

THIS PRELIMINARY OFFICIAL STATEMENT IS DATED APRIL 6, 2026

NEW ISSUE - BOOK-ENTRY-ONLY

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

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



\$4,000,000*
CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES II
(GENERAL OBLIGATION - UNLIMITED TAX)

DATE OF SALE: April 16, 2026

TIME: 10:00 A.M., E.T.

DATE AND TIME OF AWARDS: April 16, 2026, 5:00 P.M., E.T.

BIDS WILL BE RECEIVED AT:

Municipal Advisory Council, Email: munibids@macmi.com

PURPOSE AND SECURITY: The 2026 School Building and Site Bonds, Series II (the "Bonds") were authorized by the electors of the Chesaning Union Schools, Counties of Saginaw and Shiawassee, State of Michigan (the "School District") at an election duly called and held on August 6, 2024 and by the Board of Education of the School District by resolutions adopted on March 9, 2026 and expected to be adopted on May 11, 2026 (collectively, the "Resolution"). The Bonds will be issued for school building and site purposes. The Bonds will pledge the full faith, credit and resources of the School District for the payment of principal and interest on the Bonds, 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, and Article IX, Section 16, of the Michigan Constitution of 1963.

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

TAX DESIGNATION: The Bonds have been designated as "qualified tax-exempt obligations" for the purposes of deduction of interest expense by financial institutions pursuant to the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

BOOK-ENTRY-ONLY: The Bonds are issued 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, New York, New York ("DTC"). DTC will act as a securities depository for the Bonds. Purchasers will not receive certificates representing their beneficial interest in Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

PAYMENT OF BONDS: Interest on the Bonds will be payable semiannually on May 1 and November 1 each year, commencing on May 1, 2027, to the Bondholders of record as of the applicable record dates as stated in the Bonds. The principal and interest shall be payable at the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan (the "Paying Agent"). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to such Bondholder. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. Interest shall be paid by check or draft mailed to the registered owner as shown on the registration books as of the fifteenth day of the month preceding the payment date for each interest payment.

MATURITY SCHEDULE
(Base CUSIP: _____)

Dated: Date of Delivery

Principal Due: May 1, as shown below

Maturity				Principal Due: May 1, as shown below			
Date	Amount*	Interest Rate	Yield	Date	Amount*	Interest Rate	Yield
2027	\$500,000	%	%	2039	\$100,000	%	%
2028	270,000			2040	100,000		
2029	50,000			2041	100,000		
2030	50,000			2042	100,000		
2031	50,000			2043	100,000		
2032	60,000			2044	325,000		
2033	75,000			2045	325,000		
2034	90,000			2046	325,000		
2035	105,000			2047	325,000		
2036	100,000			2048	325,000		
2037	100,000			2049	325,000		
2038	100,000						

OPTIONAL REDEMPTION: The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2037 are subject to redemption at the option of the School District by lot on any date occurring on or after May 1, 2036 at par plus accrued interest to the date fixed for redemption. See "THE BONDS - Optional Redemption" herein.

TERM BONDS: Term Bonds are permitted. See "THE BONDS - Term Bonds" herein.

ANTICIPATED DELIVERY DATE: The anticipated delivery date is May 13, 2026.

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.

Additional information relative to this Bond Issue may be obtained from
Baker Tilly Municipal Advisors, LLC
1000 Town Center, 27th Floor
Southfield, Michigan 48075
517-321-0110

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

[†] For an explanation of the ratings, see "RATINGS" herein.

¹ As of the date of delivery.

* Preliminary, subject to change.

§ CUSIP is a registered trademark of the American Bank Association. CUSIP Global Services is managed on behalf of the America Bankers Association by FactSet Research Systems Inc. Copyright 2026 CUSIP Global Services. All rights reserved. CUSIP data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. The School District 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.

No dealer, broker, salesperson or other person has been authorized by the School District to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the School District and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale of the securities described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date of the Official Statement. However, upon delivery of the securities, the School District will provide a certificate stating the information in the Final Official Statement, and any supplement to the Final Official Statement, relating to the Issuer and the Bonds is true and correct in all material respects, and the Final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact which would make the statements therein misleading.

CHESANING UNION SCHOOLS

850 N. 4th St.
Chesaning, Michigan 48616
Phone: (989) 845-7020

BOARD OF EDUCATION

Martin P. Maier, President
Damion Frasier, Vice President
Lisa Greenfelder, Secretary
Scott Kohagen, Treasurer
Marcy Vogelaar, Trustee
Julie M. Keck, Trustee
James L. Miller, Trustee

ADMINISTRATION

Michael McGough, Superintendent
Paula Peterson, Finance Director
Sabrina Smith, Recording Secretary

BOND COUNSEL

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

PAYING AGENT

Argent Institutional Trust Company
Grand Rapids, Michigan

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Southfield, Michigan

TABLE OF CONTENTS

CHESANING UNION SCHOOLS

	<u>Page No.</u>
INTRODUCTION_____	1
PURPOSE AND SECURITY_____	1
ESTIMATED SOURCES AND USES OF FUNDS_____	1
THE BONDS_____	1
Term Bonds_____	1
Optional Redemption_____	1
Description of the Bonds_____	1
Book-Entry-Only System_____	2
Transfer Outside the Book-Entry-Only System_____	4
Notice of Redemption and Manner of Selection_____	4
QUALIFIED TAX-EXEMPT OBLIGATIONS_____	5
QUALIFIED BY THE MICHIGAN DEPARTMENT OF TREASURY_____	5
QUALIFICATION BY THE STATE OF MICHIGAN_____	5
TAX MATTERS_____	5
TAX PROCEDURES_____	7
LEVY AND COLLECTION OF TAXES FOR PAYMENT OF THE BONDS AND BONDHOLDERS' REMEDIES_____	8
SOURCES OF SCHOOL OPERATING REVENUE_____	9
MICHIGAN PROPERTY TAX REFORM_____	10
LITIGATION_____	11
APPROVAL OF LEGAL PROCEEDINGS_____	11
RATINGS_____	11
UNDERWRITING_____	11
MUNICIPAL ADVISOR'S OBLIGATION_____	12
CONTINUING DISCLOSURE_____	12
FURTHER INFORMATION_____	13
OTHER MATTERS_____	13

APPENDIX A:	STATE QUALIFICATION
APPENDIX B:	SCHOOL DISTRICT DATA
APPENDIX C:	GENERAL FUND BUDGET SUMMARY
APPENDIX D:	AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2025
APPENDIX E:	DRAFT LEGAL OPINION
APPENDIX F:	DRAFT OFFICIAL NOTICE OF SALE
APPENDIX G:	FORM OF CONTINUING DISCLOSURE AGREEMENT
APPENDIX H:	CERTIFICATION REGARDING ISSUE PRICE
APPENDIX I:	OPTIONAL BID FORM

OFFICIAL STATEMENT

**CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE, STATE OF MICHIGAN
\$4,000,000*
2026 SCHOOL BUILDING AND SITE BONDS, SERIES II
(General Obligation – Unlimited Tax)**

SALE INFORMATION

DATE OF SALE: Thursday, April 16, 2026
TIME OF SALE: 10:00 A.M., E.T.
DATE AND TIME OF AWARD: Thursday, April 16, 2026, 5:00 P.M., E.T.
LOCATION OF SALE: Municipal Advisory Council
26211 Central Park Blvd
Suite 508
Southfield, Michigan 48076
Phone: (313) 963-0420
Email: munibids@macmi.com

BIDS MAY BE SUBMITTED ELECTRONICALLY VIA BID COMP/PARITY OR EMAILED TO MAC

DATED: Date of delivery **MAXIMUM INTEREST RATE:** 6.00%
FIRST INTEREST: May 1, 2027 **MINIMUM INTEREST RATE:** 1.00%
MULTIPLES: 1/8th or 1/100th of 1%, or both.
DENOMINATIONS: \$5,000 or any integral multiple thereof not exceeding for each maturity the principal amount of such maturity.
PURCHASE PRICE: Not less than 99% nor greater than 118% of par.
PAYING AGENT: Argent Institutional Trust Company, Grand Rapids, Michigan.
GOOD FAITH DEPOSIT: No Good Faith Deposit required.
PRINCIPAL DUE: May 1st as shown on the inside cover.
MATURITY ADJUSTMENT: The Issuer reserves the right to decrease the aggregate principal amount of the Bonds after receipt of bids and before final award. Such adjustment, if necessary, will be made in increments of \$5,000.
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 H concerning the Certification Regarding Issue Price and the Draft Official Notice of Sale in Appendix F 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 H herein for additional information.

[THIS PAGE INTENTIONALLY LEFT BLANK]

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to set forth information concerning the Chesaning Union Schools, Counties of Saginaw and Shiawassee, State of Michigan (the “School District”), and its 2026 School Building and Site Bonds, Series II (General Obligation - Unlimited Tax) (the “Bonds”), in connection with the sale of the Bonds and for the information of those who may become holders of the Bonds.

PURPOSE AND SECURITY

The Bonds are issued from a total authorized amount of \$14,000,000 approved by the School District's electors on August 6, 2024. The Bonds are authorized by the Board of Education of the School District by resolutions adopted on March 9, 2026 and expected to be adopted on May 11, 2026 (collectively, the “Resolution”). The Bonds will be issued for school building and site purposes, and to pay the costs of issuance for the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES¹:

Par amount of Bonds
Reoffering Premium/Discount
Total Sources

USES¹:

Deposit to Capital Projects Fund
Underwriter's Discount
Costs of Issuance
Total Uses

THE BONDS

Term Bonds

The Bonds are eligible for designation by the original purchaser as serial bonds or term bonds, or both. However, principal maturities designated as term bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on the date on which the Bonds are presently scheduled to mature. Each maturity of term bonds and serial bonds must carry the same interest rate. Any such designation must be made within one (1) hour after the time bids are submitted.

Optional Redemption

The Bonds or portions of the Bonds in multiples of \$5,000 maturing on or after May 1, 2037 are subject to redemption at the option of the School District by lot on any date occurring on or after May 1, 2036 at par plus accrued interest to the date fixed for redemption.

Description 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 of this Official Statement and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of date of delivery and bear interest from their dated date. Interest on the Bonds shall be payable on May 1, 2027 and semiannually each November 1 and May 1 thereafter prior to

¹ Preliminary, subject to change

maturity or prior redemption. 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.

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 form. Interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the registered owner's registered address. For a description of payment of principal and interest, transfers and exchanges on the Bonds, which are held in the book-entry- only system, see "Book-Entry-Only System" below. For a description of transfers and exchanges on the Bonds if the Bonds cease to be held in book-entry-only form, see "Transfer Outside Book-Entry-Only System" below.

Book-Entry-Only System

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of

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

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

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

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

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

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

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

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

Transfer Outside the 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 Resolution, the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the 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 the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owners of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Notice of Redemption and Manner of Selection

Notice of redemption of any Bond shall be given not less than 30 days and not more than 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. The Bonds shall be called for redemption in multiples of \$5,000 and Bonds of denominations of more than \$5,000 shall be treated as representing the number of Bonds obtained by dividing the face amount of the Bond by \$5,000 and such Bonds may be redeemed in part. The notice of redemption for Bonds redeemed in part shall state that upon surrender of the Bond to be redeemed a new Bond or Bonds in an aggregate face amount equal to the unredeemed portion of the Bond surrendered shall be issued to the registered owner thereof.

If less than all of the Bonds of any maturity shall be called for redemption prior to maturity, unless otherwise provided, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Paying Agent, in the principal amounts designated by the School District. Any Bonds selected for redemption will cease to bear interest on the date fixed for redemption, whether presented for redemption, provided funds are on hand with the Paying Agent to redeem said Bonds. 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds have been designated as Qualified Tax-Exempt Obligations for purposes of deductions of interest expense by financial institutions under Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

QUALIFIED BY THE MICHIGAN DEPARTMENT OF TREASURY

The School District has received a letter from the Michigan Department of Treasury stating that the School District is in material compliance with the criteria of the Revised Municipal Finance Act No. 34, Public Acts of Michigan, 2001 ("Act 34") for a municipality to be granted "qualified status" to issue municipal securities without further approval by the Michigan Department of Treasury.

QUALIFICATION BY THE STATE OF MICHIGAN

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

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

TAX MATTERS

State of Michigan

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 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 arising with respect to the Bonds.

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

Original Issue Premium¹

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

Original Issue Discount¹

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (the "OID Bonds"), and, to the extent properly allocable to each owner of such OID Bond, such 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

¹ Preliminary, subject to change.

length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether the application of the original issue discount federal regulations will require them to include, for state and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Future Developments

No assurance can be given that any current or future legislation, if enacted into law, clarifications or amendments to the Code or Michigan statutes, or 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. The School District cannot predict the outcome of any such federal or State proposals as to passage, ultimate content or impact if passed, or timing of consideration or passage. Purchasers of the Bonds should reach their own conclusions regarding the impact of any such federal or State proposals and regulations.

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 DISCOUNT AND ORIGINAL ISSUE PREMIUM, IF ANY.

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 or reduced by the lesser of the inflation rate or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

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

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

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

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

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

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

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

Any amount paid by the State Treasurer as described in the preceding paragraphs shall be deemed a loan made to the School District pursuant to the requirements of said Article IX, Section 16, of the State Constitution. Registered owners of the Bonds may attempt to obtain a money judgment against the School District for the principal amount of the Bonds or interest not paid when due and may periodically attempt to enforce the collection of the money judgment by requiring the tax assessing officers for the School

District to place the amount of such judgment on the next tax rolls of the School District. The rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases. See APPENDIX A, "State Qualification", in this Official Statement.

SOURCES OF SCHOOL OPERATING REVENUE

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to reduce the per pupil finance resource disparities among school districts. The State school aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation allowance beginning in fiscal year 1994/95. With the passage of Public Act 48 of 2021, the Legislature eliminated the foundation allowance range in 2021/22 that had been in place since the passage of the school finance reform legislation in 1994. In Public Act 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.

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

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.

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

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

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

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 D.

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

MICHIGAN PROPERTY TAX REFORM

On November 5, 2013, March 28, 2014, April 1, 2014 and June 28, 2018, a package of bills amended and replaced legislation enacted in 2012 to phase-out most personal property taxes 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 2013. 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 becomes exempt beginning in 2016. Taxation on "eligible manufacturing personal property" placed into service after 2006 but before 2013 will be phased out over time, with the exemption taking effect after the property has been in service for the immediately preceding 10 years. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities and enterprise zones that were to expire after 2012, until the voter-approved personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the legislation also includes a formula to reimburse school districts for 100% of their lost operating millage revenue and lost sinking fund millage revenue. To provide the reimbursement, the legislation reduces the state share of the use tax and authorizes the LCSA to levy a local component of the use tax and distribute that revenue to qualifying local units. However, the reimbursement for the school district's operating millage will come from the State use tax component, which is deposited into the school state aid fund¹. While the legislation provides reimbursement for prospective school operating losses, pursuant to legislative changes made in 2020, the School District will only be reimbursed for debt millage calculated pursuant to a statutory formula.

¹ Because the reimbursement funds are deposited into the state school aid fund, the legislature may, in the future, change the funding formulas in the State School Aid Act of 1979 or appropriate funds therein for other purposes.

LITIGATION

To the knowledge of the appropriate officials of the School District, after due inquiry, no litigation, administrative action or proceeding is pending or threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, or questioning or contesting the validity of the Bonds or the proceedings or authorities under which they are authorized to be issued, sold, executed and delivered. A certificate to such effect will be delivered to the original purchaser of the Bonds (the "Purchaser") at the time of the original delivery of the Bonds.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale by the School District of the Bonds and with regard to the tax-exempt status of the Bonds are subject to the approving opinion of Thrun Law Firm, P.C., East Lansing, Michigan, Bond Counsel, and will be furnished without expense to the Purchaser, a copy of such opinion, the form of which is set forth in Appendix E, will be available at the time of the delivery of the Bonds.

Except to the extent necessary to issue its approving opinion as to the validity of the Bonds, Bond Counsel has made no inquiry as to any financial information, statements or materials contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials.

RATINGS

The School District has applied for ratings of the Bonds from S&P Global Ratings ("S&P"). No application was made to any other agency.

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

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

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

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$ _____, which is the par amount of the Bonds of \$ _____ less the underwriter's discount of \$ _____, plus the net original issue premium of \$ _____, less the original discount of \$ _____. The Official Notice of Sale for the Bonds provides that all of the Bonds will be purchased by the Underwriter if any of such Bonds are purchased.

The Underwriter intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Underwriter may allow concessions to certain dealers (including dealers in a selling group of the Underwriter and other dealers depositing the Bonds into investment trusts), who may reallow concessions to other dealers. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

MUNICIPAL ADVISOR'S OBLIGATION

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

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

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

Other Financial Industry Activities and Affiliations:

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

BTWM and other subsidiaries of BTAG may provide advisory services to the clients of BTMA. BTMA has no other activities or arrangements that are material to its municipal advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the School District will execute a Continuing Disclosure 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, who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including any person holding Bonds through nominees, depositories or any other intermediaries). The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Agreement, are set forth in “APPENDIX G - FORM OF CONTINUING DISCLOSURE AGREEMENT.” Additionally, the School District shall provide certain annual financial information and operating data generally consistent with the information contained within the tables under the headings “Enrollments - Enrollment History,” “Labor Relations,” “Retirement Plan - Contributions to MPSERS,” “History of Valuations – State Equalized Valuation and Taxable Valuation,” “Tax Levies and Collections,” “State Aid Payments,” “School District Tax Rates (Per \$1,000 of Valuation),” “Largest Taxpayers,” “School Loan Revolving Fund” if any balance, and “Direct Debt” in Appendix B and General Fund Budget Summary in Appendix C.

A failure by the School District to comply with the Agreement will not constitute an event of default under the Resolution 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 a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FURTHER INFORMATION

Further information concerning the Bonds may be secured from Baker Tilly Municipal Advisors, LLC, 1000 Town Center, 27th Floor, Southfield, Michigan 48075, phone: (517) 321-0110, Municipal Advisor to the School District, or from the School District's administration offices, 850 N. 4th St., Chesaning, Michigan 48616, phone: (989) 845-7020.

OTHER MATTERS

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

The School District certifies to the best of its knowledge and belief that this Official Statement, as of its date and as it relates to the School District and its economic and financial condition, (i) is complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material facts or information which would make the statements contained herein misleading.

This Official Statement has been duly approved, executed and delivered by the School District.

CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE
STATE OF MICHIGAN

By: _____
Its: Superintendent

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX A
STATE QUALIFICATION**

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

SCHOOL BOND QUALIFICATION, APPROVAL, AND LOAN ACT

Act 92 of 2005

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

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

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

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

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

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

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

- (a) A statement of the debt service owed in the next 6 months.
- (b) A copy of the most recent bank statement showing the amount on hand in the debt service accounts for all qualified bonds.
- (c) A statement of any revenue received for payment of the debt service since the date of the bank statement.
- (d) A statement of any withdrawals made from the debt service account since the date of the bank statement.

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422

March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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

BONDS: Qualified bonds of school districts.

CONSTITUTION OF 1963: School Bond Loan Fund.

SCHOOLS: Bond Loans.

STATE TREASURER: Payment of principal and interest on qualified school district bonds.

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

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

August 29, 1966.

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

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

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

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

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

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

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

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

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

Under amended Section 6 of the act, in any school district where the amount necessary to be levied in any year for principal and interest on qualified bonds exceeds 7 mills on each dollar of the assessed valuation of the school district as last equalized by the state, such school district on or before 60 days prior to the time of certification of its tax levy to the assessing officer shall file with the superintendent of public instruction³ a preliminary application for a loan from the state in the amount of any part of such excess over 7 mills which the school district does not propose to levy in such year.⁴ Amended Section 6 specifies the information to be supplied in the application. The superintendent of public instruction if he finds the application in proper form shall approve or deny the application in whole or in part and notify the school district of his action. Amended Section 7 of the act provides that if a loan from the state shall become necessary for the payment of principal and interest on qualified bonds in accordance with an approved preliminary application to the superintendent of public instruction or by virtue of a supplemental application, it shall be the duty of the superintendent of public instruction after audit to forward to the state treasurer a statement setting forth the amount to be loaned to the school district for the payment of principal and interest and the date on or before which loan shall be made.⁵ The superintendent shall prepare a voucher as a basis for the issuance of a warrant and upon receipt of such statement and warrant, it shall be the duty of the state treasurer to loan to the school district from the school bond loan fund the amount set forth in the statement of the superintendent of public instruction on or before the date specified therein. The state treasurer upon making such loan shall obtain from the school district a receipt for the amount so loaned which receipt shall specify the terms of repayment in accordance with the provisions of Section 16 of Article IX, Constitution of 1963 and the act. The school district treasurer upon receipt of the loan is required to deposit the same in the debt retirement fund to be used solely for the payment of principal and interest on qualified bonds.

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B¹ SCHOOL DISTRICT DATA

Location and Area

Chesaning Union Schools (the "School District") is a K-12 school district located in the eastern portion of Michigan's lower peninsula. The School District covers an area of approximately 164 square miles. The School District is comprised of the Villages of Chesaning and Oakley, all of the Townships of Albee and Brady, most of the Township of Chesaning and portions of the Townships of Brant, Chapin, Maple Grove, Marion and St. Charles in Saginaw County and portions of the Townships of Hazelton, New Haven and Rush in Shiawassee County.

Population²

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

<u>Year</u>	<u>Population</u>
2020	11,372
2010	11,533
2000	12,047

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

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
<i>Saginaw County:</i>			
Albee Township	2,160	2,046	(5.3%)
Brady Township	2,218	2,142	(3.4%)
Brant Township	2,012	1,842	(8.4%)
Chapin Township	1,060	928	(12.5%)
Chesaning Township	4,659	4,748	1.9%
Maple Grove Township	2,668	2,676	0.3%
Marion Township	923	759	(17.8%)
St. Charles Township	3,330	3,183	(4.4%)
<i>Shiawassee County:</i>			
Hazelton Township	2,071	2,054	(0.8%)
New Haven Township	1,329	1,218	(8.4%)
Rush Township	1,291	1,268	(1.8%)

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

² Sources: School District figures: 2000, 2010 and 2020 – U.S. Census of Population. Municipal unit figures: U.S. Census of Population.

Board of Education

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

Enrollments

The following tables show total full time equivalent enrollments as of the Fall pupil count day, including special education, at the School District for the past ten years and the current year enrollment by grade.

Enrollment History

2025/26	1,396	2020/21	1,413
2024/25	1,379	2019/20	1,431
2023/24	1,387	2018/19	1,425
2022/23	1,413	2017/18	1,424
2021/22	1,434	2016/17	1,468

Projected K-12 enrollment for 2026/2027 is 1,396 as estimated by the School District.

2025/26 Enrollment by Grade

Kindergarten & ECSE	106	7 th	130
1 st	101	8 th	117
2 nd	97	9 th	109
3 rd	98	10 th	102
4 th	111	11 th	98
5 th	114	12 th	84
6 th	115	Alternate Ed.	<u>14</u>
Total			<u>1,396</u>

School District Facilities

	<u>Grades Served</u>	<u>Year Constructed</u>	<u>Additions/ Remodeling</u>
Big Rock Elementary	K-3	1967	2001, 2012, 2015
Chesaning Middle School	4-8	1976	2001, 2006, 2009, 2012, 2014
Chesaning High School	9-12	1958	1974, 2001, 2014, 2015

Additional facilities:

Bus garage	1989
Old bus garage/maintenance barn	1947
Bus garage pole barn	1998
Athletic stadium with team room	2015
Maintenance barn at high school	2015
Ag barn	2017
Greenhouse	2024
Old ag barn/maintenance barn	1970

Other Schools¹

There is one parochial school within the School District's boundaries: Zion Lutheran School, serving grades Pre-K-8, with an estimated pupil count of 42.

Labor Relations

<u>Class</u>	<u>Number</u>	<u>Affiliation</u>	<u>Contract Expires</u>
Administrators	12	Non-Affiliated	N/A
Teachers	87	MEA/NEA, Local Association	7/31/27
Support staff	86	AFT	6/30/28
Central office staff	<u>2</u>	Non-Affiliated	N/A
Total	<u>187</u>		

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

Retirement Plan

For the period October 1 through September 30, the School District pays an amount equal to a percentage of its employees' wages to the Michigan Public School Employees Retirement System ("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.

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 benefit 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.

The School District's estimated contribution to MPERS for 2025/26 and the contributions for the previous five years are shown below.

<u>Fiscal Year Ending June 30</u>	<u>Contribution to MPERS¹</u>
2026	\$2,778,664 (estimate)
2025	2,694,725
2024	2,495,182
2023	2,264,038
2022	2,217,896
2021	1,970,440

Note: GASB Statement 68 requires all reporting units in a multi-employer cost sharing pension plan to record a balance sheet liability for their proportionate share of the net pension liability of the plan. The School District implemented GASB 68 in its year ended June 30, 2015, audited financial statements. Please refer to the audit for the pension liability.

¹ Sources: Audited Financial Statements and School District.

Other Post-Employment Benefits

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

GENERAL FINANCIAL INFORMATION

Assessed Valuations¹

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

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

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

History of Valuations – State Equalized Valuation and Taxable Valuation^{1,2,3}

	<u>State Equalized Valuation</u>	<u>Taxable Valuation</u>
2025	\$702,417,500	\$451,019,114
2024	663,418,500	434,468,240
2023	591,490,800	404,798,536
2022	545,083,950	383,058,464
2021	501,922,600	357,696,911

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

² Sources: Saginaw and Shiawassee County Equalization Departments.

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

2025 Taxable Value by Class^{1,2}

	<u>Taxable Value</u>	<u>% of Total Taxable Value</u>
Agricultural	\$106,060,471	23.52%
Commercial	28,828,549	6.39%
Industrial	14,391,327	3.19%
Residential	270,800,444	60.04%
Commercial Personal	11,630,600	2.58%
Industrial Personal	167,200	0.04%
Utility Personal	<u>19,140,523</u>	<u>4.24%</u>
Total	<u>\$451,019,114</u>	<u>100.00%</u>

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

<u>Name of Unit</u>	<u>Homestead¹</u>	<u>Non-Homestead²</u>	<u>Total Taxable Valuation</u>	<u>% of Total Valuation</u>
<i>Saginaw County</i>				
Albee Township	\$72,686,624	\$12,441,853	\$85,128,477	18.87%
Brady Township	60,813,522	13,988,228	74,801,750	16.59%
Brant Township	24,239,103	3,262,304	27,501,407	6.10%
Chapin Township	7,067,283	1,418,730	8,486,013	1.88%
Chesaning Township	135,180,661	52,611,419	187,792,080	41.64%
Maple Grove Township	12,118,737	2,144,803	14,263,540	3.16%
Marion Township	N/A	N/A	N/A	N/A
St. Charles Township	29,895,722	2,856,454	32,752,176	7.26%
<i>Shiawassee County</i>				
Hazelton Township	1,625,324	142,332	1,767,656	0.39%
New Haven Township	16,222,765	1,664,114	17,886,879	3.97%
Rush Township	<u>634,436</u>	<u>4,700</u>	<u>639,136</u>	<u>0.14%</u>
Total	<u>\$360,484,177</u>	<u>\$90,534,937</u>	<u>\$451,019,114</u>	<u>100.00%</u>

Tax Increment Authorities³

Act 57 of the Public Acts of Michigan, 2018, as amended (the “Tax Increment Financing Act”) and Act 381 of the Public Acts of Michigan, 1996, as amended (the “Brownfield Act”) (together, the “TIF Acts”) authorize the designation of specific districts known as Tax Increment Finance Authority (“TIFA”) Districts, Downtown Development Authority (“DDA”) Districts, Local Development Finance Authority (“LDFA”) Districts, Corridor Improvement Authority (“CIA”) Districts, or Brownfield Redevelopment District Authority (“BRDA”) Districts, respectively. TIF Districts are authorized to formulate tax increment financing plans for public improvements, economic development, neighborhood revitalization and historic preservation within such areas. Tax increment financing permits the TIFA, DDA, LDFA, CIA or BRDA to capture tax revenues attributable to increases in value (“TIF Captured Value”) of real and

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

² The School District’s debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.

³ Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from 12 mills of the 18 operating mills levied on non-homestead property only.

personal property located within an approved development area while any tax increment financing plans by an established District are in place. These captured revenues are used by the TIF District and are not passed on to the local taxing jurisdictions.

The Village of Chesaning has one BRDA District that currently does not capture school operating millage or debt millage.

The Village of Chesaning established a DDA in June of 1986 which includes certain properties within the School District. The initial assessed valuation of properties in the DDA was \$3,931,500. The 2025 taxable valuation of these properties is \$8,538,133. The 2025 captured valuation is \$4,552,368. The School District does not receive operating or debt tax revenues on the captured valuation.

Tax Levies and Collections

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

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

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

School Year	Operating Tax Levy	Collections To March 1, Each Year		Collections to June 30 Fiscal Year End	
2025/26	\$1,693,726	In process of collection		In process of collection	
2024/25	1,602,518	\$1,240,181	77.39%	\$1,554,170	96.98%
2023/24	1,478,716	1,196,413	80.91%	1,478,716	100.00%
2022/23	1,400,086	1,150,702	82.19%	1,364,934	97.49%
2021/22	1,313,050	1,109,875	84.53%	1,276,719	97.23%

State Aid Payments

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

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

<u>Fiscal Year Ended 6/30</u>	<u>Blended Pupil Count</u>	<u>Foundation Allowance Per Pupil</u>	<u>Total State Aid Payments</u>
2025/26	1,397 (est.)	\$10,050	\$15,889,436 (est.)
2024/25	1,370	9,608	15,919,195
2023/24	1,407	9,608	16,296,894
2022/23	1,420	9,150	15,609,494
2021/22 ¹	1,436	8,700	13,731,918

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating ²	18.0000	18.0000	18.0000	17.9838	17.9838
Debt	4.5000	4.5000	4.5000	4.8700	4.8700
Sinking Fund ³	<u>0.0000</u>	<u>0.0000</u>	<u>0.7469</u>	<u>0.7469</u>	<u>0.7473</u>
Total Homestead	4.5000	4.5000	5.2469	5.6169	5.6173
Total Non-Homestead	22.5000	22.5000	23.2469	23.6007	23.6011

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
<i>Saginaw County</i>	12.9912	12.9100	10.921	10.9400	10.6100
Albee Township	0.8980	0.8980	1.8812	1.8812	1.8812
Brady Township	2.3780	2.3780	2.3846	2.3846	2.3866
Brant Township	2.8399	2.8438	2.3440	2.3440	2.3498
Chapin Township	2.5294	2.5652	2.5751	2.5013	2.5403
Chesaning Township	2.4154	2.4221	2.4221	2.4221	2.4228
Maple Grove Township	0.8515	0.8533	0.8560	0.8560	0.8585
Marion Township	N/A	N/A	N/A	N/A	N/A
St. Charles Township	2.9840	2.9845	2.4845	2.4845	2.4845
Chesaning Village	20.1593	20.3776	20.1776	22.1776	22.1776
Oakley Village	4.5089	4.5089	4.5837	4.5837	4.5837
<i>Shiawassee County</i>	8.1675	8.2042	8.2615	8.2594	8.3107
Hazelton Township	2.4756	2.4756	2.4756	2.4756	2.4530
New Haven Township	2.9683	2.9758	2.9779	2.9779	2.9923
Rush Township	3.9719	3.9727	4.4590	4.4590	4.4707
Saginaw ISD	4.6438	4.6438	4.6438	4.6438	3.0872
Delta Community College	2.0559	2.0563	2.0427	2.0427	2.0427

¹ Public Act 48 of 2021 increased the foundation allowance to \$8,700 per pupil 2021/22 and eliminated the foundation allowance range that has been in place since the passage of the school finance reform legislation in 1994. See "POTENTIAL IMPACT OF THE COVID- 19 PANDEMIC ON SCHOOL DISTRICT" and "SOURCES OF SCHOOL DISTRICT OPERATING REVENUE" herein.

² The operating millage is levied on Non-Homestead property only and expires with the 2028 levy.

³ Expired in 2024.

Largest Taxpayers¹

Shown below are the ten largest identifiable taxpayers in the School District based on their 2025 taxable valuations. The taxpayers listed below represent 8.62% of the School District's 2025 Taxable Valuation of \$451,019,114.

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Total Taxable Value</u>
Consumers Energy Company	Utility	\$17,447,557
Misteguay Creek Farms	Agricultural	3,543,151
Common C Properties LLC	Commercial real estate	2,935,462
Auburn Bean & Grain Company	Agricultural	2,903,328
Leaf Chesaning LLC	Cannibis	2,768,300
Eden Street LLC	Cannibis	2,183,864
Eric M. & Kimberly D. Blaine	Real estate	2,065,725
Kunik, Frank Farms Inc.	Agricultural	1,725,365
Spectrum Mid-America LLC	Telecommunications	1,709,400
Neumann Farms LLC	Agricultural	<u>1,588,162</u>
Total		<u>\$38,870,314</u>

Debt History

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

Future Financing

The School District anticipates issuing a bond in 2026 for technology and buses with a not to exceed amount of \$345,000.

School Loan Revolving Fund²

The School District does not have a balance with the School Loan Revolving Fund.

Direct Debt³ (as of 4/6/26)

08/11/14	2014 School Building and Site Bonds, Series I (UTQ)	\$6,930,000
06/02/15	2015 School Building and Site Bonds, Series II (UTQ)	9,985,000
07/11/23	2023 School Building and Site Bonds, Series VI (UTNQ)	145,000
11/07/24	2024 School Building and Site Bonds, Series I (UTQ)	<u>3,495,000</u>
Direct Debt (as of the date of delivery)		20,555,000
Plus:	2026 School Building and Site Bonds, Series II (UTQ)	<u>4,000,000*</u>
NET DIRECT DEBT (as of the date of delivery)		<u>\$24,555,000*</u>

¹ Sources: Saginaw and Shiawassee County Equalization Departments.

² Source: Michigan Department of Treasury.

³ Source: Municipal Advisory Council of Michigan.

*Preliminary, subject to change.

Overlapping Debt¹ (as of 4/6/26)

<u>% Applicable</u>	<u>Municipality</u>	<u>Amount Outstanding</u>	<u>School District Share</u>
100.00	Albee Township	\$3,082,000	\$3,082,000
100.00	Brady Township	236,925	236,925
38.26	Brant Township	3,437	1,315
99.48	Chesaning Township	536,595	533,805
29.51	St. Charles Township	39,480	11,651
100.00	Chesaning Village	3,101,600	3,101,600
100.00	Oakley Village	1,165,000	1,165,000
6.27	Saginaw County	123,938,782	7,770,962
0.76	Shiawassee County	42,451,529	322,632
6.78	Saginaw ISD	2,475,000	<u>167,805</u>
Net overlapping debt in the School District			<u>\$16,393,695</u>
NET DIRECT AND OVERLAPPING DEBT			<u>\$40,948,695*</u>

Debt Ratios¹

2025 State Equalized Valuation (SEV)	\$702,417,500
2025 Taxable Valuation	\$451,019,114
2020 Population	11,372
Direct Debt (Including New Issue)	\$24,555,000
Direct/Overlapping Debt	\$40,948,695
Direct Debt Per Capita	\$2,159
Direct/Overlapping Debt Per Capita	\$3,601
Per Capita 2025 SEV	\$61,767
Ratio of Direct Debt to 2025 SEV	3.50%
Ratio of Direct/Overlapping Debt to 2025 SEV	5.83%
Per Capita 2025 Taxable Valuation	\$39,660
Ratio of Direct Debt to 2025 Taxable Valuation	5.44%
Ratio of Direct/Overlapping Debt to 2025 Taxable Valuation	9.08%

¹ Source: Municipal Advisory Council of Michigan.

Legal Debt Margin (as of 4/6/26)

2025 State Equalized Valuation		\$702,417,500
Debt Limit (15% of 2025 State Equalized Valuation)		105,362,625
Debt Outstanding (as of date of delivery)	\$24,555,000	
Less bonds not subject to Debt Limit (as of date of delivery) ¹	(24,410,000)	
Total Subject to Debt Limit		<u>145,000</u>
Additional Debt Which Could Be Legally Incurred		<u>\$101,867,625*</u>

ECONOMIC PROFILE

The School District is located primarily in the eastern portion of Michigan's lower peninsula. The School District is located the following distances from these commercial and industrial areas:

15	miles north of Owosso
28	miles southwest of Saginaw
50	miles northeast of Lansing
99	miles northwest of Detroit

*Preliminary, subject to change.

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

Major Employers¹

<u>Employer</u>	<u>Product or service</u>	<u>Approximate # of employees</u>
<i>Within the Chesaning Area (20 or more employees):</i>		
Chesaning Union Schools	Education	187
Garber Management Group, Inc.	Automotive sales	124
Frank's Super Market, Inc.	Grocer	60
The Wellcare Group LLC	Nursing and residential care	60
Village of Chesaning	Village government	43
Big Rock Amusements LLC	Commercial and industrial rentals	30
Big Rock Corporation	Retail	30
United States Postal Service	Postal services	26
Chesaning Oil & Gas Company	Wholesale petroleum	20
<i>Saginaw County (653 or more employees):</i>		
Sysco Grand Rapids, LLC	Wholesale grocer	5,004
Covenant HealthCare	Health care	4,001
Fair Health Cares	Health care administrative services	2,000
Caravan Facilities Management LLC	Commercial cleaning services	1,870
Ascension St. Mary's Hospital	Hospital	1,794
Hemlock Semiconductor Corp./Dow Corning Corp.	Polycrystalline silicon products	1,400
Veterans Health Administration	Government health care	1,294
Nexteer Automotive Corporation	Mfg. automotive parts	1,028
Saginaw Public Schools	Public education	782
A&T Teleholdings, Inc.	Telecommunications	653
<i>Shiawassee County (211 or more employees):</i>		
Baker College	Higher education	3,000
Republic Bancorp Inc.	Banking	1,200
The Memorial Hospital	Hospital	820
Walmart Inc.	Retail	597
Owosso Public Schools	Public education	500
Perry Public School District	Public education	300
Shiawassee Regional Education Service District	Educational support services	263
Shiawassee County Mental Health Center	Mental health care	240
County of Shiawassee	Public administration	222
Machine Tool & Gear, Inc.	Mfg. metal products	211

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

Unemployment¹

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

	<u>Saginaw County</u>	<u>Shiawassee County</u>	<u>State of Michigan</u>
2025, December	6.0%	5.3%	4.8%
2024	5.9	5.1	4.7
2023	5.2	4.3	3.9
2022	5.4	4.6	4.2
2021	6.8	5.5	5.7
2020	10.3	9.4	10.0

¹ Source: State of Michigan Office of Labor Market Information.

APPENDIX C

CHESANING UNION SCHOOLS General Fund Budget Summary Fiscal Years Ending June 30, 2026

	Amended <u>2025/26</u>
<u>REVENUES</u>	
Local Sources	\$2,077,403
State Sources	17,108,386
Federal Sources	766,270
Other Political Subdivision	11,000
Incoming Transfers and Other Transactions	<u>40,000</u>
TOTAL REVENUES	<u>\$20,003,059</u>
<u>EXPENDITURES</u>	
Instruction	9,290,468
Basic Programs	2,183,788
Added Needs	
Support Services	
Pupil	777,402
Instruction Staff	513,624
General Administration	564,584
School Administration	1,412,620
Business	413,964
Operations and Maintenance	2,034,769
Pupil Transportation Services	1,329,515
Other	174,370
Athletics	575,603
Community Services	371,017
Other Financing Uses	<u>260,542</u>
TOTAL EXPENDITURES	<u>19,902,266</u>
Revenues Over (Under) Expenditures	(100,793)
Fund Balance - July 1	<u>5,846,599</u>
Estimated Fund Balance – June 30	<u>\$5,745,806</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

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

RECEIVED
By QuinteroJ at 8:19 am, Oct 23, 2025

Chesaning Union Schools

Financial Statements

June 30, 2025

Table of Contents

Section	Page
1 Members of the Board of Education and Administration	1 - 1
2 Independent Auditors' Report	2 - 1
3 Management's Discussion and Analysis	3 - 1
4 Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	4 - 1
Statement of Activities	4 - 3
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 - 4
Reconciliation of the Balance Sheet of	
Governmental Funds to the Statement of Net Position	4 - 6
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
Reconciliation of the Statement of Revenues, Expenditures and	
Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
Notes to the Financial Statements	4 - 11

Section	Page
5 Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	5 - 1
Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
Schedule of the School District's Pension Contributions	5 - 4
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)	5 - 5
Schedule of the School District's OPEB Contributions	5 - 6
6 Other Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	6 - 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
General Fund	
Comparative Balance Sheet	6 - 4
Schedule of Revenues Compared to Budget	6 - 5
Schedule of Expenses Compared to Budget	6 - 7
Schedule of Outstanding Bonded Indebtedness	6 - 17

Chesaning Union Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Martin Maier – President

Damion Frasier – Vice President

Lisa Greenfelder – Secretary

Scott Kohagen – Treasurer

Julie Keck – Trustee

Marcy Vogelaar – Trustee

James Miller, Jr – Trustee

Administration

Mike McGough – Superintendent

Independent Auditors' Report

Management and the Board of Education
Chesaning Union Schools
Chesaning, MI

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 Chesaning Union Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chesaning Union 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 Chesaning Union 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 Chesaning Union Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Chesaning Union 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.

2 - 1

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 Chesaning Union 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 Chesaning Union 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.

2 - 2

D-3

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chesaning Union 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, Chesaning Union 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 3, 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 Chesaning Union 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 Chesaning Union 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 Chesaning Union 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 Chesaning Union Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

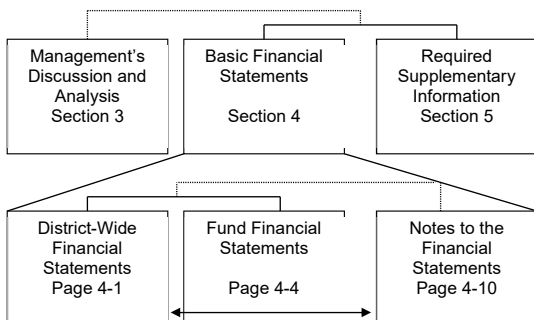
Saginaw, MI
October 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Chesaning Union Schools
Management's Discussion and Analysis
June 30, 2025

This report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 issued in June of 2000. The overall organization of this report is shown in Figure A-1.

Figure A-1
Chesaning Union Schools
Organization of Annual Financial Report



District – Wide Financial Statements

The district-wide statements provide a perspective of the School 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 school district services.

When analyzed together, the two statements help the reader determine whether the School 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 school district, reporting the School 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 School District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Chesaning Union Schools include Debt Service funds, Special Revenue funds for food service and student and school activities, and Capital Project funds.

3 - 1

Chesaning Union Schools
Management's Discussion and Analysis
June 30, 2025

Financial Analysis of the School District as a Whole

Summary of Net Position

	2025	2024
Assets		
Current assets	\$ 21,203,722	\$ 14,115,265
Capital assets	55,941,548	55,762,480
Less accumulated depreciation	(31,846,320)	(29,786,606)
Total assets	45,298,950	40,091,139
Deferred outflows of resources	6,907,428	10,102,017
Liabilities		
Current liabilities	2,592,557	2,992,085
Long-term liabilities	40,587,008	45,133,265
Total liabilities	43,179,565	48,125,350
Deferred inflows of resources	11,449,254	8,166,497
Net Position		
Net investment in capital assets	3,475,684	7,958,800
Restricted	4,424,789	4,760,430
Unrestricted (deficit)	(10,322,914)	(18,817,921)
Total net position	\$ (2,422,441)	\$ (6,098,691)

The *Summary of Net Position* and the *Statement of Net Position from Operating Results* on the next page show the changes in the School District's net position.

Unrestricted net position is similar but not identical to fund balance. A reconciliation of the difference between decreased position and a decrease in fund balance is on page 4 - 6. Other assets are restricted for debt service and sinking fund operations. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4 - 9.

The net position for the School District increased by \$3,676,250 during the 2024-2025 year. The *Statement of Net Position from Operating Results* (below) shows the details of this change.

Statement of Net Position from Operating Results

	2025	2024
Revenues		
Program revenue		
Charges for services	\$ 278,213	\$ 339,487
Operating grants and contributions	7,412,610	9,543,739
General revenue		
Property taxes	3,487,507	3,624,278
State foundation allowance	11,766,634	12,065,996
Other	503,683	226,896
Total revenues	23,448,647	25,800,396
Expenses		
Instruction	10,300,755	10,284,298
Support services	7,364,542	7,896,793
Food service	1,088,654	983,726
Other transactions	1,018,446	962,455
Total expenses	19,772,397	20,127,272
Change in net position	\$ 3,676,250	\$ 5,673,124

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of \$15,312,050 which is an increase of \$4,553,270 from last year. The primary reasons for the increase are:

- In the General Fund, our principal operating fund, the fund balance increased by \$493,072.
- In the Capital Improvements Capital Projects Fund, the fund balance increased by \$561,968.

3 - 2

Chesaning Union Schools
Management's Discussion and Analysis
June 30, 2025

- In the 2024 Bond Capital Projects Fund, the fund balance increased by \$3,834,722.
- In the 2024 Building and Site Bond Debt Service Fund, the fund balance increased by \$18,790.
- In the 2023 Bus and Technology Debt Service Fund, the fund balance decreased by \$57,836.
- In the Building and Site Debt Service Fund, the fund balance decreased by \$134,577.
- In the Capital Projects Sinking Fund, the fund balance decreased by \$76,289.
- In the 2023 Bus and Technology Capital Projects Fund, the fund balance decreased by \$68,091.
- In the Food Service Fund, the fund balance decreased by \$90,205.
- In the Student and School Activities Fund, the fund balance increased by \$71,716.

Approximately 74% of the School 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 School District's non-homestead property tax levy.

Per Student Foundation Allowance

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

Student Enrollment

The School District's blended student enrollment for 2024-2025 was 1,386 students. This is a decrease of 5 students from the previous year. The following summarizes blended student enrollment in the past years:

Enrollment History

School Year	Student FTE	FTE Change from Prior Year
2024/25	1,383	(8)
2023/24	1,391	(20)
2022/23	1,411	(32)
2021/22	1,443	(9)
2020/21	1,434	(2)
2019/20	1,436	(1)

Preliminary student enrollment projections for 2025-2026 indicate that enrollments will decline approximately 25 students from 2024-2025.

Property Taxes Levied for General Operations

The School District levied 18.0000 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.

3 - 3

Chesaning Union Schools
Management's Discussion and Analysis
June 30, 2025

The following summarizes the current year local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

School Year	Local Property Tax Revenue	% of General Fund Revenue
2024/25	\$ 1,563,053	6.7%
2023/24	1,490,547	5.8%
2022/23	1,368,881	6.0%
2021/22	1,284,247	6.1%
2020/21	1,217,849	7.6%

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

Capital Assets

At June 30, 2025, the School District had \$55,941,548 invested in capital assets including land, buildings, furniture, and equipment. The increase in capital assets is in part due to building improvements, new buses and furniture and equipment.

	2025	2024
Land	\$ 75,000	\$ 75,000
Buildings and improvements	51,253,509	51,191,613
Buses and other vehicles	3,589,637	3,431,698
Furniture and equipment	1,023,402	756,978
Construction in progress	-	307,191
Subtotal	55,941,548	55,762,480
Less accumulated depreciation	(31,846,320)	(29,786,606)
	\$ 24,095,228	\$ 25,975,874

Long-Term Debt

The long-term debt obligations for the School District increased from 2023-24 to 2024-25 due to taking on a new bond during the year. Over the 2024-2025 fiscal year, the long-term debt obligations increased by \$2,534,379 as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable				
General obligation bonds	\$ 18,075,000	\$ 3,930,000	\$ 1,450,000	\$ 20,555,000
Premium on bonds	119,114	54,379	-	173,493
Total bonds and notes payable	\$ 18,194,114	\$ 3,984,379	\$ 1,450,000	\$ 20,728,493

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 2024-2025 was approved on June 25, 2024 and June 23, 2025.

General Fund Revenues

Total revenues revised budget	\$ 19,671,738
Total revenues original budget	18,559,786
	\$ 1,111,952

The School District's actual general fund revenues were less than the revised budget by \$150,460 a variance of 0.8%.

3 - 4

Chesaning Union Schools
Management's Discussion and Analysis
June 30, 2025

General Fund Expenditures

Total expenditures revised budget	\$ 18,973,591
Total expenditures original budget	<u>18,119,366</u>
	<u>\$ 854,225</u>

The School District's actual general fund expenditures were less than the revised budget by \$386,939, a variance of 2.1%.

Economic Factors and Next Year's Budget and Rates

Since most of the School 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 School 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. Similar reductions remain a possibility for 2025/26 if state revenues fall short of the projections on which the State Aid Act was based.

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to the Business Office, Chesaning Union Schools, P.O. Box 95, Chesaning, Michigan 48616.

BASIC FINANCIAL STATEMENTS

Chesaning Union Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 14,047,749
Accounts receivable	1,495
Due from other governmental units	3,675,292
Prepaid items	41,206
Capital assets not being depreciated	190,440
Capital assets - net of accumulated depreciation	24,020,228
Net OPEB asset	<u>3,395,587</u>
Total assets	<u>45,371,997</u>
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	5,891,453
Deferred amount relating to the net OPEB asset	<u>1,015,976</u>
Total deferred outflows of resources	<u>6,907,429</u>
Liabilities	
Accounts payable	228,592
Due to other governmental units	288,355
Payroll deductions and withholdings	351,874
Accrued expenditures	345,063
Accrued salaries payable	989,992
Unearned revenue	507,419
Long-term liabilities	
Net pension liability	19,514,234
Due within one year	1,864,440
Due in more than one year	<u>19,208,334</u>
Total liabilities	<u>43,298,303</u>

See Accompanying Notes to the Financial Statements
4 - 1

Chesaning Union Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	\$ 6,959,136
Deferred amount relating to the net OPEB asset	<u>4,490,118</u>
Total deferred inflows of resources	<u>11,449,254</u>
Net Position	
Net investment in capital assets	3,591,124
Restricted for:	
Food service	370,992
Debt service	1,367,300
Capital projects	4,054,930
Net OPEB Asset	3,395,587
Unrestricted (deficit)	<u>(15,248,064)</u>
Total net position	<u>\$ (2,468,131)</u>

See Accompanying Notes to the Financial Statements
4 - 2

Chesaning Union 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	\$ 10,300,773	\$ 94,861	\$ 3,841,015	\$ (6,364,897)
Supporting services	7,364,935	37,509	2,451,311	(4,876,115)
Food services	1,088,654	33,019	1,069,021	13,386
Community services	326,722	98,254	-	(228,468)
Interest and fiscal charges on long-term debt	691,724	-	-	(691,724)
Total governmental activities	<u>\$ 19,772,808</u>	<u>\$ 263,643</u>	<u>\$ 7,361,347</u>	<u>\$ (12,147,818)</u>
General revenues				
Property taxes, levied for general purposes				\$ 1,563,053
Property taxes, levied for debt service				1,922,256
Property taxes, levied for sinking fund				2,198
State aid - unrestricted				11,772,618
Interest and investment earnings				441,154
Other				<u>77,099</u>
Total general revenues				<u>15,778,378</u>
Change in net position				3,630,560
Net position - beginning				<u>(6,098,691)</u>
Net position - ending				<u>\$ (2,468,131)</u>

See Accompanying Notes to the Financial Statements
4 - 3

Chesaning Union Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Capital Improvements Fund	2024 Bond Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 5,233,374	\$ 2,438,609	\$ 3,845,662	\$ 2,530,104	\$ 14,047,749
Accounts receivable	1,495	-	-	-	1,495
Due from other funds	-	474,208	-	130,251	604,459
Due from other governmental units	3,652,213	-	-	23,079	3,675,292
Prepaid items	<u>41,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,206</u>
Total assets	<u>\$ 8,928,288</u>	<u>\$ 2,912,817</u>	<u>\$ 3,845,662</u>	<u>\$ 2,683,434</u>	<u>\$ 18,370,201</u>
Liabilities					
Accounts payable	\$ 101,081	\$ -	\$ 126,380	\$ 1,131	\$ 228,592
Due to other funds	604,459	-	-	-	604,459
Due to other governmental units	288,355	-	-	-	288,355
Payroll deductions and withholdings	350,724	-	-	1,150	351,874
Accrued expenditures	248,591	-	-	-	248,591
Accrued salaries payable	986,677	-	-	3,315	989,992
Unearned revenue	<u>501,802</u>	<u>-</u>	<u>-</u>	<u>5,617</u>	<u>507,419</u>
Total liabilities	<u>3,081,689</u>	<u>-</u>	<u>126,380</u>	<u>11,213</u>	<u>3,219,282</u>

See Accompanying Notes to the Financial Statements
4 - 4

Chesaning Union Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Capital Improvements Fund	2024 Bond Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Non-spendable					
Prepaid items	\$ 41,206	\$ -	\$ -	\$ -	\$ 41,206
Restricted for					
Food service	-	-	-	370,992	370,992
Debt service	-	-	-	1,463,772	1,463,772
Capital projects	-	-	3,719,282	444,597	4,163,879
Committed for student and school activities	-	-	-	392,860	392,860
Assigned for					
Capital projects	-	2,912,817	-	-	2,912,817
25/26 Budget	591,192	-	-	-	591,192
Unassigned	5,214,201	-	-	-	5,214,201
Total fund balances	5,846,599	2,912,817	3,719,282	2,672,221	15,150,919
Total liabilities and fund balances	\$ 8,928,288	\$ 2,912,817	\$ 3,845,662	\$ 2,683,434	\$ 18,370,201

See Accompanying Notes to the Financial Statements
4 - 5

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

	General Fund	Capital Improvements Fund	2024 Bond Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 2,039,826	\$ 93,954	\$ 97,982	\$ 2,666,412	\$ 4,898,174
State sources	16,480,799	-	-	181,026	16,661,825
Federal sources	944,614	-	-	887,995	1,832,609
Interdistrict sources	10,760	-	-	-	10,760
Total revenues	19,475,999	93,954	97,982	3,735,433	23,403,368
Expenditures					
Current					
Education					
Instruction	10,921,291	-	-	-	10,921,291
Supporting services	7,176,846	-	69,771	562,800	7,809,417
Food services	-	-	-	1,159,591	1,159,591
Community services	326,722	-	-	-	326,722
Capital outlay	159,739	6,194	306,970	159,484	632,387
Debt service					
Principal	-	-	-	1,450,000	1,450,000
Interest and other expenditures	2,466	-	-	707,396	709,862
Total expenditures	18,587,064	6,194	376,741	4,039,271	23,009,270
Excess (deficiency) of revenues over expenditures	888,935	87,760	(278,759)	(303,838)	394,098

See Accompanying Notes to the Financial Statements
4 - 6

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

	General Fund	Capital Improvements Fund	2024 Bond Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Proceeds from issuance of bonds	\$ -	\$ -	\$ 3,998,041	\$ -	\$ 3,998,041
Transfers in	40,000	474,208	-	7,346	521,554
Transfers out	(481,554)	-	-	(40,000)	(521,554)
Total other financing sources (uses)	(441,554)	474,208	3,998,041	(32,654)	3,998,041
Net change in fund balances	447,381	561,968	3,719,282	(336,492)	4,392,139
Fund balances - beginning	5,399,218	2,350,849	-	3,008,713	10,758,780
Fund balances - ending	\$ 5,846,599	\$ 2,912,817	\$ 3,719,282	\$ 2,672,221	\$ 15,150,919

See Accompanying Notes to the Financial Statements
4 - 7

Chesaning Union Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 15,150,919
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	190,440
Capital assets - net of accumulated depreciation	24,020,228
Net OPEB asset is not recorded as an asset in the governmental funds	3,395,587
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	5,891,453
Deferred outflows of resources resulting from the net OPEB asset	1,015,976
Deferred inflows of resources resulting from the net pension liability	(6,959,136)
Deferred inflows of resources resulting from the net OPEB asset	(4,490,118)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(96,472)
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	(19,514,234)
Compensated absences	(344,281)
Bonds payable	(20,728,493)
Net position of governmental activities	\$ (2,468,131)

See Accompanying Notes to the Financial Statements
4 - 8

Chesaning Union 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	\$	4,392,139
---	-----------	------------------

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		(2,059,714)
Capital outlay		294,508
Sale of capital assets (net book value)		(10,500)

Expenses are recorded when incurred in the statement of activities.

Interest		4,476
Compensated absences		2,719

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		7,077,917
Net change in deferrals of resources related to the net pension liability		(4,886,235)

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		2,940,739
Net change in deferrals of resources related to the net OPEB asset		(1,591,110)

See Accompanying Notes to the Financial Statements
4 - 9

Chesaning Union 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

Bond and note proceeds and leases 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 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.

Debt issued		(3,998,041)
Repayments of long-term debt		1,450,000
Amortization of premiums		13,662

Change in net position of governmental activities	\$	<u>3,630,560</u>
--	-----------	-------------------------

See Accompanying Notes to the Financial Statements
4 - 10

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Chesaning Union 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.

4 - 11

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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.

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.

Capital Project Funds – The Capital Improvements Fund is used to record other revenue or transfers from other funds and the disbursement of invoices specifically for acquiring new equipment and for remodeling and repairs.

Capital Project Funds – The 2024 Bond Capital Project Funds is used to record bond proceeds or other revenue and the disbursements of invoices specifically for acquiring new equipment and for remodeling and repairs.

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 Student and School Activities Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are 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 2023 Bus and Technology Funds is used to record bond proceeds or other revenue and the disbursements of invoices specifically for acquiring new equipment and for remodeling and repairs. The Sinking Fund is used to record the sinking fund property tax levy or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the Sinking Fund is used to record bond proceeds, the sinking fund property tax levy or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, 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

Cash - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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.

4 - 12

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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	18.0000
Commercial personal property	6.0000
2023 Bus and Technology Debt Fund	0.0900
2014 Building and Site Debt Service Fund	3.1600
2024 Building and Site Debt Service Fund	1.2500

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 95% of the School District's tax roll lies within Saginaw County. The remaining 5% lies within Shiawassee County.

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 the County of Shiawassee and remitted to the School District by May 15.

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.

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	5 - 50 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	8 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.

4 - 13

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

Compensated Absences - Sick days are earned by most employees at the rate of one day per month. Upon retirement, teachers will be paid between \$20 - \$40 per day for unused sick time based on years of service. Administrators and Central Office staff will be paid upon retirement for up to 150 sick days at a rate of \$40 per day and up to 40 vacation days at their daily rate. Support staff will be paid upon retirement 35% of their accumulated sick leave at their daily rate.

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 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.

4 - 14

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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 or the Superintendent. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

An additional \$2,912,817 has been assigned from the Capital Improvements Fund for future projects.

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 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.

4 - 15

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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.

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget variances.

4 - 16

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

Compliance - Bond Proceeds

The Capital Projects Funds includes capital project activities funded with bonds. For the 2024 School Building and Site Bond and 2023 School Bus and Technology Bond, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

Compliance - Sinking Funds

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

The breakdown of deposits for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 14,044,897
--	----------------------

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, \$14,076,695 of the School District's bank balance of \$14,326,695 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	\$ 75,000	\$ -	\$ -	\$ 75,000
Construction-in-progress	307,191	115,440	307,191	115,440
Total capital assets not being depreciated	382,191	115,440	307,191	190,440
Capital assets being depreciated				
Buildings and additions	51,191,613	61,896	-	51,253,509
Equipment and furniture	756,978	266,424	-	1,023,402
Buses and other vehicles	3,431,698	157,939	-	3,589,637
Total capital assets being depreciated	55,380,289	486,259	-	55,866,548
Less accumulated depreciation for				
Buildings and additions	28,006,568	1,698,499	-	29,705,067
Equipment and furniture	396,640	49,809	-	446,449
Buses and other vehicles	1,383,398	311,406	-	1,694,804
Total accumulated depreciation	29,786,606	2,059,714	-	31,846,320
Net capital assets being depreciated	25,593,683	(1,573,455)	-	24,020,228
Net capital assets	\$25,975,874	\$ (1,458,015)	\$ 307,191	\$24,210,668

4 - 17

Chesaning Union 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	\$ 1,132,561
Supporting services	828,538
Food services	98,615
Total governmental activities	<u>\$ 2,059,714</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 130,251
General Fund	Capital improvements funds	474,208
		<u>\$ 604,459</u>

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		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	\$ -	\$ 40,000	\$ 40,000
Capital Improvements Fund	474,208	-	474,208
Nonmajor governmental funds	7,346	-	7,346
	<u>\$ 481,554</u>	<u>\$ 40,000</u>	<u>\$ 521,554</u>

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities. The transfers between General Fund and Nonmajor Governmental Funds was to allocate indirect costs. The transfers between the Capital Improvements Fund and General Fund was to transfer excess funds for future capital projects.

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	\$ 501,802
Student meals	5,617
Total	<u>\$ 507,419</u>

4 - 18

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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.

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	\$18,075,000	\$ 3,930,000	\$ 1,450,000	\$20,555,000	\$ 1,535,000
Premium on bonds	119,114	68,041	13,662	173,493	-
Total bonds payable	18,194,114	3,998,041	1,463,662	20,728,493	1,535,000
Other liabilities					
Compensated absences	347,000	-	2,719	344,281	329,440
Total	\$18,541,114	\$ 3,998,041	\$ 1,466,381	\$21,072,774	\$ 1,864,440

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

\$10,500,000 serial bond due in annual installments of \$390,000 through May 1, 2043, interest ranging from 3.00% to 3.75%	\$ 6,930,000
\$14,935,000 serial bond due in annual installments of \$370,000 to \$725,000 through May 1, 2043, interest ranging from 3.00% to 4.00%	9,985,000
\$345,000 serial bond due in annual installments of \$145,000 through November 1, 2025, interest at 4.50%	145,000
\$3,930,000 serial bond due in annual installments of \$75,000 to \$535,000 through May 1, 2049, interest at 4.00%	3,495,000
Total general obligation bonded debt	\$20,555,000

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

Year Ending June 30,	Bonds	
	Principal	Interest
2026	\$ 1,535,000	\$ 738,018
2027	1,020,000	684,444
2028	1,050,000	652,344
2029	975,000	619,194
2030	1,000,000	588,068
2031-2035	5,465,000	2,371,488
2036-2040	6,045,000	1,272,160
2041-2045	2,905,000	358,524
2046-2049	560,000	56,000
Total	\$ 20,555,000	\$ 7,340,240

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$1,463,772 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consist of \$344,281 of vacation sick time and vacation benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

4 - 19

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

The School District has a self-insured vision plan. No accrual has been recorded as of the end of the past three fiscal years, due to the insignificance of the estimated liability for vision claims.

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 no unemployment compensation expense for the year. No provision has been made for possible future claims.

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.

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.

4 - 20

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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 \$3,332,493 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 \$19,514,234 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 0.0797 percent, which was a decrease of 0.0025 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 \$1,758,590 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$3,243,709.

4 - 21

Chesaning Union 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	\$ 529,435	\$ (212,025)	\$ 317,410
Changes of assumptions	2,034,475	(1,429,776)	604,699
Net difference between projected and actual earnings on pension plan investments	-	(3,724,143)	(3,724,143)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	359,974	(731,939)	(371,965)
Total to be recognized in future	2,923,884	(6,097,883)	(3,173,999)
School District contributions subsequent to the measurement date	2,967,569	(861,253)	2,106,316
Total	\$ 5,891,453	\$ (6,959,136)	\$ (1,067,683)

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, 2026 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	\$ (552,441)
2026	(8,809)
2027	(1,565,795)
2028	(1,046,954)
	<u>\$ (3,173,999)</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.

4 - 22

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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%
- 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.

Chesaning Union 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 pension plan investment, net of pension plan investment expense, was 8.29%. 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, 6.00% 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, 6.00% 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 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, 6.00% 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 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 28,608,076	\$ 19,514,234	\$ 11,941,860

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

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

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

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 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 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).

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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 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.

4 - 25

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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 \$655,709 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 \$3,395,587 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB liability or 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 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 0.0789 percent, which was a decrease of 0.0015 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 \$(1,183,305) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense \$171,760.

4 - 26

D-20

Chesaning Union 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 OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(3,598,285)	\$(3,598,285)
Changes of assumptions	741,645	(85,246)	656,399
Net difference between projected and actual earnings on OPEB plan investments	-	(642,823)	(642,823)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	208,033	(163,764)	44,269
Total to be recognized in future	949,678	(4,490,118)	(3,540,440)
School District contributions subsequent to the measurement date	66,298	-	66,298
Total	\$ 1,015,976	\$(4,490,118)	\$(3,474,142)

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, 2025. 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	\$(1,108,065)
2026	(674,042)
2027	(688,238)
2028	(647,537)
2029	(357,140)
Thereafter	(65,418)
	<u>\$(3,540,440)</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.

4 - 27

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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
- 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 is 6.2824 years.

Recognition period for assets in years is 5.0000.

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

4 - 28

D-21

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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.

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 6.95%, 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 point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ (2,624,137)	\$ (3,395,587)	\$ (4,062,586)

4 - 29

Chesaning Union Schools
Notes to the Financial Statements
June 30, 2025

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
\$ (4,062,593)	\$ (3,395,587)	\$ (2,680,226)

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/orsschools.

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.

4 - 30

D-22

REQUIRED SUPPLEMENTARY INFORMATION

Chesaning Union 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	\$ 1,651,500	\$ 2,010,805	\$ 2,039,826	\$ 29,021
State sources	16,050,828	16,659,800	16,480,799	(179,001)
Federal sources	850,626	995,239	944,614	(50,625)
Interdistrict sources	7,500	10,760	10,760	-
Total revenues	18,560,454	19,676,604	19,475,999	(200,605)
Expenditures				
Instruction				
Basic programs	9,185,868	8,965,802	8,822,617	(143,185)
Added needs	1,877,868	2,147,056	2,098,674	(48,382)
Supporting services				
Pupil	803,758	715,912	703,289	(12,623)
Instructional staff	489,352	515,558	499,663	(15,895)
General administration	575,952	537,906	526,852	(11,054)
School administration	1,308,376	1,398,995	1,363,150	(35,845)
Business	390,513	379,715	354,842	(24,873)
Operations and maintenance	1,956,930	1,910,296	1,873,713	(36,583)
Pupil transportation services	1,126,940	1,169,378	1,108,431	(60,947)
Central	150,094	159,272	168,645	9,373
Athletic activities	549,880	583,061	578,261	(4,800)
Community services	335,750	334,783	326,722	(8,061)
Capital outlay	89,000	163,739	159,739	(4,000)
Debt service				
Interest and fiscal charges	3,146	3,146	2,466	(680)
Total expenditures	18,843,427	18,984,619	18,587,064	(397,555)
Excess (deficiency) of revenues over expenditures	(282,973)	691,985	888,935	196,950

See Accompanying Notes to the Financial Statements

Chesaning Union Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Other Financing Sources (Uses)				
Transfers in	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Transfers out	(6,598)	(492,492)	(481,554)	10,938
Total other financing sources (uses)	33,402	(452,492)	(441,554)	10,938
Net change in fund balances	(249,571)	239,493	447,381	207,888
Fund balance - beginning	5,399,218	5,399,218	5,399,218	-
Fund balance - ending	\$ 5,149,647	\$ 5,638,711	\$ 5,846,599	\$ 207,888

See Accompanying Notes to the Financial Statements
5 - 2

Chesaning Union 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 the net pension liability (%)	0.0797%	0.0822%	0.0826%	0.0794%	0.0772%	0.0764%	0.0773%	0.0776%	0.0793%	0.0824%
B. School District's proportionate share of the net pension liability	\$ 19,514,234	\$ 26,592,151	\$ 31,047,175	\$ 18,795,086	\$ 26,533,646	\$ 25,297,094	\$ 23,243,695	\$ 20,120,706	\$ 19,785,090	\$ 20,132,050
C. School District's covered payroll	\$ 8,269,137	\$ 8,003,093	\$ 8,074,921	\$ 7,221,979	\$ 6,888,951	\$ 6,618,029	\$ 6,547,318	\$ 6,477,339	\$ 6,584,163	\$ 6,914,059
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	42.37%	30.10%	26.01%	38.42%	25.96%	26.16%	28.17%	32.19%	33.28%	34.34%
E. Plan fiduciary the 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.

See Accompanying Notes to the Financial Statements
5 - 3

Chesaning Union 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	\$ 3,243,709	\$ 3,305,643	\$ 2,967,041	\$ 2,759,722	\$ 2,342,151	\$ 2,117,863	\$ 1,995,266	\$ 1,964,468	\$ 1,255,386	\$ 1,272,961
B. Contributions in relation to statutorily required contributions	<u>3,243,709</u>	<u>3,305,643</u>	<u>2,967,041</u>	<u>2,759,722</u>	<u>2,342,151</u>	<u>2,117,863</u>	<u>1,995,266</u>	<u>1,964,468</u>	<u>1,255,386</u>	<u>1,272,961</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 8,704,221	\$ 8,193,140	\$ 7,905,773	\$ 7,797,784	\$ 6,959,706	\$ 6,877,831	\$ 6,551,847	\$ 6,553,308	\$ 6,718,271	\$ 6,633,463
E. Contributions as a percentage of covered payroll	37.27%	40.35%	37.53%	35.39%	33.65%	30.79%	30.45%	29.98%	18.69%	19.19%

See Accompanying Notes to the Financial Statements
5 - 4

Chesaning Union 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) (%)	0.0789%	0.0804%	0.0836%	0.0805%	0.0780%	0.0759%	0.0771%	0.0777%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (3,395,587)	\$ (454,848)	\$ 1,771,025	\$ 1,229,231	\$ 4,180,495	\$ 5,449,498	\$ 6,126,450	\$ 6,876,676		
C. School District's covered payroll	\$ 8,269,137	\$ 8,003,093	\$ 8,074,921	\$ 7,221,978	\$ 6,888,951	\$ 668,029	\$ 6,547,318	\$ 6,477,339		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.06%	-5.68%	21.93%	17.02%	60.68%	815.76%	93.57%	106.17%		
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.

See Accompanying Notes to the Financial Statements
5 - 5

Chesaning Union 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	\$ 171,760	\$ 652,101	\$ 629,470	\$ 621,153	\$ 581,631	\$ 550,637	\$ 504,571	\$ 490,217		
B. Contributions in relation to statutorily required contributions	171,760	652,101	629,470	621,153	581,631	550,637	504,571	490,217		
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
D. School District's covered payroll	\$ 8,704,221	\$ 8,193,140	\$ 7,905,773	\$ 7,797,784	\$ 6,959,706	\$ 6,877,831	\$ 6,551,847	\$ 6,553,308		
E. Contributions as a percentage of covered payroll	1.97%	7.96%	7.96%	7.97%	8.36%	8.01%	7.70%	7.48%		

See Accompanying Notes to the Financial Statements
5 - 6

OTHER SUPPLEMENTARY INFORMATION

Chesaning Union Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Food Service	Student and School Activities	2024 Building and Site	2023 Bus and Technology	2014 Building and Site	Sinking Fund	2023 Bus and Technology	Nonmajor Governmental Funds
Assets								
Cash	\$ 228,179	\$ 393,556	\$ 18,790	\$ 356,942	\$ 1,088,040	\$ 335,648	\$ 108,949	\$ 2,530,104
Due from other funds	130,251	-	-	-	-	-	-	130,251
Due from other governmental units	23,079	-	-	-	-	-	-	23,079
Total assets	<u>\$ 381,509</u>	<u>\$ 393,556</u>	<u>\$ 18,790</u>	<u>\$ 356,942</u>	<u>\$ 1,088,040</u>	<u>\$ 335,648</u>	<u>\$ 108,949</u>	<u>\$ 2,683,434</u>
Liabilities								
Accounts payable	\$ 435	\$ 696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,131
Payroll deductions and withholdings	1,150	-	-	-	-	-	-	1,150
Accrued salaries payable	3,315	-	-	-	-	-	-	3,315
Unearned revenue	5,617	-	-	-	-	-	-	5,617
Total liabilities	<u>10,517</u>	<u>696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,213</u>
Fund Balances								
Restricted for								
Food service	370,992	-	-	-	-	-	-	370,992
Debt service	-	-	18,790	356,942	1,088,040	-	-	1,463,772
Capital projects	-	-	-	-	-	335,648	108,949	444,597
Committed	-	392,860	-	-	-	-	-	392,860
Total fund balances	<u>370,992</u>	<u>392,860</u>	<u>18,790</u>	<u>356,942</u>	<u>1,088,040</u>	<u>335,648</u>	<u>108,949</u>	<u>2,672,221</u>
Total liabilities and fund balances	<u>\$ 381,509</u>	<u>\$ 393,556</u>	<u>\$ 18,790</u>	<u>\$ 356,942</u>	<u>\$ 1,088,040</u>	<u>\$ 335,648</u>	<u>\$ 108,949</u>	<u>\$ 2,683,434</u>

6 - 1

Chesaning Union Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Food Service	Student and School Activities	2024 Building and Site	2023 Bus and Technology	2014 Building and Site	Sinking Fund	2023 Bus and Technology	Nonmajor Governmental Funds
Revenues								
Local sources	\$ 33,019	\$ 628,771	\$ 529,985	\$ 53,415	\$ 1,400,813	\$ 15,410	\$ 4,999	\$ 2,666,412
State sources	181,026	-	-	-	-	-	-	181,026
Federal sources	887,995	-	-	-	-	-	-	887,995
Total revenues	<u>1,102,040</u>	<u>628,771</u>	<u>529,985</u>	<u>53,415</u>	<u>1,400,813</u>	<u>15,410</u>	<u>4,999</u>	<u>3,735,433</u>
Expenditures								
Current								
Education								
Supporting services	-	557,055	215	-	-	-	5,530	562,800
Food services	1,159,591	-	-	-	-	-	-	1,159,591
Capital outlay	-	-	-	225	-	91,699	67,560	159,484
Debt service								
Principal	-	-	435,000	100,000	915,000	-	-	1,450,000
Interest and other expenditures	-	-	75,980	11,026	620,390	-	-	707,396
Total expenditures	<u>1,159,591</u>	<u>557,055</u>	<u>511,195</u>	<u>111,251</u>	<u>1,535,390</u>	<u>91,699</u>	<u>73,090</u>	<u>4,039,271</u>
Excess (deficiency) of revenues over expenditures	<u>(57,551)</u>	<u>71,716</u>	<u>18,790</u>	<u>(57,836)</u>	<u>(134,577)</u>	<u>(76,289)</u>	<u>(68,091)</u>	<u>(303,838)</u>

6 - 2

Chesaning Union Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds		Debt Service Funds			Capital Projects Funds		Total
	Food Service	Student and School Activities	2024 Building and Site	2023 Bus and Technology	2014 Building and Site	Sinking Fund	2023 Bus and Technology	Nonmajor Governmental Funds
Other Financing Sources (Uses)								
Transfers in	\$ 7,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,346
Transfers out	(40,000)	-	-	-	-	-	-	(40,000)
Total other financing sources (uses)	(32,654)	-	-	-	-	-	-	(32,654)
Net change in fund balances	(90,205)	71,716	18,790	(57,836)	(134,577)	(76,289)	(68,091)	(336,492)
Fund balances - beginning	461,197	321,144	-	414,778	1,222,617	411,937	177,040	3,008,713
Fund balances - ending	\$ 370,992	\$ 392,860	\$ 18,790	\$ 356,942	\$ 1,088,040	\$ 335,648	\$ 108,949	\$ 2,672,221

6 - 3

Chesaning Union Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2025

	2025	2024
Assets		
Cash	\$ 5,233,374	\$ 5,646,333
Accounts receivable	1,495	14,703
Due from other governmental units	3,652,213	3,948,402
Prepaid items	41,206	17,379
Total assets	\$ 8,928,288	\$ 9,626,817
Liabilities		
Accounts payable	\$ 101,081	\$ 192,620
Due to other funds	604,459	1,385,885
Due to other governmental units	288,355	432,016
Payroll deductions and withholdings	350,724	321,028
Accrued expenditures	248,591	212,619
Accrued salaries payable	986,677	876,630
Unearned revenue	501,802	796,301
Total liabilities	3,081,689	4,217,099
Deferred Inflows of Resources		
Unavailable revenue	-	10,500
Sale of capital asset	-	-
Fund Balances		
Non-spendable		
Prepaid items	41,206	17,379
Unassigned	5,805,393	5,381,839
Total fund balances	5,846,599	5,399,218
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,928,288	\$ 9,626,817

6 - 4

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 1,350,000	\$ 1,563,052	\$ 1,563,053	\$ 1
Tuition	75,000	52,143	52,700	557
Transportation fees	30,000	31,615	32,243	628
Earnings on investments	40,000	169,000	169,050	50
Student activities	41,500	37,509	37,509	-
Community service activities	90,000	100,675	108,072	7,397
Other local revenues	25,000	56,811	77,199	20,388
Total revenues from local sources	1,651,500	2,010,805	2,039,826	29,021
Revenues from state sources				
Grants - unrestricted	12,223,120	11,718,177	11,772,618	54,441
Grants - restricted	3,827,708	4,941,623	4,708,181	(233,442)
Total revenues from state sources	16,050,828	16,659,800	16,480,799	(179,001)
Revenues from federal sources				
Grants	850,626	995,239	944,614	(50,625)

6 - 5

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Interdistrict sources				
Tuition	\$ 4,000	\$ 7,260	\$ 7,260	\$ -
Other	3,500	3,500	3,500	-
Total interdistrict sources	7,500	10,760	10,760	-
Other financing sources				
Transfers in	40,000	40,000	40,000	-
Total revenue and other financing sources	\$ 18,600,454	\$ 19,716,604	\$ 19,515,999	\$ (200,605)

6 - 6

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 1,359,220	\$ 1,281,952	\$ 1,281,952	\$ -
Employee benefits	1,188,114	1,062,287	1,043,168	(19,119)
Purchased services	47,300	54,192	54,191	(1)
Supplies and materials	29,650	133,298	127,573	(5,725)
Total elementary	2,624,284	2,531,729	2,506,884	(24,845)
Basic program - middle school				
Salaries	1,777,500	1,727,013	1,726,681	(332)
Employee benefits	1,551,235	1,368,620	1,352,814	(15,806)
Purchased services	36,905	36,803	36,802	(1)
Supplies and materials	227,945	231,345	232,654	1,309
Other	-	375	375	-
Total middle school	3,593,585	3,364,156	3,349,326	(14,830)
Basic program - high school				
Salaries	1,250,340	1,326,009	1,325,120	(889)
Employee benefits	986,791	980,098	964,912	(15,186)
Purchased services	109,375	98,917	98,915	(2)
Supplies and materials	223,530	179,810	174,573	(5,237)
Other	1,000	980	979	(1)
Total high school	2,571,036	2,585,814	2,564,499	(21,315)

6 - 7

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - pre-school				
Salaries	\$ 121,500	\$ 137,523	\$ 122,058	\$ (15,465)
Employee benefits	93,008	106,077	79,565	(26,512)
Purchased services	110,970	111,140	106,835	(4,305)
Supplies and materials	13,397	53,110	27,580	(25,530)
Total pre-school	338,875	407,850	336,038	(71,812)
Basic program - summer school				
Salaries	36,630	45,868	39,239	(6,629)
Employee benefits	21,458	24,918	20,408	(4,510)
Purchased services	-	6,203	5,764	(439)
Supplies and materials	-	460	459	(1)
Total summer school	58,088	77,449	65,870	(11,579)
Added needs - special education				
Salaries	661,448	681,532	680,613	(919)
Employee benefits	572,796	491,872	484,250	(7,622)
Purchased services	108,350	67,456	44,476	(22,980)
Supplies and materials	1,500	2,906	2,905	(1)
Total special education	1,344,094	1,243,766	1,212,244	(31,522)

6 - 8

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - compensatory education				
Salaries	\$ 217,914	\$ 391,737	\$ 392,767	\$ 1,030
Employee benefits	169,050	260,965	251,146	(9,819)
Purchased services	43,730	72,984	67,816	(5,168)
Supplies and materials	11,729	29,826	27,106	(2,720)
Other	-	12,492	12,492	-
Total compensatory education	442,423	768,004	751,327	(16,677)
Added needs - career and technical education				
Salaries	41,942	66,388	66,388	-
Employee benefits	35,909	49,377	49,211	(166)
Purchased services	2,000	5,242	5,242	-
Supplies and materials	10,000	13,503	13,486	(17)
Other	1,500	776	776	-
Total career and technical education	91,351	135,286	135,103	(183)
Pupil - guidance services				
Salaries	144,813	131,111	131,249	138
Employee benefits	115,771	97,747	94,521	(3,226)
Purchased services	27,500	65,054	60,394	(4,660)
Supplies and materials	300	285	283	(2)
Total guidance services	288,384	294,197	286,447	(7,750)

6 - 9

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - health services				
Purchased services	\$ 12,000	\$ 1,842	\$ 1,842	\$ -
Pupil - social work services				
Salaries	164,925	136,595	136,591	(4)
Employee benefits	141,043	98,566	97,604	(962)
Purchased services	250	-	-	-
Supplies and materials	300	304	304	-
Total social work services	306,518	235,465	234,499	(966)
Pupil - other support services				
Salaries	114,973	67,457	71,381	3,924
Employee benefits	71,283	40,422	39,611	(811)
Purchased services	-	76,434	69,384	(7,050)
Supplies and materials	600	45	45	-
Total other pupil support services	186,856	184,358	180,421	(3,937)
Instructional staff - improvement of education				
Salaries	147,304	142,509	142,589	80
Employee benefits	104,415	84,982	93,129	8,147
Purchased services	32,500	56,346	55,044	(1,302)
Total improvement of education	284,219	283,837	290,762	6,925

6 - 10

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services				
Salaries	\$ 48,250	\$ 49,104	\$ 48,783	\$ (321)
Employee benefits	30,617	25,490	25,196	(294)
Supplies and materials	2,250	2,172	2,170	(2)
Total educational media services	81,117	76,766	76,149	(617)
Instructional staff - technology assisted instruction				
Salaries	49,370	50,958	50,958	-
Employee benefits	37,433	33,571	32,912	(659)
Purchased services	19,200	6,185	6,106	(79)
Total technology assisted instruction	106,003	90,714	89,976	(738)
Instructional staff - supervision and direction of instructional staff				
Salaries	6,050	20,590	11,829	(8,761)
Employee benefits	3,488	14,085	6,204	(7,881)
Purchased services	200	-	52	52
Supplies and materials	200	112	112	-
Total supervision and direction of instructional staff	9,938	34,787	18,197	(16,590)
Instructional staff - academic student assessment				
Purchased services	8,075	29,454	24,579	(4,875)

6 - 11

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
General administration - board of education				
Purchased services	\$ 122,000	\$ 101,099	\$ 95,559	\$ (5,540)
Supplies and materials	500	236	236	-
Other	1,300	5,890	5,890	-
Total board of education	123,800	107,225	101,685	(5,540)
General administration - executive administration				
Salaries	227,150	228,833	228,791	(42)
Employee benefits	177,052	162,004	154,410	(7,594)
Purchased services	42,450	36,462	38,997	2,535
Supplies and materials	3,500	1,012	599	(413)
Other	2,000	2,370	2,370	-
Total executive administration	452,152	430,681	425,167	(5,514)
School administration - office of the principal				
Salaries	694,648	730,362	725,259	(5,103)
Employee benefits	539,128	602,522	571,872	(30,650)
Purchased services	69,200	60,354	60,263	(91)
Supplies and materials	3,000	5,597	5,596	(1)
Other	2,400	160	160	-
Total office of the principal	1,308,376	1,398,995	1,363,150	(35,845)

6 - 12

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - fiscal services				
Salaries	\$ 175,000	\$ 172,842	\$ 172,614	\$ (228)
Employee benefits	119,388	113,426	108,676	(4,750)
Purchased services	61,700	61,544	60,649	(895)
Supplies and materials	2,000	2,500	2,648	148
Other	1,000	990	951	(39)
Total fiscal services	359,088	351,302	345,538	(5,764)
Business - other				
Employee benefits	-	1,953	1,952	(1)
Purchased services	1,425	1,460	1,405	(55)
Other	30,000	25,000	5,947	(19,053)
Total other business	31,425	28,413	9,304	(19,109)
Operations and maintenance - operating building services				
Salaries	478,875	496,831	497,689	858
Employee benefits	433,468	407,948	394,526	(13,422)
Purchased services	268,970	271,314	267,053	(4,261)
Supplies and materials	549,670	557,038	536,701	(20,337)
Other	1,200	1,052	1,052	-
Total operating building services	1,732,183	1,734,183	1,697,021	(37,162)

6 - 13

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Operations and maintenance - security services				
Salaries	\$ 18,598	\$ 18,848	\$ 18,915	\$ 67
Employee benefits	10,722	4,010	3,984	(26)
Purchased services	157,000	152,160	152,699	539
Supplies and materials	29,427	1,095	1,094	(1)
Total security services	215,747	176,113	176,692	579
Pupil transportation services				
Salaries	512,000	514,850	508,004	(6,846)
Employee benefits	371,757	373,383	338,331	(35,052)
Purchased services	67,423	84,204	85,659	1,455
Supplies and materials	175,450	196,941	176,437	(20,504)
Other	310	-	-	-
Total transportation services	1,126,940	1,169,378	1,108,431	(60,947)
Central - staff/personnel services				
Purchased services	1,250	1,500	1,500	-
Central - support services technology				
Salaries	4,500	4,000	5,662	1,662
Employee benefits	344	1,746	500	(1,246)
Purchased services	139,000	147,455	146,476	(979)
Supplies and materials	5,000	4,571	4,570	(1)
Total support services technology	148,844	157,772	157,208	(564)

6 - 14

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - other				
Other	\$ 9,257	\$ 9,257	\$ 9,937	\$ 680
Athletic activities				
Salaries	184,476	193,025	192,751	(274)
Employee benefits	137,739	125,860	121,019	(4,841)
Purchased services	190,665	225,412	226,728	1,316
Supplies and materials	26,000	27,115	26,115	(1,000)
Other	11,000	11,649	11,648	(1)
Total athletic activities	549,880	583,061	578,261	(4,800)
Community services - community recreation				
Salaries	42,700	47,120	45,466	(1,654)
Employee benefits	29,617	24,111	20,122	(3,989)
Purchased services	18,500	12,300	13,516	1,216
Total community recreation	90,817	83,531	79,104	(4,427)
Community services - community activities				
Supplies and materials	1,000	4,404	4,234	(170)

6 - 15

Chesaning Union Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - custody and care of children				
Salaries	\$ 67,275	\$ 64,505	\$ 62,348	\$ (2,157)
Employee benefits	57,303	39,412	38,054	(1,358)
Purchased services	111,068	131,534	132,270	736
Supplies and materials	1,250	4,147	4,432	285
Other	3,100	3,186	3,614	428
Total custody and care of children	239,996	242,784	240,718	(2,066)
Community services - welfare activities				
Supplies and materials	3,937	4,064	2,666	(1,398)
Capital outlay				
Operations and maintenance - operating building services	9,000	-	-	-
Pupil transportation services	80,000	163,739	159,739	(4,000)
Total capital outlay	89,000	163,739	159,739	(4,000)
Debt service				
Interest and other expenditures	3,146	3,146	2,466	(680)
Other financing uses				
Transfers out	6,341	482,039	481,554	(485)
Total expenditures and other financing uses	\$ 18,850,025	\$ 19,477,141	\$ 19,068,618	\$ (408,523)

6 - 16

Chesaning Union Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2014 Building and Site Bonds, Series I	2014 School Building and Site Bonds, Series II	2023 School Bus and Tech Bonds, Series IV	2024 School Building and Site Bonds, Series I	Total
2026	\$ 380,000	\$ 475,000	\$ 145,000	\$ 535,000	\$ 1,535,000
2027	380,000	490,000	-	150,000	1,020,000
2028	380,000	505,000	-	165,000	1,050,000
2029	380,000	520,000	-	75,000	975,000
2030	390,000	535,000	-	75,000	1,000,000
2031	390,000	550,000	-	90,000	1,030,000
2032	390,000	565,000	-	105,000	1,060,000
2033	390,000	585,000	-	120,000	1,095,000
2034	390,000	605,000	-	135,000	1,130,000
2035	390,000	625,000	-	135,000	1,150,000
2036	390,000	645,000	-	135,000	1,170,000
2037	390,000	665,000	-	135,000	1,190,000
2038	390,000	685,000	-	135,000	1,210,000
2039	390,000	700,000	-	135,000	1,225,000
2040	390,000	725,000	-	135,000	1,250,000
2041	390,000	370,000	-	135,000	895,000
2042	390,000	370,000	-	135,000	895,000
2043	340,000	370,000	-	135,000	845,000
2044	-	-	-	135,000	135,000
2045	-	-	-	135,000	135,000
2046	-	-	-	140,000	140,000
2047	-	-	-	140,000	140,000
2048	-	-	-	140,000	140,000
2049	-	-	-	140,000	140,000
Total	\$ 6,930,000	\$ 9,985,000	\$ 145,000	\$ 3,495,000	\$ 20,555,000
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	3.00% - 3.750%	3.00% - 3.750%	4.50%	4.00%	
Original issue	\$ 10,500,000	\$ 14,935,000	\$ 345,000	\$ 3,930,000	

[THIS PAGE INTENTIONALLY LEFT BLANK]



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

Members of the Board of Education
Chesaning Union Schools
Chesaning, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chesaning Union Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chesaning Union Schools' basic financial statements, and have issued our report thereon dated October 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Yeo & Yeo, P.C.
Saginaw, MI
October 20, 2025



APPENDIX E

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

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

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

DRAFT LEGAL OPINION

Chesaning Union Schools
Counties of Saginaw and Shiawassee
State of Michigan

We have acted as bond counsel in connection with the issuance by Chesaning Union Schools, Counties of Saginaw and Shiawassee, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of \$ _____ designated 2026 School Building and Site Bonds, Series II (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, a signed copy of the certificate of the Treasurer of the State of Michigan qualifying the Bonds for purposes of Article IX, Section 16, of the Michigan Constitution, and a specimen of the Bond 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;



Chesaning Union Schools
Counties of Saginaw and Shiawassee
State of Michigan

_____, 2026

Page 2

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

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

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

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

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

THRUN LAW FIRM, P.C.

TLF/CJI

OPTIONAL DTC BOOK-ENTRY-ONLY

OFFICIAL NOTICE OF SALE

\$4,000,000

CHESANING UNION SCHOOLS

COUNTIES OF SAGINAW AND SHIAWASSEE

STATE OF MICHIGAN

2026 SCHOOL BUILDING AND SITE BONDS, SERIES II

(GENERAL OBLIGATION - UNLIMITED TAX)

BIDS for the purchase of the above 2026 School Building and Site Bonds, Series II (the “Bond” or “Bonds”) will be received electronically on behalf of Chesaning Union Schools, Saginaw and Shiawassee Counties, Michigan (the “Issuer”), on Thursday, the 16th day of April, 2026, until 10:00 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.

PARITY: Bids may be presented via *PARITY* on the date and at the time shown above. 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 Baker Tilly Municipal Advisors, LLC, at (517) 321-0110 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>
2027	\$500,000	2039	\$100,000
2028	270,000	2040	100,000
2029	50,000	2041	100,000
2030	50,000	2042	100,000
2031	50,000	2043	100,000
2032	60,000	2044	325,000
2033	75,000	2045	325,000
2034	90,000	2046	325,000
2035	105,000	2047	325,000
2036	100,000	2048	325,000
2037	100,000	2049	325,000
2038	100,000		

MATURITY ADJUSTMENT: The Issuer reserves the right to 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 less than one percent (1%) per annum and not exceeding six percent (6%) 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. No proposal for the purchase of less than all of the Bonds or at a price less than 99% or greater than 118% of the par value, will be considered.

PURPOSE AND SECURITY: The Bonds are the second series of bonds that were authorized at an election on August 6, 2024, for the purpose of remodeling school buildings, including heating, ventilating, and air conditioning improvements and a pool facility; erecting an addition to a school support building; and developing and improving athletic fields and facilities, driveways, parking areas, sidewalks 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, and Article IX, Section 16, of the Michigan Constitution of 1963.

STATE QUALIFICATION: The Bonds are expected to be fully qualified pursuant to Act 92, Public Acts of Michigan, 2005, as amended, enacted pursuant to Article IX, Section 16, of

the Michigan Constitution of 1963. Under the terms of said constitutional and statutory provisions, if for any reason the Issuer will be or is unable to pay the principal and interest on the Bonds when due, then the Issuer shall borrow, and the State of Michigan shall lend to it, an amount sufficient to enable the Issuer to make the payment.

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 May 13, 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 H to the Preliminary Official Statement for the Bonds, dated April 6, 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. 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 Baker Tilly Municipal 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 Baker Tilly Municipal Advisors, LLC, 1000 Town Center, 27th Floor, Southfield, Michigan 48075, telephone: (517) 321-0110.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

Lisa Greenfelder
Secretary, Board of Education



**FORM OF
CONTINUING DISCLOSURE AGREEMENT**

§ _____

**CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE
STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES II
(GENERAL OBLIGATION - UNLIMITED TAX)**

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by Chesaning Union Schools, Counties of Saginaw and Shiawassee, State of Michigan (the “Issuer”), in connection with the issuance of its \$ _____ 2026 School Building and Site Bonds, Series II (General Obligation - Unlimited Tax) (the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on March 9, 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, 20____, to EMMA an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Agreement. Currently, the Issuer’s fiscal year ends on June 30. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Agreement; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the financial statements contained in the Official Statement shall be included in the Annual Report.

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

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

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

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

SECTION 6. Termination of Reporting Obligation.

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

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

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

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

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

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

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

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

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

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

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

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

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

CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____, 2026

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Chesaning Union Schools, Saginaw and Shiawassee Counties, Michigan

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

CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE
STATE OF MICHIGAN

By: _____
Its: Superintendent

Dated: _____



APPENDIX B

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

Name of Issuer: Chesaning Union Schools, Saginaw and Shiawassee Counties, Michigan

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

CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE
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]

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]

**CHESANING UNION SCHOOLS
COUNTIES OF SAGINAW AND SHIAWASSEE, STATE OF MICHIGAN
2026 SCHOOL BUILDING AND SITE BONDS, SERIES II
(GENERAL OBLIGATION - UNLIMITED TAX)**

OPTIONAL BID FORM

Date: April 16, 2026

Time: 10:00 A.M. E.T.

Municipal Advisory Council
26211 Central Park Blvd
Suite 508
Southfield, MI 48076
Phone: (313) 963-0420
Email: munibids@macmi.com

Reference is made to your "Official Notice of Sale" for the above stated bonds as printed in the Bond Buyer. For your legally issued bonds, as described in said notice, we will pay you par plus a premium of \$_____ or less a discount of \$_____ for bonds maturing and bearing interest rates as follows:

<u>Maturity</u> <u>Date</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Maturity Date</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2027	\$500,000	%	%	2039	\$100,000	%	%
2028	270,000			2040	100,000		
2029	50,000			2041	100,000		
2030	50,000			2042	100,000		
2031	50,000			2043	100,000		
2032	60,000			2044	325,000		
2033	75,000			2045	325,000		
2034	90,000			2046	325,000		
2035	105,000			2047	325,000		
2036	100,000			2048	325,000		
2037	100,000			2049	325,000		
2038	100,000						

*Preliminary, subject to change.

The following maturities have been designated as term bonds:

Mandatory Redemptions

From _____ To _____

From _____ To _____

THIS BID IS FOR ALL OR NONE OF THE BONDS.

Respectfully Submitted,

Please attach list of account members

By: _____
Authorized Representative

The following is a computation of the interest cost on the above bid.
This computation is not to be considered as a part of the bid and is subject to verification.

Gross Interest Cost	\$ _____	Premium / Discount	\$ _____
Net Interest Cost	\$ _____	Average Interest Rate	_____ %
True Interest Cost	_____ %	Net Interest Rate	_____ %

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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



Mixed Sources
Product group from well managed
forests, controlled sources and
recycled wood or fibres.

Printed by: ImageMaster, LLC
www.imagemaster.com