Flint Cultural Center Academy

Financial Statements

June 30, 2025

YEO & YEO

BUSINESS SUCCESS
PARTNERS

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Flint Cultural Center Academy
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Rodney Lontine	President
Renita Bingham	Vice President
Lamont Richardson	Secretary
Karima Amlani-Bostick	Treasurer
Todd Slisher	Board Member
Tracee Glab	Board Member

Administration

Eric Lieske	CEO

Independent Auditors' Report

Management and the Board of Directors
Flint Cultural Center Academy
Flint, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Flint Cultural Center Academy, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Flint Cultural Center Academy's 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 and each major fund of the Flint Cultural Center Academy, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Flint Cultural Center Academy's 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 the Flint Cultural Center Academy's 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 the Flint Cultural Center Academy's 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 Academy's proportionate share of the net pension liability, and schedule of the Academy's pension contributions, schedule of the Academy's proportionate share of the net OPEB liability (asset), and schedule of the Academy's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025 on our consideration of the Flint Cultural Center Academy's 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 the Flint Cultural Center Academy's 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 Flint Cultural Center Academy's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Flint Cultural Center Academy
Management's Discussion and Analysis
June 30, 2025

The Management Discussion and Analysis provides an overview of the Flint Cultural Center Academy's financial activities for the fiscal year ended June 30, 2025.

Financial Highlights

- The assets and deferred outflows exceeded its liabilities and deferred inflows of the Academy on June 30, 2025, by $2,701,374 (net position).
- The Academy's total net position decreased by $287,963.
- As of the close of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $3,022,293. Fiscal year ended June 30, 2025, was the Academy's sixth year of operations.
- At the end of the current fiscal year, total fund balance for the general fund was $2,693,857.

Overview of the Financial Statements

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

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

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

The statement of activities presents information about the change in the Academy's net position for the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick days).

Both government-wide financial statements distinguish functions of the Academy that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Academy include instruction, support services, community services, and food services. The Academy has no business-type activities as of and for the year ended June 30, 2025.

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

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

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

The Academy maintains two individual governmental funds. Information is presented separately on the governmental funds balance sheet and on the governmental funds statement of revenues, expenditures, and changes in fund balances for its major fund (the general fund) and non-major fund (the food service fund).

The Academy adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund herein to demonstrate compliance with that budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* This is limited to this management's discussion and analysis, budgetary comparison schedule, and the schedules for the MPSERS pension plan immediately following the notes to the financial statements.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Academy, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,701,374 at the close of the most recent fiscal year.

Summary of Net Position
Governmental Activities

	June 30, 2025	June 30, 2024
Assets		
Current Assets	$ 4,289,719	$ 3,887,457
Capital Assets Net of Depreciation	253,167	501,647
Total Assets	4,542,886	4,389,104
Deferred Outflows of Resources	172,329	309,210
Liabilities		
Current	1,198,679	838,589
Long-Term	475,952	608,660
Total Liabilities	1,674,631	1,447,249
Deferred Inflows of Resources	339,210	261,728
Net Position		
Net Investment in Capital Assets	212,372	48,549
Restricted for Food Service	328,436	435,038
Restricted for Net OPEB asset	68,747	-
Unrestricted	2,091,819	2,505,750
Total Net Position (Deficit)	$ 2,701,374	$ 2,989,337

The changes in Net Position for the Academy are as follows:

Changes in Net Position
Governmental Activities

	June 30, 2025	June 30, 2024
General Revenue		
State of Michigan aid, unrestricted	$ 6,630,481	$ 5,926,503
Other sources	21,264	48,115
Program Revenue		
Charges for Services	3,327	847
Operating Grants and Contributions	3,486,046	3,643,833
Total Revenues	10,141,118	9,619,298
Expenses		
Instruction	5,362,199	4,802,793
Supporting Services	4,240,098	4,089,888
Food Services	763,033	679,784
Community Services	63,483	13,206
Interest and Fiscal Charges on Long-Term Debt	268	104
Total Expenses	10,429,081	9,585,775
Change in Net Position	(287,963)	33,523
Net Position July 1	2,989,337	2,955,814
Net Position June 30	$ 2,701,374	$ 2,989,337

Financial Analysis of the Government's Funds

The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Academy's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Academy's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of $3,022,293, a decrease of $477,695 in comparison with the prior year. Unassigned fund balance totaled $2,469,388 on June 30, 2025. A portion of the fund balance is non-spendable, restricted, or committed to indicate that it is not available for new spending because the underlying assets are included in inventory and prepaid expenses, are restricted for externally imposed constraints, or committed by board action, and are not available for current expenditure.

The general fund is the chief operating fund of the Academy. At the end of the current fiscal year, the unassigned portion of fund balance was $2,469,388.

General Fund Budgetary Highlights

Differences between the original and final amended budgets were not significant. In total the budget to actual comparisons were favorable.

Factors Affecting the Academy's Future

The following factors were considered in preparing the Academy's budget for the 2024-25 fiscal year:

- The Academy continues to realign its general fund expenditure budget to approximate expected revenues.
- The Academy expanded its services to include one additional seventh grade classroom.
- The Academy retained approximately 95% of the students enrolled in the 2024-25 school year, its sixth year of operations.
- The academy will add one additional eighth grade, and two new tenth grade classrooms in the fall of 2025.
- The academy has planned to use a portion of fund balance on a short-term basis to support the expansion of high school grades.

2025-26 Initial General Fund Budget

Revenues	$ 9,670,159
Expenditures	9,862,558
Net Budgeted Excess Expenditures	$ (192,399)

Requests for Information

This financial report is designed to provide a general overview of the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Executive Officer at 1200 Robert T Longway Blvd, Flint, Michigan, 48503.

BASIC FINANCIAL STATEMENTS

Flint Cultural Center Academy
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	$ 2,556,217
Accounts receivable	4,974
Due from other governmental units	1,611,496
Inventory	13,320
Prepaid items	34,965
Capital assets - net of accumulated depreciation	253,167
Net OPEB asset	68,747
Total assets	4,542,886
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	131,009
Deferred amount relating to the net OPEB Asset	41,320
Total deferred outflows of resources	172,329

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	$ 972,353
Due to other governmental units	8,848
Payroll deductions and withholdings	6,788
Accrued salaries payable	6,298
Unearned revenue	204,392
Long-term liabilities	
Net pension liability	396,934
Due within one year	9,537
Due in more than one year	69,481
Total liabilities	1,674,631
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	214,351
Deferred amount relating to the net OPEB Asset	124,859
Total deferred inflows of resources	339,210
Net Position	
Investment in capital assets	212,372
Restricted for:	
Food service	328,436
Net OPEB asset	68,747
Unrestricted	2,091,819
Total net position	$ 2,701,374

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Instruction	$ 5,362,199	$ -	$ 967,228	$ -	$ (4,394,971)
Supporting services	4,240,098	3,327	1,708,552	-	(2,528,219)
Food services	763,033	-	810,266	-	47,233
Community services	63,483	-	-	-	(63,483)
Interest and fiscal charges on long-term debt	268	-	-	-	(268)
Total governmental activities	$ 10,429,081	$ 3,327	$ 3,486,046	$ -	(6,939,708)
General revenues					
State aid - unrestricted					6,630,481
Other					21,264
Total general revenues					6,651,745
Change in net position					(287,963)
Net position - beginning					2,989,337
Net position - ending					$ 2,701,374

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Food Service Fund	Total Governmental Funds
Assets			
Cash	$ 2,240,847	$ 315,370	$ 2,556,217
Accounts receivable	-	4,974	4,974
Due from other governmental units	1,579,245	32,251	1,611,496
Inventory	-	13,320	13,320
Prepaid items	32,070	2,895	34,965
Total assets	$ 3,852,162	$ 368,810	$ 4,220,972
Liabilities			
Accounts payable	$ 931,979	$ 40,374	$ 972,353
Due to other governmental units	8,848	-	8,848
Payroll deductions and withholdings	6,788	-	6,788
Accrued salaries payable	6,298	-	6,298
Unearned revenue	204,392	-	204,392
Total liabilities	1,158,305	40,374	1,198,679
Fund Balances			
Non-spendable			
Inventory	-	13,320	13,320
Prepaid items	32,070	2,895	34,965
Restricted for			
Food service	-	312,221	312,221
Assigned			
Excess budgeted expenditures over revenues	192,399	-	192,399
Unassigned	2,469,388	-	2,469,388
Total fund balances	2,693,857	328,436	3,022,293
Total liabilities and fund balances	$ 3,852,162	$ 368,810	$ 4,220,972

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	$ 3,022,293
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets - net of accumulated depreciation	253,167
Net OPEB asset is not recorded as an asset in the governmental funds	68,747
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	131,009
Deferred outflows of resources resulting from the net OPEB asset	41,320
Deferred inflows of resources resulting from the net pension liability	(214,351)
Deferred inflows of resources resulting from the net OPEB asset	(124,859)
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	(396,934)
Compensated absences	(38,223)
Subscription based information technology arrangements	(40,795)
Net position of governmental activities	$ 2,701,374

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Food Service Fund	Total Governmental Funds
Revenues			
Local sources	$ 355,730	$ 71,776	$ 427,506
State sources	7,510,310	11,120	7,521,430
Federal sources	701,059	727,370	1,428,429
Interdistrict sources	68,853	-	68,853
Total revenues	8,635,952	810,266	9,446,218
Expenditures			
Current			
Education			
Instruction	4,959,141	-	4,959,141
Supporting services	3,981,098	-	3,981,098
Food services	-	690,847	690,847
Community services	56,534	-	56,534
Capital outlay	50,105	226,021	276,126
Debt service			
Principal	10,004	-	10,004
Interest and other expenditures	268	-	268
Total expenditures	9,057,150	916,868	9,974,018
Excess (deficiency) of revenues over expenditures	(421,198)	(106,602)	(527,800)
Other Financing Sources			
Proceeds from issuance of leases	50,105	-	50,105
Net change in fund balances	(371,093)	(106,602)	(477,695)
Fund balances - beginning	3,064,950	435,038	3,499,988
Fund balances - ending	$ 2,693,857	$ 328,436	$ 3,022,293

See Accompanying Notes to the Financial Statements

Flint Cultural Center Academy
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	$	(477,695)
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.		
Operating grants		694,900
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 and amortization expense.		
Depreciation and amortization expense		(40,256)
Capital outlay		244,180
Expenses are recorded when incurred in the statement of activities.		
Rent expense		(694,900)
Compensated absences		(31,027)
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		211,726
Net change in deferrals of resources related to the net pension liability		(158,672)
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		59,573
Net change in deferrals of resources related to the net OPEB asset		(55,691)
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.		
Debt issued		(50,105)
Repayments of long-term debt		10,004
Change in net position of governmental activities	$	(287,963)

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Flint Cultural Center Academy (Academy) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Academy's significant accounting policies:

Reporting Entity

The Academy was formed as a charter school academy pursuant to the Michigan School Code of 1976, as amended by Act No. 362 of the Public Acts of 1993 and Act No. 416 of the Public Acts of 1994.

On July 1, 2019, the Academy entered into a contract with the Grand Valley State University to charter a public school academy. The contract requires the Academy to act exclusively as a governmental agency and not undertake any action inconsistent with its status as an entity authorized to receive state school aid funds pursuant to the State Constitution. Grand Valley State University is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays Grand Valley State University three percent of the state aid foundation as administrative fees. The total administrative fees for the year to Grand Valley State University was approximately $198,895.

The Academy is governed by an elected six-member Board of Directors. 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 Academy's reporting entity, and which organizations are legally separate component units of the Academy. The Academy has no component units.

Other Associations

Through a generous contribution to the Flint Cultural Center Foundation (FCCF), a supporting organization of the Flint Cultural Center Corporation (FCCC), the Charles Stewart Mott Foundation provided the funding to build, furnish, and equip an educational center. FCCC permits the Academy to occupy the building and use of any equipment pursuant to the grant agreement which extends through June 30, 2029. In-kind rent expense and contribution revenue of $694,900 is recognized on the Statement of Activities.

FCCC provides accounting and administrative support, information services, and custodial services to the Academy. During the year ended June 30, 2025, the Academy paid FCCC $661,038 for these services.

FCCC purchased operating supplies for the Academy on a Reimbursement basis. During the year ended June 30, 2025, the Academy paid FCCC $124,303 as reimbursements for these items.

Additionally, the Academy utilizes the Flint Cultural Center Campus and professionals for a portion of the education of the Academy's students. During the year ended June 30, 2025, the Academy paid the Flint Cultural Center Campus $211,596 for these services.

The Academy's Board of Trustees includes employees of FCCC and the Flint Cultural Center Campus who are approved by the Authorizer in accordance with the Charter Contract. All Board Directors are volunteers who serve the Academy Board in their individual capacity and not as a representative of FCCC or the Flint Cultural Center Campus.

Employee Service Agreements

The academy contracts substantially all education personnel through Genesee Education Consultant Services, Inc. through a month-to-month contract agreement.

Academy-wide Financial Statements

The Academy's basic financial statements include both academy-wide (reporting for the Academy as a whole) and fund financial statements (reporting the Academy's major funds). The academy-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the Academy'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 Academy'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 Academy'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 Academy does not allocate indirect costs. In creating the academy-wide financial statements the Academy has eliminated interfund transactions.

The academy-wide focus is on the sustainability of the Academy as an entity and the change in the Academy'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 Academy 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.

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

The Academy reports the following major governmental funds:

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

Food Service Fund - The Food Service Fund is used to account for the proceeds and expenditures that are restricted for food service.

Assets, Liabilities and Net Position or Fund Balance
Cash - Cash include cash on hand.

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.

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

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Academy follows the purchase method, and they therefore are expensed when paid in both academy-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 Academy 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 Academy does not have infrastructure assets. All other capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Equipment and furniture	5 - 10 years
Computer software	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. For academy-wide financial statements, the Academy 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 Academy 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 – The CEO, Athletic Director and Administrator are the only employees who have accumulation on sick days in their contract. The contract states as follows: Administrator shall receive twelve (12) sick days annually. Upon resignation or retirement, Administrator shall be paid their per diem for each unused sick day accumulated up to the maximum allowed (55).

Long-term Obligations - In the academy-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt consists of leases and compensated absences.

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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For academy-wide financial statements, the Academy 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 revenues received relating to the amounts included in the deferred outflows for payments related to MPSERS 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 the Board of Directors. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Academy'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.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

Excess of Expenditures over Appropriations

During the year, the Academy 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			
Central	$ 163,517	$ 174,727	$ 11,210
Capital outlay	-	50,105	50,105

Note 3 - Deposits

The Academy's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 2,556,217

Interest rate risk - The Academy 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 and the Academy's investment policy authorize the Academy to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Academy 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 Academy has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy does not have a deposit policy for custodial credit risk. As of year end, $2,375,168 of the Academy's bank balance of $2,625,168 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Equipment and furniture	$ -	$ 136,171	$ -	$ 136,171
Buses and other vehicles	58,260	57,904	-	116,164
Right to use asset - equipment	24,930	50,105	24,930	50,105
Total capital assets being depreciated	83,190	244,180	24,930	302,440
Less accumulated depreciation for				
Equipment and furniture	-	10,892	-	10,892
Buses and other vehicles	9,710	19,361	-	29,071
Right to use asset - equipment	24,237	10,003	24,930	9,310
Total accumulated depreciation	33,947	40,256	24,930	49,273
Net capital assets being depreciated	49,243	203,924	-	253,167
Net capital assets	$ 49,243	$ 203,924	$ -	$ 253,167

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

Instruction	$ 19,713
Food services	20,543
Total governmental activities	$ 40,256

Note 5 - 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	$ 204,392

Note 6 - Leases

Lease Liability

During the 2025 fiscal year, the Academy entered into a 5 year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of $50,105 during the current fiscal year. As of June 30, 2025, the value of the lease liability was $40,795. The Academy is required to make annual principal and interest payments of $11,141. The lease has an interest rate of 4.40%. The value of the right-to-use asset as of the end of the current fiscal year was $50,105 and had accumulated amortization of $9,310.

Year ending June 30,	Principal	Interest
2026	$ 9,537	$ 1,604
2027	9,965	1,176
2028	10,413	729
2029	10,880	261
Total	$ 40,795	$ 3,770

Note 7 - Long-Term Debt

The Academy's long-term obligations include leases and compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Other liabilities					
Leases	$ 694	$ 50,105	$ 10,004	$ 40,795	$ 9,537
Compensated absences	7,196	31,027	-	38,223	-
Total	$ 7,890	$ 81,132	$ 10,004	$ 79,018	$ 9,537

Compensated Absences

The compensated absences liability of $38,223 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. Compensated absences additions and deductions are reported net.

Note 8 - 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 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 Academy were $67,785 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 Academy reported a liability of $396,934 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The Academy'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 Academy's proportion was 0.0016 percent, which was a decrease of 0.0003 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the Academy recognized pension expense of $31,904 for the measurement period. For the reporting period ending June 30, 2025, the Academy recognized total pension contribution expense of $70,623.

At June 30, 2025, the Academy 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	$ 10,769	$ (4,313)	$ 6,456
Changes of assumptions	41,383	(29,083)	12,300
Net difference between projected and actual earnings on pension plan investments	-	(75,752)	(75,752)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	2,416	(88,545)	(86,129)
Total to be recognized in future	54,568	(197,693)	(143,125)
School District contributions subsequent to the measurement date	76,441	(16,658)	59,783
Total	$ 131,009	$ (214,351)	$ (83,342)

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 Academy 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	$ (48,427)
2026	(21,632)
2027	(45,249)
2028	(27,817)
	$ (143,125)

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.

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	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, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% 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 Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the Academy'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 Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
$ 581,910	$ 396,934	$ 242,906

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 Academy.

Note 9 - 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 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 Academy were $13,276 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 Academy reported an asset of $68,747 for its proportionate share of the MPSERS net OPEB asset. The net OPEB liability or asset was measured as of September 30, 2024 and the total OPEB liability or asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The Academy'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 Academy's proportion was 0.0016 percent, which was unchanged from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the Academy recognized OPEB change of $(3,501) for the measurement period. For the reporting period ending June 30, 2025, the Academy recognized total OPEB contribution expense of $381.

At June 30, 2025, the Academy 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	$ -	$ (72,851)	$ (72,851)
Changes of assumptions	15,015	(1,726)	13,289
Net difference between projected and actual earnings on OPEB plan investments	-	(13,015)	(13,015)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	23,824	(37,267)	(13,443)
Total to be recognized in future	38,839	(124,859)	(86,020)
School District contributions subsequent to the measurement date	2,481	-	2,481
Total	$ 41,320	$ (124,859)	$ (83,539)

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 net 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 as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	$ (20,865)
2026	(24,625)
2027	(15,414)
2028	(15,215)
2029	(8,591)
Thereafter	(1,310)
	$ (86,020)

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
- 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 asset as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

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

Recognition period for assets in years is 5.0000.

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

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on 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.*

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

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

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the Academy's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the Academy'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%
$ (53,128)	$ (68,747)	$ (82,251)

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

The following presents the Academy's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the Academy'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
$ (82,252)	$ (68,747)	$ (54,264)

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 Academy.

Note 10 - 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 Academy expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 469,612	$ 384,034	$ 355,730	$ (28,304)
State sources	7,878,874	7,773,633	7,510,310	(263,323)
Federal sources	587,121	791,347	701,059	(90,288)
Interdistrict sources	23,722	66,349	68,853	2,504
Total revenues	8,959,329	9,015,363	8,635,952	(379,411)
Expenditures				
Instruction				
Basic programs	3,741,077	4,085,456	3,855,150	(230,306)
Added needs	1,310,744	1,356,251	1,103,991	(252,260)
Supporting services				
Pupil	742,924	646,081	622,526	(23,555)
Instructional staff	638,887	592,903	523,509	(69,394)
General administration	742,031	774,390	642,440	(131,950)
School administration	633,941	632,835	581,018	(51,817)
Business	207,905	254,831	239,284	(15,547)
Operations and maintenance	870,410	1,057,004	1,029,201	(27,803)
Pupil transportation services	51,426	74,476	60,474	(14,002)
Central	164,699	163,517	174,727	11,210
Athletic activities	71,605	55,801	51,077	(4,724)
Other	53,450	61,500	56,842	(4,658)
Community services	8,729	69,983	56,534	(13,449)
Capital outlay	-	-	50,105	50,105
Debt service				
Principal	8,100	10,817	10,004	(813)
Interest and fiscal charges	300	325	268	(57)
Total expenditures	9,246,228	9,836,170	9,057,150	(779,020)
Excess (deficiency) of revenues over expenditures	(286,899)	(820,807)	(421,198)	399,609
Other Financing Sources				
Proceeds from issuance of leases	-	-	50,105	50,105
Net change in fund balances	(286,899)	(820,807)	(371,093)	449,714
Fund balance - beginning	3,064,950	3,064,950	3,064,950	-
Fund balance - ending	$ 2,778,051	$ 2,244,143	$ 2,693,857	$ 449,714

Flint Cultural Center Academy
Required Supplementary Information
Budgetary Comparison Schedule - Food Service Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 62,306	$ 70,000	$ 71,776	$ 1,776
State sources	9,057	9,575	11,120	1,545
Federal sources	696,577	668,653	727,370	58,717
Total revenues	767,940	748,228	810,266	62,038
Expenditures				
Current				
Education				
Food services	734,123	993,588	916,868	(76,720)
Net change in fund balances	33,817	(245,360)	(106,602)	138,758
Fund balance - beginning	435,038	435,038	435,038	-
Fund balance - ending	$ 468,855	$ 189,678	$ 328,436	$ 138,758

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy'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. Academy's proportion of net pension liability (%)	0.0016%	0.0019%	0.0019%	0.0022%	0.0022%	0.0010%	0.0000%	0.0000%	0.0000%	0.0000%
B. Academy's proportionate share of net pension liability	$ 369,934	$ 608,660	$ 705,389	$ 511,514	$ 746,659	$ 322,778	$ -	$ -	$ -	$ -
C. Academy's covered payroll	$ 159,754	$ 156,541	$ 204,071	$ 158,536	$ 232,683	$ 145,090	$ -	$ -	$ -	$ -
D. Academy's proportionate share of net pension liability as a percentage of its covered payroll	231.56%	388.82%	345.66%	322.65%	320.89%	222.47%	0.00%	0.00%	0.00%	0.00%
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.

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy'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	$ 70,623	$ 73,137	$ 71,306	$ 58,600	$ 67,028	$ 72,684	$ -	$ -	$ -	$ -
B. Contributions in relation to statutorily required contributions	70,623	73,137	71,306	58,600	67,028	72,684	-	-	-	-
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Academy's covered payroll	$ 178,303	$ 159,754	$ 160,201	$ 211,000	$ 158,810	$ 230,718	$ -	$ -	$ -	$ -
E. Contributions as a percentage of covered payroll	39.61%	45.78%	44.51%	27.77%	42.21%	31.50%	0.00%	0.00%	0.00%	0.00%

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy'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. Academy's proportion of the net OPEB liability (asset) (%)	0.0016%	0.0016%	0.0021%	0.0018%	0.0026%	0.0017%	0.0000%	0.0000%	0.0000%	0.0000%
B. Academy's proportionate share of the net OPEB liability (asset)	$ (68,747)	$ (9,174)	$ 44,661	$ 27,303	$ 140,302	$ 119,825	$ -	$ -	$ -	$ -
C. Academy's covered payroll	$ 159,754	$ 156,541	$ 204,071	$ 158,536	$ 158,536	$ 232,683	$ -	$ -	$ -	$ -
D. Academy's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-43.03%	-5.86%	21.89%	17.22%	88.50%	51.50%	0.00%	0.00%	0.00%	0.00%
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%	0.00%	0.00%

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.

Flint Cultural Center Academy
Required Supplementary Information
Schedule of the Academy'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	$ 381	$ 15,212	$ 13,906	$ 13,079	$ 14,186	$ 22,854	$ -	$ -	$ -	$ -
B. Contributions in relation to statutorily required contributions	381	15,212	13,906	13,079	14,186	22,854	-	-	-	-
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Academy's covered payroll	$ 178,303	$ 159,754	$ 160,201	$ 211,000	$ 211,000	$ 158,810	$ -	$ -	$ -	$ -
E. Contributions as a percentage of covered payroll	0.21%	9.52%	8.68%	6.20%	6.72%	14.39%	0.00%	0.00%	0.00%	0.00%