THIS PRELIMINARY OFFICIAL STATEMENT IS DATED SEPTEMBER 18, 2024

NEW ISSUE - BOOK-ENTRY-ONLY

RATINGS†1: S&P Global Ratings: ___
Michigan School Bond Qualification and Loan Program

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.

$3,855,000*

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM, AND NEWAYGO, STATE OF MICHIGAN
2024 SCHOOL BUILDING AND SITE BONDS, SERIES III
(GENERAL OBLIGATION - UNLIMITED TAX)

DATE OF SALE: October 1, 2024 **TIME:** 10:00 A.M., E.T.

DATE AND TIME OF AWARD: October 1, 2024, 5:00 P.M., E.T.
BIDS WILL BE RECEIVED AT:
Municipal Advisory Council, Email: munibids@macmi.com

PURPOSE AND SECURITY: The 2024 School Building and Site Bonds, Series III (the "Bonds") were authorized by the electors of the Morley Stanwood Community Schools, Counties of Mecosta, Montcalm, and Newaygo, State of Michigan (the "School District") at an election duly called and held on August 4, 2020 and by the Board of Education of the School District by resolutions adopted on July 15, 2024 and expected to be adopted on October 21, 2024 (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.

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-EXMEPT OBLIGATIONS" herein.

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.

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, 2025, 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 The Huntington National Bank, 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 Date	Amount*	Interest Rate	Yield	Maturity Date	Amount*	Interest Rate	Yield
05/01/25	$325,000	%	%	05/01/38	$100,000	%	%
05/01/26	425,000			05/01/39	100,000		
05/01/27	140,000			05/01/40	105,000		
05/01/28	145,000			05/01/41	110,000		
05/01/29	160,000			05/01/42	115,000		
05/01/30	100,000			05/01/43	120,000		
05/01/31	100,000			05/01/44	125,000		
05/01/32	100,000			05/01/45	140,000		
05/01/33	100,000			05/01/46	155,000		
05/01/34	100,000			05/01/47	165,000		
05/01/35	100,000			05/01/48	175,000		
05/01/36	100,000			05/01/49	225,000		
05/01/37	100,000			05/01/50	225,000		

OPTIONAL REDEMPTION: The Bonds or portions of the Bonds in multiples of $5,000 maturing on or after May 1, 2035 are subject to redemption at the option of the School District by lot on any date occurring on or after May 1, 2034 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 October 29, 2024.

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
2852 Eyde Parkway, Suite 150
East Lansing, Michigan 48823
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.

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* Preliminary, subject to change
† For an explanation of the ratings, see "RATINGS" herein.
1 As of the date of delivery.
* Preliminary, subject to change.
§ Copyright 2024 CUSIP Global Services. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the America Bankers Association by S&P Global Marketing Intelligence. All rights reserved. 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 Official Statement, and any supplement to the Official Statement, relating to the Issuer and the Bonds is true and correct in all material respects, and the 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.

MORLEY STANWOOD COMMUNITY SCHOOLS

4700 Northland Drive
Morley, Michigan 49336
Phone: (231) 856-4392

ADMINISTRATION

Roger Cole, Superintendent
Kellsey Fairris, Finance Director

BOND COUNSEL

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

PAYING AGENT

The Huntington National Bank
Grand Rapids, Michigan

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
East Lansing, Michigan

TABLE OF CONTENTS
MORLEY STANWOOD COMMUNITY SCHOOLS

OFFICIAL STATEMENT

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM, AND NEWAYGO, STATE OF MICHIGAN
$3,855,000*
2024 SCHOOL BUILDING AND SITE BONDS, SERIES III
(General Obligation – Unlimited Tax)

SALE INFORMATION

DATE OF SALE:	Tuesday, October 1, 2024
TIME OF SALE:	10:00 A.M., E.T.
DATE AND TIME OF AWARD:	Tuesday, October 1, 2024, 5:00 P.M., E.T.
LOCATION OF SALE:	Municipal Advisory Council 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, 2025	**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:	The Huntington National Bank, Grand Rapids, Michigan
GOOD FAITH DEPOSIT:	No Good Faith Deposit Required. *See "APPENDIX F – DRAFT OFFICIAL NOTICE OF SALE" for further information regarding this issue.*
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.

***** Preliminary, subject to change.

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices, is to set forth information concerning the Morley Stanwood Community Schools, Counties of Mecosta, Montcalm, and Newaygo, State of Michigan (the "School District"), and its 2024 School Building and Site Bonds, Series III (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

The Bonds are the third series of bonds issued from a total authorized amount of $21,000,000 approved by the School District's electors on August 4, 2020. The Bonds are authorized by the Board of Education of the School District by resolutions adopted on July 15, 2024 and expected to be adopted on October 21, 2024 (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

SOURCES[1]:

Par amount of Bonds

Reoffering Premium/Discount

Total Sources

USES[1]:

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 from 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, 2035 are subject to redemption at the option of the School District by lot on any date occurring on or after May 1, 2034 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, 2025 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.

The Huntington National Bank, 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 and notice of redemption on the Bonds, see "Book-Entry-Only System," "Transfer Outside the Book-Entry-Only System," and "Notice of Redemption and Manner of Selection" 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 of such Bond.

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 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.

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.

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 Premium[1]

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

Original Issue Discount[1]

The initial public offering prices of certain Bonds, as set forth on the cover page of this Official Statement, may be less than the stated redemption prices at maturity (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 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

[1] Preliminary, subject to change.

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 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 ("PA 48"), 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 120 of 2024 ("PA 120"), the Legislature established a 2024/25 target foundation allowance of $9,608 per pupil. In the future, the foundation allowance may be adjusted annually by an index based upon the change in revenues to the State school aid fund and change in the total number of pupils statewide. The foundation allowance is funded by locally raised property taxes plus State school aid. The revenues for the State's contribution to the foundation allowance are derived from a mix of taxing sources, including, but not limited to, a statewide property tax of 6 mills on all taxable property[1], a State sales and use tax, a real estate transfer tax and a cigarette tax.

Generally, school districts are required to levy a local property tax of not more than 18 mills or the number of mills levied in 1993 for school operating purposes, whichever is less, on non-homestead properties[2] in order for the school district to receive its per pupil foundation allowance. Furthermore, school districts whose per pupil foundation allowance in 2024/25 calculates to an amount in excess of $9,608 are authorized to levy additional millage to obtain the foundation allowance, first by levying such amount of the 18 mills against homestead property[3] as is necessary to hold themselves harmless and, if the 18 mills is insufficient, to then levy such additional mills against all property uniformly as is necessary to obtain the foundation allowance. The School District's 2024/25 per pupil foundation allowance does not exceed $9,608, 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 103 of 2023 amended the State School Aid Act for the 2023/24 fiscal year increasing the School District's foundation allowance to $9,608 per pupil.

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

Pursuant to PA 120, 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 2022/23 fiscal year, see the School District's audited financial statements in APPENDIX D.

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[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.

In 2020 and 2021 the U.S. Congress passed three stimulus bills providing financial support to public schools through the Elementary and Secondary School Emergency Relief Fund ("ESSER Funds"). Based on the three separate federal stimulus bills, the ESSER funding is generally referred to as "ESSER I Funds," "ESSER II Funds," and "ESSER III Funds," respectively.

As required under Michigan law, available ESSER Funds have been appropriated and allocated to qualifying school districts. The School District has been awarded $428,895 of the ESSER I Funds; $1,768,064 of the ESSER II Funds; and $3,973,646 of the ESSER III Funds. ESSER funds already received by the School District are incorporated into the information in APPENDICES C and D. The School District may have received additional payments related to the ESSER Funds.

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 27, 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. 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 become 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. The reimbursement for the school district's operating millage will come from the State use tax component, which is deposited into the school state aid fund[1]. While the legislation provides reimbursement for prospective school operating losses, the reimbursement shall be for either (a) debt losses attributable to debt obligations that voters approved before January 1, 2015 or were incurred before January 1, 2015, or (b) 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 a rating 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 "___" 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 "__" 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, phone: (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 original issue premium of $____________, less the original issue 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 as municipal advisor in connection with certain aspects of the issuance of Bonds (the "Municipal Advisor" or "BTMA"). BTMA is a registered municipal advisor and a wholly-owned subsidiary of Baker Tilly US, LLP ("BTUS"), an accounting firm and has been retained by the School District to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by School District officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the School District and they have no secondary obligations or other responsibility. The Municipal Advisor's fees are expected to be paid from proceeds of the Bonds pursuant to the respective engagements.

Municipal Advisor Registration:

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the School District, but is neither a placement agent to the School District nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the School District, in the sole discretion of the School District, and under its control and supervision. The School District has agreed that BTMA does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations:

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC ("BTIS"), a division of Baker Tilly Wealth Management, LLC, is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its 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 Value,” “Tax Levies and Collections,” “State Aid Payments”, “School District Tax Rates (Per $1,000 of Valuation),” “Largest Taxpayers,” “School Bond Qualification and Loan Program” if any balance, and “Direct Debt” in APPENDIX B and General Fund Budget Summaries in APPENDIX C.

A failure by the School District to comply with the Agreement will not constitute an event of default under the 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 timely filed its audited financial statements and annual disclosure information over the past five years in compliance, in all material respects with the previously executed continuing disclosure agreements by the School District.

FURTHER INFORMATION

Further information concerning the Bonds may be secured from Baker Tilly Municipal Advisors, LLC, 2852 Eyde Parkway, East Lansing, Michigan 48823, phone: (517) 321-0110, Municipal Advisor to the School District, or from the School District's administration offices, 4700 Northland Drive, Morley, Michigan 49336, phone: (231) 856-4392.

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.

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM, AND NEWAYGO
STATE OF MICHIGAN

By: ____
Its: Superintendent

APPENDIX A
STATE QUALIFICATION

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

State loans to school districts.

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

Amount of loans.

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

Qualified bonds.

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

Repayment of loans, tax levy by school district.

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

Bonds, state loans, repayment.

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

Power to tax unlimited.

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

Rights and obligations to remain unimpaired.

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

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

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

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

The People of the State of Michigan enact:

388.1921 Short title.

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

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

388.1922 Purpose of act.

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

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

388.1923 Definitions.

Sec. 3. As used in this act:

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

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

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

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

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

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

Reorganization Order No. 2010-2, MCL 12.194.

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

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

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

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

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

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

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

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

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

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

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

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

388.1925 Preliminary qualification; application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1926 Prequalification of bonds; determination by state treasurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1928 Submission of ballot to electors; ballot.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1930 Certificates of qualification or approval; file; delivery.

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

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

388.1931 Rules; bulletins.

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

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

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

Sec. 12. If a school district does not apply for prequalification or qualification or approval of a bond issue before the issuance of those bonds, the state treasurer shall not approve or qualify those bonds as qualified bonds under this act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

388.1935 Default; repayment.

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

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

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

388.1936 Charging and disposition of fees.

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

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

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

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

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

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

388.1938 Use of remaining proceeds.

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

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

(b) To repay this state.

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

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

388.1939 Actions by designee.

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

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

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

CONSTITUTIONAL LAW:
SCHOOL BONDS:
MUNICIPAL FINANCE COMMISSION:

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

No. 4422 March 12, 1965.

Hon. Sanford A. Brown
State Treasurer
Lansing, Michigan

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

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

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

Thus, the school district is <u>required</u> 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 <u>empowered</u> 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, <u>inter alia</u>, 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 August 29, 1966.
State Treasurer
Capitol Building
Lansing, Michigan

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

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

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

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

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

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[1]In your letter of request you stated that you were familiar with Opinion No. 4422 issued by me on March 12, 1965, in which it was ruled that Article IX, Section 16, Constitution of 1963, requires school districts to borrow and the state to lend sufficient sums to cover debt service payments on qualified bonds of school districts but that this requirement is not a pledge of the full faith and credit of the state; the Municipal Finance Commission however may and must enforce the duty of the school district to borrow and have the state to lend the necessary amounts.
[2]Act 108, P.A. 1961, in its present amended form appears in M.S.A. 1965 Cum. Supp. § S 3.424(111) et seq.

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

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

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

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

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

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

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

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

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

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

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

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

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

FRANK J. KELLEY,
Attorney General

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APPENDIX B[1]
SCHOOL DISTRICT DATA

Location and Area

Morley Stanwood Community Schools (the "School District") is a K-12 school which encompasses an area of 196 square miles and encompasses the Villages of Morley and Stanwood, the Townships of Aetna, Deerfield, and Mecosta and portions of the Townships of Austin, Big Rapids, and Colfax in Mecosta County, a portion of the Township of Winfield in Montcalm County, and portions of the Townships of Big Prairie and Goodwell in Newaygo County.

Population[2]

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

2000	8,866
2010	9,514
2020	9,638

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.

	2010	2020	% Change
Mecosta County*:*	42,798	39,714	(7.21)%
Aetna Township	2,299	2,241	(2.52)
Austin Township	1,561	1,715	9.87
Big Rapids Township	4,208	3,917	(6.92)
Colfax Township	1,933	1,962	1.50
Deerfield Township	1,816	1,785	(1.71)
Mecosta Township	2,615	2,744	4.93
Montcalm County:	63,342	66,614	5.17
Winfield Township	2,235	2,279	1.97
Newaygo County:	48,460	49,978	3.13
Big Prairie Township	2,573	2,436	(5.32)
Goodwell Township	547	536	(2.01)

Board of Education

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

Enrollments

The following tables show total full-time equivalent enrollments as of the Fall pupil count day at the School District for the past nine years and the 2023/2024 enrollment by grade.

Enrollment History

2023/24	990	2018/19	1,165
2022/23	1,068	2017/18	1,159
2021/22	1,096	2016/17	1,188
2020/21	1,098	2015/16	1,156
2019/20	1,183	2014/15	1,172

Projected enrollment for 2024/25 is 960 as estimated by the School District.

[1] Unless otherwise noted, the information contained in Appendix B was provided by the School District.
[2] Sources: School District figures: 2000, 2019 – Northwest Michigan Council of Governments. 2010 and 2020 - U.S. Census of Population. Municipal unit figures: U.S. Census of Population.

2023/24 Enrollment by Grade

Kindergarten	83	7th	78
1st	73	8th	75
2nd	65	9th	66
3rd	65	10th	82
4th	77	11th	88
5th	63	12th	91
6th	84		
		Total	990

School District Facilities

Facility	Grades Served	Year Constructed	Additions/ Remodeling
Elementary:			
Morley Stanwood Elementary	K-5	1959	1964, 2020, 2023
Middle School/High School:			
Morley Stanwood Middle/High	6-12	1997	2023
Other Facilities:			
Stanwood Learning Center			
Morley Community Center			

Other Schools

There is one parochial school, Brockway Christian Academy serving grades K-12, located within the School District boundaries.

Labor Relations

Class	Number	Affiliation	Contract Expires
Administrators	5	Non-Affiliated	July 31, 2025[1]
Teachers	67	MSEA, MEA	June 30, 2026
Secretaries	5	Non-Affiliated	N/A
Aides	27	MSESPA-MEA	June 30, 2026
Transportation	13	MSESPA-MEA	June 30, 2026
Food Service	10	Non-affiliated	N/A
Support Staff	10	Non-affiliated	N/A
Total	137		

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

Retirement Plan

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

Public Act 75 of 2010 ("Act 75") significantly modified MPSERS and among other provisions required all employees hired after July 1, 2010 to participate in a new Pension Plus Plan which provides a combined defined benefit and defined contribution benefit structure. Public Act 92 of 2017 ("Act 92") further modified MPSERS for all employees hired on or

[1] The Administrator Contracts are on a year-by-year basis, and they typically receive the same percentage adjustment the Teachers receive.

after February 1, 2018. Act 92 requires all employees hired on or after February 1, 2018 to elect to participate in a new 401(k) style defined contribution plan or a new hybrid plan with different assumptions and cost sharing.

Contributions to MPSERS

Fiscal Year Ending June 30	Contribution to MPSERS[1]
2025	$3,628,042 (est.)
2024	3,298,220
2023	3,037,330
2022	2,123,440
2021	1,925,442

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, 2018 audited financial statements. Please refer to the audit for the pension liability.

Other Post-Employment Benefits

MPSERS is a cost-sharing, multi-employer, statewide plan. Pension benefits and retiree health benefits are established by law and funded through employer contributions. The cost of retiree 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 MPSERS, including retiree health benefits, can be found at www.michigan.gov/orsschools.

GENERAL FINANCIAL INFORMATION

Assessed Valuations[2]

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 2023 taxable value by class and by municipal unit.

History of Valuations – State Equalized Valuation and Taxable Valuation[1,2,3]

	State Equalized Valuation	Taxable Valuation
2024	$567,106,900	$371,929,036
2023	482,821,950	344,124,848
2022	433,219,870	326,101,677
2021	397,320,300	308,537,146
2020	380,417,200	299,926,887

[1] Sources: Audited Financial Statements and School District.

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

2024 Taxable Value by Class[1,2]

	Taxable Value	% of Total Taxable Value
Agriculture	$45,493,683	12.23%
Commercial	10,458,154	2.81
Industrial	36,449,681	9.80
Residential	253,173,678	68.07
Commercial Personal	2,256,900	0.61
Industrial Personal	856,900	0.23
Utility Personal	23,240,040	6.25
Total	$371,929,036	100.00%

2024 Taxable Valuation by Municipal Unit[1,2,3]

Name of Unit	Homestead[1]	Non-Homestead[4]	Total Taxable Valuation	% of Total Valuation
Mecosta County				
Aetna Township	$44,307,285	$16,334,164	$60,641,449	16.30%
Austin Township	35,740,417	22,460,392	58,200,809	15.65
Big Rapids Township	6,988,057	2,907,633	9,895,690	2.66
Colfax Township	8,850,322	3,094,299	11,944,621	3.21
Deerfield Township	40,126,920	10,537,797	50,664,717	13.62
Mecosta Township	73,736,293	65,734,316	139,470,609	37.50
Village of Morley-Aetna	3,452,025	3,479,272	6,931,297	1.86
Village of Morley-Deerfield	2,105,805	888,932	2,994,737	0.81
Village of Stanwood	2,610,528	1,917,393	4,527,921	1.22
Montcalm County				
Winfield Township	8,100,596	3,220,446	11,321,042	3.04
Newaygo County				
Big Prairie Township	9,009,651	5,998,946	15,008,597	4.04
Goodwell Township	242,478	85,069	327,547	0.09
Total	$235,270,377	$136,658,659	$371,929,036	100.00%

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 the following 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 (as defined herein) 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.

Mecosta, Montcalm, and Newaygo County (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.

[1] Sources: County Equalization Departments.
[2] See "MICHIGAN PROPERTY TAX REFORM" herein for information regarding changes to certain tax classifications effective in the 2014 and 2016 tax years.
[3] The School District's debt millage is levied on the taxable valuation plus the IFT equivalent taxable valuation.
[4] Until 2008 all personal property was included in non-homestead valuations. Beginning in 2008, all industrial personal property is included in the homestead tax base. While commercial personal property continues to be included in the non-homestead tax base, it is exempt from the first 12 mills levied on non-homestead property only.

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

Levy Year	Operating Tax Levy	Collections Prior to Received Delinquencies		Collections to June 30 Fiscal Year End	
2024/25 (est.)	$2,432,757	N/A	N/A	N/A	
2023/24	2,313,939	$2,137,100	93.25%	$2,283,755	98.70%
2022/23	2,130,694	1,914,649	89.86%	2,130,694	100.00%
2021/22	2,086,256	1,890,546	90.62%	2,074,250	99.42%
2020/21	2,016,700	1,667,730	82.70%	2,012,774	99.81%
2019/20	1,932,920	1,580,305	81.76%	1,932,920	100.00%

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 $9,608 per pupil for fiscal year 2024/25. 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.

Fiscal Year Ended 6/30	Blended Pupil Count	Foundation Allowance Per Pupil	Total State Aid Payments
2025*	960	$9,608	$9,223,680
2024	990	$9,608	9,848,200
2023	1,068	9,111	9,730,548
2022	1,079	8,700	9,387,300
2021[1]	1,161	8,111	8,615,426
2020	1,181	8,111	9,821,031

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

	2024	2023	2022	2021	2020
Operating – Voted[2]	18.0000	18.0000	17.9910	17.9910	18.000
Debt	3.0000	3.0000	3.0000	3.000	3.000

Constitutional Millage Rollback

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

*Preliminary, subject to change.

[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 School District levies voted operating millage on non-homestead property (all taxable property other than principal residences, qualified agricultural property, qualified forestry property, supportive housing property, property occupied by a public school academy and industrial personal property), provided that the levy on the portion of non-homestead property constituting commercial personal property will be exempt from the first 12 mills of the millage rate.

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

	2023	2022	2021	2020	2019
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Mecosta County	6.8719	7.3061	6.8880	7.3623	7.3728
Aetna Township	1.2081	1.2081	1.2241	1.2282	1.2324
Austin Township	1.2453	1.2453	1.2453	1.2453	1.2453
Big Rapids Township	4.2432	4.2432	4.4500	4.4500	4.4500
Colfax Township	1.1445	1.1445	1.1548	1.1766	1.2242
Deerfield Township	1.1796	1.1796	1.2005	1.2170	1.2271
Mecosta Township	2.4946	2.4946	2.4946	2.4994	2.5000
Montcalm County	7.5392	7.6801	7.1145	7.6449	6.1582
Winfield Township	0.7410	0.7410	0.7559	0.7634	0.7724
Newaygo County	7.2492	7.6092	7.6819	7.7809	7.8123
Big Prairie Township	3.7796	2.1477	3.8102	3.8973	3.9107
Goodwell Township	3.6271	3.6271	3.6389	3.6617	3.6628
Mecosta-Osceola ISD	5.0232	5.0232	5.0478	5.0780	5.0859

Largest Taxpayers[1]

Shown below are the ten largest identifiable taxpayers in the School District based on their 2024 taxable valuations. The taxpayers listed below represent 17.12% of the School District's 2024 Taxable Valuation of $371,929,036.

Taxpayer	Product or Service	Total Valuation Subject to Taxation
Blue Triton Brands, Inc.	Bottled water	$29,356,760
Consumers Energy	Utility	11,578,440
ANR Pipeline Co.	Utility	10,791,774
DTE Gas Company	Utility	5,172,236
River Quest LLC	Fly fishing guides	1,516,060
Great Lakes Energy	Utility	1,555,000
Young AG LLC	Agriculture	1,145,384
Austin Township Properties LLC	Real estate	833,666
Carey, Bruce F	Dairy	805,022
MCC Mecosta LLC	Real estate	746,683
TOTAL		$63,501,025

Debt History

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

Future Financing

The School District does not anticipate issuing any additional capital financing or other bonds in the next twelve months.

School Bond Qualification and Loan Program[2]

As of September 18, 2024, the School District will have no outstanding balance in the School Loan Revolving Fund.

[1] Sources: County Equalization Departments.
[2] Source: Michigan Department of Treasury.

Other Financing

For General Fund Obligations, see the School District's Audited Financial Statements.

Direct Debt (as of September 18, 2024)[1]

05/12/10	2010 Energy Bonds (LTNQ)	$75,000
10/01/10	2010 Energy Conservation, Series B (LTNQ)	15,000
07/10/13	2013 School Building and Site Bonds (LTNQ)	48,000
11/16/20	2020 School Building and Site Bonds, Series I (UTQ)	4,390,000
05/16/22	2022 School Building and Site Bonds, Series II (UTQ)	4,480,000
Direct Debt (subtotal):		9,008,000
Plus:	2024 School Building and Site Bonds, Series III (UTQ)	3,855,000*
NET DIRECT DEBT (as of date of delivery)		$12,863,000*

Overlapping Debt (as of September 18, 2024)[1]

% Applicable	Municipality	Amount Outstanding	School District Share
4.88	Big Rapids Township	$51,000	$2,489
18.84	County of Mecosta	508,135	95,733
0.44	County of Montcalm	890,000	3,916
0.73	County of Newaygo	1,971,040	14,389
Net overlapping debt in the School District			$116,527
NET DIRECT AND OVERLAPPING DEBT			$12,979,527*

Debt Ratios*

2024 State Equalized Valuation (SEV)	$567,106,900
2024 Taxable Valuation	$371,929,036
2020 Population	9,638
Direct Debt (Including New Issue)	$12,863,000*
Direct/Overlapping Debt	$12,979,527*
Direct Debt Per Capita	$1,335
Direct/Overlapping Debt Per Capita	$1,347
Per Capita 2024 SEV	$58,841
Ratio of Direct Debt to 2024 SEV	2.27%
Ratio of Direct/Overlapping Debt to 2024 SEV	2.29%
Per Capita 2024 Taxable Valuation	$38,590
Ratio of Direct Debt to 2024 Taxable Valuation	3.46%
Ratio of Direct/Overlapping Debt to 2024 Taxable Valuation	3.49%

*Preliminary, subject to change.
[1] Source: Municipal Advisory Council of Michigan.

Legal Debt Margin

2024 State Equalized Valuation		$567,106,900
Debt Limit (15% of 2024 State Equalized Valuation)		85,066,035
Debt Outstanding	$12,863,000*	
Less bonds not subject to Debt Limit[1]	(12,725,000*)	
Total Subject to Debt Limit		(138,000)
Additional Debt Which Could Be Legally Incurred		$84,928,035*

ECONOMIC PROFILE

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

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

37	miles west of Mt. Pleasant
41	miles northwest of Greenville
47	miles north of Grand Rapids
108	miles northwest of Lansing
168	miles northwest of Ann Arbor
192	miles northwest of Detroit

Unemployment[2]

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

	Mecosta County	Montcalm County	Newaygo County	State of Michigan
2024 (July)	7.1%	6.0%	5.1%	5.8%
2023	5.3	4.3	4.3	3.9
2022	5.4	4.4	4.6	4.1
2021	6.2	5.5	5.5	5.7
2020	9.5	9.5	9.0	10.0
2019	4.7	4.1	4.3	4.1

*Preliminary, subject to change.

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

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

Major Employers[1]

Company	Product or service	Approximate # of employees
Within the Area of the School District (130 or more)		
McC Pro Shop, LLC	Golf courses & country clubs	170
Morley-Stanwood Community Schools	Public education	137
Mecosta County (22 or more)		
Ferris State University	Public education	1,200
Original Footwear	Footwear manufacturing	400
Big Rapids Public Schools	Public education	300
Chippewa Hills School District	Public education	260
Lowes	Home and garden retail	229
Federal Screw Works	Mfg. fasteners, screws, chains and springs	186
Village Market	Supermarket	185
Mecosta County	County government	180
PGI Holdings, Inc.	Commercial printing	150
Meijer, Inc.	Retail	134
Walmart	Retail	124
Menards	Home and garden retail	96
Bluetriton Brands, Inc.	Bottled water provider	22
Montcalm County (150 or more)[1]		
Spectrum Health United	Hospital	600
Carson Sparrow Hospital	Hospital	564
Dicastal North America, Inc.	Forged aluminum alloy wheels	390
Federal-Mogul Powertrain LLC	Power transmissions	350
Wolverine Procurement, Inc.	Clothing and apparel stores	243
Meijer, Inc.	Retail	239
Montcalm County	County government	230
Walmart Inc.	Retail	195
Montcalm Community College	Higher education	175
Michigan Dept. of Military and Veterans Affairs	Government branch	159
Newaygo County (200 or more)[2]		
Gerber Products & Nestle Nutrition	Baby food & products	1,071
Newaygo County General Hospital Association	Healthcare	600
Dus Operating Inc.	Mfg. motor vehicle parts	527
Magna Mirrors - Newaygo Division	Glass products	501
Newaygo Public Schools	Public education	330
Fremont Public Schools	Public education	275
Grant Public Schools	Public education	260
Consumers Energy Company	Utility	254
Fremont Michigan Insuracorp. Inc.	Insurance	204
Truenorth Community Services	Social and rehabilitation services	200

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

APPENDIX C

MORLEY STANWOOD COMMUNITY SCHOOLS

General Fund Budget Summaries
Fiscal Years Ending June 30, 2024 and June 30, 2025

	Final 2023/24	Adopted 2024/25
REVENUES		
Local Sources	$ 2,656,072	$2,714,258
State Sources	11,146,500	10,397,942
Federal Sources	1,348,655	642,192
Incoming Transfers and Other Transactions	584,041	565,000
TOTAL REVENUES	15,735,268	14,319,392
EXPENDITURES		
Instruction		
Basic Programs	6,916,728	6,421,062
Added Instructional Needs (Special Ed, Compensatory)	2,391,920	2,360,472
Support Services		
Pupil	874,465	901,491
Instructional Staff	689,829	652,312
General Administration	455,537	499,721
School Administration	859,937	903,623
Business	316,133	348,821
Operations and Maintenance	1,364,853	1,261,294
Pupil Transportation	795,179	788,607
Central Supports	286,991	338,458
Athletics	358,098	453,552
Community Activities	60,245	49,931
Other Financing Uses	396,282	399,822
TOTAL EXPENDITURES	15,766,198	15,379,166
Excess of Revenues Over (Under) Expenditures	(30,930)	(1,059,774)
Fund Balance - July 1	5,515,775	5,486,070
Estimated Fund Balance - June 30	$5,484,845	$4,426,296

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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.

APPENDIX D

UHY LLP
Certified Public Accountants

MORLEY STANWOOD COMMUNITY SCHOOLS

ANNUAL FINANCIAL REPORT
(with required supplementary and additional information)

JUNE 30, 2023

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MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

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UHY LLP Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Morley Stanwood Community Schools
Morley, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morley Stanwood Community Schools, Morley, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Morley Stanwood Community Schools, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the Unites States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Morley Stanwood Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement 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 Morley Stanwood Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Morley Stanwood Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 47-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2023, on our consideration of Morley Stanwood Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Morley Stanwood Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morley Stanwood Community Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
September 6, 2023

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

This section of Morley Stanwood Community Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents the information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide statements distinguish functions of the District that are principally supported by state aid and property taxes (governmental activities) from other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, food service activities, school operated public library activities, community services, interest and other transactions.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Governmental Funds Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in both the government-wide and the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30:

	2023	2022
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 14,016,265	$ 13,569,589
Non Current Assets		
Capital Assets	33,850,970	30,841,623
Less Accumulated Depreciation/Amortization	(14,449,152)	(14,162,530)
Total Non Current Assets	19,401,818	16,679,093
Total Assets	33,418,083	30,248,682
Deferred Outflows of Resources	9,554,647	5,011,147
Total Assets and Deferred Outflows of Resources	$ 42,972,730	$ 35,259,829

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current Liabilities	$ 3,420,357	$ 2,839,124
Non Current Liabilities	36,512,625	27,556,586
Total Liabilities	39,932,982	30,395,710
Deferred Inflows of Resources	4,984,476	10,307,560
Net Position		
Net Investment in Capital Assets	12,567,289	12,109,559
Restricted for Specific Purposes	470,885	280,445
Unrestricted (Deficit)	(14,982,902)	(17,833,445)
Total Net Position (Deficit)	(1,944,728)	(5,443,441)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 42,972,730	$ 35,259,829

D. Analysis of Financial Position

During the fiscal year ended June 30, 2023, the District's net position increased by $3,498,713. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation/Amortization Expense

GASB 34 and GASB 87 require school districts to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2023, $693,210 was recorded for depreciation/amortization expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2023, $3,415,935 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the current year's depreciation and current year disposal of capital assets is an increase to capital assets in the amount of $2,722,725 for the fiscal year ended June 30, 2023.

3. Pension Expense

GASB 68 and GASB 75 require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increase or decrease in any given year. For the year ended June 30, 2023, the District reported an increase in net position related to GASB 68 and GASB 75.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the years ended June 30:

	2023	2022
General Revenues		
Property Taxes	$ 3,067,185	$ 2,971,582
Investment Earnings	267,967	13,612
State Sources	7,611,242	7,221,968
Other	36,626	71,604
Total General Revenues	10,983,020	10,278,766
Program Revenues		
Charges for Services	92,104	84,371
Operating Grants and Contributions	8,964,027	6,406,955
Capital Grants and Contributions	0	143,533
Total Program Revenues	9,056,131	6,634,859
Total Revenues	20,039,151	16,913,625
Expenses		
Instruction	9,076,236	7,233,240
Supporting Services	6,328,217	5,644,806
Community Services	105,403	93,362
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	3,834	99,703
Interest on Long-Term Debt	333,538	376,980
Unallocated Depreciation	693,210	644,827
Total Expenses	16,540,438	14,092,918
Changes in Net Position	$ 3,498,713	$ 2,820,707

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2023	2022	Increase (Decrease)
Major Funds			
General Fund	$ 5,515,775	$ 3,729,729	$ 1,786,046
Food Service Fund	389,762	469,885	(80,123)
2020 Debt Retirement Fund	508,948	332,336	176,612
2020 Capital Projects Fund	51,945	1,616,521	(1,564,576)
2022 Capital Projects Fund	3,521,846	5,049,831	(1,527,985)
Nonmajor Funds			
Public Library Fund	86,950	84,300	2,650
Student Activity Fund	151,565	152,829	(1,264)
2013 School Improvement Fund	0	0	0
2010 Energy Debt Fund	0	0	0
Capital Projects Fund	1,157,180	150,092	1,007,088
Total Governmental Funds	$ 11,383,971	$ 11,585,523	$ (201,552)

In 2022-2023, the General Fund experienced an increase in fund balance of $1,786,046. Federal and state revenues related to programs specifically designed to deal with the impact of the pandemic were the primary reason for the increase. While some of the revenue had restrictions on how it had to be spent, a significant portion of the revenues was allowed to be used to supplant expenditures previously paid by unrestricted revenues.

The Food Service Fund decreased its fund balance significantly as part of the District's spend down due to having too high of a fund balance. The District improved its facilities and food service equipment.

The 2020 Debt Retirement Fund increased its fund balance during the year. Property tax revenues outpaced the debt obligations, causing the increase.

The 2020 Capital Projects Fund is the fund the District uses to account for Series I of its 2020 bond issue. The District is in the process of spending down these funds on various capital projects, causing the decrease in fund balance.

The 2022 Capital Projects Fund is the fund the District uses to account for Series II of its 2020 bond issue. The District is in the process of spending down these funds on various capital projects, causing the decrease in fund balance.

The Public Library Fund increased its fund balance slightly during the year. For the first time in several years, revenues increased and outpaced expenditures, thus the increase in fund balance.

The Student Activity Fund decreased its fund balance slightly during the year as the expenditures related to student activities outpaced the revenues. The nature of these activities lend itself for expenditures and revenues to be similar each year, and that was the case in 2022-2023.

The 2013 School Improvement Debt Fund and the 2010 Energy Debt Fund have revenue or transfers that match the debt payments that the District is obligated to pay each year, therefore, typically there is no change in fund balance.

The Capital Projects Fund increased its fund balance by $1,007,088 during the year as $1,000,000 was transferred in from the General Fund.

G. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies approximately 18 mills of property taxes for operations on real non-homestead properties and 6 mills of property taxes for operations on commercial non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2022-2023 fiscal year, the District levied $2,092,280 in non-homestead property taxes.

The following table summarizes the general fund non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy
2022-2023	$ 2,092,280
2021-2022	2,047,555
2020-2021	2,013,255
2019-2020	1,948,053
2018-2019	1,868,493

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 90% of the current year's fall count and 10% of the prior year's spring count. For the 2022-2023 fiscal year, the District received $9,150 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE
2022-2023	1,060
2021-2022	1,079
2020-2021	1,161
2019-2020	1,181
2018-2019	1,166

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2023, federal, state, and other grants of this type were $8,694,027.

H. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30. For the 2022-2023 fiscal year, the District amended the general fund budget various times throughout the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations.

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES	$ 17,551,809	$ 18,298,557	$ 18,234,874
EXPENDITURES			
Instruction	$ 10,581,852	$ 9,724,682	$ 9,724,083
Supporting Services	5,498,342	5,448,022	5,415,627
Community Services	17,706	31,940	31,940
Debt Service	0	207,855	207,855
Total Expenditures	$ 16,097,900	$ 15,412,499	$ 15,379,505

The revenue budget was amended once it became clear how much the District would receive in state and federal funding. The expenditures were amended because a lot of the expenditures are revenue driven and once the revenue picture became clearer, the District was able to allocate additional funds for expenditures it had not allocated for in its original budget. Expenditures were also reallocated between functions.

The variance between budgeted and actual revenues and expenditures was minimal.

I. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2023, the District has $33,850,970 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation/amortization expense for the year amounted to $693,210 bringing the accumulated depreciation/amortization to $14,449,152 as of June 30, 2023. The District expended $3,415,935 on capital items during the year, with the majority of that amount ($3,028,485) coming from its bond proceeds for various building upgrades. Office furniture ($328,266), a vehicle ($35,000) and food service equipment ($24,184) made up the rest of the capital items. The District is committed to spend approximately 4.63 million dollars related to its bond project in 2023-2024.

2. Long-Term Obligations

At June 30, 2023, the District had $9,758,000 in general obligation bonds outstanding. This represents a decrease of $600,000 from the amount outstanding at the close of the prior fiscal year. The District also reports a net pension liability of $25,317,152 and a net other postemployment benefits liability of $1,419,233. The District reports a liability for compensated absences of $117,920 at June 30, 2023. More information regarding the long-term obligations of the District can be found in the footnotes to the report.

J. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- As student count is the driving force behind the District's revenue streams, the District continues to be concerned with declining enrollment as any loss in students will have a direct impact on the District's revenue.
- The District continues to monitor certain one-time funding sources, primarily Federal funding due to pandemic recovery efforts. As these funding sources go away, it is unlikely that the revenue received from these sources will be made up.
- The District has been affected by supply chain shortages for many supplies and products that are used in day-to-day activities. We are hopeful that in future years, the shortages will become less significant.
- The District has faced significant staffing challenges for almost all positions, including, but not limited to full-time teaching staff, substitute teacher staff, and other support staff.
- In August 2020, voters in the District approved a bond proposal. The bond proposal will provide district-wide improvements to address identified and ongoing facility needs based on detailed strategic planning, facility assessments, and community input. The bond proposal was developed to create safe and modern schools and address the aging facilities; the school buildings are between 25 and 60 years old. The District received its first

series of these bonds in 2020-2021 and began putting those dollars to work immediately. In 2021-2022, the District received its second series of bonds. The District still has approximately $3.5 million left to be spent in 2023-2024 and beyond. When the majority of those funds have been spent, the District will issue the remaining amounts and appropriate those funds as well.

K. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Morley Stanwood Community Schools, 4700 Northland Drive, Morley, Michigan 49336.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash	$ 7,297,527
Accounts Receivable	77,920
Due from Other Governments	2,472,148
Inventories	13,829
Restricted Investments	4,097,711
Prepaid Expense	57,130
Total Current Assets	14,016,265
NON CURRENT ASSETS	
Capital and Right to Use Assets (Net of Accumulated Depreciation/Amortization)	
Assets Being Depreciated/Amortized	19,401,818
TOTAL ASSETS	33,418,083
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Other Postemployment Benefits	1,885,604
Deferred Outflows of Resources Related to Pensions	7,669,043
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,554,647

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES
LIABILITIES	
CURRENT LIABILITIES	
Accounts and Retainage Payable	887,750
Accrued Interest Payable	38,063
Salaries and Fringes Payable	1,178,104
Unearned Revenue	566,440
Current Portion of Non Current Liabilities	750,000
Total Current Liabilities	3,420,357
NON CURRENT LIABILITIES	
Bonds Payable - Net	10,408,320
Compensated Absences	117,920
Net Other Postemployment Benefits Liability	1,419,233
Net Pension Liability	25,317,152
Less Current Portion of Non Current Liabilities	(750,000)
Total Non Current Liabilities	36,512,625
TOTAL LIABILITIES	39,932,982
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,971,777
Deferred Inflows of Resources Related to Pensions	2,012,699
TOTAL DEFERRED INFLOWS OF RESOURCES	4,984,476
NET POSITION	
Net Investment in Capital Assets	12,567,289
Restricted for Debt Service	470,885
Unrestricted (Deficit)	(14,982,902)
TOTAL NET POSITION (Deficit)	$ (1,944,728)

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 9,076,236	$ 0	$ 4,754,223	$ 0	$ (4,322,013)
Supporting Services	6,328,217	92,104	4,061,752	0	(2,174,361)
Community Services	105,403	0	98,417	0	(6,986)
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	3,834	0	0	0	(3,834)
Interest on Long-Term Debt	333,538	0	49,635	0	(283,903)
Unallocated Depreciation	693,210	0	0	0	(693,210)
TOTAL GOVERNMENTAL ACTIVITIES	$ 16,540,438	$ 92,104	$ 8,964,027	$ 0	(7,484,307)
GENERAL REVENUES					
Property Taxes - General Purposes					2,092,280
Property Taxes - Debt Service					974,905
Investment Earnings					267,967
State Sources					7,611,242
Other					36,626
Total General Revenues					10,983,020
Change in Net Position					3,498,713
NET POSITION - Beginning of Year (Deficit)					(5,443,441)
NET POSITION - End of Year (Deficit)					$ (1,944,728)

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	$ 4,988,106	$ 404,778	$ 508,948	$ 0	$ 0	$ 1,395,695	$ 7,297,527
Accounts Receivable	77,920	0	0	0	0	0	77,920
Due from Other Funds	40,540	0	0	13,958	0	0	54,498
Due from Other Governments	2,387,653	84,495	0	0	0	0	2,472,148
Inventories	0	13,829	0	0	0	0	13,829
Restricted Investments	0	0	0	37,987	4,059,724	0	4,097,711
Prepaid Expenditures	16,590	40,540	0	0	0	0	57,130
TOTAL ASSETS	$ 7,510,809	$ 543,642	$ 508,948	$ 51,945	$ 4,059,724	$ 1,395,695	$ 14,070,763
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts and Retainage Payable	$ 342,997	$ 20,833	$ 0	$ 0	$ 523,920	$ 0	$ 887,750
Salaries and Fringes Payable	1,085,597	92,507	0	0	0	0	1,178,104
Due to Other Funds	0	40,540	0	0	13,958	0	54,498
Unearned Revenue	566,440	0	0	0	0	0	566,440
Total Liabilities	1,995,034	153,880	0	0	537,878	0	2,686,792
FUND BALANCES							
Nonspendable, Inventory	0	13,829	0	0	0	0	13,829
Nonspendable, Prepaid Expenditures	16,590	40,540	0	0	0	0	57,130
Restricted for Public Library	0	0	0	0	0	86,950	86,950
Restricted for Debt Service	0	0	508,948	0	0	0	508,948
Restricted for Food Service	0	335,393	0	0	0	0	335,393
Restricted for Capital Projects	0	0	0	51,945	3,521,846	0	3,573,791
Committed for Capital Projects	0	0	0	0	0	1,157,180	1,157,180
Assigned for Student Activities	0	0	0	0	0	151,565	151,565
Unassigned	5,499,185	0	0	0	0	0	5,499,185
Total Fund Balances	5,515,775	389,762	508,948	51,945	3,521,846	1,395,695	11,383,971
TOTAL LIABILITIES AND FUND BALANCE	$ 7,510,809	$ 543,642	$ 508,948	$ 51,945	$ 4,059,724	$ 1,395,695	$ 14,070,763

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances		$ 11,383,971
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital/right to use assets is	$ 33,850,970	
Accumulated depreciation/amortization is	(14,449,152)	19,401,818
Bond discounts (premiums) and deferred charges for bonds issued are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.		
Bond Discount (Premium)		(650,320)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(9,758,000)
Compensated Absences		(117,920)
Net Pension Liability		(25,317,152)
Net Other Postemployment Benefits Liability		(1,419,233)
Accrued interest is not included as a liability in government funds. It is recorded when paid.		(38,063)
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Inflows of Resources Related to Pensions and Other Postemployment Benefits		(4,984,476)
Deferred Outflows of Resources Related to Pensions and Other Postemployment Benefits		9,554,647
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (1,944,728)

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 CAPITAL PROJECTS FUND	2022 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Local Sources	$ 2,388,173	$ 21,640	$ 987,018	$ 17,028	$ 189,544	$ 214,563	$ 3,817,966
State Sources	10,826,294	107,262	49,635	0	0	5,045	10,988,236
Federal Sources	4,503,922	966,757	0	0	0	0	5,470,679
Other Transactions	516,485	0	0	0	0	0	516,485
Total Revenues	18,234,874	1,095,659	1,036,653	17,028	189,544	219,608	20,793,366
EXPENDITURES							
Instruction							
Basic Programs	7,528,277	0	0	0	0	0	7,528,277
Added Needs	2,195,806	0	0	0	0	0	2,195,806
Supporting Services							
Pupil	747,895	0	0	0	0	0	747,895
Instructional Staff	661,257	0	0	0	0	0	661,257
General Administration	480,434	0	0	0	0	0	480,434
School Administration	786,466	0	0	0	0	0	786,466
Business	217,121	0	0	0	0	0	217,121
Operation and Maintenance of Plant	1,333,782	0	0	0	0	0	1,333,782
Pupil Transportation Services	660,724	0	0	0	0	0	660,724
Support Services	527,948	1,135,782	0	0	0	137,671	1,801,401
Community Services							
Community Activities	31,940	0	0	0	0	0	31,940
School Operated Public Library	0	0	0	0	0	73,463	73,463
Payments to Other Governmental Agencies, Facilities Acquisition and Prior Period Adjustments							
Site Improvement Services	0	0	0	1,192,648	1,717,529	0	2,910,177
Building Improvement Services	0	0	0	388,956	0	0	388,956
Debt Service							
Principal	0	0	505,000	0	0	95,000	600,000
Interest and Other	0	0	355,041	0	0	14,323	369,364
Payment on Lease Obligations	207,855	0	0	0	0	0	207,855
Total Expenditures	15,379,505	1,135,782	860,041	1,581,604	1,717,529	320,457	20,994,918
Excess (Deficiency) of Revenues Over Expenditures	2,855,369	(40,123)	176,612	(1,564,576)	(1,527,985)	(100,849)	(201,552)
OTHER FINANCING SOURCES (USES)							
Transfers In	40,000	0	0	0	0	1,109,323	1,149,323
Transfers Out	(1,109,323)	(40,000)	0	0	0	0	(1,149,323)
Total Other Financing Sources (Uses)	(1,069,323)	(40,000)	0	0	0	1,109,323	0
Net Change in Fund Balance	1,786,046	(80,123)	176,612	(1,564,576)	(1,527,985)	1,008,474	(201,552)
FUND BALANCE - Beginning of Year	3,729,729	469,885	332,336	1,616,521	5,049,831	387,221	11,585,523
FUND BALANCE - End of Year	$ 5,515,775	$ 389,762	$ 508,948	$ 51,945	$ 3,521,846	$ 1,395,695	$ 11,383,971

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds	$	(201,552)
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation/amortization.		
Depreciation/Amortization Expense		(693,210)
Capital Outlay		3,415,935
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the long-term bond issue.		
Amortization of Bond Premium		26,686
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:		
Accrued Interest Payable - Beginning of Year		54,178
Accrued Interest Payable - End of Year		(38,063)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the Statement of Activities (where it is a reduction of liabilities).		800,880
Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Compensated Absences - Beginning of Year		116,908
Compensated Absences - End of Year		(117,920)
Governmental funds report District pension and other postemployment benefit contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense.		
Change in Pension and Other Postemployment Benefits Related Items		889,086
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension benefit contributions subsequent to the measurement date.		
Change in State Aid Funding for Pension Benefits		(754,215)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	3,498,713

The notes to the financial statements are an integral part of this statement.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District ("the District") is located in Mecosta, Newaygo, and Montcalm Counties with its administrative offices located in Morley, Michigan. The District operates under an elected 7-member board of education and provides services to its approximately 1,000 students in elementary, middle school, high school, special education, guidance, health, transportation, food service and community services. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *Food Service Fund* accounts for the resources that are restricted for the operation of the District's food service that is provides to its students.

The *2020 Debt Retirement Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2020 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

The *2022 Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

Other non-major funds:

The *Special Revenue Funds* account for revenue sources that are legally restricted or assigned to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its public library and student activities in the special revenue funds.

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

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

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

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

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

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

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.

b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g) Budgeted amounts are as originally adopted in June 2022, or as amended by the School Board of Education throughout the year.

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

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration and the rate of return is fixed, and the District intends to hold the investment until maturity.

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

Investments in the U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100 percent of the available reserves.

All investments must mature or be redeemable within two years of the date of purchase. The District's deposits and investments are held separately by several of the District's funds.

3. Inventory and Prepaid Items

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at acquisition value at the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Additions	50 years
Machinery and Equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding $5,000.

5. Unearned Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District recognizes unearned revenue related to grants received but unspent due to restrictions on how they can be spent.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an deferred outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has various deferred outflows and deferred inflows of resources related to the pension and other post-employment benefit plans its employees participate in. More detail of these deferred outflows and deferred inflows of resources can be found in footnotes 2 – J and 2 – K of this report.

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumption

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

9. Fund Balance Policies

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

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

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

10. Defined Benefit Plans

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

11. Use of Estimates

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

12. Long-Term Obligations

In the government-wide financial statements, long-term other obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

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

13. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by applicable spending requirements, and they are maintained in separate bank accounts.

14. Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2023, the foundation allowance was based on pupil membership counts taken in October 2022 and February 2022. For fiscal year ended June 30, 2023, the per pupil foundation allowance was $9,150 for Morley Stanwood Community Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2022 to August 2023. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or

segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Homestead Real	17.9910
General Fund - Commercial PPT	5.9910
Debt Service Fund - Homestead and Non-Homestead	3.0000

4. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2023, the District had deposits and investments subject to the following risks:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, the District's bank balance was $7,314,287 and $6,809,922 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books consisted of deposits of $7,297,377 and petty cash of $150.

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

Investment Type		Fair Value	Weighted Average Maturity (Years)
Government Bonds	$	1,475,810	0.1179
Michigan CLASS Investment Pool		2,621,901	0.0027
	$	4,097,711	
Portfolio Weighted Average Maturity			0.0442
1 Day Maturity Equals 0.0027, One Year Equals 1.000			

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type		Fair Value	Standard & Poor's Rating
Government Bonds	$	1,475,810	AA
Michigan CLASS Investment Pool		2,621,901	AAAm
	$	4,097,711	

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

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices from similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at 6/30/2023
Investments by Fair Value Level				
Government Bonds	$ 0	$ 1,475,810	$ 0	$ 1,475,810
Investments at Net Assets Value (NAV)				
Primary Government				
MI Class Investment Pool				2,621,901
Total Investments				$ 4,097,711

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

The cash and investments referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarized the categorization of these amounts as of June 30, 2023:

		Primary Government
Cash	$	7,297,527
Restricted Investments		4,097,711
	$	11,395,238

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General	Food Service	Total
Receivables			
Accounts	$ 77,920	$ 0	$ 77,920
Due from Other Governments	2,387,653	84,495	2,472,148
Total Receivables	$ 2,465,573	$ 84,495	$ 2,550,068

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

	General Fund	Food Service Fund	Total Governmental Funds
Salaries	$ 769,264	$ 20,397	$ 789,661
Employee Benefits	316,333	72,110	388,443
Total Accrued Liabilities	$ 1,085,597	$ 92,507	$ 1,178,104

D. Capital and Right to Use Assets

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated/amortized				
Buildings and Additions	$ 24,886,732	$ 3,028,485	$ 0	$ 27,915,217
Machinery and Equipment	5,436,619	352,450	0	5,789,069
Right to Use - Leased Equipment	406,588	0	406,588	0
Transportation Equipment	111,684	35,000	0	146,684
Subtotal	30,841,623	3,415,935	406,588	33,850,970
Less accumulated depreciation/amortization for:				
Buildings and Additions	9,019,777	340,623	0	9,360,400
Machinery and Equipment	4,903,217	133,974	0	5,037,191
Right to Use - Leased Equipment	203,294	203,294	406,588	0
Transportation Equipment	36,242	15,319	0	51,561
Accumulated depreciation/amortization	14,162,530	693,210	406,588	14,449,152
Net Capital assets being depreciated/amortized	$ 16,679,093	$ 2,722,725	$ 0	$ 19,401,818

Depreciation/amortization for the fiscal year ended June 30, 2023, amounted to $693,210. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

E. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the long-term obligation transactions for the District for the year ended June 30, 2023:

	COMPENSATED ABSENCES	NET PENSION LIABILITY	NET OPEB LIABILITY	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	GENERAL OBLIGATION BONDS	TOTAL
Balance, July 1, 2022	$ 116,908	$ 15,983,827	$ 1,020,845	$ 200,880	$ 10,358,000	$ 27,680,460
Additions	1,012	11,624,525	908,797	0	0	12,534,334
Deletions	0	(2,291,200)	(510,409)	(200,880)	(600,000)	(3,602,489)
Balance, June 30, 2023	117,920	25,317,152	1,419,233	0	9,758,000	36,612,305
Less current portion	Unknown	Unknown	Unknown	0	(750,000)	(750,000)
Total due after one year	$ 117,920	$ 25,317,152	$ 1,419,233	$ 0	$ 9,008,000	$ 35,862,305

The District's debt obligations at June 30, 2023, are comprised of the following issues:

General Obligation Bonds	
2010 Series B Energy bond due in annual installments $15,000 through May 2025, with interest at 4.25% to 4.30%.	$ 30,000
2010 Energy bond due in annual installments of $70,000 to $75,000 through May 2025, with interest at 4.55% to 4.60%.	145,000
2013 School Improvement bond due in annual installments of $10,000 to $13,000 through May 2028, with interest at 2.80% to 3.25%.	58,000
2020 School Building and Site bond, Series I due in annual installments of $145,000 to $290,000 through May 2047, with interest at 2.00% to 5.00%.	4,670,000
2022 School Building and Site bond, Series I due in annual installments of $100,000 to $450,000 through May 2048, with interest at 3.00% to 5.00%.	4,855,000
Net Pension Liability, Net OPEB Liability, & Compensated Absences	
Net Pension Liability	25,317,152
Net OPEB Liability	1,419,233
Compensated Absences	117,920
	$ 36,612,305

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2023, including interest payments of $4,095,931 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS PRINCIPAL	GENERAL OBLIGATION BONDS INTEREST	TOTAL
2024	$ 750,000	$ 346,670	$ 1,096,670
2025	491,000	309,820	800,820
2026	357,000	285,904	642,904
2027	302,000	268,294	570,294
2028	313,000	253,416	566,416
2029-2033	1,635,000	1,046,420	2,681,420
2034-2038	1,785,000	792,564	2,577,564
2039-2043	1,960,000	555,400	2,515,400
2044-2048	2,165,000	237,443	2,402,443
	$ 9,758,000	$ 4,095,931	13,853,931
Net Pension Liability			25,317,152
Net OPEB Liability			1,419,233
Compensated Absences			117,920
			$ 40,708,236

Interest expense for the year ended June 30, 2023 was approximately $358,000.

The annual requirements to amortize the compensated absences, the net pension liability and the net OPEB liability are uncertain because it is unknown when the repayments will be made. These liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

F. Interfund Receivables, Payables, and Transfers

Individual fund interfund receivable and payable balances at June 30, 2023, were:

Receivable Fund	Payable Fund	Amount
General Fund	Food Service Fund	$ 40,540
2020 Capital Projects Fund	2022 Capital Projects Fund	13,958
		$ 54,498

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any interfund balances are expected to be repaid within one year.

Individual fund transfers at June 30, 2023, were:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Food Service Fund	$ 40,000
Capital Projects Fund	General Fund	1,000,000
2013 School Improvement Debt Fund	General Fund	12,025
2010 Energy Bond Debt Retirement Fund	General Fund	97,298
		$ 1,149,323

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Short-Term Obligations

In August 2021, the District issued a State Aid Anticipation Note in the amount of $1,200,000. The Note carried an interest rate of 0.39% and matured on July 20, 2022. The District pledged its future State Aid revenue for payment of this liability at maturity. The notes were secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. The required payments, including interest, were in an irrevocable set-aside account with a local bank. Interest expense for the year was $347.

The following is a summary of the short-term obligations transaction for the District for the year ended June 30, 2023:

Balance - July 1, 2022	$ 243,179
New Debt Issued	0
Debt Retired and Paid	(243,179)
Balance - June 30, 2023	$ 0

H. GASB Statement No. 96 – Subscription-based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

I. Defined Benefit Plan and Postemployment Benefits

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

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

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

Benefits Provided- Overall

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

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

Benefits Provided – Other postemployment benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the plan year ending September 30, 2022, were determined as of the September 30, 2019 actuarial valuations. For the pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $3,083,000. Of the total pension contributions, approximately $3,037,400 was contributed to fund the Defined Benefit Plan and approximately $45,600 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $519,800. Of the total OPEB contributions, approximately $483,700 was contributed to fund the Defined Benefit Plan and approximately $36,100 was contributed to fund the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2023, the District reported a liability of $25,317,152 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.06731724% and 0.06751235%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2022	September 30, 2021
Total Pension Liability	$ 95,876,795,620	$ 86,392,473,395
Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	$ 37,608,719,276	$ 23,675,412,475
Fiduciary Net Position as a Percentage of Total Pension Liability	60.77%	72.60%
Net Pension Liability as a percentage of Covered Payroll	386.25%	261.68%

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

For the year ended June 30, 2023, the District recognized total pension expense of $3,118,082. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 253,260	$ 56,606
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	1,797,914
Changes of assumptions	4,350,394	0
Net difference between projected and actual earnings on pension plan investments	59,369	0
Changes in proportion and differences between District contributions and proportionate share of contributions	125,319	158,179
District contributions subsequent to the measurement date	2,880,701	0
Total	$ 7,669,043	$ 2,012,699

$2,880,701 reported as deferred outflows of resources and $1,797,914 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2023	$ 1,359,044
2024	967,593
2025	802,880
2026	1,444,040
	$ 4,573,557

K. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities

At June 30, 2023, the District reported a liability of $1,419,233 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.06700619% and 0.06688022%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	September 30, 2022	September 30, 2021
Total OPEB Liability	$ 12,522,713,324	$ 12,046,393,511
Fiduciary Net Position	(10,404,650,683)	(10,520,015,621)
Net OPEB Liability	$ 2,118,062,641	$ 1,526,377,890
Fiduciary Net Position as a percentage of Total OPEB Liability	83.09%	87.33%
District OPEB Liability as a percentage of Covered Payroll	21.75%	16.87%

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized total OPEB benefit of $548,616.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 2,779,734
Changes of assumptions	1,265,008	103,004
Net difference between projected and actual earnings on OPEB plan investments	110,924	0
Changes in proportion and differences between District contributions and proportionate share of contributions	87,300	89,039
District contributions subsequent to the measurement date	422,372	0
Total	$ 1,885,604	$ 2,971,777

$422,372 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2023	$ (526,849)
2024	(465,741)
2025	(430,569)
2026	(54,479)
2027	(30,618)
Thereafter	(289)
	$ (1,508,545)

L. Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%

Mortality assumptions –

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience study – The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

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

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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

Survivor Coverage – 80% of male retirees and 67% of female retirees are assumed to have coverage 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.

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.00%	5.10%
Private Equity Pools	16.00%	8.70%
International Equity Pools	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	100%	

*Long-term rate of return are net of administrative expenses and 2.2% inflation.

Rate of return

For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate

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

OPEB Discount Rate

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

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

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

	Pension	
1% Decrease	Pension Discount Rate	1% Increase
$ 33,409,235	$ 25,317,152	$ 18,648,911

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

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

	OPEB	
1% Decrease	OPEB Discount Rate	1% Increase
$ 2,380,627	$ 1,419,233	$ 609,620

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB		
	Current Healthcare Cost	
1% Decrease	Trend Rates	1% Increase
$ 594,307	$ 1,419,233	$ 2,345,229

M. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

N. Payables to the Pension and OPEB Plan

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of $542,347 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

O. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of schools within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health, accident insurance and workers' disability compensation. The pool is considered a public entity risk pool. The school pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

P. Single Audit Report

The District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

Q. Commitments & Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

As of June 30, 2023, the District has committed to spending $4,632,884 for various construction projects.

NOTE 3 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2023

	GENERAL FUND			FOOD SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES						
Local Sources	$ 2,272,016	$ 2,425,976	$ 2,388,173	$ 21,060	$ 20,070	$ 21,640
State Sources	10,027,754	10,855,550	10,826,294	51,000	49,094	107,262
Federal Sources	4,862,039	4,500,546	4,503,922	795,030	953,486	966,757
Other Transactions	390,000	516,485	516,485	0	0	0
Total Revenues	17,551,809	18,298,557	18,234,874	867,090	1,022,650	1,095,659
EXPENDITURES						
Instruction						
Basic Programs	7,374,201	7,528,872	7,528,277	0	0	0
Added Needs	3,207,651	2,195,810	2,195,806	0	0	0
Supporting Services						
Pupil	790,711	748,089	747,895	0	0	0
Instructional Staff	674,708	663,618	661,257	0	0	0
General Administration	544,970	482,201	480,434	0	0	0
School Administration	832,227	791,981	786,466	0	0	0
Business	220,483	219,765	217,121	0	0	0
Operation and Maintenance of Plant	1,050,367	1,333,782	1,333,782	0	0	0
Pupil Transportation Services	862,347	661,353	660,724	0	0	0
Support Services	522,529	547,233	527,948	919,658	1,220,850	1,135,782
Community Services						
Community Activities	17,706	31,940	31,940	0	0	0
Debt Service	0	207,855	207,855	0	0	0
Total Expenditures	16,097,900	15,412,499	15,379,505	919,658	1,220,850	1,135,782
Excess (Deficiency) of Revenues Over Expenditures	1,453,909	2,886,058	2,855,369	(52,568)	(198,200)	(40,123)
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	(110,800)	(1,084,322)	(1,069,323)	(40,000)	(40,000)	(40,000)
Net Change in Fund Balance	1,343,109	1,801,736	1,786,046	(92,568)	(238,200)	(80,123)
FUND BALANCE - Beginning of Year	3,494,740	3,729,729	3,729,729	367,341	469,885	469,885
FUND BALANCE - End of Year	$ 4,837,849	$ 5,531,465	$ 5,515,775	$ 274,773	$ 231,685	$ 389,762

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MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.06732%	0.06751%	0.06788%	0.06660%	0.06631%	0.06670%	0.66193%	0.06585%	0.06426%
District's proportionate share of net pension liability		$ 25,317,152	$ 15,983,827	$ 23,316,491	$ 22,055,876	$ 19,934,136	$ 17,284,969	$ 16,514,525	$ 16,083,819	$ 14,153,363
District's covered payroll		6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654	5,576,641	5,474,204	5,453,008
District's proportionate share of net pension liability as a percentage of its covered payroll		390.88%	266.27%	387.29%	377.91%	355.07%	309.23%	296.14%	293.81%	259.55%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		$ 3,037,330	$ 2,244,828	$ 1,925,442	$ 1,774,093	$ 1,721,487	$ 1,688,984	$ 1,599,065	$ 1,540,005	$ 1,147,420
Contributions in relation to statutorily required contributions *		3,037,330	2,244,828	1,925,442	1,774,093	1,721,487	1,688,984	1,599,065	1,540,005	1,147,420
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll		$ 6,606,805	$ 6,147,491	$ 5,956,554	$ 6,038,000	$ 5,778,458	$ 5,532,841	$ 5,781,596	$ 5,548,095	$ 5,467,359
Contributions as a percentage of covered payroll		45.97%	36.52%	32.32%	29.38%	29.79%	30.53%	27.66%	27.76%	20.99%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.06701%	0.06688%	0.06814%	0.06688%	0.06602%	0.06666%
District's proportionate share of net OPEB liability					$ 1,419,233	$ 1,020,845	$ 3,650,519	$ 4,800,596	$ 5,247,778	$ 5,903,056
District's covered payroll					6,476,921	6,002,833	6,020,362	5,836,227	5,614,114	5,589,654
District's proportionate share of net OPEB liability as a percentage of its covered payroll					21.91%	17.01%	60.64%	82.26%	93.47%	105.61%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions					$ 483,655	$ 476,077	$ 433,243	$ 425,932	$ 441,772	$ 404,398
Contributions in relation to statutorily required contributions *					483,655	476,077	433,243	425,932	441,772	404,398
Contribution deficiency (excess)					$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll					$ 6,606,805	$ 6,147,491	$ 5,956,554	$ 6,038,000	$ 5,778,458	$ 5,532,841
Contributions as a percentage of covered payroll					7.32%	7.74%	7.27%	7.05%	7.65%	7.31%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2023

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2022 were:

Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of Assumptions – The assumption changes for the plan year ending September 30, 2022, were:

Discount rate decreased to 6.00% from 6.95%.

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2023

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash	$ 238,515	$ 0	$ 1,157,180	$ 1,395,695
LIABILITIES AND FUND BALANCES				
LIABILITIES	$ 0	$ 0	$ 0	$ 0
FUND BALANCE				
Restricted for Public Library	86,950	0	0	86,950
Committed for Capital Projects	0	0	1,157,180	1,157,180
Assigned for Student Activities	151,565	0	0	151,565
Total Fund Balances	238,515	0	1,157,180	1,395,695
TOTAL LIABILITIES AND FUND BALANCES	$ 238,515	$ 0	$ 1,157,180	$ 1,395,695

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	$ 207,475	$ 0	$ 7,088	$ 214,563
State Sources	5,045	0	0	5,045
Total Revenues	212,520	0	7,088	219,608
EXPENDITURES				
Support Services				
Student Activities	137,671	0	0	137,671
Community Services				
School Operated Public Library	73,463	0	0	73,463
Debt Service				
Principal	0	95,000	0	95,000
Interest and Other	0	14,323	0	14,323
Total Expenditures	211,134	109,323	0	320,457
Excess (Deficiency) of Revenues Over Expenditures	1,386	(109,323)	7,088	(100,849)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	0	109,323	1,000,000	1,109,323
Net Change in Fund Balance	1,386	0	1,007,088	1,008,474
FUND BALANCE - Beginning of Year	237,129	0	150,092	387,221
FUND BALANCE - End of Year	$ 238,515	$ 0	$ 1,157,180	$ 1,395,695

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Cash	$ 4,988,106	$ 3,340,577
Accounts Receivable	77,920	64,535
Due from Other Funds	40,540	21,000
Due from Other Governments	2,387,653	1,998,895
Prepaid Expenditures	16,590	16,590
TOTAL ASSETS	$ 7,510,809	$ 5,441,597
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$ 397,997	$ 310,806
Salaries and Fringes Payable	1,030,597	983,251
Due to Other Funds	0	50,784
State Aid Note Payable	0	243,179
Unearned Revenue	566,440	123,848
Total Liabilities	1,995,034	1,711,868
FUND BALANCE		
Nonspendable, Prepaid Expenditures	16,590	16,590
Unassigned	5,499,185	3,713,139
Total Fund Balance	5,515,775	3,729,729
TOTAL LIABILITIES AND FUND BALANCE	$ 7,510,809	$ 5,441,597

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources	$ 2,388,173	$ 2,315,157
State Sources	10,826,294	9,834,101
Federal Sources	4,503,922	2,321,860
Other Transactions	516,485	408,142
Total Revenues	18,234,874	14,879,260
EXPENDITURES		
Instruction		
Basic Programs		
Elementary	3,215,790	2,869,289
Middle/Junior High	1,538,230	1,458,309
High School	2,774,257	1,813,115
Added Needs		
Special Education	1,636,080	1,554,284
Compensatory Education	559,726	612,951
Supporting Services		
Pupil		
Truancy/Absenteeism Services	3,538	3,615
Guidance Services	141,130	136,820
Health Services	0	20,071
Social Work Services	539,268	534,480
Other Pupil Services	63,959	54,535
Instructional Staff		
Improvement of Instruction	565,008	345,487
Educational Media Services	40,958	37,659
Supervision and Direction of Instructional Staff	47,445	44,085
Academic Student Assessment	7,846	7,971
General Administration		
Board of Education	56,479	66,255
Executive Administration	359,870	333,311
Grant Writer	64,085	59,452
School Administration		
Office of the Principal	786,466	906,181
Business		
Fiscal Services	193,039	177,785
Other Business Services	24,082	39,131

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
Operation and Maintenance of Plant		
Operating Building Services	1,333,782	1,350,243
Pupil Transportation Services	660,724	598,498
Support Services		
Staff Personnel Services	19,174	7,631
Support Services Technology	223,551	264,076
Athletic Activities	285,223	282,990
Community Services		
Community Activities	31,940	17,897
Debt Service		
Payments on Lease Obligations	207,855	207,855
Total Expenditures	15,379,505	13,803,976
Excess (Deficiency) of Revenues Over Expenditures	2,855,369	1,075,284
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)		
Food Service Fund	40,000	21,000
2013 School Improvement Debt Retirement Fund	(12,025)	(12,275)
2010 Energy Bond Debt Retirement Fund	(97,298)	(95,813)
Capital Projects Fund	(1,000,000)	0
Total Other Financing Sources (Uses)	(1,069,323)	(87,088)
Net Change in Fund Balance	1,786,046	988,196
FUND BALANCE - Beginning of Year	3,729,729	2,741,533
FUND BALANCE - End of Year	$ 5,515,775	$ 3,729,729

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF REVENUES

YEAR ENDED JUNE 30,

	2023	2022
LOCAL SOURCES		
Property Tax Levy	$ 2,092,225	$ 2,047,550
Other Taxes	55	5
Earnings on Investments	39,092	1,855
Other Local Revenues		
Athletics	56,609	54,569
Medicaid Fees	68,257	54,268
Transportation Reimbursements	25,193	25,181
Miscellaneous	106,742	131,729
Total Local Sources	2,388,173	2,315,157
STATE SOURCES		
Grants-In-Aid		
Received through the State		
State School Aid	10,826,294	9,834,101
FEDERAL SOURCES		
Grant-In-Aid Restricted		
Received through the State		
Title I	506,679	468,788
Title II Part A Teacher Training	102,598	71,223
Title V	56,043	0
Title IV	34,464	31,959
ESSER II	92,616	1,655,825
ESSER III	3,692,716	47,943
GEER	0	32,650
P-EBT Administration	3,135	3,063
Received through the County		
Schools and Roads	3,959	3,854
Received through Intermediate School District		
Title I	6,054	0
Medicaid Outreach	5,658	6,555
Total Federal Sources	4,503,922	2,321,860
OTHER TRANSACTIONS		
Transfers from Other Governmental Units	516,485	408,142
Total Revenues	18,234,874	14,879,260
OTHER FINANCING SOURCES		
Transfers In	40,000	21,000
TOTAL REVENUES AND OTHER SOURCES	$ 18,274,874	$ 14,900,260

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	2023	2022
INSTRUCTION		
Basic Programs		
Elementary		
Salaries	$ 1,511,929	$ 1,457,628
Employee Benefits	1,294,628	1,162,554
Purchased Services	136,218	86,571
Supplies and Materials	272,941	111,159
Dues, Fees and Miscellaneous	74	51,377
Total Elementary	3,215,790	2,869,289
Middle School/Junior High		
Salaries	706,997	820,656
Employee Benefits	620,596	536,083
Purchased Services	66,547	46,730
Supplies and Materials	112,001	54,735
Capital Outlay	32,004	0
Dues, Fees and Miscellaneous	85	105
Total Middle School/Junior High	1,538,230	1,458,309
High School		
Salaries	995,479	897,135
Employee Benefits	1,392,582	723,776
Purchased Services	107,723	127,086
Supplies and Materials	270,353	60,788
Capital Outlay	6,296	0
Dues, Fees and Miscellaneous	1,824	4,330
Total High School	2,774,257	1,813,115
Added Needs		
Special Education		
Salaries	891,153	780,726
Employee Benefits	737,460	755,932
Purchased Services	4,484	4,096
Supplies and Materials	1,360	13,530
Dues, Fees and Miscellaneous	1,623	0
Total Special Education	1,636,080	1,554,284
Compensatory Education		
Salaries	285,976	276,201
Employee Benefits	257,387	256,351
Purchased Services	3,235	1,890
Supplies and Materials	13,128	78,509
Total Compensatory Education	559,726	612,951

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	2023	2022
SUPPORTING SERVICES		
Pupil Services		
Truancy/Absenteeism Services		
Dues, Fees, and Miscellaneous	3,538	3,615
Guidance Services		
Salaries of Counselors	84,220	81,710
Employee Benefits	41,910	40,110
Purchased Services	15,000	15,000
Total Guidance Services	141,130	136,820
Health Services		
Salaries	0	15,037
Employee Benefits	0	5,034
Total Health Services	0	20,071
Social Work Services		
Salaries	296,668	293,417
Employee Benefits	213,127	221,618
Purchased Services	0	10,000
Supplies and Materials	29,473	9,445
Total Social Work Services	539,268	534,480
Other Pupil Services		
Salaries	45,970	36,198
Employee Benefits	17,989	18,337
Total Other Pupil Services	63,959	54,535
Instructional Staff		
Improvement of Instruction		
Salaries	280,181	167,539
Employee Benefits	200,595	112,390
Purchased Services	81,706	63,866
Supplies and Materials	1,076	1,352
Dues, Fees and Miscellaneous	1,450	340
Total Improvement of Instruction	565,008	345,487
Educational Media Services		
Salaries	22,055	20,570
Employee Benefits	18,903	17,089
Total Educational Media Services	40,958	37,659

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	2023	2022
Supervision and Direction of Instructional Staff		
Salaries	43,637	34,333
Employee Benefits	3,808	9,752
Total Supervision and Direction of Instructional Staff	47,445	44,085
Academic Student Assessment		
Purchased Services	7,846	7,971
General Administrative Services		
Board of Education		
Salaries	2,220	3,089
Employee Benefits	192	41
Purchased Services	49,860	48,616
Dues, Fees and Miscellaneous	4,207	14,509
Total Board of Education	56,479	66,255
Executive Administration		
Salaries	160,750	172,329
Employee Benefits	151,631	129,361
Purchased Services	23,291	12,196
Supplies and Materials	2,416	1,007
Dues, Fees and Miscellaneous	21,782	18,418
Total Executive Administration	359,870	333,311
Grant Writer		
Salaries	36,090	33,683
Employee Benefits	27,836	25,706
Purchased Services	0	16
Supplies and Materials	108	47
Dues, Fees and Miscellaneous	51	0
Total Grant Writer	64,085	59,452
School Administrative Services		
Office of the Principal		
Salaries	430,209	482,323
Employee Benefits	350,293	418,891
Purchased Services	3,229	1,663
Materials and Supplies	2,156	2,249
Dues, Fees, and Miscellaneous	579	1,055
Total Office of the Principal	786,466	906,181

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

GENERAL FUND
COMPARATIVE ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30,

	2023	2022
Business Services		
Fiscal Services		
Salaries	94,658	92,199
Employee Benefits	88,185	81,560
Purchased Services	1,775	1,169
Supplies and Materials	8,017	2,494
Dues, Fees, and Miscellaneous	404	363
Total Fiscal Services	193,039	177,785
Other Business Services		
Purchased Services	23,200	13,922
Dues, Fees, and Miscellaneous	882	25,209
Total Other Business	24,082	39,131
Operation and Maintenance of Plant		
Operating Building Services		
Salaries of Custodians	10,419	9,104
Employee Benefits	5,742	5,140
Purchased Services	931,255	818,405
Materials and Supplies	382,796	319,489
Capital Outlay	1,582	196,961
Dues, Fees and Miscellaneous	1,988	1,144
Total Operating Building Services	1,333,782	1,350,243
Pupil Transportation Services		
Salaries	304,942	286,795
Employee Benefits	190,805	180,542
Purchased Services	17,751	18,162
Supplies and Materials	104,296	106,002
Capital Outlay	35,000	96
Dues, Fees and Miscellaneous	7,930	6,901
Total Pupil Transportation Services	660,724	598,498
Support Services		
Staff Personnel Services		
Purchased Services	19,174	7,631
Support Services - Technology		
Salaries	81,812	65,525
Employee Benefits	66,029	57,106
Purchased Services	56,415	71,885
Supplies and Materials	16,347	42,802
Capital Outlay	0	22,623
Dues, Fees and Miscellaneous	2,948	4,135
Total Support Services - Technology	223,551	264,076

	2023	2022
Athletic Activities		
Salaries	132,020	124,476
Employee Benefits	56,824	76,606
Purchased Services	54,601	34,806
Supplies and Materials	33,491	17,724
Capital Outlay	0	22,351
Dues, Fees and Miscellaneous	8,287	7,027
Total Athletic Activities	285,223	282,990
COMMUNITY SERVICES		
Community Activities		
Salaries	8,325	6,169
Employee Benefits	2,991	2,153
Supplies and Materials	20,624	9,575
Total Community Activities	31,940	17,897
Debt Service		
Payments on Lease Obligations	207,855	207,855
Total Expenditures	15,379,505	13,803,976
OTHER FINANCING USES		
Transfers Out		
2013 School Improvement Debt Retirement Fund	12,025	12,275
2010 Energy Bond Debt Retirement Fund	97,298	95,813
Capital Projects Fund	1,000,000	0
Total Transfers Out	1,109,323	108,088
Total Other Financing Uses	1,109,323	108,088
TOTAL EXPENDITURES AND OTHER USES	$ 16,488,828	$ 13,912,064

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

FOOD SERVICE FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

		2023		2022
ASSETS				
Cash	$	404,778	$	461,530
Due from Other Governments		84,495		8,654
Inventory		13,829		9,775
Prepaid Expenditures		40,540		40,000
TOTAL ASSETS	$	543,642	$	519,959
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	$	20,833	$	12,116
Salaries and Fringes Payable		92,507		16,958
Due to Other Funds		40,540		21,000
Total Liabilities		153,880		50,074
FUND BALANCE				
Nonspendable, Inventory		13,829		9,775
Nonspendable, Prepaid Expenditures		40,540		40,000
Restricted for Food Service		335,393		420,110
Total Fund Balance		389,762		469,885
TOTAL LIABILITIES AND FUND BALANCE	$	543,642	$	519,959

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

FOOD SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

		2023		2022
REVENUES				
Local Sources				
Earnings on Investments and Deposits	$	815	$	483
Children's Lunches		10,117		3,302
Adult Lunches		5,346		7,008
Snack Bar		317		459
Miscellaneous		5,045		0
Total Local Sources		21,640		11,252
State Sources				
State Aid - Regular		16,897		40,796
State Aid - 147C		90,365		25,000
Total State Sources		107,262		65,796
Federal Sources				
Federal Aid - Regular		895,596		883,369
Federal Aid - U.S.D.A. Commodities		71,161		49,106
Total Federal Sources		966,757		932,475
Total Revenues		1,095,659		1,009,523
EXPENDITURES				
Salaries		182,652		144,732
Employee Benefits		209,183		114,454
Purchased Services		183,945		201,780
Supplies and Materials		471,397		355,413
Capital Outlay		85,637		0
Other Expenditures		2,968		6,073
Total Expenditures		1,135,782		822,452
Excess (Deficiency) of Revenues Over Expenditures		(40,123)		187,071
OTHER FINANCING SOURCES (USES)				
Transfers Out		(40,000)		(21,000)
Net Change in Fund Balance		(80,123)		166,071
FUND BALANCE - Beginning of Year		469,885		303,814
FUND BALANCE - End of Year	$	389,762	$	469,885

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Cash	$ 508,948	$ 281,552
Due from Other Funds	0	50,784
Total Assets	$ 508,948	$ 332,336
LIABILITIES AND FUND BALANCE		
LIABILITIES	$ 0	$ 0
FUND BALANCE		
Restricted for Debt Service	508,948	332,336
TOTAL LIABILITIES AND FUND BALANCE	$ 508,948	$ 332,336

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Property Tax Levy	$ 974,905	$ 924,027
Earnings on Investments	12,113	370
State Sources		
Personal Property Reimbursement	49,635	50,784
Total Revenues	1,036,653	975,181
EXPENDITURES		
Principal Payments	505,000	750,000
Interest Payments	353,761	196,156
Miscellaneous	1,280	1,000
Total Expenditures	860,041	947,156
Excess (Deficiency) of Revenues Over Expenditures	176,612	28,025
FUND BALANCE - Beginning of Year	332,336	304,311
FUND BALANCE - End of Year	$ 508,948	$ 332,336

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Restricted Investments	$ 37,987	$ 1,867,858
Due from Other Funds	13,958	13,958
Total Assets	$ 51,945	$ 1,881,816
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts and Retainage Payable	$ 0	$ 265,295
FUND BALANCE		
Restricted for Capital Projects	51,945	1,616,521
TOTAL LIABILITIES AND FUND BALANCE	$ 51,945	$ 1,881,816

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2020 CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Earnings on Investments	$ 17,028	$ 8,271
EXPENDITURES		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	1,192,648	3,856,792
Building Improvements Services	388,956	162,920
Total Expenditures	1,581,604	4,019,712
Excess (Deficiency) of Revenues Over Expenditures	(1,564,576)	(4,011,441)
FUND BALANCE - Beginning of Year	1,616,521	5,627,962
FUND BALANCE - End of Year	$ 51,945	$ 1,616,521

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2022 CAPITAL PROJECTS FUND
BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Restricted Investments	$ 4,059,724	$ 5,092,402
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$ 523,920	$ 28,613
Due to Other Funds	13,958	13,958
Total Liabilities	537,878	42,571
FUND BALANCE		
Restricted for Capital Projects	3,521,846	5,049,831
TOTAL LIABILITIES AND FUND BALANCE	$ 4,059,724	$ 5,092,402

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2022 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Earnings on Investments	$ 189,544	$ 0
EXPENDITURES		
Facilities Acquisition, Construction and Improvements		
Site Improvements Services	1,717,529	88,259
Other Expenditures		
Bond Issuance Costs	0	157,860
Total Expenditures	1,717,529	246,119
Excess (Deficiency) of Revenues Over Expenditures	(1,527,985)	(246,119)
OTHER FINANCING SOURCES (USES)		
Face Value of Debt Issued	0	5,040,000
Premium on Debt Issued	0	255,950
Total Other Financing Sources (Uses)	0	5,295,950
Net Change in Fund Balance	(1,527,985)	5,049,831
FUND BALANCE - Beginning of Year	5,049,831	0
FUND BALANCE - End of Year	$ 3,521,846	$ 5,049,831

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022

	PUBLIC LIBRARY	STUDENT ACTIVITY	TOTALS 2023	TOTALS 2022
ASSETS				
Cash	$ 86,950	$ 151,565	$ 238,515	$ 237,129
LIABILITIES AND FUND BALANCE				
LIABILITIES	$ 0	$ 0	$ 0	$ 0
FUND BALANCE				
Restricted for:				
Public Library	86,950	0	86,950	84,300
Assigned for Student Activities	0	151,565	151,565	152,829
Total Fund Balance	86,950	151,565	238,515	237,129
TOTAL LIABILITIES AND FUND BALANCE	$ 86,950	$ 151,565	$ 238,515	$ 237,129

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2022

	PUBLIC LIBRARY	STUDENT ACTIVITY	TOTALS 2023	TOTALS 2022
REVENUES				
Local Sources	$ 71,068	$ 136,407	$ 207,475	$ 197,029
State Sources	5,045	0	5,045	5,051
Total Revenues	76,113	136,407	212,520	202,080
EXPENDITURES				
Salaries	40,994	0	40,994	42,603
Employee Benefits	16,711	0	16,711	17,502
Purchased Services	12,736	0	12,736	11,103
Other Expenditures	3,022	137,671	140,693	120,788
Total Expenditures	73,463	137,671	211,134	191,996
Excess (Deficiency) of Revenues Over Expenditures	2,650	(1,264)	1,386	10,084
FUND BALANCE - Beginning of Year	84,300	152,829	237,129	227,045
FUND BALANCE - End of Year	$ 86,950	$ 151,565	$ 238,515	$ 237,129

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

PUBLIC LIBRARY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Cash	$ 86,950	$ 84,300
LIABILITIES AND FUND BALANCE		
LIABILITIES	$ 0	$ 0
FUND BALANCE		
Restricted for Public Library	86,950	84,300
TOTAL LIABILITIES AND FUND BALANCE	$ 86,950	$ 84,300

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

PUBLIC LIBRARY FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Earnings on Investments and Deposits	$ 2,287	$ 2,542
Penal Fines	38,847	34,484
Township Aid	13,470	11,587
Miscellaneous	16,464	14,705
Total Local Sources	71,068	63,318
State Sources		
State Aid	5,045	5,051
Total Revenues	76,113	68,369
EXPENDITURES		
Salaries	40,994	42,603
Employee Benefits	16,711	17,502
Purchased Services	12,736	11,103
Other Expenditures	3,022	4,257
Total Expenditures	73,463	75,465
Excess (Deficiency) of Revenues Over Expenditures	2,650	(7,096)
FUND BALANCE - Beginning of Year	84,300	91,396
FUND BALANCE - End of Year	$ 86,950	$ 84,300

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STUDENT ACTIVITY FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Cash	$ 151,565	$ 152,829
LIABILITIES AND FUND BALANCE		
LIABILITIES	$ 0	$ 0
FUND BALANCE		
Assigned for Student Activities	151,565	152,829
TOTAL LIABILITIES AND FUND BALANCE	$ 151,565	$ 152,829

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

STUDENT ACTIVITY FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Miscellaneous	$ 136,407	$ 133,711
EXPENDITURES		
Other Expenditures	137,671	116,531
Excess (Deficiency) of Revenues Over Expenditures	(1,264)	17,180
FUND BALANCE - Beginning of Year	152,829	135,649
FUND BALANCE - End of Year	$ 151,565	$ 152,829

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2023

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
ASSETS	$ 0	$ 0	$ 0
LIABILITIES AND FUND BALANCE			
LIABILITIES	$ 0	$ 0	$ 0
FUND BALANCE	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	$ 0	$ 0	$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

NONMAJOR DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2023

	2013 SCHOOL IMPROVEMENT DEBT	2010 ENERGY DEBT	TOTALS
REVENUES	$ 0	$ 0	$ 0
EXPENDITURES			
Principal Payments	10,000	85,000	95,000
Interest Payments	2,025	11,698	13,723
Miscellaneous	0	600	600
Total Expenditures	12,025	97,298	109,323
Excess (Deficiency) of Revenues Over Expenditures	(12,025)	(97,298)	(109,323)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	12,025	97,298	109,323
Net Change in Fund Balance	0	0	0
FUND BALANCE - Beginning of Year	0	0	0
FUND BALANCE - End of Year	$ 0	$ 0	$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2013 SCHOOL IMPROVEMENT DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

JUNE 30,

	2023	2022
REVENUES	$ 0	$ 0
EXPENDITURES		
Principal Payments	10,000	10,000
Interest Payments	2,025	2,275
Total Expenditures	12,025	12,275
Excess (Deficiency) of Revenues Over Expenditures	(12,025)	(12,275)
OTHER FINANCING SOURCES (USES)		
Transfers In		
General Fund	12,025	12,275
Net Change in Fund Balance	0	0
FUND BALANCE - Beginning of Year	0	0
FUND BALANCE - End of Year	$ 0	$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

2010 ENERGY BOND DEBT RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES	$ 0	$ 0
EXPENDITURES		
Principal Payments	85,000	80,000
Interest Payments	11,698	15,213
Miscellaneous	600	600
Total Expenditures	97,298	95,813
Excess (Deficiency) of Revenues Over Expenditures	(97,298)	(95,813)
OTHER FINANCING SOURCES (USES)		
Transfers In		
General Fund	97,298	95,813
Net Change in Fund Balance	0	0
FUND BALANCE - Beginning of Year	0	0
FUND BALANCE - End of Year	$ 0	$ 0

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	2023	2022
ASSETS		
Cash	$ 1,157,180	$ 150,092
LIABILITIES AND FUND BALANCE		
LIABILITIES	$ 0	$ 0
FUND BALANCE		
Committed for Capital Projects	1,157,180	150,092
TOTAL LIABILITIES AND FUND BALANCE	$ 1,157,180	$ 150,092

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2023	2022
REVENUES		
Local Sources		
Earnings on Investments	$ 7,088	$ 91
EXPENDITURES	0	0
Excess (Deficiency) of Revenues Over Expenditures	7,088	91
OTHER FINANCING SOURCES (USES)		
Transfers In		
General Fund	1,000,000	0
Net Change in Fund Balance	1,007,088	91
FUND BALANCE - Beginning of Year	150,092	150,001
FUND BALANCE - End of Year	$ 1,157,180	$ 150,092

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

TITLE OF ISSUE	2010 Energy Conservation Bonds		
PURPOSE	Energy conservation improvements.		
DATE OF ISSUE	May 12, 2010		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 860,000
AMOUNT REDEEMED			
Redeemed Prior to Current Year		$ 645,000	
Redeemed During Current Year		70,000	715,000
BALANCE OUTSTANDING - June 30, 2023			$ 145,000

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
November 1, 2023		$ 3,317	$ 3,317	
May 1, 2024	4.550%	73,317	3,317	$ 70,000
November 1, 2024		1,725	1,725	
May 1, 2025	4.600%	76,725	1,725	75,000
		$ 155,084	$ 10,084	$ 145,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

TITLE OF ISSUE	2010 Energy Conservation Bonds - Series B		
PURPOSE	Energy conservation improvements.		
DATE OF ISSUE	October 1, 2010		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 165,000
AMOUNT REDEEMED			
Redeemed Prior to Current Year		$ 120,000	
Redeemed During Current Year		15,000	135,000
BALANCE OUTSTANDING - June 30, 2023			$ 30,000

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
November 1, 2023		$ 641	$ 641	
May 1, 2024	4.250%	15,641	641	$ 15,000
November 1, 2024		323	323	
May 1, 2025	4.300%	15,323	323	15,000
		$ 31,928	$ 1,928	$ 30,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

TITLE OF ISSUE	2013 School Improvement Bonds			
PURPOSE	Remodeling school buildings with carpet installation.			
DATE OF ISSUE	July 10, 2013			
INTEREST PAYABLE	May 1, and November 1, of each year			
AMOUNT OF ISSUE				$ 139,000
AMOUNT REDEEMED				
Redeemed Prior to Current Year			$ 71,000	
Redeemed During Current Year			10,000	81,000
BALANCE OUTSTANDING - June 30, 2023				$ 58,000

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
November 1, 2023		$ 880	$ 880	
May 1, 2024	2.80%	10,880	880	$ 10,000
November 1, 2024		740	740	
May 1, 2025	2.90%	11,740	740	11,000
November 1, 2025		580	580	
May 1, 2026	3.00%	12,580	580	12,000
November 1, 2026		400	400	
May 1, 2027	3.15%	12,400	400	12,000
November 1, 2027		211	211	
May 1, 2028	3.25%	13,211	211	13,000
		$ 63,622	$ 5,622	$ 58,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

TITLE OF ISSUE	2020 School Building and Site Bonds, Series I		
PURPOSE	Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.		
DATE OF ISSUE	November 16, 2020		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 6,425,000
AMOUNT REDEEMED			
Redeemed Prior to Current Year		$ 1,435,000	
Redeemed During Current Year		320,000	1,755,000
BALANCE OUTSTANDING - June 30, 2023			$ 4,670,000

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
November 1, 2023		$ 71,328	$ 71,328	
May 1, 2024	5.00%	351,328	71,328	$ 280,000
November 1, 2024		64,328	64,328	
May 1, 2025	5.00%	354,328	64,328	290,000
November 1, 2025		57,078	57,078	
May 1, 2026	5.00%	302,078	57,078	245,000
November 1, 2026		50,953	50,953	
May 1, 2027	5.00%	195,953	50,953	145,000
November 1, 2027		47,328	47,328	
May 1, 2028	5.00%	202,328	47,328	155,000
November 1, 2028		43,453	43,453	
May 1, 2029	5.00%	203,453	43,453	160,000
November 1, 2029		39,453	39,453	
May 1, 2030	5.00%	209,453	39,453	170,000
November 1, 2030		35,203	35,203	

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
May 1, 2031	2.00%	215,203	35,203	180,000
November 1, 2031		33,403	33,403	
May 1, 2032	2.00%	213,403	33,403	180,000
November 1, 2032		31,603	31,603	
May 1, 2033	2.00%	216,603	31,603	185,000
November 1, 2033		29,753	29,753	
May 1, 2034	2.00%	219,753	29,753	190,000
November 1, 2034		27,853	27,853	
May 1, 2035	2.00%	222,853	27,853	195,000
November 1, 2035		25,903	25,903	
May 1, 2036	2.00%	225,903	25,903	200,000
November 1, 2036		23,903	23,903	
May 1, 2037	2.00%	223,903	23,903	200,000
November 1, 2037		21,903	21,903	
May 1, 2038	2.00%	226,903	21,903	205,000
November 1, 2038		19,853	19,853	
May 1, 2039	2.125%	229,853	19,853	210,000
November 1, 2039		17,622	17,622	
May 1, 2040	2.125%	232,622	17,622	215,000
November 1, 2040		15,338	15,338	
May 1, 2041	2.375%	230,337	15,337	215,000
November 1, 2041		12,784	12,784	
May 1, 2042	2.375%	192,784	12,784	180,000
November 1, 2042		10,647	10,647	
May 1, 2043	2.375%	190,647	10,647	180,000
November 1, 2043		8,509	8,509	
May 1, 2044	2.375%	193,509	8,509	185,000
November 1, 2044		6,313	6,313	
May 1, 2045	2.50%	191,312	6,312	185,000
November 1, 2045		4,000	4,000	
May 1, 2046	2.50%	164,000	4,000	160,000
November 1, 2046		2,000	2,000	
May 1, 2047	2.50%	162,000	2,000	160,000
		$ 6,071,020	$ 1,401,020	$ 4,670,000

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

TITLE OF ISSUE: 2022 School Building and Site Bonds, Series II

PURPOSE: Erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and reequipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas and sites and to pay costs of issuance for the bonds.

DATE OF ISSUE: May 16, 2022

INTEREST PAYABLE: May 1, and November 1, of each year

AMOUNT OF ISSUE		$ 5,040,000
AMOUNT REDEEMED		
Redeemed Prior to Current Year	$ 0	
Redeemed During Current Year	185,000	185,000
BALANCE OUTSTANDING - June 30, 2023		$ 4,855,000

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
November 1, 2023		$ 97,169	$ 97,169	
May 1, 2024	5.000%	472,169	97,169	$ 375,000
November 1, 2024		87,794	87,794	
May 1, 2025	5.000%	187,794	87,794	100,000
November 1, 2025		85,294	85,294	
May 1, 2026	5.000%	185,294	85,294	100,000
November 1, 2026		82,794	82,794	
May 1, 2027	5.000%	227,794	82,794	145,000
November 1, 2027		79,169	79,169	
May 1, 2028	5.000%	224,169	79,169	145,000
November 1, 2028		75,544	75,544	
May 1, 2029	5.000%	225,544	75,544	150,000
November 1, 2029		71,794	71,794	
May 1, 2030	5.000%	221,794	71,794	150,000
November 1, 2030		68,044	68,044	

MORLEY STANWOOD COMMUNITY SCHOOLS
MORLEY, MICHIGAN

SCHEDULE OF BONDS PAYABLE

JUNE 30, 2023

DUE DATES	INTEREST RATES	REQUIREMENTS TOTAL	INTEREST	PRINCIPAL
May 1, 2031	5.000%	218,044	68,044	150,000
November 1, 2031		64,294	64,294	
May 1, 2032	5.000%	219,294	64,294	155,000
November 1, 2032		60,419	60,419	
May 1, 2033	3.000%	215,419	60,419	155,000
November 1, 2033		58,094	58,094	
May 1, 2034	3.000%	213,094	58,094	155,000
November 1, 2034		55,769	55,769	
May 1, 2035	3.000%	210,769	55,769	155,000
November 1, 2035		53,444	53,444	
May 1, 2036	3.000%	208,444	53,444	155,000
November 1, 2036		51,119	51,119	
May 1, 2037	3.000%	216,119	51,119	165,000
November 1, 2037		48,541	48,541	
May 1, 2038	3.125%	213,541	48,541	165,000
November 1, 2038		45,963	45,963	
May 1, 2039	3.125%	215,962	45,962	170,000
November 1, 2039		43,200	43,200	
May 1, 2040	3.250%	208,200	43,200	165,000
November 1, 2040		40,519	40,519	
May 1, 2041	3.250%	215,519	40,519	175,000
November 1, 2041		37,675	37,675	
May 1, 2042	3.250%	257,675	37,675	220,000
November 1, 2042		34,100	34,100	
May 1, 2043	4.000%	264,100	34,100	230,000
November 1, 2043		29,500	29,500	
May 1, 2044	4.000%	264,500	29,500	235,000
November 1, 2044		24,800	24,800	
May 1, 2045	4.000%	264,800	24,800	240,000
November 1, 2045		20,000	20,000	
May 1, 2046	4.000%	290,000	20,000	270,000
November 1, 2046		14,600	14,600	
May 1, 2047	4.000%	294,600	14,600	280,000
November 1, 2047		9,000	9,000	
May 1, 2048	4.000%	459,000	9,000	450,000
		$ 7,532,277	$ 2,677,277	$ 4,855,000

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DRAFT LEGAL OPINION

Morley Stanwood Community Schools
Counties of Mecosta, Montcalm and Newaygo
State of Michigan

We have acted as bond counsel in connection with the issuance by Morley Stanwood Community Schools, Counties of Mecosta, Montcalm and Newaygo, State of Michigan (the "Issuer"), of its bonds in the aggregate principal amount of $_____________ designated 2024 School Building and Site Bonds, Series III (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are in fully registered form and issued without coupons, are dated ______________, 2024, 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 each year, and bear interest payable on May 1, 2025, and semiannually thereafter on November 1 and May 1 of each year in the amounts and at the rates as follows:

Year	Amount	Rate	Year	Amount	Rate

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

We have examined the documents which we deem authentic and pertinent to the validity of the Bonds, including the certified record evidencing the authorization of the Bonds by the 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;

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(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

FORM OF
CONTINUING DISCLOSURE AGREEMENT

$3,855,000
MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM AND NEWAYGO
STATE OF MICHIGAN
2024 SCHOOL BUILDING AND SITE BONDS, SERIES III
(GENERAL OBLIGATION - UNLIMITED TAX)

This Continuing Disclosure Agreement (the "Agreement") is executed and delivered by Morley Stanwood Community Schools, Counties of Mecosta, Montcalm and Newaygo, State of Michigan (the "Issuer"), in connection with the issuance of its $3,855,000 2024 School Building and Site Bonds, Series III (General Obligation - Unlimited Tax) (the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Board of Education of the Issuer on July 15, 2024 and ___________, 2024 (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 __________, 2024.

"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, 2024, 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.

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM AND NEWAYGO
STATE OF MICHIGAN

By: ____
Its: Superintendent

Dated: ___________, 2024

APPENDIX A

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Morley Stanwood Community Schools, Mecosta, Montcalm and Newaygo Counties, Michigan
Name of Bond Issue:	2024 School Building and Site Bonds, Series III (General Obligation - Unlimited Tax)
Date of Bonds:	__________________, 2024

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 ______________.

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM AND
NEWAYGO
STATE OF MICHIGAN

By: ____
Its: Superintendent

Dated: _________________________

APPENDIX B

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

Name of Issuer:	Morley Stanwood Community Schools, Mecosta, Montcalm and Newaygo Counties, Michigan
Name of Bond Issue:	2024 School Building and Site Bonds, Series III (General Obligation - Unlimited Tax)
Date of Bonds:	_________________, 2024

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

MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM AND NEWAYGO
STATE OF MICHIGAN

By: ____________________________________
Its: Superintendent

Dated: ________________________

THRUN LAW FIRM, P.C.

APPENDIX C

SIGNIFICANT EVENT NOTICE COVER SHEET

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

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

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

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

Number of pages of attached significant event notice: ____

Description of Significant Events Notice (Check One):

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

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

Signature: ____

Name: ______________________________ Title: ______________________________

Employer: ____

Address: ____

City, State, Zip Code: ____

Voice Telephone Number: (____________)____________________________________

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

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OPTIONAL DTC BOOK-ENTRY-ONLY

OFFICIAL NOTICE OF SALE
$3,855,000
MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM AND NEWAYGO
STATE OF MICHIGAN
2024 SCHOOL BUILDING AND SITE BONDS, SERIES III
(GENERAL OBLIGATION - UNLIMITED TAX)

BIDS for the purchase of the above 2024 School Building and Site Bonds, Series III (the "Bond" or "Bonds") will be received electronically on behalf of Morley Stanwood Community Schools, Mecosta, Montcalm and Newaygo Counties, Michigan (the "Issuer"), on Tuesday, the 1st day of October, 2024, 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, 2025, and semiannually thereafter.

The Bonds will mature on May 1 as follows:

Year	Amount	Year	Amount
2025	$325,000	2038	$100,000
2026	425,000	2039	100,000
2027	140,000	2040	105,000
2028	145,000	2041	110,000
2029	160,000	2042	115,000
2030	100,000	2043	120,000
2031	100,000	2044	125,000
2032	100,000	2045	140,000
2033	100,000	2046	155,000
2034	100,000	2047	165,000
2035	100,000	2048	175,000
2036	100,000	2049	225,000
2037	100,000	2050	225,000

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 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.

Bonds of this issue maturing in the years 2025 through 2034, inclusive, shall not be subject to redemption prior to maturity. The Bonds or portions of Bonds maturing on or after May 1, 2035, 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, 2034, 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, or at a price which will cause the true interest cost on the Bonds to be less than one percent (1%) per annum or to exceed six percent (6%) per annum, will be considered.

PURPOSE AND SECURITY: The Bonds are the third series of bonds that were authorized at an election on August 4, 2020, for the purpose of erecting additions to, remodeling, including security improvements to, furnishing and refurnishing and equipping and re-equipping school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving playgrounds, athletic fields and facilities, driveways, parking areas 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 October 29, 2024 (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, 2024, 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 September 18, 2024, 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, 2852 Eyde Parkway, Suite 150, East Lansing, Michigan 48823, telephone: (517) 321-0110.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

Dennis G. Smith
Secretary, Board of Education

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.

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APPENDIX I
MORLEY STANWOOD COMMUNITY SCHOOLS
COUNTIES OF MECOSTA, MONTCALM, AND NEWAYGO, STATE OF MICHIGAN
$3,855,000*
2024 SCHOOL BUILDING AND SITE BONDS, SERIES III
(General Obligation – Unlimited Tax)

OPTIONAL BID FORM

Date: October 1, 2024 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:

Maturity Date	Amount*	Interest Rate	Yield	Maturity Date	Amount*	Interest Rate	Yield
05/01/25	$325,000	%	%	05/01/38	$100,000	%	%
05/01/26	425,000			05/01/39	100,000		
05/01/27	140,000			05/01/40	105,000		
05/01/28	145,000			05/01/41	110,000		
05/01/29	160,000			05/01/42	115,000		
05/01/30	100,000			05/01/43	120,000		
05/01/31	100,000			05/01/44	125,000		
05/01/32	100,000			05/01/45	140,000		
05/01/33	100,000			05/01/46	155,000		
05/01/34	100,000			05/01/47	165,000		
05/01/35	100,000			05/01/48	175,000		
05/01/36	100,000			05/01/49	225,000		
05/01/37	100,000			05/01/50	225,000		

* 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,

_________________________________ By: ___________________________

Please attach list of account members *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.

MORLEY STANWOOD COMMUNITY SCHOOLS • 2024 SCHOOL BUILDING AND SITE BONDS, SERIES III (GENERAL OBLIGATION - UNLIMITED TAX)

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