

Flushing Community Schools

Financial Statements

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Flushing Community Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Mr. Steven Sheldon	President
Mr. Salvatore Ausiello	Vice President
Ms. Megan LeCureux	Treasurer
Ms. Kim Strnad	Secretary
Mr. Eddie Dolgan	Trustee
Ms. Janice Winkiel	Trustee
Mr. Terry Bate	Trustee

Administration

Mr. Matt Shanafelt	Superintendent
Mr. Jason Melynchek	Deputy Superintendent
Ms. Michelle Barrett	Executive Director of Curriculum and Instruction
Ms. Jackie Read	Director of Finance

Independent Auditors' Report

Management and the Board of Education
Flushing Community Schools
Flushing, 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 Flushing Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Flushing Community Schools' basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Flushing 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, Flushing Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Flushing 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

Yeo & Yeo, P.C.

Flint, MI
October 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS



Flushing Community Schools

Preparing Learners Today for Opportunities Tomorrow



Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

The Flushing Community School District's Management Discussion and Analysis, a requirement of GASB 34, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2025.

GASB 34 and generally accepted accounting principles (GAAP), require the reporting of two types of financial statements: Fund Financial Statements and District Wide Financial Statements.

Fund Financial Statements

The fund financial statements provide detailed information about the School District's funds, focusing on its most significant or "major funds" and not the School District as a whole. The fund-level financial statements are reported on a modified accrual basis. That is, only those assets that are "measurable" and "currently available" are reported, and liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. The School District has two kinds of funds.

Governmental Funds: All of the School District's services are reported in governmental funds, which focus on showing 1) how cash and other financial assets that can easily be converted to cash flow in and out and 2) the balances left at year end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations from the fund level statements to the district-wide statements explain the relationship (or differences) between them. The School District's governmental funds include the General Fund, Community Services Fund, Child Nutrition Fund, School Student Activity Fund, 2003 Debt Service Funds, 2017 Debt Service Funds, 2018 Energy Conservation Debt Retirement Fund, 2024 Debt Service Funds, 2021 Capital Project Fund, 2024 Capital Projects Fund and Sinking Fund.

Proprietary Funds: The School District operates a proprietary fund, the Internal Service Insurance fund, to account for services it provides to the School District's other funds. The School District is self-funded for health, prescription, dental, and vision plans. This fund is accounted for on a full accrual basis.

District Wide Financial Statements

The District-wide Statement of Net Position and Statement of Activities are reported using the full accrual basis of accounting. With this method, all of the School District's assets, deferred outflows of sources, liabilities, deferred inflows of resources, and current year revenues and expenditures are reported, regardless of when cash is received or paid out. These statements provide information about the activities of the School District as a whole, and present a long-term view of the School District's finances. For example, the Statement of Activities details how the School District's services were financed in the short-term and the amount that remains for future spending. The Statement of Net Position aggregates the School District's restricted and unrestricted assets as well as short and long-term obligations recorded in all funds.

Financial Position and Results of Operations

The School District's Net Position – the difference between assets plus deferred inflows and liabilities plus deferred outflows, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position, as reported in the Statement of Activities, is one indicator of whether its financial health is improving or deteriorating respectively. The relationship between revenues and expenses indicates the School District's operating results. To assess the School District's overall health, it is important to consider additional non-financial factors such as the quality of educational services provided, the condition of school buildings and facilities, the safety of the schools, and other non-financial factors.

Summary of Net Position

The School District's Net Position totaled \$(23,240,895) at June 30, 2025. Restricted Net Position is reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use the Net Position for day-to-day operations. The following is a summary of the School District's Net Position at June 30, 2024 and June 30, 2025.

	June 30, 2024	June 30, 2025
Assets		
Current assets	\$ 36,619,048	\$ 46,900,077
Capital assets, net of depreciation	50,903,818	49,710,407
Total assets	<u>87,522,866</u>	<u>96,610,484</u>
Deferred Outflows of Resources		
Deferred outflows - debt refunding	635,847	376,199
Deferred outflows - net pension liability	24,991,555	18,750,881
Deferred outflows - net OPEB liability	-	-
Deferred outflows- net OPEB asset	5,394,387	2,818,024
Total deferred outflows	<u>31,021,789</u>	<u>21,945,104</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 118,544,655</u>	<u>\$ 118,555,588</u>
Liabilities		
Current liabilities	\$ 8,485,704	\$ 7,650,062
Long-Term Liabilities - Debt	37,585,062	36,670,973
Long-term liabilities - pension liability	84,150,627	60,974,365
Total Liabilities	<u>130,221,393</u>	<u>105,295,400</u>
Deferred Inflows of Resources		
Leases	-	34,740
Deferred net pension liability	14,236,406	22,606,094
Defer Total Deferred Inflows of Resources	11,666,279	13,860,249
Total deferred inflows	<u>25,902,685</u>	<u>36,501,083</u>
Net Position		
Net investment in capital assets	24,809,702	25,971,663
Restricted for debt services	177,539	77,813
Restricted for capital projects	582,232	310,144
Restricted for food service	2,106,062	2,384,064
Net OPEB Asset	-	10,423,444
Unrestricted	(65,254,958)	(62,408,023)
Total net position	<u>(37,579,423)</u>	<u>(23,240,895)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 118,544,655</u>	<u>\$ 118,555,588</u>

Analysis of Financial Position

During fiscal year ended June 30, 2025, the School District's net position increased by \$15,789,129. A few of the significant factors affecting net position during the year are discussed below:

Governmental Fund Operations

In the School District's governmental funds, revenues exceeded expenses by \$256,000. See the section entitled Governmental Fund Financial Highlights below for further discussion of governmental fund operations.

Depreciation Expense

The provisions of GASB 34 require districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net position. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2025, the net increase in accumulated depreciation was \$2,470,079.

Capital Acquisitions

Capital outlay for the year ended June 30, 2025 totaled \$3,206,224. Capital Outlay was offset by current year depreciation expense of \$2,955,032 creating a Net Position increase from capital outlay of \$251,192.

Net Pension Liability

Effective June 30, 2015, GASB 68 & 71 require the district to report its proportionate share of MPSERS (Michigan Public School Employees' Retirement System) net pension liability, related to deferred outflow and inflows. For the year ended June 30, 2025 the district's share of the net pension liability was \$60,974,365.

Net Other Post Employment Benefit (OPEB) Liability (asset)

Effective June 30, 2018, GASB 75 requires the district to report its proportionate share of MPSERS (Michigan Public School Employees' Retirement System) net post-employment benefit (OPEB) liability (asset), related to deferred outflows and inflows. For the year ended June 30, 2025 the district's share of the net OPEB liability (asset) was (\$10,423,444).

Repayments of Long-Term Debt

Repayment of long-term debt decreases the School District's long-term bond principal obligations thereby increasing the School District's net position. The School District repaid principal payments of \$1,900,000 of long-term bond debt in the current year.

Results of Operations

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the district-wide results of operations for the years ended June 30, 2024 and June 30, 2025 are as follows:

	Year Ended June 30, 2024	Year Ended June 30, 2025
Revenue		
General Revenue:		
Property Taxes Levied for General Purposes	\$ 2,476,532	\$ 2,778,356
Property Taxes Levied for Debt Service	2,743,399	2,922,190
Property Taxes Levied for Sinking Fund	629,364	665,402
State Aid – Unrestricted	36,635,564	36,295,036
Interest and Investment Earnings	226,206	748,716
Gain on sale of capital assets	12,645	16,115
Other	579,914	562,175
Total General Revenue	<u>43,300,654</u>	<u>43,987,990</u>
Program Revenue:		
Charges for Services	1,734,327	1,808,570
Operating Grants and Contributions	18,985,708	18,942,031
Total Program Revenue	<u>20,720,035</u>	<u>20,750,601</u>
Total Revenue	<u>\$ 64,020,689</u>	<u>\$ 64,738,591</u>
Expenses		
Instruction	\$ 31,716,390	\$ 27,913,738
Support Services	17,941,304	16,849,125
Food Services	2,374,967	2,208,090
Community Services	689,292	765,188
Interest on Long-Term Debt	1,230,513	1,213,321
Total Expenses	<u>\$ 53,952,466</u>	<u>\$ 48,949,462</u>
Increase (Decrease) in Net Position	<u>10,068,223</u>	<u>15,789,129</u>
Net Position – Beginning	(47,647,653)	(37,579,430)
Restatement	<u>0</u>	<u>(1,450,594)</u>
Net Position – Ending	<u><u>\$ (37,579,430)</u></u>	<u><u>\$ (23,240,895)</u></u>

Governmental Funds Financial Highlights

The General Fund and the 2024 Capital Projects Fund are reported separately as major funds in the fund financial statements. Funds reported as “Non-major Governmental Funds” in the fund financial statements include the Community Services Fund, Child Nutrition Fund, School Student Activity Fund, 2003 Debt Retirement Funds, 2017 Debt Retirement Funds, Debt Retirement Fund – Energy Bond, 2021 Capital Projects Fund and Sinking Fund. The annual fund financial statements provide the following insights about the results in this year’s operations.

Major Funds

The General Fund is the most significant fund of the School District. The fund balance increased by \$622,750 during the year ending with a fund equity of \$11,981,065 or 21.9% of expenditures and other financing uses for the year.

The 2024 Capital Projects Fund was created to account for the spending of May 2024 voter approved bond proceeds. The fund incurred expenses of \$1,587,192 and ended with a fund balance of \$10,325,808.

Non-Major Funds

The Community Service Fund decreased by \$16,082 ending with a balance of \$1,149,51 for the year.

The Child Nutrition Fund increased by \$278,002 ending with a balance of \$2,384,064 for the year.

The School Student Activity Fund decreased by \$19,021 ending with a balance of \$504,642 for the year.

The Debt Service Funds decreased by \$103,257 ending with a balance of \$306,887 for the year. These funds will be used to pay for annual bond principal and interest payments.

The 2021 Capital Projects Fund was established during 2020-21 to begin saving for future capital projects including, but not limited to, solar panel replacements. The fund balance increased by \$1,000,000 ending with a fund balance of \$1,809,000 for the year.

The Sinking Fund balance decreased by \$272,088 ending with a balance of \$310,144 for the year. These funds will be used to complete projects during the next fiscal year.

Major Governmental Funds Budgeting and Operating Highlights

In accordance with Michigan law, the School District's budgets are prepared and adopted by the Board of Education prior to July 1 of each year. The adopted budget is based on facts and assumptions known at the time. It is expected that there will be changes between the initial budget and subsequent budgets, as many factors are not known at the time of adoption of the initial budget. Subsequently, over the course of the year the School District budget is revised based on changes in revenues and expenditures such as actual student enrollment, related staffing adjustments, state school aid adjustments, grant allocations, and other unexpected items. The district typically amends the budget after fall enrollment is finalized and again at the end of the fiscal year.

A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

General Fund Budget Highlights

Major sources of revenue are state aid and property taxes. The State of Michigan State Aid Act established the fiscal year per student foundation allowance for Flushing Community Schools at \$9,608 per student. October 2023 count was 4,064. Expenses varied from the budgeted amounts based on the workforce shortage, inability to receive materials and goods, and by grant programs.

In the General Fund, actual revenue was \$56.3 million. This is above the original budget estimate of \$55.2 million and below the final budgeted amount of \$58.1 million, a variance of 3%. General Fund revenues increased by \$14,000 over last year's amount primarily due to increases in state funding and federal grant funding.

Variances between budgeted and actual revenues in the General Fund are due primarily to the following:

- Adjustments to state school aid due actual vs. projected student enrollment.
- Grant related revenues re-allocated to the following year in accordance with actual date of expenditure.
- Grant opportunities and allocations received after the initial budget projection.
- Adjustment to local funds received from other intermediate school districts.
- Adjustment to local funds received for charges for services.
- Adjustment for indirect costs recovered from supplemental programs.

In the General Fund, actual expense and other financing use was \$55.9 million. This is below the original budget estimate of \$56.9 million and below the final budgeted amount of \$58.9 million, a variance of 5.2%. General Fund expenditures and other financing uses were increased by \$5.1 million over last year's amount.

Variances between budgeted and actual expenditures in the General Fund are due primarily to the following:

- Unspent allocations for employee salary and benefits.
- Grant related expenses re-allocated to the following year for expenditure in accordance with authorized expenditure dates.
- Unspent allocations for building, maintenance, transportation supplies and contracted services.

Non-Major Fund Budget Highlights

Variances between budgeted and actual revenues in the Non-Major Funds are due primarily to the following:

- Community Services Fund – Budget to Actual revenues were properly aligned.
- Child Nutrition Fund – Budget to Actual revenues were properly aligned.
- Student School Activity Fund – Budget to Actual revenues are estimated and closely aligned.
- Debt Retirement Funds – Budget to Actual revenues were properly aligned.
- Sinking Fund – Budget to Actual revenues were properly aligned.
- 2021 Capital Projects Fund – Budget to Actual revenues were properly aligned.

Variances between budgeted and actual expenses in the Non-Major Funds are due primarily to the following:

- Community Services Fund – Indirect costs and salaries and benefits for these programs were over estimated.
- Child Nutrition Fund – Food, supply and indirect costs for these programs were over estimated.
- Student School Activity Fund – Budget to Actual expenses are estimated and closely aligned.
- Debt Retirement Funds – Budget to Actual expenses were properly aligned.
- Sinking Fund – Budget to Actual expenses are estimated and closely aligned.
- 2021 Capital Project Fund – Budget to Actual expenses were properly aligned.

Governmental Fund Revenue

Revenue for all governmental funds were \$64.7 million for the year ended June 30, 2025. Of the total revenues, \$9.5 million (14.7%) were generated from local sources, \$50.6 million (78.2%) were generated from state sources, \$6.5 million (6.5%) were generated from federal sources, and \$439 thousand (.7%) were generated from inter-district sources.

Unrestricted State Aid

The School District is predominantly funded by State Aid. Unrestricted state aid is determined by the following three variables: (1) State of Michigan student foundation allowance; (2) student enrollment for the year, normally blended at 90% of the current year’s fall student count and 10% of the previous year’s supplemental student count; and (3) the School District’s operating property tax levy on non-principal residence and commercial personal property.

Annually, the State of Michigan establishes the per pupil foundation allowance. For the year ended June 30, 2025 the foundation allowance was \$9,608 which was unchanged from the prior year.

The School District’s blended student enrollment for state aid for the year ended June 30, 2025, was 4,051, a decrease of 12 full time equated students over the previous year. October 2023 actual enrollment was 4,064. October 2024 actual enrollment was 4,048. Actual decrease in enrollment was 16 students. The following schedule summarizes the School District’s blended student enrollment in full-time equivalencies and per student Foundation Allowance for the year ended June 30, 2025, and the previous four years.

Student Enrollment and Foundation Allowance History				
Year	Student Enrollment	Change from Prior Year	Net Foundation Allowance	Change from Prior Year
2024-25	4,051	(13)	\$9,608	\$0
2023-24	4,064	25	\$9,608	\$458
2022-23	4,039	(21)	\$9,150	\$450
2021-22	4,060	(128)	\$8,700	\$589
2020-21	4,188	(28)	\$8,111	\$175

Property Taxes

The School District is authorized to levy up to 18 mills of property taxes on all non-principal residency property and 6 mills on all commercial personal property located within the School District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate or 5%. When a property is sold, the Taxable Valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. The School District levied 18.0000 mills for operations on principal residency and 6.0000 mills on commercial personal property during the year ended June 30, 2025, and property tax revenue was \$2.8 million for general operations.

The School District levied 3.1800 mills on all classes of property located within the School District for bonded debt retirement on the bond issuances. This levy is not subject to millage reduction fractions and taxes are used to pay the principal and interest on bond obligations. The total amount levied for debt retirement was \$2.9 million for the year ended June 30, 2025.

The School District’s sinking fund is used for major repairs and replacement of the School District’s buildings and sites, as allowed by Michigan statute. In 2020, the School District’s voters renewed and restored a .7500 mill levy, for the ten-year period of 2021 through 2030. This levy is subject to millage reduction fractions, and as a result, the School District levied .7241 mills for the sinking fund during the year ended June 30, 2025, and property tax revenue was \$665,000.

Governmental Fund Expenditures

The following chart illustrates the expenditures and other uses of the General Fund and Other Governmental Funds. For the year ended June 30, 2025, the ending fund equity for all funds totaled \$28.8 million.

	Expenditures & Other Uses (Amounts in Millions)	Percent of Total
General Fund	\$55.9	84.7%
Other Governmental Funds	\$10.1	15.3%
Total	\$66.0	100%

Capital Asset and Debt Administration

Capital Assets

The District's net investment in capital assets decreased by \$1,406,265 during the fiscal year. The decrease is attributed to accumulated depreciation to existing capital assets outpacing investment into capital project improvements. Sinking fund projects that were started were roof repairs/replacements to ECC and the High School but will not be completed until the next fiscal year due to solar panel removal delays. Capital Assets can be summarized as follows:

	Balance June 30, 2024	Balance June 30, 2025
Land, Buildings & Additions	\$ 75,612,363	\$ 76,621,551
Equipment & Furniture	\$ 3,100,085	\$ 3,475,683
Busses & Other Vehicles	\$ 3,364,516	\$ 3,269,446
Construction in Progress	\$ 300,504	\$ 1,706,938
Right to Use Assets - Equipment	\$ 316,460	\$ 316,460
Right to Use Assets – Subscriptions	<u>\$ 804,122</u>	<u>\$ 832,243</u>
Total	\$ 82,876,320	\$ 86,222,321
Less: Accumulated Depreciation	<u>(34,041,835)</u>	<u>(36,511,914)</u>
Net Investment Capital Assets	<u><u>\$ 49,459,215</u></u>	<u><u>\$ 48,710,407</u></u>

Debt Principal Payments

The District made principal payments on long-term debt obligations that added debt obligations and increased the amount of the District's long-term liabilities as follows:

	Balance June 30, 2024	Balance June 30, 2025
Bonds Payable	\$ 36,715,296	\$ 34,376,871
Leases	\$ 129,838	\$ 63,880
Compensated Absences	<u>\$ 739,928</u>	<u>\$ 2,230,222</u>
Total Long-Term Debt	<u><u>\$ 37,585,062</u></u>	<u><u>\$ 36,670,973</u></u>

Repayment of debt initially decreased the School District's overall long-term principal obligations but the addition of a voter approved bond increased the School District's long-term principal obligation therefore decreasing the net position of the School District.

Economic Factors and Next Year's Budget

Foundation Allowance

The per pupil foundation allowance of unrestricted state aid was kept at \$9,608 per pupil for the 2024-25 year.

Enrollment

The Board of Education and Administration agreed to an estimated enrollment of 4,014 which is a decrease of -37 students in October 2024. The decrease is based on projections provided by Middle Cities enrollment studies, birth rates, historical enrollment trends, actual graduating class sizes, and actual enrollment trends. The district participates in Schools of Choice on a limited basis due to classroom space. Actual enrollment will be determined after the October 2024 official count date is finalized. Budgets will be amended based on actual enrollment. Historical enrollment information is shown below:

Fiscal Year	October Enrollment
2024-25	4,048
2023-24	4,064
2022-23	4,035
2021-22	4,061
2020-21	4,083
2019-20	4,216

Budget

The Flushing Community Schools 2025-26 adopted general fund budget is shown below and was based on a \$392 per pupil increase in unrestricted state aid and estimated enrollment. The budget will be amended after the official count date based on actual enrollment and after the State finalizes its budget.

Revenue	\$ 54,956,311
Expenditures	\$ 57,799,242
Excess Expenditures	\$ (2,842,931)

Contacting the District's Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the district's finances. If you have questions concerning any of the information provided in this report or need additional information, contact Jackie Read, Director of Finance, Flushing Community Schools, 522 N. McKinley Road, Flushing, MI 48433, or by telephone at (810) 591-1193.

BASIC FINANCIAL STATEMENTS

Flushing Community Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 9,782,091
Accounts receivable	12,644
Leases receivable	34,740
Due from other governmental units	9,393,677
Inventory	74,183
Investments	16,236,462
Prepaid items	942,836
Capital assets not being depreciated	2,050,199
Capital assets - net of accumulated depreciation	47,660,208
Net OPEB asset	<u>10,423,444</u>
 Total assets	 <u>96,610,484</u>
 Deferred Outflows of Resources	
Deferred amount on debt refunding	376,199
Deferred amount relating to the net pension liability	18,750,881
Deferred amount relating to the net OPEB asset	<u>2,818,024</u>
 Total deferred outflows of resources	 <u>21,945,104</u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	\$ 266,094
Due to other governmental units	591,044
Accrued expenditures	830,256
Accrued salaries payable	3,866,505
Unearned revenue	2,096,163
Long-term liabilities	
Net pension liability	60,974,365
Due within one year	2,094,116
Due in more than one year	<u>34,576,857</u>
Total liabilities	<u>105,295,400</u>
Deferred Inflows of Resources	
Deferred amount on leases receivable	34,740
Deferred amount relating to the net pension liability	22,606,094
Deferred amount relating to the net OPEB asset	<u>13,860,249</u>
Total deferred inflows of resources	<u>36,501,083</u>
Net Position	
Net investment in capital assets	25,971,663
Restricted for:	
Food service	2,384,064
Debt service	77,813
Capital projects	310,144
Net OPEB Asset	10,423,444
Unrestricted (deficit)	<u>(62,408,023)</u>
Total net position	<u>\$ (23,240,895)</u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 27,913,738	\$ 61,809	\$ 10,593,511	\$ -	\$ (17,258,418)
Supporting services	16,849,125	817,577	5,380,727	-	(10,650,821)
Food services	2,208,090	76,405	2,932,594	-	800,909
Community services	765,188	852,779	35,199	-	122,790
Interest and fiscal charges on long-term debt	1,213,321	-	-	-	(1,213,321)
	<u>\$ 48,949,462</u>	<u>\$ 1,808,570</u>	<u>\$ 18,942,031</u>	<u>\$ -</u>	<u>(28,198,861)</u>
General revenues					
Property taxes, levied for general purposes					2,778,356
Property taxes, levied for debt service					2,922,190
Property taxes, levied for sinking fund					665,402
State aid - unrestricted					36,295,036
Interest and investment earnings					748,716
Gain on sale of capital assets					16,115
Other					562,175
					<u>43,987,990</u>
					<u>15,789,129</u>
Net position - beginning					(37,579,430)
Adjustments					<u>(1,450,594)</u>
Net position - beginning, as restated					<u>(39,030,024)</u>
Net position - ending					<u>\$ (23,240,895)</u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 1,729,473	\$ 624,380	\$ 6,463,261	\$ 8,817,114
Accounts receivable	12,286	-	358	12,644
Leases receivable	34,740	-	-	34,740
Due from other governmental units	9,371,495	-	22,182	9,393,677
Inventory	33,715	-	40,468	74,183
Investments	6,422,523	9,813,939	-	16,236,462
Prepaid items	734,325	-	5,895	740,220
	<u>18,338,557</u>	<u>10,438,319</u>	<u>6,532,164</u>	<u>35,309,040</u>
Total assets	<u>\$ 18,338,557</u>	<u>\$ 10,438,319</u>	<u>\$ 6,532,164</u>	<u>\$ 35,309,040</u>
Liabilities				
Accounts payable	\$ 133,369	\$ 112,511	\$ 20,214	\$ 266,094
Due to other governmental units	588,676	-	2,368	591,044
Accrued salaries payable	3,846,688	-	19,817	3,866,505
Unearned revenue	1,743,281	-	25,487	1,768,768
	<u>6,312,014</u>	<u>112,511</u>	<u>67,886</u>	<u>6,492,411</u>
Total liabilities	<u>6,312,014</u>	<u>112,511</u>	<u>67,886</u>	<u>6,492,411</u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Deferred amount on grants	\$ 10,738	\$ -	\$ -	\$ 10,738
Deferred amount on leases receivable	<u>34,740</u>	<u>-</u>	<u>-</u>	<u>34,740</u>
Total deferred inflows of resources	<u>45,478</u>	<u>-</u>	<u>-</u>	<u>45,478</u>
Fund Balances				
Non-spendable				
Inventory	33,715	-	40,468	74,183
Prepaid items	734,325	-	5,895	740,220
Restricted for				
Food service	-	-	2,337,701	2,337,701
Debt service	-	-	306,887	306,887
Capital projects	-	10,325,808	310,144	10,635,952
Committed				
Student activities	-	-	504,642	504,642
Capital projects	-	-	1,809,000	1,809,000
Assigned				
Community service	-	-	1,149,541	1,149,541
Excess budgeted expenditures over revenues	2,842,931	-	-	2,842,931
Unassigned	<u>8,370,094</u>	<u>-</u>	<u>-</u>	<u>8,370,094</u>
Total fund balances	<u>11,981,065</u>	<u>10,325,808</u>	<u>6,464,278</u>	<u>28,771,151</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,338,557</u>	<u>\$ 10,438,319</u>	<u>\$ 6,532,164</u>	<u>\$ 35,309,040</u>

See Accompanying Notes to the Financial Statements

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

Total fund balances for governmental funds	\$ 28,771,151
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Grants and other revenue	10,738
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,050,199
Capital assets - net of accumulated depreciation	47,660,208
Internal Service Fund used by management to charge costs of self-insured dental, vision, and prescription claims. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	
	239,016
Net OPEB asset is not recorded as an asset in the governmental funds	
	10,423,444
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	376,199
Deferred outflows of resources resulting from the net pension liability	18,750,881
Deferred outflows of resources resulting from the net OPEB asset	2,818,024
Deferred inflows of resources resulting from the net pension liability	(22,606,094)
Deferred inflows of resources resulting from the net OPEB asset	(13,860,249)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(229,074)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(60,974,365)
Compensated absences	(2,230,222)
Bonds payable	(34,376,871)
Leases payable	(63,880)
Net position of governmental activities	<u>\$ (23,240,895)</u>

See Accompanying Notes to the Financial Statements

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

	General Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 4,034,422	\$ 353,226	\$ 5,128,839	\$ 9,516,487
State sources	49,872,768	-	732,090	50,604,858
Federal sources	1,970,291	-	2,210,154	4,180,445
Interdistrict sources	438,672	-	-	438,672
	<u>56,316,153</u>	<u>353,226</u>	<u>8,071,083</u>	<u>64,740,462</u>
Total revenues				
Expenditures				
Current				
Education				
Instruction	33,921,024	-	-	33,921,024
Supporting services	19,734,363	-	626,355	20,360,718
Food services	-	-	2,592,022	2,592,022
Community services	70,878	-	790,293	861,171
Facilities acquisition	-	1,587,192	418,163	2,005,355
Capital outlay	841,586	-	540,661	1,382,247
Debt service				
Principal	65,958	-	1,900,000	1,965,958
Interest and other expenditures	-	-	1,395,629	1,395,629
	<u>54,633,809</u>	<u>1,587,192</u>	<u>8,263,123</u>	<u>64,484,124</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>1,682,344</u>	<u>(1,233,966)</u>	<u>(192,040)</u>	<u>256,338</u>

See Accompanying Notes to the Financial Statements

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

	General Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers in	\$ 209,806	\$ -	\$ 1,269,400	\$ 1,479,206
Transfers out	<u>(1,269,400)</u>	<u>-</u>	<u>(209,806)</u>	<u>(1,479,206)</u>
Total other financing sources (uses)	<u>(1,059,594)</u>	<u>-</u>	<u>1,059,594</u>	<u>-</u>
Net change in fund balances	622,750	(1,233,966)	867,554	256,338
Fund balances - beginning	<u>11,358,315</u>	<u>11,559,774</u>	<u>5,596,724</u>	<u>28,514,813</u>
Fund balances - ending	<u>\$ 11,981,065</u>	<u>\$ 10,325,808</u>	<u>\$ 6,464,278</u>	<u>\$ 28,771,151</u>

See Accompanying Notes to the Financial Statements

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

Net change in fund balances - Total governmental funds	\$ 256,338
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Grants and other revenue	(1,871)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and amortization expense.	
Depreciation and amortization expense	(2,955,032)
Capital outlay	3,206,224
Expenses are recorded when incurred in the statement of activities.	
Interest	3,531
Compensated absences	(39,700)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	23,176,262
Net change in deferrals of resources related to the net pension liability	(14,610,362)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	8,978,841
Net change in deferrals of resources related to the net OPEB asset	(4,770,333)
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,965,958
Amortization of premiums	438,425
Amortization of deferred amount on debt refunding	(259,648)
Internal service fund revenues and expenses are included in governmental activities in the statement of activities	<u>400,496</u>
Change in net position of governmental activities	<u>\$ 15,789,129</u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Proprietary Fund - Internal Service Fund
Statement of Net Position
June 30, 2025

Assets	
Cash	\$ 964,977
Prepaid items	<u>202,616</u>
Total assets	<u>1,167,593</u>
 Liabilities	
Accrued expenses	601,182
Unearned revenue	<u>327,395</u>
Total liabilities	<u>928,577</u>
 Net Position	
Unrestricted	<u><u>\$ 239,016</u></u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

Operating Revenues

Charges for services \$ 5,157,017

Operating Expenses

Fringe benefits 3,568,882

Fees 1,187,639

Total deductions 4,756,521

Change in net position 400,496

Net position - beginning (deficit) (161,480)

Net position - ending \$ 239,016

Flushing Community Schools
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities	
Receipts from interfund services provided	\$ 5,157,017
Payments for services	<u>(4,547,479)</u>
Net cash provided by operating activities	609,538
Cash - beginning of year	<u>355,439</u>
Cash - end of year	<u><u>\$ 964,977</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 400,496
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Deposits	203,919
Accrued expenses	24,715
Unearned revenue	<u>(19,592)</u>
Net cash provided by operating activities	<u><u>\$ 609,538</u></u>

See Accompanying Notes to the Financial Statements

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

The School District reports the following major governmental funds:

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

2024 Capital Projects Fund- The 2024 Capital Projects Fund is used to record revenues from the bond issuance and expenditures for capital outlay expenditures for the bond.

Additionally, the School District reports the following fund types:

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

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

Capital Projects Fund - The Capital Projects Fund is used to record transfers from the General Fund and the disbursement of invoices specifically designated for the purpose of projects. All transfers and projects are approved by the board.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Proprietary Fund - Internal Service Fund - The Internal Service Fund is used to account for risk management services provided to other funds/departments of the district on a cost-reimbursement basis. The funds also account for self-insured vision, dental, and health benefits.

Assets, Liabilities and Net Position or Fund Balance

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

The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

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

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	3.18000
Sinking Fund	0.72410

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 100% of the School District's tax roll lies within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Genesee and remitted to the School District by May 15.

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

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

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

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

Buildings and improvements	20 - 50 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

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

School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities or assets in the following year.

Compensated Absences – Employees accrue sick days at the rate of 10 – 12 days per year with no maximum on the number that may be accumulated, with the exception of the superintendent, who may accumulate only 180 days as superintendent. Upon termination, employees are paid for all accumulated sick days, with the exception of employees (except for secretaries) with less than ten years seniority, as follows:

	Up to 70 days	Over 70 days
Administrators	\$95.00 per day	\$95.00 per day
Teachers	\$58.00 per day	\$62.50 per day
Secretaries	\$46.00 per day	\$51.00 per day
Custodians	\$48.00 per day	\$53.00 per day
Bus drivers	\$30.00 per day	\$35.00 per day
Cooks	\$20.00 per day	\$25.00 per day

Vacation days may be accumulated and paid out to certain employee groups according to the provisions of the respective bargaining agreements.

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

In the School District’s fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability or assets, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes a deferred inflow for leases which is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities or assets are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans.

Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education or the Superintendent. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature. Assigned balances in the General Fund and Child Nutrition Fund are in relation to adopting of the proceeding school years budgets with an deficiency of revenues over expenditures which will then use fund balance to cover those expenditures. Assigned balances in the Community Service Fund is to assign the fund balance to those specific activities.

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

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

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

Use of Estimates

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

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision

making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the

Flushing Community Schools
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function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

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

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Capital outlay	\$ 827,588	\$ 841,586	\$ 13,998
Transfers out	1,268,865	1,269,400	535

Compliance – Bond Proceeds

The Capital Project Funds record capital project activities funded with bonds. For this fund, the school district has complied with the applicable provisions of Section 1351a of Revised School Code. The 2024 Capital Projects Fund is not yet considered substantially complete and a subsequent year audit is expected. Total revenues and expenditures of the fund through the current fiscal year were \$12,062,554 and \$1,736,746, respectively.

Compliance – Sinking Funds

The Capital Project Funds record capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

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

	<u>Governmental Activities</u>
Cash	\$ 9,782,091
Investments	<u>16,236,462</u>
	<u>\$ 26,018,553</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 9,781,791
Investments in securities, mutual funds, and similar vehicles	16,236,462
Petty cash and cash on hand	<u>300</u>
Total	<u>\$ 26,018,553</u>

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 45,275	N/A	AAAm	S&P
MAX Class	9,566,187	N/A	AAAm	S&P
TERM	<u>6,625,000</u>	N/A	AAAf	Fitch
	<u>\$ 16,236,462</u>			

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

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$16,236,462. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the School District's total investments.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$10,827,321 of the School District's bank balance of \$11,077,321 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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. As of year end, none of the School District's investments were exposed to custodial credit risk.

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Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 324,226	\$ 19,035	\$ -	\$ 343,261
Construction-in-progress	<u>300,504</u>	<u>1,706,938</u>	<u>300,504</u>	<u>1,706,938</u>
Total capital assets not being depreciated	<u>624,730</u>	<u>1,725,973</u>	<u>300,504</u>	<u>2,050,199</u>
Capital assets being depreciated				
Buildings and additions	75,288,137	990,153	-	76,278,290
Equipment and furniture	3,100,085	435,459	59,861	3,475,683
Buses and other vehicles	3,367,516	327,022	425,092	3,269,446
Right to use asset - equipment and furniture	316,460	-	-	316,460
Right to use asset - subscriptions	<u>804,122</u>	<u>28,121</u>	<u>-</u>	<u>832,243</u>
Total capital assets being depreciated	<u>82,876,320</u>	<u>1,780,755</u>	<u>484,953</u>	<u>84,172,122</u>
Less accumulated depreciation for				
Buildings and additions	29,162,521	2,483,100	-	31,645,621
Equipment and furniture	2,349,085	102,147	59,861	2,391,371
Buses and other vehicles	2,269,265	197,602	425,092	2,041,775
Right to use asset - equipment and furniture	186,622	65,878	-	252,500
Right to use asset - subscriptions	<u>74,342</u>	<u>106,305</u>	<u>-</u>	<u>180,647</u>
Total accumulated depreciation	<u>34,041,835</u>	<u>2,955,032</u>	<u>484,953</u>	<u>36,511,914</u>
Net capital assets being depreciated	<u>48,834,485</u>	<u>(1,174,277)</u>	<u>-</u>	<u>47,660,208</u>
Net capital assets	<u>\$ 49,459,215</u>	<u>\$ 551,696</u>	<u>\$ 300,504</u>	<u>\$ 49,710,407</u>

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 1,773,019
Supporting services	1,034,261
Food services	118,201
Community services	<u>29,550</u>
Total governmental activities	<u>\$ 2,955,032</u>

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$2,533,224.

Note 5 - Interfund Transfers

Interfund transfers during the fiscal year were:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	\$ -	\$ 209,806	\$ 209,806
Nonmajor Governmental Funds	<u>1,269,400</u>	<u>-</u>	<u>1,269,400</u>
	<u>\$ 1,269,400</u>	<u>\$ 209,806</u>	<u>\$ 1,479,206</u>

A transfer was made from the General Fund to the Capital Projects Fund for upcoming projects. A transfer was made from the General Fund to the Debt Funds to make debt service payments. A transfer was made from the General Fund to the Community Service Fund to fund program activities. Transfers were made from the Child Nutrition Fund and the Community Service Fund to the General Fund to cover indirect costs.

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Note 6 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 1,743,281
Prepaid meals	22,717
Prepaid tuition	2,770
Prepaid claim revenue	327,395
Total	\$ 2,096,163

Note 7 - Leases and Subscription Based Information Technology Arrangements (SBITA)

Lease Liability

The School District entered into a 5 year lease agreement for copiers in June 2021. A lease liability was recorded in the amount of \$312,095 as of July 1, 2021. As of June 30, 2025, the value of the lease liability was \$61,130. The school district is required to make monthly principal and interest payments of \$5,627. The lease has an interest rate of 2.5%. The net book value of the right-to-use asset as of the end of the current fiscal year was \$65,111 and had accumulated amortization of \$250,965.

The School District entered into a 5 year lease agreement for copiers in August 2023. A lease liability was recorded in the amount of \$4,365 at that time. As of June 30, 2025, the value of the lease liability was \$2,750. The school district is required to make monthly principal and interest payments of \$77. The lease has an interest rate of 2.5%. The net book value of the right-to-use asset as of the end of the current fiscal year was \$2,830 and had accumulated amortization of \$1,535.

Future principal and interest requirement for the lease liability are as follows:

Year ending June 30,	Principal	Interest
2026	\$ 61,999	\$ 826
2027	891	37
2028	913	14
2029	77	-
Total	\$ 63,880	\$ 877

Subscription Arrangements

The School District has entered into multiple subscription-based information technology agreements (SBITA) ranging from 5 to 8 year agreements. New agreements commenced in the fiscal year and go through fiscal year 2032. The School District has prepaid the full amount of all agreements. As such no liability is held out for the SBITAs and a right-to-use asset is recorded (See Note 4).

Note 8 - Long-Term Debt

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

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Long-term obligation activity is summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$33,545,000	\$ -	\$ 1,900,000	\$31,645,000	\$ 1,985,000
Premium on bonds	3,170,296	-	438,425	2,731,871	-
Total bonds payable	<u>36,715,296</u>	<u>-</u>	<u>2,338,425</u>	<u>34,376,871</u>	<u>1,985,000</u>
Other liabilities					
Leases	129,838	-	65,958	63,880	61,999
Compensated absences	2,190,522	39,700	-	2,230,222	47,117
Total other liabilities	<u>2,320,360</u>	<u>39,700</u>	<u>65,958</u>	<u>2,294,102</u>	<u>109,116</u>
Total	<u>\$39,035,656</u>	<u>\$ 39,700</u>	<u>\$ 2,404,383</u>	<u>\$36,670,973</u>	<u>\$ 2,094,116</u>

For governmental activities, lease liabilities are primarily liquidated by the General Fund. Compensated absences additions and deductions are reported net.

General obligation bonds payable at year end, consist of the following:

2015 Series B refunding bond due in annual installments of \$1,465,000 to \$1,575,000 through 2028, interest at 3.05% - 4.00%	\$ 4,560,000
2018 Energy Conservation bond due in annual installments of \$195,000 to \$300,000 through 2033, interest at 4.00%	1,980,000
2017 Building and Site bond due in annual installments of \$795,000 to \$975,000 through 2038, interest at 4.00%	9,090,000
2018 Building and Site bond due in annual installments of \$325,000 to \$510,000 through 2038, interest at 4.00% to 5.00%	5,315,000
2024 Building and Site bond due in annual installments of \$350,000 to \$1,015,000 through 2045, interest at 5.00%	<u>10,700,000</u>
Total general obligation bonded debt	<u>\$ 31,645,000</u>

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

Year Ending June 30,	Bonds	
	Principal	Interest
2026	\$ 1,985,000	\$ 1,404,338
2027	2,070,000	1,324,938
2028	2,155,000	1,242,138
2029	1,755,000	1,167,350
2030	1,820,000	1,089,950
2031-2035	10,075,000	4,157,350
2036-2040	8,000,000	1,897,800
2041-2044	3,785,000	484,500
Total	<u>\$ 31,645,000</u>	<u>\$ 12,768,364</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$306,887 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consist of accrued vacation and sick time benefits totaling \$2,230,222. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Deferred Amount on Refunding

Advance refundings for the 2015 Series B bond refunding issuance resulted in a difference between the reacquisition price and the net carrying amount of the old debt. The unamortized balance is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2028.

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Note 9 - Risk Management

The School District participates in a public entity risk pool through the School Employers Group. With the exception of unemployment described below, this program provides substantially all the insurance needs of the School District. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the School District's financial statements.

The School District is self-insured for health benefits paid on behalf of its employees. The School District's General Fund buys self-funded insurance through the Internal Service Insurance Fund based on the established illustrative-rates and district required contribution to insurance. The insurance carrier does a quarterly calculation based on previous claims history, current claims, and projected claims to be incurred to determine how much cash the School District needs to advance to them to pay for claims. The Internal Service Insurance Fund makes these payments monthly to the carrier. The plan provides a stop-loss provision of \$110,000 per employee and 125% aggregate. The School District has recognized an overpayment balance at year end of \$159,296 in the Internal Service Insurance Fund for various fees relating to the plan administration and incurred but not reported claims payable in the Internal Service Insurance Fund and the district-wide statements in the amount of \$528,046. For governmental activities, the Internal Service Insurance Fund primarily liquidates the liability for health benefits.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	<u>2025</u>	<u>2024</u>
Estimated liability at the beginning of the year	\$ 170,380	\$ 97,938
Estimated claims incurred including changes in estimates	4,299,404	4,260,781
Claim payments	<u>(4,101,034)</u>	<u>(4,188,339)</u>
Estimated liability end of year	<u>\$ 368,750</u>	<u>\$ 170,380</u>

The School District is self-insured for dental insurance. The School District has contracted with an independent administrator to process the dental claims and perform other administrative duties. According to the provisions of this program, the School District pays 80% of dental claims, up to \$1,000 annually, to each covered employee and the remaining 20% is paid by the employee. The School District evaluates the liability related to the dental claims at the end of each fiscal year. The liability is calculated, based upon claims already incurred and reported and an estimate of incurred but not reported claims, as provided by the administrator. For governmental activities, the liability for dental benefits is primarily liquidated by the general fund.

The School District is self-insured for vision benefits paid on behalf of its employees. The School District's General Fund buys self-funded insurance through the Internal Service Fund based on the established illustrative-rates and district required contribution to insurance. The district works with a third party administrator to facilitate coverage and manage claims data. Monthly TPA bills the district for current TPA fees and previous months claims paid. The Internal Service Fund pays as billed based on the various insurance plans in place for employees.

The School District evaluate the liability related to dental and prescription claims at the end of each fiscal year. The liability is calculated based upon claims at already incurred and reported and an estimate of incurred but not reported claims, as provided by the administrator. The School District has recognized an overpayment balance at year end of \$43,320 in the Internal Service Insurance Fund

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for various fees relating to the plan administration and incurred but not reported claims payable in the Internal Service Insurance Fund and the district-wide statements in the amount of \$73,136 for prescription and dental claims payable on the district-wide statements.

The year end liability and activity for the year is as follows:

	2025	2024
Estimated liability at the beginning of the year	\$ 724	\$ (23,549)
Estimated claims incurred including changes in estimates	371,185	361,466
Claim payments	(342,093)	(337,193)
Estimated liability end of year	\$ 29,816	\$ 724

Note 10 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget.

The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

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

Benefits Provided

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is

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called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

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

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

Required contributions to the pension plan from the School District were \$10,412,738 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$60,974,365 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.2491 percent, which was a decrease of 0.0109 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$4,457,035 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$10,669,795.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,654,277	\$ (662,495)	\$ 991,782
Changes of assumptions	6,356,939	(4,467,493)	1,889,446
Net difference between projected and actual earnings on pension plan investments	-	(11,636,493)	(11,636,493)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>529,446</u>	<u>(3,211,940)</u>	<u>(2,682,494)</u>
Total to be recognized in future	8,540,662	(19,978,421)	(11,437,759)
School District contributions subsequent to the measurement date	<u>10,210,219</u>	<u>(2,627,673)</u>	<u>7,582,546</u>
Total	<u>\$ 18,750,881</u>	<u>\$ (22,606,094)</u>	<u>\$ (3,855,213)</u>

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
 (To Be Recognized in Future Pension Expenses)

2025	\$ (2,490,632)
2026	(434,258)
2027	(5,141,028)
2028	<u>(3,371,841)</u>
	<u><u>\$(11,437,759)</u></u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

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

Recognition period for assets in years is 5.0000.

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

Long-Term Expected Return on Plan Assets

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

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 89,389,074	\$ 60,974,365	\$ 37,313,653

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

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

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

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

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare

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expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

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

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

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

Required contributions to the OPEB plan from the School District were \$2,012,833 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of \$10,423,444 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024 the School District's proportion was 0.2422 percent, which was a decrease of 0.0132 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(3,785,651) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$424,282.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (11,045,668)	\$ (11,045,668)
Changes of assumptions	2,276,630	(261,680)	2,014,950
Net difference between projected and actual earnings on OPEB plan investments	-	(1,973,277)	(1,973,277)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>293,735</u>	<u>(579,624)</u>	<u>(285,889)</u>
Total to be recognized in future	2,570,365	(13,860,249)	(11,289,884)
School District contributions subsequent to the measurement date	<u>247,659</u>	-	<u>247,659</u>
Total	<u>\$ 2,818,024</u>	<u>\$ (13,860,249)</u>	<u>\$ (11,042,225)</u>

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$ (3,606,981)
2026	(2,183,565)
2027	(2,166,465)
2028	(2,004,670)
2029	(1,117,665)
Thereafter	<u>(210,538)</u>
	<u>\$ (11,289,884)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

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

Other Assumptions:

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

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

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

Recognition period for assets in years is 5.0000.

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

Long-Term Expected Return on Plan Assets

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

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

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

Rate of Return

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

Discount Rate

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ (8,055,324)	\$ (10,423,444)	\$ (12,470,935)

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (12,470,957)	\$ (10,423,444)	\$ (8,227,498)

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

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

Note 12 - Contingent Liabilities

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

Flushing Community Schools
Notes to the Financial Statements
June 30, 2025

Note 13 - Environmental Regulation

The School District removed an underground storage tank at Central Elementary during the year ended June 30, 1991. The tank had leaked prior to this removal. The School District is required by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) to have soil samples tested and analyzed until EGLE is satisfied with the outcome of such testing. During the year ended June 30, 2025, the School District had no expenditures related to environmental soil testing. The cost of environmental testing required by EGLE for the past thirty-four years totals \$198,006. The EGLE still has not finalized testing. The School District believes that testing is no longer necessary and is currently working with legal counsel to request EGLE approval to discontinue testing.

Note 14 - Change in Accounting Principle

During the year ended June 30, 2025, the School District restated net position as the result of adopting GASB Statement No. 101, *Compensated Absences*. This change is shown in the financial statements as follows:

	Governmental Activities
Net Position - June 30, 2024, as previously reported	\$(37,579,430)
Adjustments:	
Change in beginning compensated absences	<u>\$ (1,450,594)</u>
Net Position - June 30, 2024, as adjusted	<u>\$(39,030,024)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 3,509,499	\$ 3,788,257	\$ 4,034,422	\$ 246,165
State sources	49,543,742	51,512,233	49,872,768	(1,639,465)
Federal sources	1,814,094	2,328,429	1,970,291	(358,138)
Interdistrict sources	362,000	439,701	438,672	(1,029)
Total revenues	55,229,335	58,068,620	56,316,153	(1,752,467)
Expenditures				
Instruction				
Basic programs	27,750,738	25,931,496	25,498,058	(433,438)
Added needs	8,444,575	8,697,528	8,422,966	(274,562)
Supporting services				
Pupil	3,683,606	5,129,181	4,594,221	(534,960)
Instructional staff	2,371,168	2,898,182	1,696,027	(1,202,155)
General administration	598,773	578,833	555,602	(23,231)
School administration	2,905,726	2,956,795	2,935,932	(20,863)
Business	563,428	570,120	554,979	(15,141)
Operations and maintenance	5,447,023	5,591,934	5,254,124	(337,810)
Pupil transportation services	2,376,648	2,065,627	1,923,027	(142,600)
Central	1,162,920	1,251,428	1,180,692	(70,736)
Athletic activities	1,077,464	1,067,835	1,039,759	(28,076)
Community services	64,502	91,581	70,878	(20,703)
Capital outlay	401,865	827,588	841,586	13,998
Debt service				
Principal	65,958	65,958	65,958	-
Total expenditures	56,914,394	57,724,086	54,633,809	(3,090,277)
Excess (deficiency) of revenues over expenditures	(1,685,059)	344,534	1,682,344	1,337,810

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers in	\$ 182,000	\$ 182,000	\$ 209,806	\$ 27,806
Transfers out	<u>-</u>	<u>(1,268,865)</u>	<u>(1,269,400)</u>	<u>535</u>
Total other financing sources (uses)	<u>182,000</u>	<u>(1,086,865)</u>	<u>(1,059,594)</u>	<u>28,341</u>
Net change in fund balances	(1,503,059)	(742,331)	622,750	1,366,151
Fund balance - beginning	<u>11,358,315</u>	<u>11,358,315</u>	<u>11,358,315</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,855,256</u>	<u>\$ 10,615,984</u>	<u>\$ 11,981,065</u>	<u>\$ 1,366,151</u>

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.2491%	0.2600%	0.2629%	0.2575%	0.2567%	0.2557%	0.2487%	0.2405%	0.2405%	0.2387%
B. School District's proportionate share of net pension liability	\$ 60,974,365	\$ 84,150,627	\$ 98,864,105	\$ 60,957,234	\$ 88,177,075	\$ 84,681,667	\$ 74,751,826	\$ 62,373,325	\$ 60,014,014	\$ 59,558,894
C. School District's covered payroll	\$ 25,226,601	\$ 25,261,279	\$ 25,370,390	\$ 23,125,656	\$ 22,599,729	\$ 22,320,084	\$ 21,648,263	\$ 20,220,355	\$ 20,342,591	\$ 20,492,798
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	241.71%	333.12%	389.68%	263.59%	390.17%	379.40%	345.30%	308.47%	295.02%	290.63%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

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

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

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 10,669,795	\$ 10,578,820	\$ 7,522,003	\$ 8,867,593	\$ 7,759,214	\$ 6,663,614	\$ 6,742,108	\$ 6,306,288	\$ 3,913,246	\$ 3,902,057
B. Contributions in relation to statutorily required contributions	<u>(10,669,795)</u>	<u>(10,578,820)</u>	<u>(7,522,003)</u>	<u>(8,867,593)</u>	<u>(7,759,214)</u>	<u>(6,663,614)</u>	<u>(6,742,108)</u>	<u>(6,306,288)</u>	<u>(3,913,246)</u>	<u>(3,902,057)</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 27,899,626	\$ 25,990,622	\$ 25,085,701	\$ 24,013,441	\$ 22,727,324	\$ 22,743,067	\$ 22,148,689	\$ 21,467,925	\$ 21,011,022	\$ 20,196,932
E. Contributions as a percentage of covered payroll	38.24%	40.70%	29.99%	36.93%	34.14%	29.30%	30.44%	29.38%	18.62%	19.32%

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.24220%	0.25540%	0.26350%	0.25760%	0.25580%	0.25590%	0.25000%	0.240000%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (10,423,444)	\$ (1,444,603)	\$ 5,580,170	\$ 3,932,586	\$ 13,703,381	\$ 18,370,611	\$ 20,240,238	\$ 21,301,674		
C. School District's covered payroll	\$ 25,226,601	\$ 25,261,279	\$ 25,370,390	\$ 23,125,646	\$ 22,599,729	\$ 22,320,084	\$ 22,743,067	\$ 20,220,355		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.32%	-5.72%	21.99%	17.01%	60.64%	82.31%	89.00%	105.35%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%		

Note Disclosures

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

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

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 424,282	\$ 2,092,564	\$ 1,997,998	\$ 1,967,957	\$ 1,921,185	\$ 1,804,782	\$ 1,732,523	\$ 1,558,081		
B. Contributions in relation to statutorily required contributions	<u>(424,282)</u>	<u>(2,092,564)</u>	<u>(1,997,998)</u>	<u>(1,967,957)</u>	<u>(1,921,185)</u>	<u>(1,804,782)</u>	<u>(1,732,523)</u>	<u>(1,558,081)</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School District's covered payroll	\$ 27,899,626	\$ 25,990,622	\$ 25,085,701	\$ 24,013,441	\$ 22,727,324	\$ 22,743,067	\$ 22,743,067	21,467,925		
E. Contributions as a percentage of covered payroll	1.52%	8.05%	7.96%	8.20%	8.45%	7.94%	7.62%	7.26%		

OTHER SUPPLEMENTARY INFORMATION

Flushing Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Community Service Fund	Child Nutrition Fund	Student Activity Fund	Debt Service Funds	Sinking Fund	Capital Project Fund	
Assets							
Cash	\$ 1,183,530	\$ 2,347,358	\$ 504,522	\$ 306,887	\$ 311,964	\$ 1,809,000	\$ 6,463,261
Accounts receivable	238	-	120	-	-	-	358
Due from other governmental units	-	22,182	-	-	-	-	22,182
Inventory	-	40,468	-	-	-	-	40,468
Prepaid items	-	5,895	-	-	-	-	5,895
	<u>-</u>	<u>5,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,895</u>
Total assets	<u>\$ 1,183,768</u>	<u>\$ 2,415,903</u>	<u>\$ 504,642</u>	<u>\$ 306,887</u>	<u>\$ 311,964</u>	<u>\$ 1,809,000</u>	<u>\$ 6,532,164</u>
Liabilities							
Accounts payable	\$ 9,272	\$ 9,122	\$ -	\$ -	\$ 1,820	\$ -	\$ 20,214
Due to other governmental units	2,368	-	-	-	-	-	2,368
Accrued salaries payable	19,817	-	-	-	-	-	19,817
Unearned revenue	2,770	22,717	-	-	-	-	25,487
	<u>34,227</u>	<u>31,839</u>	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>-</u>	<u>67,886</u>
Total liabilities	<u>34,227</u>	<u>31,839</u>	<u>-</u>	<u>-</u>	<u>1,820</u>	<u>-</u>	<u>67,886</u>
Fund Balances							
Non-spendable							
Inventory	-	40,468	-	-	-	-	40,468
Prepaid items	-	5,895	-	-	-	-	5,895
Restricted for							
Food service	-	2,337,701	-	-	-	-	2,337,701
Debt service	-	-	-	306,887	-	-	306,887
Capital projects	-	-	-	-	310,144	-	310,144
Committed							
Student activities	-	-	504,642	-	-	-	504,642
Capital projects	-	-	-	-	-	1,809,000	1,809,000
Assigned							
Community service	1,149,541	-	-	-	-	-	1,149,541
	<u>1,149,541</u>	<u>2,384,064</u>	<u>504,642</u>	<u>306,887</u>	<u>310,144</u>	<u>1,809,000</u>	<u>6,464,278</u>
Total fund balances	<u>1,149,541</u>	<u>2,384,064</u>	<u>504,642</u>	<u>306,887</u>	<u>310,144</u>	<u>1,809,000</u>	<u>6,464,278</u>
Total liabilities and fund balances	<u>\$ 1,183,768</u>	<u>\$ 2,415,903</u>	<u>\$ 504,642</u>	<u>\$ 306,887</u>	<u>\$ 311,964</u>	<u>\$ 1,809,000</u>	<u>\$ 6,532,164</u>

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

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Community Service Fund	Child Nutrition Fund	Student Activity Fund	Debt Service Funds	Sinking Fund	Capital Project Fund	
Revenues							
Local sources	\$ 852,779	\$ 77,266	\$ 607,334	\$ 2,925,972	\$ 665,488	\$ -	\$ 5,128,839
State sources	9,650	722,440	-	-	-	-	732,090
Federal sources	-	2,210,154	-	-	-	-	2,210,154
Total revenues	<u>862,429</u>	<u>3,009,860</u>	<u>607,334</u>	<u>2,925,972</u>	<u>665,488</u>	<u>-</u>	<u>8,071,083</u>
Expenditures							
Current							
Education							
Supporting services	-	-	626,355	-	-	-	626,355
Food services	-	2,592,022	-	-	-	-	2,592,022
Community services	790,293	-	-	-	-	-	790,293
Facilities acquisition	21,248	-	-	-	396,915	-	418,163
Capital outlay	-	-	-	-	540,661	-	540,661
Debt service							
Principal	-	-	-	1,900,000	-	-	1,900,000
Interest and other expenditures	-	-	-	1,395,629	-	-	1,395,629
Total expenditures	<u>811,541</u>	<u>2,592,022</u>	<u>626,355</u>	<u>3,295,629</u>	<u>937,576</u>	<u>-</u>	<u>8,263,123</u>
Excess (deficiency) of revenues over expenditures	<u>50,888</u>	<u>417,838</u>	<u>(19,021)</u>	<u>(369,657)</u>	<u>(272,088)</u>	<u>-</u>	<u>(192,040)</u>
Other Financing Sources (Uses)							
Transfers in	3,000	-	-	266,400	-	1,000,000	1,269,400
Transfers out	(69,970)	(139,836)	-	-	-	-	(209,806)
Total other financing sources (uses)	<u>(66,970)</u>	<u>(139,836)</u>	<u>-</u>	<u>266,400</u>	<u>-</u>	<u>1,000,000</u>	<u>1,059,594</u>
Net change in fund balances	<u>(16,082)</u>	<u>278,002</u>	<u>(19,021)</u>	<u>(103,257)</u>	<u>(272,088)</u>	<u>1,000,000</u>	<u>867,554</u>
Fund balances - beginning	<u>1,165,623</u>	<u>2,106,062</u>	<u>523,663</u>	<u>410,144</u>	<u>582,232</u>	<u>809,000</u>	<u>5,596,724</u>
Fund balances - ending	<u>\$ 1,149,541</u>	<u>\$ 2,384,064</u>	<u>\$ 504,642</u>	<u>\$ 306,887</u>	<u>\$ 310,144</u>	<u>\$ 1,809,000</u>	<u>\$ 6,464,278</u>

Flushing Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2015 Series B Refunding Bond	2017 Building and Site Bond	2018 Building and Site Bond	2018 Energy Conservation Bond	2024 Building and Site Bond	Total
2026	\$ 1,465,000	\$ -	\$ 325,000	\$ 195,000	\$ -	1,985,000
2027	1,520,000	-	340,000	210,000	-	2,070,000
2028	1,575,000	-	355,000	225,000	-	2,155,000
2029	-	795,000	370,000	240,000	350,000	1,755,000
2030	-	815,000	380,000	255,000	370,000	1,820,000
2031	-	845,000	390,000	270,000	425,000	1,930,000
2032	-	880,000	400,000	285,000	485,000	2,050,000
2033	-	915,000	410,000	300,000	515,000	2,140,000
2034	-	950,000	425,000	-	560,000	1,935,000
2035	-	970,000	455,000	-	595,000	2,020,000
2036	-	970,000	475,000	-	625,000	2,070,000
2037	-	975,000	480,000	-	665,000	2,120,000
2038	-	975,000	510,000	-	700,000	2,185,000
2039	-	-	-	-	790,000	790,000
2040	-	-	-	-	835,000	835,000
2041	-	-	-	-	880,000	880,000
2042	-	-	-	-	920,000	920,000
2043	-	-	-	-	970,000	970,000
2044	-	-	-	-	1,015,000	1,015,000
Total	\$ 4,560,000	\$ 9,090,000	\$ 5,315,000	\$ 1,980,000	\$ 10,700,000	\$ 31,645,000

Principal payments
due the first day of

May

May

May

May

May

Interest payments
due the first day of

May and
November

May and
November

May and
November

May and
November

May and
November

Interest rate

4.00% - 4.25%

4.00%

4.00% - 5.00%

4.00%

5.00%

Original issue

\$ 8,705,000

\$ 9,090,000

\$ 7,025,000

\$ 3,090,000

\$ 10,700,000