$ -	\$ 1,934,190	\$ 5,742,576
State sources	20,048,366	-	235,469	20,283,835
Federal sources	871,478	-	1,198,004	2,069,482
Interdistrict sources	47,651	-	-	47,651
Total revenues	24,775,881	-	3,367,663	28,143,544
Expenditures				
Current				
Education				
Instruction	14,426,161	-	-	14,426,161
Supporting services	9,309,011	-	382,472	9,691,483
Food services	-	-	1,391,645	1,391,645
Community services	189,574	-	-	189,574
Capital outlay	636,070	-	20,918	656,988
Debt service				
Principal	191,691	-	1,195,000	1,386,691
Interest and other expenditures	28,705	-	60,999	89,704
Total expenditures	24,781,212	-	3,051,034	27,832,246
Excess of revenues over expenditures	(5,331)	-	316,629	311,298
Other Financing Sources (Uses)				
Transfers in	47,755	-	-	47,755
Transfers out	-	-	(47,755)	(47,755)
Total other financing sources (uses)	47,755	-	(47,755)	-
Net change in fund balances	42,424	-	268,874	311,298
Fund balances - beginning of year, as previously presented	8,280,699	431,437	782,768	9,494,904
Change within financial reporting entity (major to nonmajor fund)	-	(431,437)	431,437	-
Fund balances - beginning of year, as adjusted	8,280,699	-	1,214,205	9,494,904
Fund balances - ending	\$ 8,323,123	\$ -	\$ 1,483,079	\$ 9,806,202

See Accompanying Notes to the Financial Statements

4 - 7

Birch Run Area Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ 311,298
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(1,285,114)
Capital outlay	624,805
Expenses are recorded when incurred in the statement of activities.	
Interest	6,575
Compensated absences	(373,308)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	7,036,025
Net change in deferrals of resources related to the net pension liability	(4,518,575)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	3,671,044
Net change in deferrals of resources related to the net OPEB asset	(2,049,398)
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,386,691
Deferred amount on debt refunding	(11,542)
Amortization of premiums	22,718
Change in net position of governmental activities	\$ 4,821,219

See Accompanying Notes to the Financial Statements

4 - 8

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Birch Run Area Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross

expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are 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.

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

4 - 9

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student/School Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Fund - Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Projects Funds - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings. The 2020 School Building and Site Bond Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, and equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts

receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Fund	2.60000
Sinking Fund	0.90000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 98.6% of the School District's tax roll lies within the County of Saginaw and the training 1.4% lies within the County of Genesee.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and Genesee and remitted to the School District.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

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

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	7 - 50 years
Site improvements	20 years
Equipment and furniture	5 - 20 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences - Employees receive accumulated sick leave up to a maximum of 102 days upon retirement with a minimum of 6 to 10 years of service.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School 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.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School 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 Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

4 - 11

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature. In the current year, the

School District has assigned \$887,107 for the purpose of capital improvements that will be expended in the next fiscal year.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance

4 - 12

C-12

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 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 as-sets 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. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

4 - 13

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 11,786,200	\$ 12,055,221	\$ 269,021
Added needs	2,047,400	2,370,940	323,540
Instructional staff	877,080	978,309	101,229
School administration	1,501,900	1,605,656	103,756
Business	342,100	355,577	13,477
Pupil transportation services	1,213,500	1,228,250	14,750
Community services	155,100	189,574	34,474
Capital outlay	435,800	636,070	200,270
Debt service	209,000	220,396	11,396

Compliance - Sinking Funds

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

Cash	\$ 1,604,016
Investments	<u>5,344,980</u>
	\$ 6,948,996
The breakdown between deposits and investments for the School District is as follows:	
Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 581,285
Investments in securities, mutual funds, and similar vehicles	6,367,061
Petty cash and cash on hand	<u>650</u>
Total	\$ 6,948,996

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$5,941,614	6 months average	AAAm	Standard & Poor's
MAX Class	<u>425,447</u>	6 months average	AAAm	Standard & Poor's
	\$6,367,061			

4 - 14

C-13

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$6,367,067. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - In accordance with its investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 12 months.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk - The District's investment policy allows a maximum of 100% of available funds to be invested in the Michigan Liquid Asset Fund (MILAF+) and any of its affiliated programs.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$362,056 of the School District's bank balance of \$612,056 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction-in-progress	78,991	-	78,991	-
Total capital assets not being depreciated	118,991	-	78,991	40,000
Capital assets being depreciated				
Buildings and additions	35,395,214	703,796	-	36,099,010
Site improvements	5,035,155	-	-	5,035,155
Equipment and furniture	3,382,852	-	-	3,382,852
Total capital assets being depreciated	43,813,221	703,796	-	44,517,017
Less accumulated depreciation for				
Buildings and additions	19,223,021	1,059,853	-	20,282,874
Site improvements	3,667,299	151,664	-	3,818,963
Equipment and furniture	2,619,603	73,597	-	2,693,200
Total accumulated depreciation	25,509,923	1,285,114	-	26,795,037
Net capital assets being depreciated	18,303,298	(581,318)	-	17,721,980
Net capital assets	\$ 18,422,289	\$ (581,318)	\$ 78,991	\$ 17,761,980

4 - 15

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Depreciation expense of capital assets were charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 719,664
Supporting services	488,343
Food services	64,256
Community services	12,851
Total governmental activities	\$ 1,285,114

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Nonmmajor Governmental	General Fund	\$ 27,976
General Fund	Nonmmajor Governmental	322,030
		\$ 350,006

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out
	Nonmajor Governmental Funds
Transfers in	
General Fund	\$ 47,755

Transfers were made from the Food Service Fund to the General Fund for indirect costs.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 116,307
Student meals	12,345
Total	\$ 128,652

Note 7 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences.

4 - 16

C-14

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$4,700,073	\$ -	\$1,386,691	\$3,313,382	\$1,391,691
Premium on bonds	66,653	-	22,718	43,935	-
Total bonds payable	4,766,726	-	1,409,409	3,357,317	1,391,691
Other liabilities					
Compensated absences	614,923	373,308	-	988,231	549,290
Total	\$5,381,649	\$373,308	\$1,409,409	\$4,345,548	\$1,940,981

Compensated absences additions and deductions are reported net.
General obligation bonds payable at year end, consist of the following:

\$4,805,000 serial bond due in annual installments of \$955,000 to \$960,000 through May 1, 2027, interest at 1.00% to 1.25%	\$ 1,915,000
\$2,875,357 serial bond due in annual installments of \$191,961 through August 17, 2027, interest at 5.99%	383,382
\$2,100,000 serial bond due in annual installments of \$240,000 to \$265,000 through May 1, 2029, interest at 2% to 3%	1,015,000
Total general obligation bonded debt	<u>\$ 3,313,382</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2026	\$ 1,391,691	\$ 61,711
2027	1,396,691	35,829
2028	260,000	13,150
2029	265,000	7,950
Total	<u>\$ 3,313,382</u>	<u>\$ 118,640</u>

The general obligation bonds are payable from the General Fund and Debt Service Fund. As of year end, the Debt Service Fund had a balance of \$316,949 to pay this debt. Future debt and interest will be payable from future tax levies.

The interest expense in the General Fund and Debt Service Fund is \$28,705 and \$33,349, respectively.

Compensated Absences

The compensated absences liability of \$988,231 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination.

Deferred Amount on Refunding

The 2021 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$75,819. The balance as of June 30, 2025 is \$12,409. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2027.

Note 8 - Risk Management

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in

4 - 17

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The possibility of additional claims exists but the amount of liability to the School District would be immaterial by the time the aggregate stoploss coverage is triggered. There also is a possibility of a refund due the School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements. The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had unemployment compensation expense of \$0 for the year. No provision has been made for possible future claims. School District. Therefore, neither contingent liabilities nor assets have been recognized on the School District's financial statements.

Note 9 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

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

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

4 - 18

C-15

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Contributions

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

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

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$4,085,028 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$23,920,891 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.0977 percent, which was an increase of 0.0021 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$2,307,108 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$3,994,411.

4 - 19

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 648,991	\$ (259,904)	\$ 389,087
Changes of assumptions	2,493,895	(1,752,645)	741,250
Net difference between projected and actual earnings on pension plan investments	-	(4,565,120)	(4,565,120)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	711,199	(132,356)	578,843
Total to be recognized in future	3,854,085	(6,710,025)	(2,855,940)
School District contributions subsequent to the measurement date	3,766,739	(1,066,447)	2,700,292
Total	\$ 7,620,824	\$ (7,776,472)	\$ (155,648)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2025, with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2025	\$ (545,265)
2026	336,454
2027	(1,522,444)
2028	(1,124,685)
	<u>\$(2,855,940)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

4 - 20

C-16

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

allocation as of September 30, 2024, are summarized in the following table:

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

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). 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 employer contributions will be made at rates equal to the difference between

4 - 21

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

actuarially determined contribution rates and the member rate. Based on these 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.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
\$ 35,068,284	\$ 23,920,891	\$ 14,638,542

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) 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. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

4 - 22

C-17

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

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

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$814,733 for the year ended September 30, 2024.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the School District reported an asset of \$4,219,091 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing

4 - 23

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024 the School District's proportion was 0.0980 percent, which was an increase of 0.0011 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(1,450,340) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$172,740.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(4,470,948)	\$(4,470,948)
Changes of assumptions	921,510	(105,920)	815,590
Net difference between projected and actual earnings on OPEB plan investments	-	(798,722)	(798,722)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	218,043	(67,048)	150,995
Total to be recognized in future	1,139,553	(5,442,638)	(4,303,085)
School District contributions subsequent to the measurement date	85,916	-	85,916
Total	\$ 1,225,469	\$(5,442,638)	\$(4,217,169)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$(1,364,357)
2025	(865,242)
2027	(842,388)
2028	(749,452)
2029	(404,002)
Thereafter	(77,644)
	<u>\$(4,303,085)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

4 - 24

C-18

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- 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 are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orschools.

Long-Term Expected Return on Plan Assets

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

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

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability or asset. 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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 or asset.

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

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

1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$ (3,260,549)	\$ (4,219,091)	\$ (5,047,853)

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (5,047,862)	\$ (4,219,091)	\$ (3,330,240)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

Birch Run Area Schools
Notes to the Financial Statements
June 30, 2025

Note 12 - Changes Within Financial Reporting Entity

For the year ended June 30, 2025, the Food Service Fund changed from a major fund to a nonmajor fund.

The implementation had the following effect on fund balance as reported June 30, 2025:

	June 30, 2024 As Previously Reported	Adjustments	June 30, 2024 As Adjusted
Governmental Funds			
Major Funds:			
General Fund	\$ 8,280,699	\$ -	\$ 8,280,699
Food Service Fund	431,437	(431,437)	-
Nonmajor Funds	782,768	431,437	1,214,205
Total Governmental Funds	<u>\$ 9,494,904</u>	<u>\$ -</u>	<u>\$ 9,494,904</u>

REQUIRED SUPPLEMENTARY INFORMATION

Birch Run Area Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 3,381,700	\$ 3,808,900	\$ 3,808,386	\$ (514)
State sources	20,561,600	19,899,000	20,048,366	149,366
Federal sources	771,500	846,300	871,478	25,178
Interdistrict sources	62,000	62,000	47,651	(14,349)
Total revenues	24,776,800	24,616,200	24,775,881	159,681
Expenditures				
Instruction				
Basic programs	11,443,900	11,786,200	12,055,221	269,021
Added needs	2,161,000	2,047,400	2,370,940	323,540
Supporting services				
Pupil	1,426,800	1,176,900	995,522	(181,378)
Instructional staff	425,000	877,080	978,309	101,229
General administration	780,400	639,600	633,731	(5,869)
School administration	1,505,000	1,501,900	1,605,656	103,756
Business	372,000	342,100	355,577	13,477
Operations and maintenance	2,784,100	2,854,000	2,503,767	(350,233)
Pupil transportation services	1,191,800	1,213,500	1,228,250	14,750
Central	494,200	479,700	380,670	(99,030)
Athletic activities	638,500	673,800	627,529	(46,271)
Community services	177,300	155,100	189,574	34,474
Capital outlay	589,600	435,800	636,070	200,270
Debt service				
Principal	384,800	191,700	191,691	(9)
Interest and fiscal charges	68,900	17,300	28,705	11,405
Total expenditures	24,443,300	24,392,080	24,781,212	389,132
Excess of revenues over expenditures	333,500	224,120	(5,331)	(229,451)
Other Financing Sources				
Transfers in	70,000	44,000	47,755	3,755
Net change in fund balances	403,500	268,120	42,424	(225,696)
Fund balance - beginning	8,280,699	8,280,699	8,280,699	-
Fund balance - ending	\$ 8,684,199	\$ 8,548,819	\$ 8,323,123	\$ (225,696)

5 - 1

Birch Run Area Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.0977%	0.0956%	0.0946%	0.0953%	0.0938%	0.0906%	0.0910%	0.0915%	0.0911%	0.0877%
B. School District's proportionate share of net pension liability	\$ 23,920,891	\$ 30,956,916	\$ 35,562,286	\$ 22,567,652	\$ 32,228,558	\$ 30,018,229	\$ 27,364,651	\$ 23,706,336	\$ 22,725,848	\$ 21,424,092
C. School District's covered payroll	\$ 10,243,597	\$ 9,630,224	\$ 9,051,595	\$ 8,551,290	\$ 8,460,041	\$ 7,874,251	\$ 7,725,991	\$ 7,601,772	\$ 7,791,414	\$ 7,305,815
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	233.52%	321.46%	392.88%	263.91%	380.95%	381.22%	354.19%	311.85%	291.68%	293.25%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Birch Run Area Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 3,994,411	\$ 4,041,394	\$ 3,478,220	\$ 3,204,186	\$ 2,843,757	\$ 2,558,798	\$ 2,440,428	\$ 2,484,052	\$ 1,442,406	\$ 1,442,134
B. Contributions in relation to statutorily required contributions	<u>3,994,411</u>	<u>4,041,394</u>	<u>3,478,220</u>	<u>3,204,186</u>	<u>2,843,757</u>	<u>2,558,798</u>	<u>2,440,428</u>	<u>2,484,052</u>	<u>1,442,406</u>	<u>1,442,134</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 10,452,570	\$ 10,159,785	\$ 9,809,765	\$ 8,938,837	\$ 8,461,828	\$ 8,334,222	\$ 7,817,396	\$ 7,683,764	\$ 7,579,523	\$ 7,495,015
E. Contributions as a percentage of covered payroll	38.21%	39.78%	35.46%	35.85%	33.61%	30.70%	31.22%	32.33%	19.03%	19.24%

5 - 4

Birch Run Area Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.0980%	0.0969%	0.0938%	0.0953%	0.0960%	0.0904%	0.0909%	0.0915%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (4,219,091)	\$ (548,047)	\$ 1,987,183	\$ 1,455,119	\$ 5,140,637	\$ 6,488,795	\$ 7,227,117	\$ 8,099,602		
C. School District's covered payroll	\$ 10,243,597	\$ 9,630,224	\$ 9,051,595	\$ 8,551,290	\$ 8,460,041	\$ 7,874,282	\$ 7,725,991	\$ 7,601,772		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.19%	-5.69%	21.95%	17.02%	60.76%	82.40%	93.54%	106.55%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

5 - 5

C-22

Birch Run Area Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 172,740	\$ 802,599	\$ 767,426	\$ 714,660	\$ 170,754	\$ 675,042	\$ 632,604	\$ 532,757		
B. Contributions in relation to statutorily required contributions	<u>172,740</u>	<u>802,599</u>	<u>767,426</u>	<u>714,660</u>	<u>170,754</u>	<u>675,042</u>	<u>632,604</u>	<u>532,757</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School Districts's covered payroll	\$ 10,452,570	\$ 10,159,785	\$ 9,809,765	\$ 8,938,837	\$ 8,461,828	\$ 8,334,222	\$ 7,817,396	\$ 7,683,764		
E. Contributions as a percentage of covered payroll	1.65%	7.90%	7.82%	7.99%	2.02%	8.10%	8.09%	6.93%		

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
FORM OF LEGAL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]



THRUN

LAW FIRM, P.C.

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

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

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

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

U.S. MAIL ADDRESS
P.O. Box 2575, EAST LANSING, MI 48826-2575
PHONE: (517) 484-8000 FAX: (517) 484.0041

ALL OTHER SHIPPING
2900 WEST ROAD, SUITE 400
EAST LANSING, MI 48823-6366

GORDON W. VANWIEN, JR. (OF COUNSEL)
ROY H. HENLEY (OF COUNSEL)
BRADFORD W. SPRINGER (OF COUNSEL)

DRAFT LEGAL OPINION

Birch Run Area Schools
Counties of Saginaw and Genesee
State of Michigan

We have acted as bond counsel in connection with the issuance by Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of \$_____ designated 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are in fully registered form and issued without coupons, are dated _____, 2026, are of \$5,000 denomination or any integral multiple thereof, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the times as set forth in the Bonds, mature on May 1 of the years shown below, and bear interest payable on 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 electors and board of education of the Issuer, a copy of the approval of the Department of Treasury of the State of Michigan to issue the Bonds, and a specimen of the Bond certificate of said issue.

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

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



Birch Run Area Schools
Counties of Saginaw and Genesee
State of Michigan

_____, 2026
Page 2

(4) 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”);

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

(6) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds held by an “applicable corporation” as defined in Section 59(k) of the 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/IFK

APPENDIX E
FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____

**BIRCH RUN AREA SCHOOLS
COUNTIES OF SAGINAW AND GENESEE
STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES I
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan (the “Issuer”), in connection with the issuance of its \$_____ 2026 School Building and Site Bonds, Series I (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on May 18, 2026 and _____, 2026 (together, the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

“SEC” shall mean the Securities and Exchange Commission.

“State” shall mean the State of Michigan.

SECTION 3. Provision of Annual Reports.

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

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

BIRCH RUN AREA SCHOOLS
COUNTIES OF SAGINAW AND GENESEE
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Birch Run Area Schools, Saginaw and Genesee Counties, Michigan

Name of Bond Issue: 2026 School Building and Site Bonds, Series I (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 _____.

BIRCH RUN AREA SCHOOLS
COUNTIES OF SAGINAW AND GENESEE
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX B

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

Name of Issuer: Birch Run Area Schools, Saginaw and Genesee Counties, Michigan

Name of Bond Issue: 2026 School Building and Site Bonds, Series I (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 _____.

BIRCH RUN AREA SCHOOLS
COUNTIES OF SAGINAW AND GENESEE
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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F
DRAFT OFFICIAL NOTICE OF SALE

[THIS PAGE INTENTIONALLY LEFT BLANK]

OPTIONAL DTC BOOK-ENTRY-ONLY

FORM OF OFFICIAL NOTICE OF SALE

\$8,610,000

BIRCH RUN AREA SCHOOLS

COUNTIES OF SAGINAW AND GENESEE

STATE OF MICHIGAN

2026 SCHOOL BUILDING AND SITE BONDS, SERIES I

(GENERAL OBLIGATION - UNLIMITED TAX)

BIDS for the purchase of the above 2026 School Building and Site Bonds, Series I (the “Bond” or “Bonds”) will be received electronically on behalf of Birch Run Area Schools, Saginaw and Genesee Counties, Michigan (the “Issuer”), on Tuesday, the 4th day of August, 2026, until 11:00 a.m., prevailing Eastern Time, by the Municipal Advisory Council of Michigan (the “MAC”) via email at munibids@macmi.com. The bids will be opened and read at the MAC at that time. Award of the bid will be made on behalf of the Issuer by an authorized officer of the Issuer by 5:00 p.m., prevailing Eastern Time, on that date.

ELECTRONIC BIDS: Bidders submitting signed bids electronically must ensure their bids are received prior to the time and date fixed for receipt of bids. Bidders submitting bids electronically bear the full risk of failed or untimely transmission of their bids, and bidders are encouraged to confirm the timely receipt of their full and complete bids by telephoning the MAC at (313) 963-0420. Bidders submitting bids electronically must satisfy the requirements of the good faith deposit obligations described herein.

PARITY: Bids may be presented via *PARITY* on the date and at the time shown above provided that such bidders must also comply with the good faith deposit requirements described herein. To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, potential bidders may contact PFM Financial Advisors LLC, at (734) 994-9700 or *PARITY* at (212) 849-5021.

OPTIONAL DTC BOOK-ENTRY-ONLY: Unless otherwise requested by the winning bidder (the “Purchaser”), the Bonds will be initially offered as registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s Book-Entry-Only system of registration. If DTC Book-Entry-Only is used, purchasers of interests in the Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates, and ownership by the Beneficial Owners of the Bonds will be evidenced by book-entry-only. As long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, payments of principal and interest payments will be made directly to such registered owner which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

BOND DETAILS: Said Bonds will be fully registered Bonds, of the denomination of \$5,000 each or multiples thereof up to the amount of a single maturity, shall be dated the date of delivery, numbered in order of issue from 1 upwards and will bear interest from their dated date payable on May 1, 2027, and semiannually thereafter.

The Bonds will mature on May 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$360,000	2037	\$545,000
2029	360,000	2038	550,000
2030	425,000	2039	560,000
2031	430,000	2040	570,000
2032	445,000	2041	580,000
2033	465,000	2042	585,000
2034	485,000	2043	610,000
2035	505,000	2044	610,000
2036	525,000		

MATURITY ADJUSTMENT: The Issuer reserves the right to increase or decrease the aggregate principal amount of the Bonds after receipt of the bids and prior to final award. Such adjustment, if necessary, will be made in increments of \$5,000 and may be made in any maturity.

ADJUSTMENT TO PURCHASE PRICE: In the event of a maturity adjustment, the purchase price of the Bonds will be adjusted proportionately to the adjustment in principal amount of the Bonds and in such manner as to maintain as comparable an underwriter spread as possible to the winning bid.

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in any year as serial bonds or term bonds, or both. The bidder must designate whether each of the principal amounts shown above represent a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond maturity. In any event, the above principal amount schedule shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made within one (1) hour after the Bond sale.

PAYING AGENT: Principal and interest shall be payable at a bank or trust company qualified to act as a paying agent and bond registrar in Michigan (the “Paying Agent”), or such other Paying Agent as the Issuer may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any change in Paying Agent. In the event the Bonds cease to be held in book entry form only, the Paying Agent will serve as bond registrar and transfer agent, interest shall be paid by check mailed to the owner as shown by the registration books of the Issuer as of the close of business on the 15th day of the month preceding any interest payment date and the Bonds will be transferable only upon the registration books of the Issuer kept by the Paying Agent. See “Optional DTC Book-Entry-Only” above.

PRIOR REDEMPTION:

A. Mandatory Redemption - Term Bonds.

Principal designated by the Purchaser as a term maturity shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on the redemption dates corresponding to the maturities hereinbefore scheduled. When term Bonds are purchased by the Issuer and delivered to the Paying Agent for cancellation or are redeemed in a manner other than by mandatory

redemption, the principal amount of the term Bonds affected shall be reduced by the principal amount of the Bonds so redeemed or purchased in the order determined by the Issuer.

B. Optional Redemption.

The Bonds or portions of Bonds maturing on or after May 1, 2037, are subject to redemption prior to maturity at the option of the Issuer in multiples of \$5,000 in such order as the Issuer may determine, by lot within any maturity, on any date occurring on or after May 1, 2036, at par and accrued interest to the date fixed for redemption.

Notice of redemption of any Bond shall be given not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption by mail to the Registered Owner at the registered address shown on the registration books kept by the Paying Agent. Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the denomination of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered shall be issued to the Registered Owner thereof. No further interest payment on the Bonds or portions of Bonds called for redemption shall accrue after the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem the same.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Paying Agent, in such manner as the Paying Agent in its discretion may deem proper, in the principal amounts designated by the Issuer. Upon presentation and surrender of such Bonds at the corporate trust office of the Paying Agent, such Bonds shall be paid and redeemed.

INTEREST RATE AND BIDDING DETAILS: The Bonds shall bear interest at a rate or rates not exceeding five percent (5%) per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one Bond shall be at one rate only. All Bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates bid shall not exceed three percent (3%) per annum. No proposal for the purchase of less than all of the Bonds or at a price less than 100% or greater than 118% of the par value, or at a price which will cause the true interest cost on the Bonds to exceed five and five tenths percent (5.5%) per annum, will be considered. The interest rate borne by bonds maturing in any year shall not be less than the interest rate borne by Bonds maturing in the preceding year.

PURPOSE AND SECURITY: The Bonds are the first of two or more series of bonds that were authorized at an election on May 5, 2026, for the purpose of remodeling school buildings and facilities, including upgraded skilled trades instructional space, roofing, boiler, heating, cooling and mechanical equipment replacement; erecting additions to school buildings and facilities, including additional classrooms; equipping, re-equipping, furnishing and refurnishing school buildings and facilities; acquiring, installing, equipping and re-equipping school buildings for instructional technology; and acquiring, preparing, developing, improving and equipping athletic fields, play fields, playgrounds, structures, facilities and sites. The Bonds will pledge the full faith, credit and resources of the Issuer for payment of the principal and interest thereon, and will be

payable from ad valorem taxes, which may be levied without limitation as to rate or amount as provided by Article IX, Section 6, of the Michigan Constitution of 1963.

GOOD FAITH: A certified or cashier's check in the amount of \$86,100 may be submitted contemporaneously with the bid or, in the alternative, a deposit in the amount of \$86,100 shall be made by the Purchaser by federal wire transfer as directed by PFM Financial Advisors LLC, to be received by the Issuer not later than noon, prevailing Eastern Time, on the next business day following the award as a guarantee of good faith on the part of the Purchaser to be forfeited as liquidated damages if such bid is accepted and the bidder fails to take delivery of and pay the purchase price for the Bonds. Any award made to the Purchaser is conditional upon receipt of the good faith deposit. The good faith deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the good faith deposit will be retained by the Issuer. No interest shall be allowed on the good faith deposit. Payment for the balance of the purchase price of the Bonds shall be made at the closing. Good faith checks of unsuccessful bidders will be returned via U.S. Mail.

AWARD OF BONDS: The Bonds will be awarded to the bidder whose bid produces the lowest true interest cost which is the rate that will discount all future cash payments so that the sum of the present value of all cash flows will equal the Bond proceeds computed from August 27, 2026 (the anticipated date of delivery).

LEGAL OPINION: Bids shall be conditioned upon the unqualified approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, bond counsel, the original of which will be furnished without expense to the Purchaser of the Bonds at the delivery thereof. The fees of Thrun Law Firm, P.C. for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above Bonds, Thrun Law Firm, P.C. has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Bonds and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

TAX MATTERS: In the opinion of bond counsel, assuming continued compliance by the Issuer with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes, as described in the opinion, and the Bonds and 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. The Issuer has designated the Bonds as "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" within the meaning of the Code, and has covenanted to comply with those requirements of the Code necessary to continue the exclusion of interest on the Bonds from gross income for federal income tax purposes.

OFFICIAL STATEMENT: Upon the sale of the Bonds, the Issuer will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. Promptly after the sales date, but in no event later than seven (7) business days after such date, the Issuer will provide the Purchaser with either a reasonable number of final Official Statements or a reasonably available electronic version of the same. The Issuer will determine which format will

be provided. The Purchaser agrees to supply to the Issuer all necessary pricing information and any underwriter identification necessary to complete the Official Statement within twenty-four (24) hours after the award of Bonds. Additional copies of the final Official Statement may be obtained up to three months following the sale of the Bonds by a request and payment of costs to the financial consultant. The Issuer agrees to provide to the Purchaser at closing a certificate executed by appropriate officers of the Issuer acting in their official capacities, to the effect that as of the date of delivery the information contained in the Official Statement, and any supplement to the Official Statement, relating to the Issuer and the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: As more particularly described in the Official Statement, the Issuer will agree in the bond resolution or sales resolution to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, (i) 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 ended June 30, 2026, certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the Bonds, (ii) timely notice of the occurrence of certain significant events with respect to the Bonds and (iii) timely notice of a failure by the Issuer to provide the required annual financial information on or before the date specified in (i) above.

BOND INSURANCE: In the event the Purchaser elects to obtain bond insurance for the Bonds, all costs and expenses related to such bond insurance shall be the responsibility of the Purchaser. The failure of such bond insurance to be issued at or before delivery of the Bonds shall not be a basis for the Purchaser to refuse to accept delivery of the Bonds. In the event the Purchaser obtains bond insurance, the bond insurer shall not be entitled to be designated as an addressee of any bond counsel opinion related to the Bonds, nor shall the bond insurer be entitled to a reliance letter associated with the same. If the Purchaser obtains bond insurance, the Issuer agrees only to insert any reasonable and necessary insurance language in the Bonds.

CERTIFICATION REGARDING “ISSUE PRICE”: Please see Appendix G to the Preliminary Official Statement for the Bonds, dated July 21, 2026, for information and requirements concerning establishing the issue price for the Bonds.

CLOSING DOCUMENTS: Drafts of all closing documents, including the form of Bond and bond counsel’s legal opinion, may be requested from Thrun Law Firm, P.C. Final closing documents will be in substantially the same form as the drafts provided. Closing documents will not be modified at the request of a bidder, regardless of whether the bidder’s proposal is accepted.

DELIVERY OF BONDS: The Issuer will furnish Bonds ready for execution at its expense. Bonds will be delivered without expense to the Purchaser at a place to be mutually agreed upon with the Purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Bonds, will be delivered at the time of the delivery of the Bonds. If the Bonds are not tendered for delivery by twelve o’clock, noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if the 45th day is not a business day, the Purchaser may on that day, or any time thereafter until delivery of the

Bonds, withdraw the proposal by serving notice of cancellation in writing, on the undersigned, in which event the Issuer shall promptly return the good faith deposit. Accrued interest to the date of delivery of the Bonds shall be paid by the Purchaser at the time of delivery. Payment for the Bonds shall be made in federal reserve funds. Unless the Purchaser furnishes the Paying Agent with a list giving the denominations and names in which it wishes to have the certificates issued at least five (5) business days prior to delivery of the Bonds, the Bonds will be delivered in the form of a single certificate for each maturity registered in the name of the Purchaser, subject to the election under the “Optional DTC Book-Entry-Only” provisions herein.

CUSIP NUMBERS: CUSIP numbers will be printed on the Bonds at the option of the Purchaser; however, neither the failure to print CUSIP numbers nor any improperly printed CUSIP numbers shall be cause for the Purchaser to refuse to take delivery of and pay the purchase price for the Bonds. Application for CUSIP numbers will be made by PFM Financial Advisors LLC, municipal advisor to the Issuer. The CUSIP Service Bureau’s charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

BIDDER CERTIFICATION - NOT “IRAN-LINKED BUSINESS”: By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act 517, Public Acts of Michigan, 2012; MCL 129.311, et seq.

FURTHER INFORMATION may be obtained from PFM Financial Advisors LLC, 555 Briarwood Circle, Suite 333, Ann Arbor, Michigan 48108, telephone: (734) 994-9700.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

Kristy Albrecht
Secretary, Board of Education

APPENDIX G
CERTIFICATION REGARDING “ISSUE PRICE”

[THIS PAGE INTENTIONALLY LEFT BLANK]

CERTIFICATION REGARDING “ISSUE PRICE”: The initial Purchaser of the Bonds (the “Purchaser”) must assist the Issuer in establishing the issue price of the Bonds and will be required to furnish, at least ten (10) days prior to the delivery of the Bonds, a certificate in a form acceptable to bond counsel as to the “issue price” of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended.

The certificate will set forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications with such modifications as may be appropriate or necessary in the sole judgment of bond counsel. The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (i) the Issuer shall disseminate the Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in the Notice of Sale.

Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Unless the bidder intends to hold the Bonds for its own account with no intention to offer the Bonds to the public, the bidder, by submitting a bid, represents to the Issuer that the bidder has an established industry reputation for underwriting new issuances of municipal bonds.

In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the Purchaser. In that case, the Purchaser shall have the option to designate whether the issue price will be calculated upon either (a) the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, or (b) a commitment to neither offer nor sell any of the Bonds of any maturity to any person at a price that is higher than the initial offering price referenced in the Purchaser’s bid (the “initial offering price”) during the holding period as defined herein.

If the 10% test is selected, the Purchaser shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds, and bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds. If the competitive sale requirements are not satisfied and the 10% test is selected, then until the 10% test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

In the event the “hold-the-offering-price” method is selected, for each maturity of the Bonds the Purchaser shall (a) neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial offering price for such maturity during the holding period for such maturity (the “hold-the-offering-price rule”), and (b) verify that any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) shall offer or sell any maturity of the Bonds at a price that is higher than the respective initial offering price for that maturity of the Bonds during the holding period.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to either abide by the hold-the-offering-price limitations stated herein or to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser that the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, depending on whether the hold-the-offering-price method or the 10% test is selected by the Purchaser, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to either abide by the hold-the-offering-price limitations stated herein or to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Purchaser or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the Purchaser or such underwriter and as set forth in the related pricing wires, depending on whether the hold-the-offering-price method or the 10% test is selected by the Purchaser.

Sales of any Bonds to any person who is a related party to an underwriter shall not constitute sales to the public for purposes of the Notice of Sale. Further, for purposes of this section of the Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person who agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person who agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50%

common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),

- (iv) “sale date” means the date that the Bonds are awarded by the Issuer to the Purchaser,
- (v) “holding period” means, for each maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of each maturity to the Public at prices that are no higher than the Initial Offering Price for such maturity, and
- (vi) “maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

In addition, if the Purchaser will obtain a municipal bond insurance policy or other credit enhancement for the Bonds in connection with their original issuance, the Purchaser will be required, as a condition of delivery of the Bonds, to certify whether the premium therefor representing the transfer of credit risk will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

BID FORM

To: Secretary, Board of Education
Birch Run Area Schools
c/o Municipal Advisory Council
munibids@macmi.com
Phone: (800) 337-0696

Sale Date: August 4, 2026
11:00 AM, ET

RE: \$8,610,000* Birch Run Area Schools, Counties of Saginaw and Genesee, State of Michigan, 2026 School Building and Site Bonds, Series I (General Obligation – Unlimited Tax)

For all or none of the above Bonds, in accordance with the Official Notice of Sale, we will pay you \$8,610,000* plus a premium of \$_____ for fully registered bonds bearing interest rates and maturing in the stated years as follows:

2028	_____	2037	_____
2029	_____	2038	_____
2030	_____	2039	_____
2031	_____	2040	_____
2032	_____	2041	_____
2033	_____	2042	_____
2034	_____	2043	_____
2035	_____	2044	_____
2036	_____		

The following maturities have been designated as Term Bonds

<u>Mandatory Redemption</u>	<u>Mandatory Redemption</u>
From: _____ to _____	From: _____ to _____
From: _____ to _____	From: _____ to _____
From: _____ to _____	From: _____ to _____
From: _____ to _____	From: _____ to _____

In making this offer, we accept all of the terms and conditions of the Official Notice of Sale published in The Bond Buyer.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

TRUE INTEREST COST: _____ % (calculated from August 27, 2026)

Account Manager: _____ By: _____

Account Members: _____

The foregoing offer is hereby accepted by and on behalf of Birch Run Area Schools, Counties of Saginaw and Genesee State of Michigan on the 4th day of August, 2026.

Attest: _____ By: _____

Title: _____ Title: _____

*Preliminary, subject to change.



Additional information relative to this Bond issue may be obtained from:

PFM Financial Advisors LLC
555 Briarwood Circle, Suite 333
Ann Arbor, MI 48108
(734) 994-9700



Printed by: ImageMaster, LLC
www.imagemaster.com