Audited Financial Statements
and Other Supplementary Information

MONROE COUNTY
COMMUNITY COLLEGE

Years Ended June 30, 2024 and 2023
with Report of Independent Auditors

AHP
CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

Monroe County Community College

Audited Financial Statements
and Other Supplementary Information

Years Ended June 30, 2024 and 2023

Contents

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ANDREWS HOOPER PAVLIK PLC
43252 WOODWARD AVENUE | SUITE 150 | BLOOMFIELD HILLS, MI 48302

Report of Independent Auditors

To the Board of Trustees
Monroe County Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of Monroe County Community College (Community College District of Monroe County, Michigan) (College) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of Monroe County Community College, as of June 30, 2024 and 2023, and the changes in its financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, The Foundation at Monroe County Community College, which represents 10 percent, 17 percent, and 4 percent, respectively, of the assets, net position, and revenues of the College as of June 30, 2024 and 10 percent, 20 percent, and 4 percent, respectively, of the assets, net position, and revenues of the College as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Foundation at Monroe County Community College, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Monroe County Community College'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 Monroe County Community College'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 and required pension and other postemployment benefit (OPEB) schedules, as listed 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 the Monroe County Community College's basic financial statements. The combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position are presented for 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position are 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 November 7, 2024 on our consideration of Monroe County Community College's internal control over financial reporting and 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 Monroe County Community College'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 the Monroe County Community College's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Bloomfield Hills, Michigan
November 7, 2024

Management’s Discussion and Analysis

Monroe County Community College

Management's Discussion and Analysis

June 30, 2024

Introduction

The following is management's discussion and analysis (MD&A) of Monroe County Community College's (College) financial position and results of operations. This discussion and analysis has been prepared by management and includes the College's financial statements for the three most recent fiscal years (July 1 – June 30). It should be read in conjunction with the financial statements and the notes thereto, which follow this section. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements and the Manual for Uniform Financial Reporting for Michigan Public Community Colleges.

Using the Financial Report

The annual financial report includes the report of independent auditors, this MD&A, the basic financial statements, which consist of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, the Foundation at Monroe County Community College Statements of Financial Position and Statements of Activities, and the Notes to the Financial Statements. Following the basic financial statements are four required supplementary information schedules and two other supplementary information schedules.

Each of the College's financial statements tell a different story: the Statements of Net Position presents the assets, liabilities, deferred outflows and inflows of resources, and net position of the College using the accrual basis of accounting as of the end of the fiscal year; the Statements of Revenues, Expenses, and Changes in Net Position reflects revenues earned and expenses incurred during the fiscal year; and the Statements of Cash Flows provides information on the cash inflows and outflows for the institution by major category during the fiscal year.

In accordance with GASB Statement No. 61, *The Financial Reporting: Omnibus*, The Foundation at Monroe County Community College (Foundation), is reported as a component unit of the College. The Foundation's Statements of Financial Position and Statements of Activities have been included on separate pages. Complete financial statements for the Foundation can be obtained from the Administration Office at 1555 South Raisinville Road, Monroe, MI 48161.

The Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the College. Assets and liabilities are generally measured using current values, except capital assets, which are stated at historical cost less allowance for depreciation. Also included on the Statement of Net Position are deferred outflows and inflows of resources, which represent the consumption and acquisition, respectively, of net position that applies to future periods.

The Statement of Net Position (continued)

The following is a comparative analysis of key components of the Statement of Net Position as of June 30 (rounded in $000's):

	2024	2023	2022
Assets			
Current assets	**$ 41,851**	$ 32,368	$ 26,989
Endowed assets	**198**	190	190
Capital assets, net of depreciation and amortization	**71,332**	72,194	71,058
Total assets	**113,381**	104,752	98,237
Deferred outflows of resources – pension	**9,350**	11,812	5,470
Deferred outflows of resources – OPEB	**2,083**	2,886	2,128
Liabilities			
Current liabilities	**5,782**	5,021	5,139
Debt obligations	**7,680**	8,813	9,907
Lease commitments	**5**	45	75
Net pension liability	**32,312**	40,010	27,784
Net OPEB liability	**(574)**	2,222	1,723
Total liabilities	**45,205**	56,111	44,628
Deferred inflows of resources – pension	**8,988**	6,478	12,733
Deferred inflows of resources – OPEB	**5,319**	5,538	7,355
Net position			
Invested in capital assets, net of related debt	**62,492**	62,212	59,947
Restricted – expendable	**74**	75	89
Restricted – nonexpendable	**178**	178	178
Unrestricted (deficit)	**2,558**	(11,142)	(19,095)
Total net position	**$ 65,302**	$ 51,323	$ 41,119

The College's financial position remains strong as of June 30, 2024 with assets totaling $113.4 million and current liabilities of $5.8 million. Total net position increased from $51.3 million to $65.3 million, primarily due to increases in cash and a reduction in the overall pension and other postemployment benefit (OPEB) liability and related accounts.

Current assets increased $9.5 million while current liabilities increased $0.8 million. The amount of working capital designated to cover operating expenses increased from $17.4 million in 2023 to $22.5 million in 2024.

The Statement of Net Position (continued)

The College adheres to GASB Statement No. 68, *Accounting for Pensions*, which requires governments providing defined benefit pensions through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability to more comprehensively and comparably measure the annual costs of pension benefits. In accordance with the statement, the College has reported, under net position unrestricted (deficit), $31.9 million, which is the total of the net pension liability and related deferred inflows and outflows of resources as of June 30, 2024.

The College also adheres to GASB Statement No. 75, *Accounting for Postemployment Benefits Other than Pensions,* which requires governments providing other post-employment benefits, such as healthcare, through a cost-sharing plan to recognize their unfunded OPEB obligation as a liability to more comprehensively and comparably measure the annual cost of OPEB. In accordance with the statement, the College has reported, under net position unrestricted (deficit), $2.7 million, which is the total of the net OPEB liability and related deferred inflows and outflows of resources as of June 30, 2024.

The Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating revenue and expenses of the College, as well as the non-operating revenues, other revenues, and expenses. Operating revenues primarily include net student tuition and fees, grants and contracts, and auxiliary services. Non-operating revenues include state appropriations, property taxes, Federal Pell grant and Higher Education Emergency Relief Funding (HEERF). Other revenues include state capital appropriations.

Because the components that create the non-operating revenues are usually greater than the components of the operating revenues, the College's financial statements reflect an annual operating loss.

The following is a comparative analysis of key components of the Statement of Revenues, Expenses, and Changes in Net Position as of June 30 (rounded in $000's):

	2024	2023	2022
Operating revenue			
Tuition and fees, net of allowances	**$ 6,987**	$ 6,493	$ 6,277
Grants and contracts	**1,925**	2,170	1,365
Auxiliary activities, net of allowances	**4**	(11)	(21)
Other sources	**1,072**	439	352
Total operating revenue	**9,988**	9,091	7,973
Operating expense	**31,965**	31,346	32,851
Operating loss	**(21,977)**	(22,255)	(24,878)

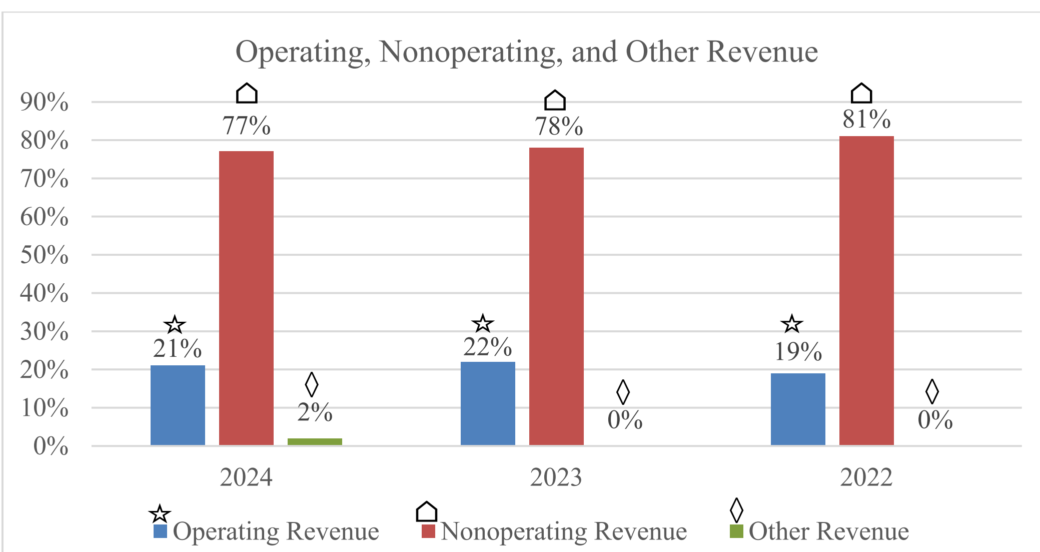
The Statement of Revenues, Expenses, and Changes in Net Position (continued)

(continued from pervious page)

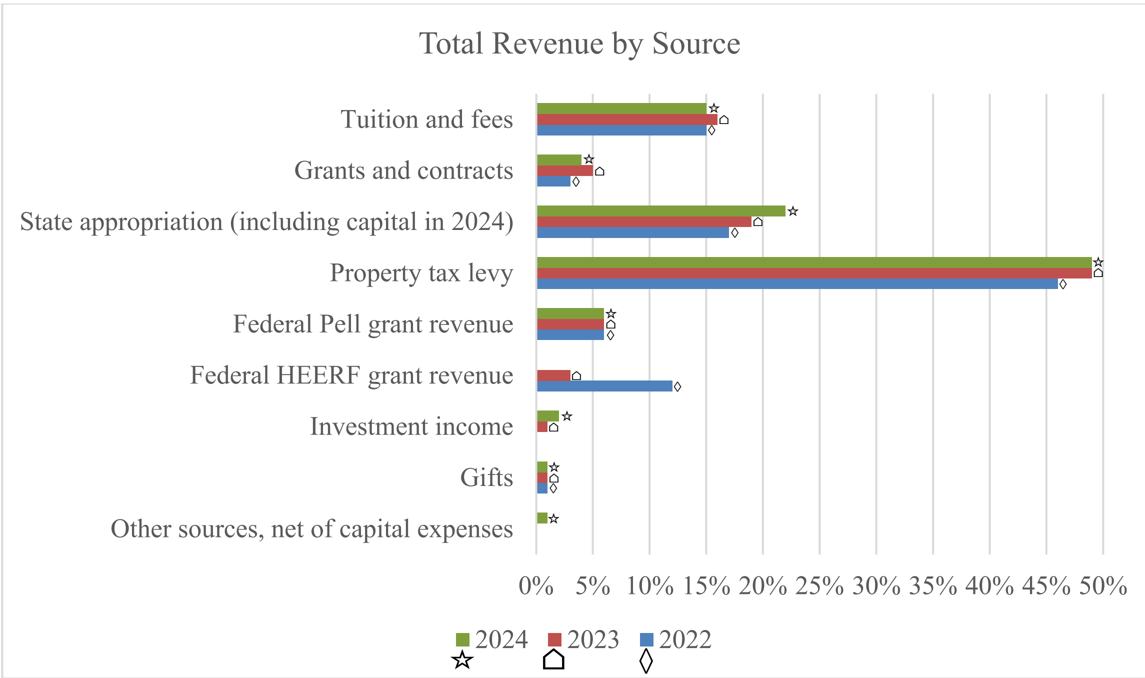
	2024	2023	2022
Nonoperating revenue (expense)			
State appropriations	**$ 9,432**	$ 7,949	$ 7,501
Property tax levy	**22,344**	20,473	19,779
Federal Pell grant revenue	**2,763**	2,436	2,402
Federal HEERF grant revenue	**-**	1,094	5,310
Investment income	**906**	384	6
Gifts	**359**	502	507
Interest on capital assets – related debt	**(334)**	(374)	(413)
Loss on disposal of assets	**(275)**	(5)	(2)
Total nonoperating revenue (expense)	**35,195**	32,459	35,090
Other revenue			
State capital appropriations	**761**	-	-
Change in net position	**13,979**	10,204	10,212
Net position at beginning of year	**51,323**	41,119	30,907
Net position at end of year	**$ 65,302**	$ 51,323	$ 41,119

Revenues by Source

The following are a comparison of operating, non-operating, and other revenue and an illustration of the percentage of total revenue by source for the year ended June 30:



Revenues by Source (continued)



Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees and the sale of books and supplies. An exchange transaction occurs when each party receives and gives up essentially equal values. In addition, certain federal, state, and private grants are considered operating revenue if they are not for capital purposes and are considered a contract for services.

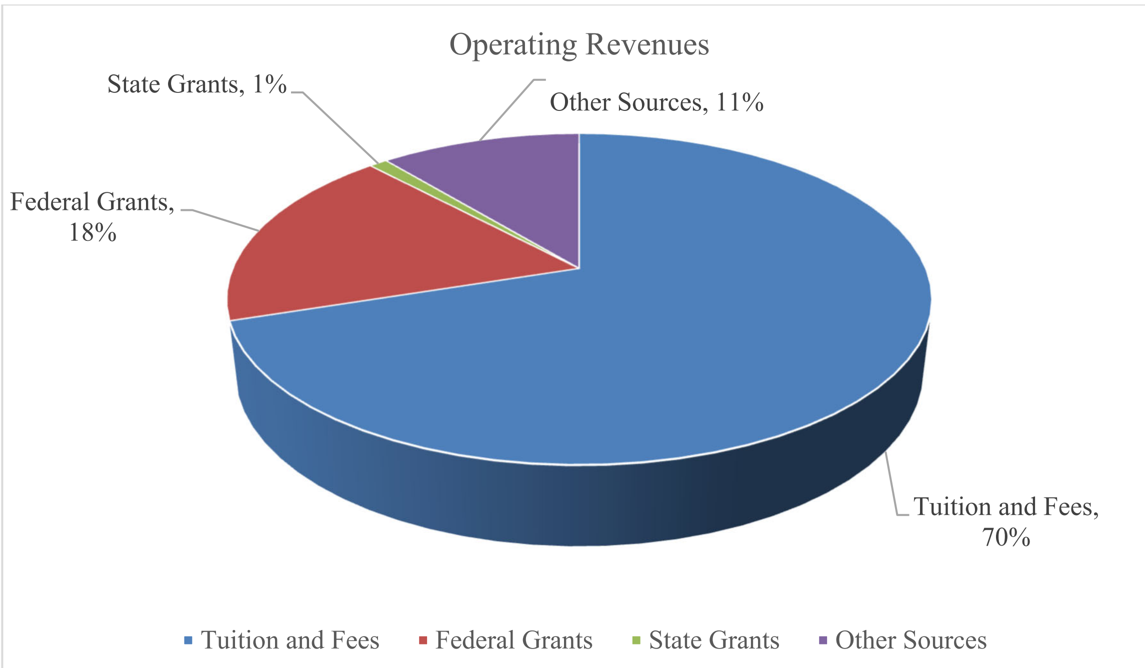
Operating revenue increased 10% or $0.9 million for the year ended June 30, 2024, which is the result of the following:

- Student tuition and fee revenue increased by $0.5 million in comparison to the prior year due to increased contact billable hours and a 4% increase in per credit hour rates.

- Other sources revenue increased by $0.6 million in comparison to the prior year due to revenues received in relation to the D3C3 retention grant.

Operating Revenues (continued)

The following is a graphic illustration of operating revenues by source for the year ended June 30, 2024:



Operating Expenses

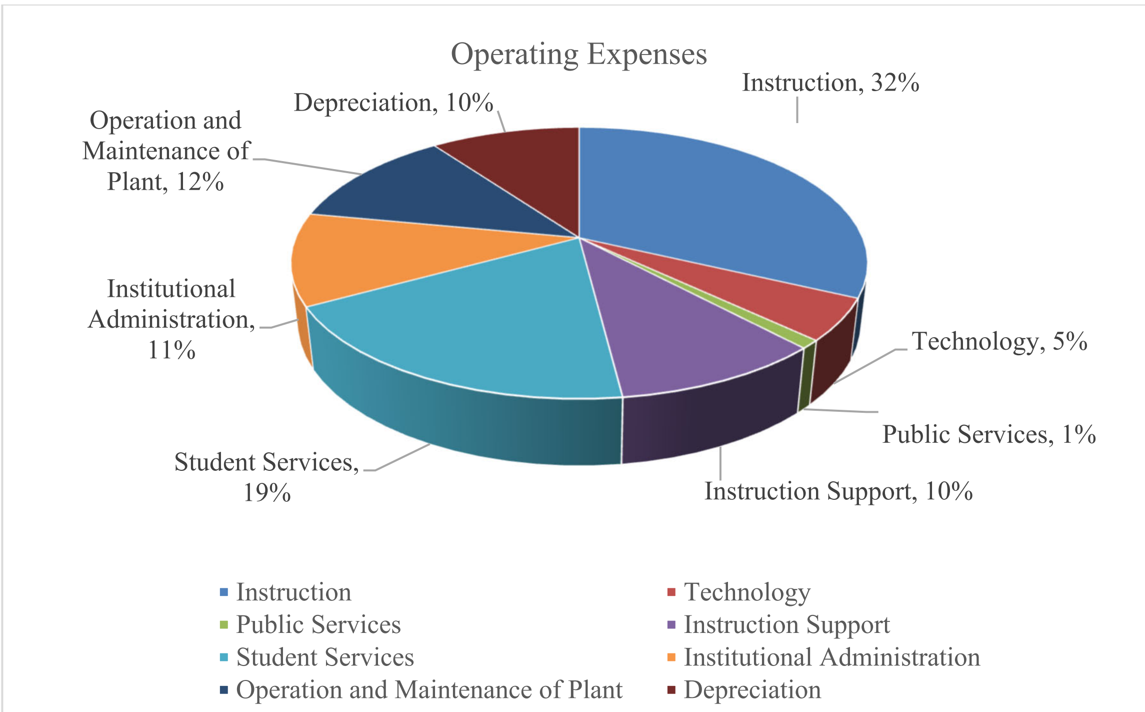
Operating expenses include all expenses necessary to provide services and conduct the programs of the College.

Operating expense increased $0.6 million for the year ended June 30, 2024, which was a result of the following:

- Student services increased $0.7 million as a result of increases in Pell scholarships and a full years wages and related payroll benefits related to the D3C3 grant compared to the half of year last year.
- Institutional administration decreased $1.0 million as a result of the HEERF funding expensed in the prior year while there was no HEERF expenditures during the current year.
- Operation and maintenance of plant increased $0.7 million as a result of increases in utility costs and additional cost for repair and maintenance items around campus.

Operating Expenses (continued)

The following is a graphic illustration of operating expenses by source for the year ended June 30, 2024:



Nonoperating Revenues

Nonoperating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, Pell grant revenue, HEERF grant revenue, and investment income.

Non-operating revenue increased 8% or $2.7 million for the year ended June 30, 2024, which was a result of the following:

- State appropriations increased $1.5 million from the prior year. The appropriations include $2.8 million for the Michigan Public Schools Employee Retirement System (MPSERS) Unfunded Actuarial Accrued Liability (UAAL) due to PA 300 of 2012, which placed a cap on the amount the college would pay for the unfunded liability obligations to 20.96%. The $2.8 million amount is paid back to the state to cover retirement costs. This is a $1.1 million increase compared to the UAAL for the year ended June 30, 2023.

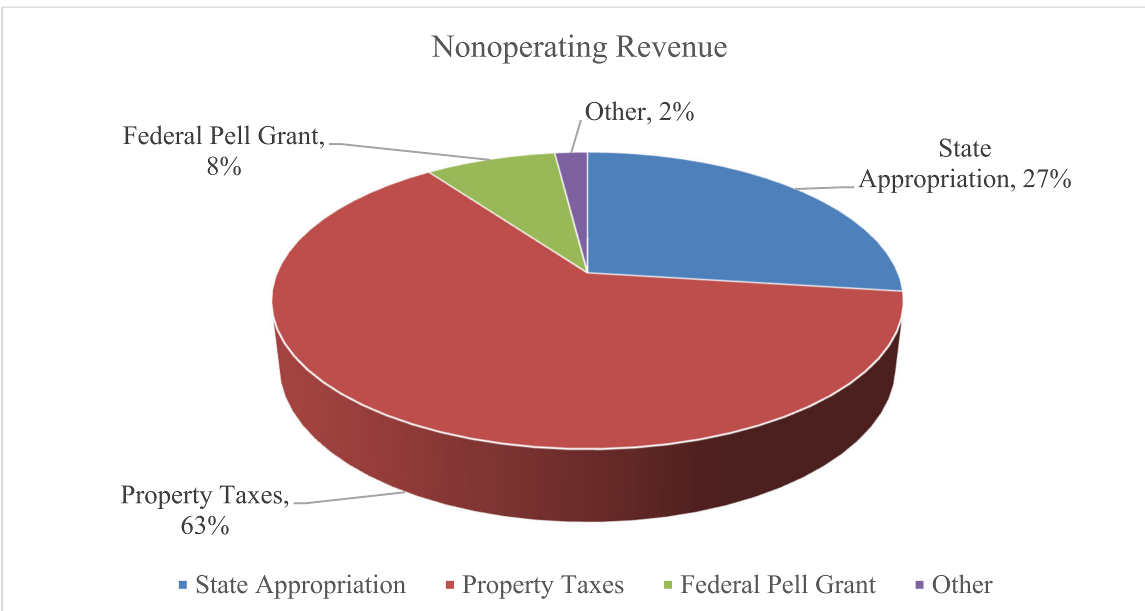
- Property taxes increased $1.9 million from the prior year due to increased property values.

Nonoperating Revenues (continued)

- Federal HEERF grant revenue decreased $1.1 million from the prior year as a result of the HEERF program being closed out in the prior year.

- Investment income increased $0.5 million as a result of increased interest rates in fiscal year 2024 compared to fiscal year 2023.

The following is a graphic illustration of nonoperating revenues by source for the year ended June 30, 2024:



Other Revenue

Other revenue for the year ended June 30, 2024 consisted of state capital appropriations. These appropriations will be used for updates to information technology, equipment, and maintenance.

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments for the College during a specific period. The Statement of Cash Flows eliminates all payables and receivables from the previous financial statements to help users assess: the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Statement of Cash Flows (continued)

The following is a comparative analysis of key components of the Statement of Cash Flows as of June 30 (rounded in $000's):

	2024	2023	2022
Net cash provided by (used in):			
Operating activities	**$ (23,285)**	$ (20,785)	$ (24,166)
Noncapital financing activities	**35,315**	31,715	37,254
Capital and related financing activities	**(3,158)**	(6,382)	(13,642)
Investing activities	**891**	379	5
Net increase (decrease) in cash and cash equivalents	**$ 9,763**	$ 4,927	$ (549)

The College had a net increase in cash and cash equivalents of $9.8 million for the year ended June 30, 2024 compared to the June 30, 2023 increase of $4.9 million. Items accounting for the majority of the changes in cash and cash equivalents are as follows:

- Cash used in operating activities increased $2.5 million compared to 2023. The increase in 2024 was due to an increase in cash paid to suppliers of $3.0 million primarily related to the pension and OPEB liability and related deferred inflow and outflow of resources changes from 2023, and a decrease in cash received of $0.5 million related to the changes in grants receivable and unearned revenue from 2023 to 2024. These changes were offset by a increase in cash received of $1.0 million primarily related to $0.9 million of D3C3 retention grant revenue received in the current year.

- Cash provided by noncapital financing activities increased $3.6 million compared to 2023 and is a result of an increase in state appropriations of $1.5 million, property taxes of $1.9 million, and Pell grant revenues of $0.3 million.

- Cash used for capital and related financing activities decreased $3.2 million compared to 2023 and is a result of a decrease in capital projects during the year compared to the prior year. There was a $2.4 million decrease in cash used for capital purchases, increased proceeds received of $1.1 million for capital disposals, and $0.8 million of state capital appropriations received in the current year that was not received in 2023.

- Cash provided by investing activities increased $0.5 million due to higher interest rates and higher average balances of cash and investment holding during 2024 compared to 2023.

Capital Assets

The following is a comparative analysis of key components of the College's investment in capital assets as of June 30 (rounded in $000's):

	2024	2023	2022
Land	**$ 1,518**	$ 1,518	$ 1,518
Construction in progress	**1,976**	600	9,093
Building and site improvement	**107,581**	106,640	94,336
Equipment	**9,790**	10,400	10,169
Intangible right-to-use assets	**102**	219	280
Accumulated depreciation and amortization	**(49,635)**	(47,183)	(44,338)
Total capital assets	**$ 71,332**	$ 72,194	$ 71,058

The College has $120.9 million invested in capital assets, net of accumulated depreciation and amortization of $49.6 million.

Debt

During the year ended June 30, 2016, the College borrowed funds for an HVAC project which resulted in debt of $16.2 million. Payments on the loan occur on a semi-annual basis with the final payment occurring in the year ending June 30, 2032. The outstanding balance as of June 30, 2024 is $8.8 million.

Economic Factors That Will Affect the Future

DTE Energy and the City of Monroe have settled on a step-down reduction of the taxable values of the Monroe Power Plant. The terms of the Consent Agreement reduce the taxable value of the plant over a seven-year period resulting in a total taxable value reduction of 28.33 percent between 2018 and 2025. The agreement results in general fund revenue losses each year as the taxable value of the plant is reduced as follows:

2018 = 503,876,075	2022 = 421,138,412
2019 = 482,100,000	2023 = 385,138,405
2020 = 461,121,331	2024 = 361,138,399
2021 = 433,138,415	2025 = 361,138,399

DTE Energy has also requested a review of the taxable value of the Fermi Nuclear Power Plant. If the taxable value is adjusted, it could result in a substantial loss of property tax revenue for the College, in both the General Fund and Maintenance and Replacement Fund. The College is evaluating operational impacts should the taxable value be adjusted.

Economic Factors That Will Affect the Future (continued)

Taxable values for property in Southeast Michigan have increased in the last few years. It is anticipated that taxable values will increase slightly next fiscal year as well. The College budgeted a 5.71% increase in property taxes values for the 2024-2025 fiscal year, without accounting for the adjustments to DTE's taxable value of its Monroe Power Plant mentioned above.

The College completed a major geothermal heating, ventilating and air conditioning (HVAC) project, in 2019, which continues to provide energy savings that is being used towards the annual $1,436,119 loan payments through 2031.

The College saw a slight decline in enrollment for the 2023-2024 fiscal year. However, the contact billable hours increased slightly. Due to state funding programs such as Michigan Reconnect and Futures for Frontliners, it is anticipated that enrollment will experience an increase for 2024-2025. The Board of Trustees approved to increase tuition rates 4% for the 2024-2025 year. The Board of Trustees has the authority to increase tuition rates to offset rising costs, but are also mindful of the impact that tuition increases have on our students. They will continue to monitor costs and enrollment trends as they strive to keep increases in tuition to a minimum.

The College is in year four of its maintenance and improvement millage. This millage expires November 2025, and the College will be asking the voters for a renewal. This is the second renewal of the millage since 2016, and is a zero-increase to the current millage rate. When approved, the College will continue with Phase 3 projects funded by the millage. These projects include updating the student services and learning environments, safety, accessibility, efficiency, and deferred maintenance. A full list can be found on the college website or by using the following link:

Zero-Increase Maintenance and Replacement Millage Renewal: Nov. 5, 2024 | Monroe County Community College

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about this report or need additional information please contact the Office of the Vice President of Administration, Monroe County Community College, 1555 South Raisinville Rd., Monroe, Michigan 48161.

Basic Financial Statements

Monroe County Community College

Statements of Net Position

	June 30	
	2024	**2023**
Assets		
Current assets:		
Cash and cash equivalents - Note 2	**$ 37,084,082**	$ 27,320,932
Short-term investments - Note 2	**256,345**	250,677
Property taxes receivable, net of allowance of $25,540 ($25,540 in 2023)	**66,983**	95,647
State appropriation receivable	**1,433,345**	1,275,981
Interest receivable	**5,532**	4,474
Accounts receivable, net of allowance $266,588 ($381,411 in 2023)	**2,005,363**	2,857,558
Inventories	**58,817**	54,949
Prepaid expenses and other assets	**940,825**	508,143
Total current assets	**41,851,292**	32,368,361
Noncurrent assets:		
Restricted investments - Note 2	**198,090**	189,834
Property and equipment, net of accumulated depreciation and amortization) - Note 4	**71,332,067**	72,194,344
Total noncurrent assets	**71,530,157**	72,384,178
Total assets	**113,381,449**	104,752,539
Deferred outflows of resources		
Deferred pension amounts - Note 6	**9,349,356**	11,812,017
Deferred OPEB amounts - Note 7	**2,083,263**	2,886,305
Total deferred outflows of resources	**11,432,619**	14,698,322
Liabilities		
Current liabilities:		
Accounts payable	**941,100**	670,131
Accrued payroll and fringes - Note 5	**2,188,820**	2,013,263
Deposits	**205,198**	139,425
Unearned revenue - Note 1	**1,292,319**	1,073,750
Current portion of debt obligations - Note 10	**1,133,052**	1,093,899
Current portion of lease commitments - Note 11	**21,415**	30,084
Total current liabilities	**5,781,904**	5,020,552
Noncurrent liabilities:		
Debt obligations, net of current portion - Note 10	**7,679,884**	8,812,936
Lease commitments, net of current portion - Note 11	**5,450**	45,324
Net pension liability - Note 6	**32,311,785**	40,009,855
Net OPEB liability - Note 7	**(574,015)**	2,222,218
Total noncurrent liabilities	**39,423,104**	51,090,333
Total liabilities	**45,205,008**	56,110,885
Deferred inflows of resources		
Deferred pension amounts - Note 6	**8,987,541**	6,478,428
Deferred OPEB amounts - Note 7	**5,319,466**	5,538,424
Total deferred inflows of resource	**14,307,007**	12,016,852
Net position		
Investment in capital assets, net of related debt	**62,492,266**	62,212,101
Restricted for:		
Nonexpendable endowments	**177,539**	177,539
Expendable:		
Endowments, scholarships, and grants	**3,474**	3,474
Other	**70,492**	72,196
Unrestricted (deficit) - Note 1	**2,558,282**	(11,142,186)
Total net position	**$ 65,302,053**	$ 51,323,124

See accompanying notes.

Monroe County Community College

Statements of Revenues Expenses, and Changes in Net Position

	Year Ended June 30	
	2024	**2023**
Operating revenue		
Tuition and fees, net of scholarship allowance of $2,029,995 ($1,847,917 in 2023)	**$ 6,986,804**	$ 6,493,392
Federal grants	**1,794,943**	2,044,401
State grants	**130,312**	125,222
Auxiliary activities, net of scholarship allowance of $266,635 ($251,422 in 2023)	**4,071**	(11,279)
Other sources	**1,071,900**	439,203
Total operating revenue	**9,988,030**	9,090,939
Operating expense		
Instruction	**10,144,324**	10,265,435
Information technology	**1,643,521**	1,691,835
Public services	**371,881**	293,075
Instructional support	**3,130,646**	2,964,076
Student services	**6,068,814**	5,397,616
Institutional administration	**3,674,044**	4,673,056
Operation and maintenance of plant	**3,697,539**	2,994,603
Depreciation and amortization	**3,234,601**	3,066,689
Total operating expense	**31,965,370**	31,346,385
Operating loss	**(21,977,340)**	(22,255,446)
Nonoperating revenue (expense)		
State appropriations	**9,432,302**	7,948,713
Property tax levy	**22,344,140**	20,473,158
Federal Pell grant revenue	**2,762,666**	2,436,027
Federal HEERF grant revenue	**-**	1,094,563
Investment income	**905,832**	383,580
Gifts	**358,515**	502,431
Interest on capital assets - related debt	**(333,606)**	(373,889)
Loss on disposal of assets	**(274,680)**	(4,916)
Net nonoperating revenue (expense)	**35,195,169**	32,459,667
Other revenue		
State capital appropriations	**761,100**	-
Total other revenue	**761,100**	-
Change in net position	**13,978,929**	10,204,221
Net position at beginning of year	**51,323,124**	41,118,903
Net position at end of year	**$ 65,302,053**	$ 51,323,124

See accompanying notes.

Monroe County Community College

Statements of Cash Flows

	Year Ended June 30	
	2024	**2023**
Cash flows from operating activities		
Tuition and fees	**$ 6,843,020**	$ 6,308,858
Grants and contracts	**2,308,194**	2,810,327
Payments to suppliers	**(18,251,180)**	(15,253,121)
Payments to employees	**(15,716,096)**	(15,236,223)
Auxiliary enterprise charges	**(15,643)**	(8,304)
Other	**1,546,545**	593,311
Net cash used in operating activities	**(23,285,160)**	(20,785,152)
Cash flows from noncapital financing activities		
State appropriations	**9,274,938**	7,909,620
Property tax levy	**22,372,804**	20,419,787
Federal Pell grant revenue	**2,719,937**	2,401,000
Federal HEERF grant revenue	**532,978**	561,585
Federal direct lending receipts	**2,524,834**	2,921,363
Federal direct lending payments	**(2,468,847)**	(3,000,511)
Gifts and contributions for other than capital purposes	**358,515**	502,431
Net cash provided by noncapital financing activities	**35,315,159**	31,715,275
Cash flows from capital and related financing activities		
Proceeds from capital appropriations	**761,100**	-
Purchase of capital assets	**(2,433,049)**	(4,872,536)
Proceeds from disposal of capital assets	**-**	3,285
Principal debt and lease payments	**(1,142,442)**	(1,129,113)
Interest paid on capital debt	**(343,308)**	(383,256)
Net cash used in capital and related financing activities	**(3,157,699)**	(6,381,620)
Cash flows from investing activities		
Proceeds from sales and maturities of investment	**256,345**	440,511
Investment income	**904,774**	378,680
Purchase of investments	**(270,269)**	(440,511)
Net cash provided by investing activities	**890,850**	378,680
Net increase in cash and cash equivalents	**9,763,150**	4,927,183
Cash and cash equivalents at beginning of year	**27,320,932**	22,393,749
Cash and cash equivalents at end of year	**$ 37,084,082**	$ 27,320,932

Monroe County Community College

Statements of Cash Flows

	Year Ended June 30	
	2024	**2023**
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	**$ (21,977,340)**	$ (22,255,446)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	**3,234,601**	3,066,689
Allowance for uncollectable accounts	**(114,823)**	(25,681)
(Increase) decrease in assets:		
Accounts receivable	**420,782**	(83,166)
Inventories	**(3,868)**	(5,391)
Prepaid expenses and other assets	**(432,682)**	406,484
Increase (decrease) in liabilities:		
Accounts payable	**66,716**	391,106
Accrued payroll and fringes	**175,557**	(558,357)
Deposits	**65,773**	39,773
Unearned revenue	**218,569**	685,199
Net pension and OPEB liability and related accounts	**(4,938,445)**	(2,446,362)
Net cash used in operating activities	**$ (23,285,160)**	$ (20,785,152)

See accompanying notes.

The Foundation at Monroe County Community College

Statements of Financial Position

	June 30 2024	June 30 2023
Assets		
Cash and cash equivalents - Note 2	**$ 1,084,666**	$ 1,054,314
Unconditional promises to give:		
Without restriction	**1,090**	-
Restricted for scholarships	**2,255**	1,455
Restricted other, net of allowance $3,750 ($2,500 in 2023)	**145,850**	105,010
Total unconditional promises to give	**149,195**	106,465
Total current assets	**1,233,861**	1,160,779
Brokerage investments, at market value:		
Endowment investments - Note 2 and 17	**6,695,935**	5,817,633
Endowment investments Cultural - Note 2 and 17	**3,119,595**	2,784,302
Total brokerage investments, at market value	**9,815,530**	8,601,935
Long-term unconditional promises to give:		
Restricted other, net of allowance $16,250 ($15,000 in 2023)	**454,250**	539,500
Total assets	**$ 11,503,641**	$ 10,302,214
Liabilities		
Accounts payable	**$ 96,046**	$ 49,387
Total current liabilities	**96,046**	49,387
Net assets		
Net assets, without restrictions - Note 1	**712,884**	574,399
Net assets, with restrictions - Note 1	**10,694,711**	9,678,428
Total net assets	**11,407,595**	10,252,827
Total liabilities and net assets	**$ 11,503,641**	$ 10,302,214

See accompanying notes.

The Foundation at Monroe County Community College

Statements of Activities

	Year Ended June 30	
	2024	**2023**
Revenues, gains, and other support		
Contributions	**$ 351,135**	$ 343,460
Contributions - in kind	**-**	17,500
Special events	**17,446**	24,074
Donated administrative support	**343,350**	336,400
Net investment income	**1,226,517**	778,868
Total revenues, gains, and other support	**1,938,448**	1,500,302
Expenses		
Scholarships	**239,326**	239,226
Grants	**193,690**	313,961
Fundraising	**1,466**	1,714
Donated administrative expenses	**343,350**	336,400
Other	**5,848**	2,252
Total expenses	**783,680**	893,553
Change in net assets	**1,154,768**	606,749
Net assets at beginning of year	**10,252,827**	9,646,078
Net assets at end of year	**$ 11,407,595**	$ 10,252,827

See accompanying notes.

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies

Reporting Entity

Monroe County Community College (College) is a Michigan community college which has two locations located in Monroe County. The College was founded in 1964 and is governed by a seven-member board of trustees, elected by the public.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the College and its component unit, The Foundation at Monroe County Community College as described in the following paragraph.

The Foundation at Monroe County Community College (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The board members of the Foundation are appointed by the College's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Separate audited financial statements for the Foundation can be obtained from the Foundation at Monroe County Community College at 1555 South Raisinville Road, Monroe, MI 48161.

Basis of Presentation

College

The financial statements have been prepared in accordance with GAAP as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The College reports as a business-type activity (BTAs), as defined by GASB. BTAs are those that are financed in whole or in part by fees charged to external parties for goods or services.

Foundation

The Foundation reports under the provisions of accounting standards codification topic 958, *Not-For-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies

Measurement Focus and Basis of Accounting

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

Cash and Cash Equivalents and Short-term Investments

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

Restricted Investments and Brokerage Investments

College investments which are separately invested for an endowed purpose are reflected as restricted. Foundation brokerage investments include investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value. Realized gains and losses and any changes in market value during the year (unrealized gains and losses) are included in investment income. Endowment investments are those investments that hold the funds in which donors have restricted the use of principal.

Receivables

Accounts receivable resulting from student tuition and government and state grants consists of operating revenue recognized, but not received, as of June 30, 2024 and 2023. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

Inventories

Inventories, including books and miscellaneous supplies, are stated at the lower of cost or net realizable value using the first-in, first-out method.

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost, or if acquired by gift, at the fair market value as of the date of acquisition. The College maintains a capitalization threshold of five thousand dollars. Depreciation is provided for property and equipment on a straight-line basis. Estimated useful lives are as follows:

Land and improvements	10 years
Building and improvements	10-40 years
Infrastructure	10-20 years
Furniture, fixtures, and equipment	5-10 years

Accrued Vacation

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the College will compensate employees for the benefits through paid time off or some other means. The College records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Unearned Revenue

Unearned revenue is a combination of grant and tuition revenue received prior to year-end that relates to the next fiscal year. Unearned revenue at June 30 is as follows:

	2024	**2023**
Grants:		
D3C3 Retention	**$ 885,517**	$ 760,579
Other grants	**180,629**	84,736
Tuition:		
Summer semester	**226,173**	212,939
Fall semester	**-**	15,496
Total unearned revenue	**$ 1,292,319**	$ 1,073,750

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Pension and Other Postemployment Benefit (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources, and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the Michigan Public 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. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources and Deferred Inflow of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as changes in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as changes in expected and actual experiences, changes in assumption, and funding received through state appropriations for contributions to the pension plan after the measurement date.

More detailed information on deferred outflows of resources and deferred inflows of resources can be found in Notes 6 and 7.

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Restricted Net Position and Net Assets With Restriction

The College's permanently restricted net position of $177,539 for the year ended June 30, 2024 and 2023, may be utilized only in accordance with the purposes established by the source of such funds. The permanently restricted funds maintained by the College are general purpose funds, which permit only the use of net investment earnings and require that the original fund corpus be maintained. The investment earnings on these permanently restricted assets are classified as unrestricted net position in accordance with the donor's designation.

As of June 30, the Foundation reported the following net assets with donor restrictions:

	2024	2023
Scholarships:		
Held under endowment	**$ 6,555,532**	$ 5,693,938
Available	**276,004**	341,964
	6,831,536	6,035,902
Cultural enrichment and other:		
Held under endowment	**2,842,489**	2,511,530
Available	**821,686**	767,436
	3,664,175	3,278,966
Capital projects	**199,000**	363,560
Total net assets with restrictions	**$ 10,694,711**	$ 9,678,428

Unrestricted Net Position (Deficit) and Net Assets Without Restriction

The College has designated the use of unrestricted net deficit at June 30 as follows:

	2024	2023
Designated for:		
Working capital	**$ 22,522,732**	$ 17,390,775
Pension and OPEB funds	**(34,612,158)**	(39,550,602)
Technology equipment	**1,802,488**	1,679,896
Auxiliary activities	**1,271,094**	1,415,885
Student loans	**18,413**	18,413
Quasi-endowment	**148,671**	139,359
Major maintenance and renovation	**11,407,042**	7,764,088
Total unrestricted net position (deficit)	**$ 2,558,282**	$ (11,142,186)

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Unrestricted Net Position (Deficit) and Net Assets Without Restriction (continued)

As of June 30, the Foundation reported the following net assets without donor restrictions:

	2024	2023
Designated	**$ 471,508**	$ 428,529
Undesignated	**241,376**	145,870
Total net assets without restrictions	**$ 712,884**	$ 574,399

Operating Revenues and Expenses

The College distinguishes the operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a BTAs principal ongoing operation. The operating revenue of the College relates to charges to students for tuition, including grants, and auxiliary sales. Operating expenses include the cost of instruction, the related services, administration, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating or other revenue.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as Pell, and other federal, state, or nongovernmental grants, are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Property Taxes

Property tax revenue is recognized in the year for which taxes have been levied. Property taxes are levied on December 1 of the fiscal year, based on assessed valuation as of the preceding December 31. The taxes, which are collected and remitted to the College by townships, villages, and cities within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to Monroe County for subsequent collection. The College is subsequently paid 100% of delinquent real property taxes through the county's tax revolving funds. These payments are usually received within three to five months after the delinquency date.

1. Reporting Entity, Basis of Presentation and Significant Accounting Policies (continued)

Significant Accounting Policies (continued)

Use of Estimates

The process of preparing financial statements in accordance with GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak a pandemic now known as COVID-19. In response to the COVID-19 pandemic, governments took preventive or protective actions, such as temporary closures of non-essential business and “stay-at-home” guidelines for individuals. As a result, the global economy was negatively affected, and the College’s operations were also impacted. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Securities (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling $9,415,550, of which $3,786,879 was required to be given directly to students. For the year ended June 30, 2023, the College recognized HEERF grant revenue totaling $1,094,563. There was no HEERF grant revenue recognized for the year ended June 30, 2024.

2. Cash and Cash Equivalents and Investments

College

The College’s cash and cash equivalents and investments were included in the statements of net position under the following classifications as of June 30:

	2024	2023
Cash and cash equivalents	**$ 37,084,082**	$ 27,320,932
Short-term investments	**256,345**	250,677
Restricted investment	**198,090**	189,834
Total cash and cash equivalents and investments	**$ 37,538,517**	$ 27,761,443

2. Cash and Cash Equivalents and Investments (continued)

College (continued)

The balances above are comprised of $37,536,929 as of June 30, 2024 and $27,759,805 as of June 30, 2023 of bank deposits (checking accounts, savings accounts, and certificates of deposit) and $1,588 as of June 30, 2024 and $1,638 as of June 30, 2023 of petty cash and cash on hand.

Bank Deposits

The above bank deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at $37,717,680 as of June 30, 2024 and $28,153,007 as of June 30, 2023. Of that amount, $698,099 as of June 30, 2024 and $689,834 as of June 30, 2023 were covered by federal depository insurance, while the remainder was uninsured and uncollateralized.

The College believes that due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each institution it deposits College funds with and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Interest Rate Risks

The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the College manages its exposure to interest rate risk by generally limiting investment maturities to less than one year.

Credit Risk

The College's credit risk is limited by the Michigan Public Act 331 and by resolution of the Board of Trustees to invest in limited types of investments as described previously. The College has no investment policy that would further limit its investment choices.

2. Cash and Cash Equivalents and Investments (continued)

College (continued)

Investments (continued)

Concentration of Credit Risk

The College places no limit on the amount the College may deposit or invest in any one issuer. The percent of the College's cash and cash equivalents and investments by insurer as of June 30, were as follows:

	2024	2023
PNC Bank	**98.8%**	98.4%
Flagstar	**.5**	.7
First Merchants Bank	**.7**	.9
Total	**100.0%**	100.0%

Custodial Credit Risk

The College investment policies do not address custodial credit risk. However, the entire bank pooled investment accounts and bank deposit accounts are in the name of the College.

Foundation

The Foundation's cash and cash equivalents and investments were included in the statements of financial position under the following classifications as of June 30:

	2024	2023
Cash and cash equivalents	**$ 1,084,666**	$ 1,054,314
Endowment investments	**6,695,935**	5,817,633
Endowment investments Cultural	**3,119,595**	2,784,302
Total cash and cash equivalents and investments	**$ 10,900,196**	$ 9,656,249

Bank Deposits

At times throughout the year, the Foundation may maintain certain bank accounts in excess of the FDIC insured limits. Management believes that it is not exposed to any significant credit risk due to the strength of the financial institution in which the funds are held. In addition, the amounts over FDIC insured limit are covered by First Merchants Bank through a bond program, where the bank holds municipal bonds which are used to collateralize the funds held in the sweep accounts for not-for-profit entities.

2. Cash and Cash Equivalents and Investments (continued)

Foundation (continued)

Investments

All investments of the Foundation are either donor-restricted endowments, donor restricted grants, Foundation designated endowments, or College designated endowments. The Foundation's investments as of June 30 are as follows:

	2024	2023
Money market	**$ 698,191**	$ 592,713
Individual securities:		
Corporate stocks	**1,328,046**	276,194
Mutual funds:		
Equity funds	**3,315,657**	2,945,142
Fixed income funds	**2,146,368**	1,663,048
Total mutual funds	**5,462,025**	4,608,190
Exchange traded funds:		
Equity funds	**1,494,123**	2,062,602
Fixed income funds	**833,145**	820,240
REIT	**-**	241,996
Total exchange traded funds	**2,327,268**	3,124,838
Total brokerage investments	**$ 9,815,530**	$ 8,601,935

Credit Risk

The Foundation is subject to concentration of credit risk relating to marketable equity securities and it is at least reasonably possible that changes in net values of investment securities will occur in the near term and that such change could materially affect the amounts recorded in the statements of financial position. Marketable equity securities consist primarily of equity securities, bonds, mutual funds, and alternative investments, which could subject the Foundation to losses in the event of a general downturn in the stock market.

3. Fair Value Measurements

The College and the Foundation categorize their fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that the College and the Foundation have the ability to access; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

3. Fair Value Measurements (continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's and Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The College has the following recurring fair value measurements as of June 30:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2024				
Bank certificates of deposits	**$ 454,435**	**$ 454,435**	**$ -**	**$ -**
2023				
Bank certificates of deposits	$ 440,511	$ 440,511	$ -	$ -

The fair value of the bank certificates of deposits at June 30, 2024 and 2023, was determined primarily on Level 1 inputs. The College records the fair value of these investments using the cost-plus interest incrementally earned.

The Foundation has the following recurring fair value measurements as of June 30:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
2024				
Money market	**$ 698,191**	**$ 698,191**	**$ -**	**$ -**
Corporate stocks	**1,328,046**	**1,328,046**	**-**	**-**
Equity funds	**4,809,780**	**4,809,780**	**-**	**-**
Fixed income funds	**2,979,513**	**2,979,513**	**-**	**-**
Total brokerage investments	**$ 9,815,530**	**$ 9,815,530**	**$ -**	**$ -**
2023				
Money market	$ 592,713	$ 592,713	$ -	$ -
Corporate stocks	276,194	276,194	-	-
Equity funds	5,007,744	5,007,744	-	-
Fixed income funds	2,483,288	2,483,288	-	-
REIT	241,996	241,996	-	-
Total brokerage investments	$ 8,601,935	$ 8,601,935	$ -	$ -

3. Fair Value Measurements (continued)

The fair value of money market accounts at June 30, 2024 and 2023, was determined primarily on Level 1 inputs. Invested cash and short-term investments are invested in money market funds whose portfolio is composed of highly rated short-term issuance managed with the primary goal of preserving principal while providing minimal yield.

The fair value of corporate stocks at June 30, 2024 and 2023, was determined primarily on Level 1 inputs. Individual securities are stated at fair value determined primarily from quoted prices in the market in which they are principally traded.

The fair value of equity funds and fixed income funds at June 30, 2024 and 2023, was determined primarily on Level 1 inputs. Equity funds and fixed income funds in mutual funds are pools of assets commingled together to benefit from professional management and through economies of scale. Investors own shares of the fund and are provided a net asset value (NAV) per share on a regular basis. Mutual funds are registered with the U.S. Securities and Exchange Commission. Equity funds and fixed income funds in exchange traded funds are baskets of securities designed to replicate various indices and whose value is determined through daily market action in the shares of the exchange traded fund. Fair market value is determined by obtaining prices from quoted market sources.

The fair value of REIT funds at June 30, 2023, was determined primarily on Level 1 inputs. REIT are baskets of securities designed to replicate various indices and whose value is determined through daily market action in the shares of the exchange traded fund. Fair market value is determined by obtaining prices from quoted market sources.

4. Property and Equipment

The following table presents the changes in the various capital asset categories for the years ended June 30:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
2024					
Nondepreciable capital assets:					
Land	$ 1,517,910	$ -	$ -	$ -	$ 1,517,910
Construction in progress	600,239	2,414,340	31,598	(1,006,832)	1,976,149
Total nondepreciable capital assets	2,118,149	2,414,340	31,598	(1,006,832)	3,494,059

4. Property and Equipment (continued)

(continued from previous page)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Depreciable capital assets:					
Land improvements	**$ 3,823,379**	**$ -**	**$ -**	**$ -**	**$ 3,823,379**
Building and improvements	**98,522,958**	**-**	**-**	**663,594**	**99,186,552**
Infrastructure	**4,293,368**	**-**	**-**	**277,448**	**4,570,816**
Furniture, fixtures, and equipment	**10,400,051**	**232,664**	**908,004**	**65,790**	**9,790,501**
Total depreciable capital assets	**117,039,756**	**232,664**	**908,004**	**1,006,832**	**117,371,248**
Total capital assets	**119,157,905**	**2,647,004**	**939,602**	**-**	**120,865,307**
Less accumulated depreciation:					
Land improvements	**2,423,060**	**164,676**	**-**	**-**	**2,587,736**
Building and improvements	**36,494,581**	**2,308,830**	**-**	**-**	**38,803,411**
Infrastructure	**2,292,525**	**100,466**	**-**	**-**	**2,392,991**
Furniture, fixtures, and equipment	**5,817,696**	**640,238**	**683,343**	**-**	**5,774,591**
Total accumulated depreciation	**47,027,862**	**3,214,210**	**683,343**	**-**	**49,558,729**
Intangible right-to-use assets:					
Right-to-use asset – leased equipment	**218,843**	**-**	**116,889**	**-**	**101,954**
Less accumulated amortization	**154,542**	**20,391**	**98,468**	**-**	**76,465**
Net intangible right-to-use assets	**64,301**	**(20,391)**	**18,421**	**-**	**25,489**
Total capital assets, net	**$ 72,194,344**	**$ (587,597)**	**$ 274,680**	**$ -**	**$ 71,332,067**
2023					
Nondepreciable capital assets:					
Land	$ 1,517,910	$ -	$ -	$ -	$ 1,517,910
Construction in progress	9,092,800	424,287	-	(8,916,848)	600,239
Total nondepreciable capital assets	10,610,710	424,287	-	(8,916,848)	2,118,149
Depreciable capital assets:					
Land improvements	3,470,739	352,640	-	-	3,823,379
Building and improvements	87,056,748	2,705,314	-	8,760,896	98,522,958
Infrastructure	3,808,823	389,736	-	94,809	4,293,368
Furniture, fixtures, and equipment	10,169,174	339,061	169,327	61,143	10,400,051
Total depreciable capital assets	104,505,484	3,786,751	169,327	8,916,848	117,039,756
Total capital assets	115,116,194	4,211,038	169,327	-	119,157,905

4. Property and Equipment (continued)

(continued from previous page)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Less accumulated depreciation:					
Land improvements	$ 2,279,973	$ 143,087	$ -	$ -	$ 2,423,060
Building and improvements	34,407,305	2,087,276	-	-	36,494,581
Infrastructure	2,207,982	84,543	-	-	2,292,525
Furniture, fixtures, and equipment	5,304,310	674,512	161,126	-	5,817,696
Total accumulated depreciation	44,199,570	2,989,418	161,126	-	47,027,862
Intangible right-to-use assets:					
Right-to-use asset – leased equipment	279,832	-	60,989	-	218,843
Less accumulated amortization	138,260	77,271	60,989	-	154,542
Net intangible right-to-use assets	141,572	(77,271)	-	-	64,301
Total capital assets, net	$ 71,058,196	$ 1,144,349	$ 8,201	$ -	$ 72,194,344

5. Accrued Payroll and Fringes

Accrued payroll and fringes include the following as of June 30:

	2024	**2023**
Payroll	**$ 677,053**	$ 613,691
Accrued vacation	**460,768**	413,222
Pension plan	**349,562**	310,364
Other retirement and fringes	**701,437**	675,986
Total accrued payroll and fringes	**$ 2,188,820**	$ 2,013,263

6. Defined Benefit Pension Plans and Postemployment Benefits

Plan Description

The College contributes to MPSERS (System), 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

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Plan Description (continued)

authority to promulgate or amend the provision 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, and 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 at 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% to 1.50%. 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 reinstatement 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.

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Contributions (continued)

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 costs are funded on a current basis. The unfunded (overfunded) actuarial accrued liability of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30:

	2023		2022	
Benefit Structure	**Member**	**Employer**	**Member**	**Employer**
Basic	**0.00 – 4.00%**	**20.16%**	0.00 – 4.00%	20.14%
Member Investment Plan	**3.00 – 7.00%**	**20.16%**	3.00 – 7.00%	20.14%
Pension Plus	**3.00 – 6.40%**	**17.24%**	3.00 – 6.40%	17.22%
Pension Plus 2	**6.20%**	**19.95%**	6.20%	19.93%
Defined Contribution	**0.00%**	**13.75%**	0.00%	13.73%

The College's required contribution to the plan for the year ended June 30, 2024 was $3,598,067 and $3,620,889 for the year ended June 30, 2023. In addition, the College recognized Section 147(c)(1) payments allocable to the pension contribution of $2,762,171 for the year ended June 30, 2024 and $1,694,140 for the year ended June 30, 2023 in revenue from the State of Michigan to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate. These funds were also remitted to the plan.

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

As of June 30, 2024, the College reported a liability of $32,311,785 and $40,009,855 as of June 30, 2023, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation rolled-forward from September 30, 2022 and 2021, respectively. The College'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. As of

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

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

September 30, 2023, the College's proportion was 0.09983%, which was a decrease of 0.00655% from its proportion measured as of September 30, 2022. As of September 30, 2022, the College's proportion was 0.10638%, which was a decrease of 0.01097% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2024, the College recognized pension expense of $2,240,256 and $3,331,430 for the year ended June 30, 2023.

As of June 30, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		**2023**	
	Deferred Outflows of Resources	**Deferred (Inflows) of Resources**	**Deferred Outflows of Resources**	**Deferred (Inflows) of Resources**
Differences between actual and expected experience	**$ 1,019,984**	**$ (49,497)**	$ 400,238	$ (89,458)
Net differences between projected and actual plan investment earnings	**-**	**(661,204)**	93,823	-
Changes of assumptions	**4,378,394**	**(2,524,482)**	6,875,127	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	**29,856**	**(3,829,761)**	2,971	(3,626,799)
Sec147c state aid award subsequent to the measurement date	**-**	**(1,922,597)**	-	(2,762,171)
The College's contributions subsequent to the measurement date	**3,921,122**	**-**	4,439,858	-
	$ 9,349,356	**$ (8,987,541)**	$ 11,812,017	$ (6,478,428)

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $3,921,122 at June 30, 2024 and $4,439,858 at June 30, 2023 will be recognized as a reduction of the net pension liability in the years ending June 30, 2025 and 2024, respectively. Deferred inflows of resources resulting from Sec147c state aid award subsequent to the measurement date of $1,922,597 at June 30, 2024 and $2,762,171 at June 30, 2023 will be recognized as state appropriation revenue in the years ending June 30, 2025 and 2024, respectively.

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

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

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense at June 30 as follows:

	2024	2023
2024	**$ -**	$ 742,390
2025	**(857,711)**	426,721
2026	**(791,906)**	478,584
2027	**677,992**	2,008,207
2028	**(665,085)**	-
	$ (1,636,710)	$ 3,655,902

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 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:

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans	6.00%
Pension Plus Plan	6.00%
Pension Plus 2 Plan	6.00%
Projected Salary Increase:	2.75% to 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3.00% Annual Non-Compounded for MIP Members

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Actuarial Assumptions (continued)

Mortality:

Retirees	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 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, 2023 and 2022, is based on the results of an actuarial valuation date of September 30, 2022 and 2021, respectively, 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 and was 4.4406 as of September 30, 2023 and 4.3922 as of September 30, 2022.

Recognition period for assets in years was 5.0000 as of September 30, 2023 and 2022.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Rate of 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 and expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Long-Term Expected Rate of Return on Plan Assets (continued)

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, are summarized in the following table:

	2023		2022	
Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return***	**Target Allocation**	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	**25.00%**	**5.8%**	25.00%	5.1%
Private Equity Pools	**16.00%**	**9.6%**	16.00%	8.7%
International Equity Pools	**15.00%**	**6.8%**	15.00%	6.7%
Fixed Income Pools	**13.00%**	**1.3%**	13.00%	(0.2)%
Real Estate and Infrastructure Pools	**10.00%**	**6.4%**	10.00%	5.3%
Absolute Return Pools	**9.00%**	**4.8%**	9.00%	2.7%
Real Return/Opportunistic Pools	**10.00%**	**7.3%**	10.00%	5.8%
Short Term Investment Pools	**2.00%**	**0.3%**	2.00%	(0.5)%
	100.00%		100.00%	

*Long-term rates of return are net of administrative expenses and 2.70% inflation as of September 30, 2023 and 2.20% inflation as of September 30, 2022.

Rate of Return

The annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29% for the fiscal year ended September 30, 2023 and (4.18)% for the fiscal year ended September 30, 2022. 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%, as of September 30, 2023 and 2022, was used to measure the total pension liability (Pension Plus plan and Pension 2 plan, both of which are 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% as of September 30, 2023 and 2022, respectively. The projection of cash flows used to determine the 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

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Discount Rate (continued)

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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability at June 30, calculated using the discount rate depending on the plan option, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
2024	**$ 43,653,127**	**$ 32,311,785**	**$ 22,869,708**
2023	$ 52,798,145	$ 40,009,855	$ 29,471,729

Pension Plan 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 Michigan.gov/ORSSchools.

Payable to the Pension Plan

The College reported a payable of $89,630 as of June 30, 2024 and $82,450 as of June 30, 2023. These amounts represent current payments for June paid in July, accruals for summer pay (primarily for professors), and the contributions due funded from state aid revenue section 147c restricted to fund the MPSERS UAAL Stabilization rate contributions.

Optional Defined Contribution Plan

Professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). For fiscal year 2020 and prior, the College's contribution percentage to the ORP plan mirrored that of the corresponding plan of the participant under MPSERS. In addition, the participant also contributes a percentage of their compensation to the

6. Defined Benefit Pension Plans and Postemployment Benefits (continued)

Optional Defined Contribution Plan (continued)

plan. The average contribution percentages for the participants were approximately 5.12% for the year ended June 30, 2024 and 5.29% for the year ended June 30, 2023. Total covered payroll and College contributions were approximately $4.5 million and $.8 million, respectively, for the year ended June 30, 2024 and approximately $4.3 million and $.8 million, respectively, for the year ended June 30, 2023. During fiscal year 2018, the contribution percentages for the College and the participants were capped at 12% and 4%, respectively, for new plan members.

7. Postemployment Benefits Other Than Pensions

Plan Description

The College contributes to MPSERS, a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the 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 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 at 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 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

7. Postemployment Benefits Other Than Pensions (continued)

Benefits Provided (continued)

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 OPEB, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length were 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 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

7. Postemployment Benefits Other Than Pensions (continued)

Contributions (continued)

actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal years ended September 30:

	2023		2022	
Benefit Structure	**Member**	**Employer**	**Member**	**Employer**
Premium Subsidy	**3.00%**	**8.07%**	3.00%	8.09%
Personal Healthcare Fund (PHF)	**0.00%**	**7.21%**	0.00%	7.23%

The College's required contribution to the plan for the year ended June 30, 2024 was $790,448 and $799,191 for the year ended June 30, 2023.

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

As of June 30, 2024, the College reported a negative liability of $574,015 and a positive liability of $2,222,218 as of June 30, 2023, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2023 and 2022, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2022 and 2021, respectively. The College's proportion of the net OPEB liability was determined by dividing each employer 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. As of September 30, 2023, the College's proportion was 0.10147%, which was a decrease of .00345% from its proportion measured as of September 30, 2022. As of September 30, 2022, the College's proportion was 0.10492%, which was a decrease of .00798% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2024, the College recognized OPEB income of $1,350,533 and $1,232,737 for the year ended June 30, 2023.

7. Postemployment Benefits Other Than Pensions (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

As of June 30, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		**2023**	
	Deferred Outflows of Resources	**Deferred (Inflows) of Resources**	**Deferred Outflows of Resources**	**Deferred (Inflows) of Resources**
Differences between actual and expected experience	**$ -**	**$ (4,337,552)**	$ -	$ (4,352,473)
Net differences between projected and actual plan investment earnings	**1,750**	**-**	173,684	-
Changes of assumptions	**1,277,858**	**(153,878)**	1,980,734	(161,283)
Changes in proportion and differences between the College's contributions and proportionate share of contributions	**8,644**	**(828,036)**	11,949	(1,024,668)
The College's contributions subsequent to the measurement date	**795,011**	**-**	719,938	-
	$ 2,083,263	**$ (5,319,466)**	$ 2,886,305	$ (5,538,424)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $795,011 at June 30, 2024 and $719,938 at June 30, 2023 will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense at June 30 as follows:

	2024	**2023**
2024	**$ -**	$ (1,164,356)
2025	**(1,320,601)**	(993,284)
2026	**(1,209,546)**	(879,954)
2027	**(542,389)**	(192,495)
2028	**(475,609)**	(125,160)
2029	**(325,611)**	(16,808)
2030	**(157,458)**	-
	$ (4,031,214)	$ (3,372,057)

7. Postemployment Benefits Other Than Pensions (continued)

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 member 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:

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%
Projected Salary Increases:	2.75% to 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.50% Year 1 graded to 3.50% Year 15 Post-65: 6.25% Year 1 graded to 3.50% Year 15
Mortality:	
Retirees	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 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 Assumptions	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 one or more dependents.

7. Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions (continued)

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 OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023 and 2022, is based on the results of an actuarial date of September 30, 2022 and 2021, respectively, 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 and was 6.5099 as of September 30, 2023 and 6.2250 as of September 30, 2022.

Recognition period for assets in years was 5.0000 as of September 30, 2023 and 2022.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at 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, are summarized in the following table:

	2023		**2022**	
Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return***	**Target Allocation**	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	**25.00%**	**5.8%**	25.00%	5.1%
Private Equity Pools	**16.00%**	**9.6%**	16.00%	8.7%
International Equity Pools	**15.00%**	**6.8%**	15.00%	6.7%
Fixed Income Pools	**13.00%**	**1.3%**	13.00%	(0.2)%
Real Estate and Infrastructure Pools	**10.00%**	**6.4%**	10.00%	5.3%
Absolute Return Pools	**9.00%**	**4.8%**	9.00%	2.7%
Real Return/Opportunistic Pools	**10.00%**	**7.3%**	10.00%	5.8%
Short Term Investment Pools	**2.00%**	**0.3%**	2.00%	(0.5)%
	100.00%		100.00%	

7. Postemployment Benefits Other Than Pensions (continued)

Long-Term Expected Return on Plan Assets (continued)

*Long-term rates of return are net of administrative expenses and 2.70% inflation as of September 30, 2023 and 2.20% inflation as of September 30, 2022.

Rate of Return

The annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94% for fiscal year September 30, 2023 and (4.99)% for fiscal year September 30, 2022. 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% as of September 30, 2023 and 2022, was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00% as of September 30, 2023 and 2022, respectively. 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 employee contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the College's proportionate share of the net OPEB liability as of June 30, calculated using the discount rate and current healthcare cost trend rate, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
2024	**$ 595,081**	**$ (574,015)**	**$ (1,578,739)**
2023	$ 3,727,556	$ 2,222,218	$ 954,536

7. Postemployment Benefits Other Than Pensions (continued)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2024	**$ (1,581,244)**	**$ (574,015)**	**$ 516,136**
2023	$ 930,558	$ 2,222,218	$ 3,672,130

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

The College reported a payable of $38,738 as of June 30, 2024 and $37,823 as of June 30, 2023. These amounts represent current payments for June paid in July.

8. Federal Direct Lending Program

The College distributed $2,468,847 for the year ended June 30, 2024 and $3,000,511 for the year ended June 30, 2023 for student loans through the U.S. Department of Education federal direct lending program. These distributions and related funding source are not included as revenues or expenses in the accompanying financial statements.

9. Collateralized State Bonds

The State of Michigan has made several construction projects grants to the College. The Michigan State Building Authority is responsible for financing the State's 50% grant portion, which is done by selling bonds. The College deeds the related buildings and sites to the Michigan State Building Authority to collateralize those bonds. When the bond obligations are fully paid, the related properties will be deeded back to the College.

9. Collateralized State Bonds (continued)

The following properties are currently collateral for Michigan bonds:

Property	Fiscal Year of Completion	States Original Grant
Library	June, 2001	$1.25 million
La-Z-Boy Center for Business and the Performing Arts	June, 2005	$6.00 million
Career Technology Center Building	June, 2014	$8.50 million
Founders Hall (formerly East and West Technology	June, 2022	$3.75 million

10. Long-Term Liabilities

The following is the long-term liability activity for the year ended June 30:

	Balances July 1, 2023	Additions	Reductions	Balances June 30, 2024	Due Within One Year
2024					
Key Government Finance	**$ 4,809,119**	**$ -**	**$ 571,252**	**$ 4,237,867**	**$ 591,420**
Sterling National Bank	**5,097,716**	**-**	**522,647**	**4,575,069**	**541,632**
Total direct borrowings and direct placements	**$ 9,906,835**	**$ -**	**$ 1,093,899**	**$ 8,812,936**	**$ 1,133,052**

	Balances July 1, 2022	Additions	Reductions	Balances June 30, 2023	Due Within One Year
2023					
Key Government Finance	$ 5,360,889	$ -	$ 551,770	$ 4,809,119	$ 571,252
Sterling National Bank	5,602,044	-	504,328	5,097,716	522,647
Total direct borrowings and direct placements	$ 10,962,933	$ -	$ 1,056,098	$ 9,906,835	$ 1,093,899

Direct Borrowings and Direct Placement

In 2015, the College secured financing for the construction of a new HVAC system. The financing was split 50/50 between Key Government Finance and Signature Public Funding Corp. assigned by Sterling National Bank on March 10, 2017.

10. Long-Term Liabilities (continued)

Direct Borrowings and Direct Placement (continued)

Terms of each note are as follows:

- Key Government Finance HVAC Note: Term note, payable $367,308 semi-annually beginning March 30, 2016, including interest at 3.50% due September 30, 2030, secured by HVAC system.

- Sterling National Bank HVAC Note: Term note, payable $350,751 semi-annually beginning March 30, 2016, including interest at 3.60% due September 30, 2031, secured by HVAC system.

Annual principal and interest requirements to maturity for the above note payable obligations are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,133,052	$ 303,067	$ 1,436,119
2026	1,173,607	262,512	1,436,119
2027	1,215,614	220,505	1,436,119
2028	1,259,125	176,994	1,436,119
2029	1,304,194	131,925	1,436,119
2030 – 2032	2,727,344	128,335	2,855,679
	$ 8,812,936	$ 1,223,338	$ 10,036,274

The College's outstanding note from direct borrowings and direct placements related to governmental activities contains a provision that in the event of default, either by (1) being unable to make principal or interest payments, (2) making any statement, representation, or warranty in pursuant to the execution, delivery, or performance of the lease that have been false, misleading, or breached in any material respect, (3) becoming insolvent, having an order for relief applicable to federal bankruptcy law, or making an assignment for the benefit of creditors, or (4) the lender at any time in good faith believing that the prospect of payment of any indebtedness is impaired, the outstanding amounts, including accrued interest become immediately due and payable.

11. Lease Commitments

On October 10, 2020, the College entered into a lease agreement with MT Business Technologies, Inc. for a variety of copiers. The lease is for five years, with monthly payments of $1,825, plus additional charges for excess usage. For purposes of discounting future payments on the lease, the College used a discount rate of 2.85%.

11. Lease Commitments (continued)

On June 4, 2018, the College entered into a lease agreement with Applied Imaging for leased equipment within the College's copy center. The lease was for five years, at monthly payments beginning at $3,998 and increasing to $4,413 over the duration of the lease. For purposes of discounting future payments on the lease, the College used a discount rate of 2.85%. This lease was paid in full during the year ended June 30, 2023.

The leased equipment and accumulated amortization of the right to use assets are outlined in Note 4. Annual lease requirements as of June 30, 2024 relating to the MT Business Technologies Inc. operating lease are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 21,415	$ 487	$ 21,902
2026	5,450	26	5,476
	$ 26,865	$ 513	$ 27,378

12. Self Insurance

Beginning July 1, 2015, the College is partially self-insured for healthcare benefits. The self-insured healthcare plan covers approximately 100 employees and their dependents. Claims are funded by the College and paid by the plan administrator; actual payments are based on claims filed. As of June 30, 2024 and 2023, the College's insurance policy covers claims in excess of $25,000 per covered employee and/or their dependent. The College pays the administrative costs of the plan. Self-insured employee benefit liability for the year ending June 30 were as follows:

	2024	2023
Balance, beginning of year	**$ 150,332**	$ 141,930
Claims incurred, premiums paid and changes in estimates	**2,564,347**	2,584,509
Claim and premium payments	**(2,560,898)**	(2,576,107)
Balance, end of year	**$ 153,781**	$ 150,332

13. Property Taxes

The College received 2.1794 mills for both fiscal years 2024 and 2023 for current operations. The College also received .85 mills for both fiscal years 2024 and 2023 for maintenance and improvements. The property taxes were levied on December 1 of the fiscal year, based on assessed valuation as of the preceding December 31. The taxable value for real and personal property was $7.17 billion for fiscal year 2024 tax collections and $6.78 billion for fiscal year 2023 tax collections. The taxable value is approximately 50% of the properties' fair market value with limits on the annual increase.

14. Risk Management

The College is exposed to various risks of loss related to property loss, errors and omissions, workers' compensation, as well as medical benefits provided to employees. The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Community College Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Members' premiums are used to purchase commercial excess coverage for claims in excess of $100,000 for each insured amount, and to pay member claims in excess of deductible amounts.

The College has a share of the reserve for future claims in the shared-risk pool of $1,494,773 as of June 30, 2024 and $1,315,473 as of June 30, 2023. Although premiums are paid annually to the Authority, which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College. All payments to the pool were expensed by the College.

15. Tax Abatement

Municipalities within the College boundaries entered into property tax abatement agreements with local businesses under two programs: The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, and the Brownfield Redevelopment Financing Act, under Act 381 of 1996, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties. The Brownfield Program uses tax increment financing (TIF) to reimburse brownfield related costs incurred while redeveloping contaminated, functionally obsolete, blighted, or historic properties.

15. Tax Abatement (continued)

For the year ended June 30, 2024, the College's property tax revenue for general operations was reduced by $91,271 and $121,592 for the year ended June 30, 2023, under these programs. The abatements issued by other governmental units are as follows as of June 30:

Governmental Unit	IFT	PA 328 of 1998 & La-Z-Boy RZ	Others	Total
2024				
Ash	**$ 17,646**	**$ -**	**$ -**	**$ 17,646**
Bedford	**17,967**	**-**	**-**	**17,967**
Dundee	**12,612**	**-**	**-**	**12,612**
Erie	**501**	**-**	**-**	**501**
Frenchtown	**23,733**	**-**	**-**	**23,733**
Monroe	**289**	**-**	**-**	**289**
Monroe City	**14,857**	**-**	**2,974**	**17,831**
Whiteford	**692**	**-**	**-**	**692**
	$ 88,297	**$ -**	**$ 2,974**	**$ 91,271**
2023				
Ash	$ 16,805	$ -	$ -	$ 16,805
Bedford	11,762	-	-	11,762
Dundee	9,388	-	-	9,388
Erie	497	-	-	497
Frenchtown	25,042	-	-	25,042
Monroe	554	-	-	554
Monroe City	22,420	30,944	3,220	56,584
Summerfield	268	-	-	268
Whiteford	692	-	-	692
	$ 87,428	$ 30,944	$ 3,220	$ 121,592

16. Commitments, Contingencies and Capital Outlay

In the normal course of its activities, the College is party to various legal actions. It is the opinion of College officials that the potential claims in excess of insurance coverage resulting from the remaining litigation would not have a material effect on the financial statements.

The College completed construction of the new HVAC system in fiscal year 2018. This project replaces the College's boilers and provides up-to-date heating and cooling for the entire campus. The total cost of this project was $16.2 million. The total payments for each fiscal year through 2032 will be $1.4 million as disclosed in Note 10.

16. Commitments, Contingencies and Capital Outlay (continued)

On May 29, 2018, DTE Electric Company filed petitions with the Michigan Tax Tribunal requesting a large reduction in their taxable values on both the Monroe Power Plant located in the City of Monroe by 50.50%, and the Fermi 2 Nuclear Power Plant located in Frenchtown Charter Township by 60.00%. In May 2020, the City of Monroe and DTE signed a Consent Agreement regarding the Monroe Power Plant tax appeal that will result in a total taxable value reduction for the plant by 2025 of 28.33%. In regard to the Fermi 2 Nuclear Power Plant, while Frenchtown Township and DTE have been negotiating, no settlement has been reached and it appears that the case will be heard by the Michigan Tax Tribunal. The College has entered into a Tax Tribunal and Appeal Litigation Cost Sharing Agreement with the eight public entities who would be adversely affected by a taxable value reduction. On August 27, 2020, the College Board of Trustees authorized expenditures up to $30,000 in support of the Agreement granting that, “this amount may be increased with additional revenue and approval by the Board.”

Construction began on the renovation of the Campbell Learning Resources Building in fiscal year 2021. The total estimated cost of the renovation was $11.6 million. Property tax revenue generated from the maintenance and improvement millage funded the project. The project was completed during fiscal year 2023 and the College capitalized the building at a total cost of $10.9 million.

Projects currently recorded in construction in progress include the Campus Loop Road project with cost incurred to date of $773,013, the HEB building project with cost incurred to date of $602,950, the Student Services renovation project with costs incurred to date of $244,063, and other projects with total cost incurred to date of $356,123. Once these projects have been completed, they will be capitalized in the College’s physical plant fund.

17. Foundation Endowments

The endowment funds maintained by the Foundation are held for the purpose of perpetual scholarship funds which permit the use of net investment earnings only and require that the original fund corpus be maintained.

The composition of endowment net assets and the changes in endowment net assets as of June 30 are as follows:

	2024	**2023**
Endowment net assets, beginning of year	**$ 8,601,935**	$ 7,713,186
Contributions collected	**276,280**	279,546
Net investment income	**1,178,773**	757,204
Distributions	**(241,458)**	(148,001)
Endowment net asset, end of year	**$ 9,815,530**	$ 8,601,935

17. Foundation Endowments (continued)

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Directors of the Foundation have interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Foundation would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for scholarships supported by the endowments, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor specified period(s). Under this policy, as approved by the Foundation's Board of Directors, the endowment assets are invested in a manner that approximate the price and yield results of various indexes such as the S&P 500. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount equal to 4.0% of the three-year rolling average of each endowment. The Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the

17. Foundation Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The investment earnings on these restricted assets, along with other designated contributions and earnings are classified as net assets with restrictions because the funds are used according to donor-imposed restrictions. Once restrictions are met restricted net assets are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

18. Related Party Transactions

The College donated direct personnel support, supplies, and use of equipment to the Foundation of $343,350 for the year ended June 30, 2024 and $336,400 for the year ended June 30, 2023.

The Foundation distributes scholarships and grants for the sole benefit of the College and its students. The total amount distributed to the College for scholarships and grants for the year ended June 30, 2024 was $433,016 and for the year ended June 30, 2023 was $553,187.

19. Upcoming Accounting Pronouncements

In June 2020, the GASB issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

Required Supplementary Information

Monroe County Community College

Schedule of the College's Proportionate Share of the Net Pension Liability and Notes to Required Supplementary Information
Michigan Public School Employees Retirement Plan
(amounts determined as of 9/30 of each year)

Schedule of the College's Proportionate Share of the Net Pension Liability

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of net pension liability	0.09983%	0.10638%	0.11735%	0.12104%	0.12544%	0.12833%	0.13175%	0.13740%	0.13386%	0.13504%
College's proportionate share of net pension liability	$ 32,311,785	$ 40,009,855	$ 27,783,909	$ 41,580,965	$ 41,541,911	$ 38,578,916	$ 34,142,091	$ 34,281,171	$ 32,695,153	$ 29,745,273
College's covered payroll	$ 10,230,189	$ 10,239,803	$ 10,246,941	$ 10,458,927	$ 10,763,888	$ 10,768,390	$ 10,838,312	$ 11,497,098	$ 14,659,767	$ 14,470,277
College's proportionate share of net pension liability as a percentage of its covered payroll	315.85%	390.73%	271.14%	397.56%	385.94%	358.26%	315.01%	298.17%	223.03%	205.56%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	66.20%	66.20%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the pension plan from September 30, 2014 through September 30, 2023.

Assumption Changes: The discount rate for the September 30 valuation date was 8.00% for 2014-2016; 7.50% for 2017; 7.05% for 2018; 6.80% for 2019-2021; and 6.00% for 2022-2023.

Monroe County Community College

Schedule of the College's Pension Contributions and Notes to Required Supplementary Information
Michigan Public School Employees Retirement Plan
(amounts determined as of 6/30 of each year)

Schedule of the College's Pension Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required pension contributions	$ 3,598,067	$ 3,620,889	$ 3,523,680	$ 3,326,529	$ 3,332,395	$ 3,494,508	$ 3,090,243	$ 3,085,478	$ 2,582,318	$ 2,097,300
Pension contributions in relation to statutorily required contributions	$ 3,598,067	$ 3,620,889	$ 3,523,680	$ 3,326,529	$ 3,332,395	$ 3,494,508	$ 3,090,243	$ 3,085,478	$ 2,582,318	$ 2,097,300
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 10,776,348	$ 10,553,583	$ 10,146,701	$ 10,261,181	$ 10,587,544	$ 10,746,574	$ 10,747,216	$ 10,886,855	$ 14,142,540	$ 14,463,840
Pension contributions as a percentage of covered payroll	33.39%	34.31%	34.73%	32.42%	31.47%	32.52%	28.75%	28.34%	18.26%	14.50%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the pension plan from September 30, 2014 through September 30, 2023.

Assumption Changes: The discount rate for the September 30 valuation date was 8.00% for 2014-2016; 7.50% for 2017; 7.05% for 2018; 6.80% for 2019-2021; and 6.00% for 2022-2023.

Monroe County Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability and Notes to Required Supplementary Information
Michigan Public School Employees Retirement Plan
(amounts determined as of 9/30 of each year)

Schedule of the College's Proportionate Share of the Net OPEB Liability

	2023	2022	2021	2020	2019	2018	2017
College's proportion of net OPEB liability	0.10147%	0.10492%	0.11290%	0.11769%	0.12287%	0.12626%	0.13219%
College's proportionate share of net OPEB liability	$ (574,015)	$ 2,222,218	$ 1,723,291	$ 6,305,203	$ 8,819,243	$ 10,036,686	$ 11,705,722
College's covered payroll	$ 10,230,189	$ 10,239,803	$ 10,246,941	$ 10,458,927	$ 10,763,888	$ 10,768,390	$ 10,838,312
College's proportionate share of net OPEB liability as a percentage of its covered payroll	(5.61)%	21.70%	16.82%	60.29%	81.93%	93.21%	108.00%
Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the OPEB plan from September 30, 2017 through September 30, 2023.

Assumption Changes: The discount rate for the September 30 valuation date was 7.50% for 2017; 7.15% for 2018; 6.95% for 2019-2021; and 6.00% for 2022-2023.

Monroe County Community College

Schedule of the College's OPEB Contributions and Notes to Required Supplementary Information
Michigan Public School Employees Retirement Plan
(amounts determined as of 6/30 of each year)

Schedule of the College's OPEB Contributions

	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 790,448	$ 799,191	$ 838,112	$ 831,540	$ 843,630	$ 819,577	$ 1,029,126
OPEB contributions in relation to statutorily required contributions	$ 790,448	$ 799,191	$ 838,112	$ 831,540	$ 843,630	$ 819,577	$ 1,029,126
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 10,776,348	$ 10,553,583	$ 10,146,701	$ 10,261,181	$ 10,587,544	$ 10,746,574	$ 10,747,216
OPEB contributions as a percentage of covered payroll	7.34%	7.57%	8.26%	8.10%	7.97%	7.63%	9.58%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the OPEB plan from September 30, 2017 through September 30, 2023.

Assumption Changes: The discount rate for the September 30 valuation date was 7.50% for 2017; 7.15% for 2018; 6.95% for 2019-2021; and 6.00% for 2022-2023.

Other Supplementary Information

Monroe County Community College

Combining Statement of Net Position

June 30, 2024
(With Comparative Totals for June 30, 2023)

	June 30, 2024									June 30, 2023
	General Fund	**Pension and OPEB Liability Fund**	**Designated Fund**	**Auxiliary Activites Fund**	**Expendable Restricted Fund**	**Student Loan Fund**	**Endowment Fund**	**Plant Fund**	**Combined Total**	**Combined Total**
Assets										
Current assets:										
Cash and cash equivalents	$ 22,012,498	$ -	$ 1,138,800	$ 1,219,489	$ 878,665	$ 18,413	$ 115,043	$ 11,701,174	$ 37,084,082	$ 27,320,932
Short-term investments	256,345	-	-	-	-	-	-	-	256,345	250,677
Property taxes receivable, net of allowance of $25,540 ($25,540 in 2023)	48,090	-	-	-	-	-	-	18,893	66,983	95,647
State appropriation receivable	1,083,783	349,562	-	-	-	-	-	-	1,433,345	1,275,981
Interest receivable	-	-	-	-	-	-	5,532	-	5,532	4,474
Accounts receivable, net of allowance of $266,588 ($381,411 in 2023)	1,501,433	-	-	64,192	431,622	-	8,116	-	2,005,363	2,857,558
Inventories	13,649	-	-	45,168	-	-	-	-	58,817	54,949
Prepaid expenses and other assets	177,061	-	665,661	2,500	95,603	-	-	-	940,825	508,143
Due from (to) other funds	7,368	-	-	(179)	(7,189)	-	-	-	-	-
Total current assets	25,100,227	349,562	1,804,461	1,331,170	1,398,701	18,413	128,691	11,720,067	41,851,292	32,368,361
Restricted investments	-	-	-	-	-	-	198,090	-	198,090	189,834
Property and equipment, net of accumulated depreciation and amortization	-	-	-	-	-	-	59,100	71,272,967	71,332,067	72,194,344
Total assets	25,100,227	349,562	1,804,461	1,331,170	1,398,701	18,413	385,881	82,993,034	113,381,449	104,752,539
Deferred outflows of resources										
Deferred pension amounts	-	9,349,356	-	-	-	-	-	-	9,349,356	11,812,017
Deferred OPEB amounts	-	2,083,263	-	-	-	-	-	-	2,083,263	2,886,305
Total deferred outflows of resources	-	11,432,619	-	-	-	-	-	-	11,432,619	14,698,322

Monroe County Community College

Combining Statement of Net Position

June 30, 2024
(With Comparative Totals for June 30, 2023)

	June 30, 2024									June 30, 2023
	General Fund	Pension and OPEB Liability Fund	Designated Fund	Auxiliary Activites Fund	Expendable Restricted Fund	Student Loan Fund	Endowment Fund	Plant Fund	Combined Total	Combined Total
Liabilities										
Current liabilities:										
Accounts payable	$ 413,297	$ -	$ 1,973	$ 57,999	$ 154,235	$ -	$ 571	$ 313,025	$ 941,100	$ 670,131
Accrued payroll and fringes	1,814,599	349,562	-	2,077	22,582	-	-	-	2,188,820	2,013,263
Deposits	123,423	-	-	-	81,775	-	-	-	205,198	139,425
Unearned revenue	226,176	-	-	-	1,066,143	-	-	-	1,292,319	1,073,750
Current portion of debt obligations	-	-	-	-	-	-	-	1,133,052	1,133,052	1,093,899
Current portion of lease commitments	-	-	-	-	-	-	-	21,415	21,415	30,084
Total current liabilities	2,577,495	349,562	1,973	60,076	1,324,735	-	571	1,467,492	5,781,904	5,020,552
Debt obligations, net of current portion	-	-	-	-	-	-	-	7,679,884	7,679,884	8,812,936
Lease commitments, net of current portion	-	-	-	-	-	-	-	5,450	5,450	45,324
Net pension liability	-	32,311,785	-	-	-	-	-	-	32,311,785	40,009,855
Net OPEB liability	-	(574,015)	-	-	-	-	-	-	(574,015)	2,222,218
Total liabilities	2,577,495	32,087,332	1,973	60,076	1,324,735	-	571	9,152,826	45,205,008	56,110,885
Deferred inflows of resources										
Deferred pension amounts	-	8,987,541	-	-	-	-	-	-	8,987,541	6,478,428
Deferred OPEB amounts	-	5,319,466	-	-	-	-	-	-	5,319,466	5,538,424
Total deferred inflows of resources	-	14,307,007	-	-	-	-	-	-	14,307,007	12,016,852
Net position										
Invested in capital assets, net of related debt	-	-	-	-	-	-	59,100	62,433,166	62,492,266	62,212,101
Restricted for:										
Nonexpendable endowments	-	-	-	-	-	-	177,539	-	177,539	177,539
Expendable:										
Scholarships	-	-	-	-	3,474	-	-	-	3,474	3,474
Other	-	-	-	-	70,492	-	-	-	70,492	72,196
Unrestricted (deficit)	22,522,732	(34,612,158)	1,802,488	1,271,094	-	18,413	148,671	11,407,042	2,558,282	(11,142,186)
Total net position	$ 22,522,732	$ (34,612,158)	$ 1,802,488	$ 1,271,094	$ 73,966	$ 18,413	$ 385,310	$ 73,840,208	$ 65,302,053	$ 51,323,124

Monroe County Community College

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position

Year Ended June 30, 2024
(With Compartative Totals for the Year Ended June 30, 2023)

	Year Ended June 30, 2024									Year Ended June 30, 2023
	General Fund	**Pension and OPEB Liability Fund**	**Designated Fund**	**Auxiliary Activities Fund**	**Expendable Restricted Fund**	**Student Loan Fund**	**Endowment Fund**	**Plant Fund**	**Combined Total**	**Combined Total**
Operating revenue:										
Tuition and fees, net of scholarship allowance of $2,029,995 ($1,847,917 in 2023)	$ 7,393,056	$ -	$ 1,209,722	$ -	$ (1,615,974)	$ -	$ -	$ -	$ 6,986,804	$ 6,493,392
Federal grants	12,295	-	-	-	1,782,648	-	-	-	1,794,943	2,044,401
State grants	-	-	-	-	130,312	-	-	-	130,312	125,222
Auxiliary activities, net of scholarship allowance of $266,635 ($251,422 in 2023)	-	-	-	270,706	(266,635)	-	-	-	4,071	(11,279)
Other sources	138,030	-	-	535	915,104	-	18,231	-	1,071,900	439,203
Total operating revenue	7,543,381	-	1,209,722	271,241	945,455	-	18,231	-	9,988,030	9,090,939
Operating expense:										
Instruction	10,657,391	(1,072,327)	191,091	-	525,415	-	-	(157,246)	10,144,324	10,265,435
Information technology	1,232,145	(144,462)	586,470	-	-	-	-	(30,632)	1,643,521	1,691,835
Public services	248,306	(17,012)	8,544	100,558	31,485	-	-	-	371,881	293,075
Instructional support	2,958,832	(73,952)	137,236	-	119,612	-	-	(11,082)	3,130,646	2,964,076
Student services	2,647,405	(331,615)	81,440	315,474	3,370,850	-	-	(14,740)	6,068,814	5,397,616
Institutional administration	3,888,776	(255,591)	48,346	-	-	-	4,295	(11,782)	3,674,044	4,673,056
Operation and maintenance of plant	3,819,829	(281,315)	34,003	-	20,978	-	-	104,044	3,697,539	2,994,603
Depreciation and amortization	-	-	-	-	-	-	-	3,234,601	3,234,601	3,066,689
Total operating expense	25,452,684	(2,176,274)	1,087,130	416,032	4,068,340	-	4,295	3,113,163	31,965,370	31,346,385
Operating income (loss)	(17,909,303)	2,176,274	122,592	(144,791)	(3,122,885)	-	13,936	(3,113,163)	(21,977,340)	(22,255,446)

Monroe County Community College

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position

Year Ended June 30, 2024
(With Compartative Totals for the Year Ended June 30, 2023)

	Year Ended June 30, 2024									Year Ended June 30, 2023
	General Fund	Pension and OPEB Liability Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Endowment Fund	Plant Fund	Combined Total	Combined Total
Nonoperating revenue (expense)										
State appropriations	$ 6,670,132	$ 2,762,170	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,432,302	$ 7,948,713
Property tax levy	16,075,347	-	-	-	-	-	-	6,268,793	22,344,140	20,473,158
Federal Pell grant revenue	-	-	-	-	2,762,666	-	-	-	2,762,666	2,436,027
Federal HEERF grant revenue	-	-	-	-	-	-	-	-	-	1,094,563
Investment income	795,781	-	-	-	-	-	9,314	100,737	905,832	383,580
Gifts	-	-	-	-	358,515	-	-	-	358,515	502,431
Interest on capital assets - related debt	-	-	-	-	-	-	-	(333,606)	(333,606)	(373,889)
Loss on disposal of assets	-	-	-	-	-	-	-	(274,680)	(274,680)	(4,916)
Net nonoperating revenue (expense)	23,541,260	2,762,170	-	-	3,121,181	-	9,314	5,761,244	35,195,169	32,459,667
Other revenue										
State capital appropriations	-	-	-	-	-	-	-	761,100	761,100	-
Total other revenue	-	-	-	-	-	-	-	761,100	761,100	-
Income (loss) before transfers	5,631,957	4,938,444	122,592	(144,791)	(1,704)	-	23,250	3,409,181	13,978,929	10,204,221
Transfers in (out)	(500,000)	-	-	-	-	-	(13,938)	513,938	-	-
Net increase (decrease) in net position	5,131,957	4,938,444	122,592	(144,791)	(1,704)	-	9,312	3,923,119	13,978,929	10,204,221
Net position at beginning of year	17,390,775	(39,550,602)	1,679,896	1,415,885	75,670	18,413	375,998	69,917,089	51,323,124	41,118,903
Net position at end of year	$ 22,522,732	$ (34,612,158)	$ 1,802,488	$ 1,271,094	$ 73,966	$ 18,413	$ 385,310	$ 73,840,208	$ 65,302,053	$ 51,323,124

Board of Trustees

Monroe County Community College

November 25, 2024

AHP

CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC

Board of Trustees

Monroe County Community College

November 25, 2024

- Introduction
  - AHP Representative

    Traci Moon – Partner

- Board of Trustees Letter
  - Services Provided and in Process
  - Results of our Audit of the Financial Statements
  - Required Communications with the Board of Trustees
  - Management Letter

- Financial Highlights

- Other Questions or Comments

ANDREWS HOOPER PAVLIK PLC
43252 WOODWARD AVENUE | SUITE 150 | BLOOMFIELD HILLS, MI 48302

November 25, 2024

Board of Trustees
Monroe County Community College
Monroe, Michigan

We are pleased to submit this report, which summarizes the results of our and other matters that we believe would be of interest to you.

Services Provided and in Process

In accordance with our engagement letter, AHP provided the following services:

Audit Services:

- An audit of the financial statements of the College and the discreetly presented component unit, for the year ended June 30, 2024. Our audit included all procedures considered necessary by us to perform the 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, and to issue our opinion thereon—Completed.
- An audit in accordance with the Uniform Grant Guidance and *Government Auditing Standards*. Our audit included procedures for testing requirements relate to the major federal award programs for the year ended June 30, 2024—In Process.

Nonaudit Services:

- Assistance with the preparation of the financial statements—Completed.
- Assistance with the preparation of the schedule of expenditures of federal awards—In Process.

We have reviewed the services provided and confirm that we are independent of Monroe County Community College.

Results of our Audit of the Financial Statements

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and included such tests of the accounting records and such other auditing procedures as we considered necessary for the purpose of expressing an opinion on the financial statements.

The following summarizes various matters of interest noted during our audit:

Significant Risks

As noted in our scope letter dated May 15, 2024, we identified certain areas as having significant risks related to the potential of a material misstatement. We audited each of those significant risks with audit procedures designed to mitigate those risks. Based on our procedures performed, we noted no matters that need to be communicated to you.

Component Unit / Group Audit

We did not audit the financial statements of the discretely presented component unit, The Foundation at Monroe County Community College. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for The Foundation at Monroe County Community College, is based solely on the report of the other auditors.

Net Pension and OPEB Obligations

The College contributes to the Michigan Public School Employees Retirement System (MPSERS) pension plan and other postemployment benefit (OPEB) plan administered by the State of Michigan.

As of June 30, 2024, the MPSERS net pension obligation was approximately $32.3 million compared to $40.0 million as of June 30, 2023. As of June 30, 2024, the net OPEB asset was approximately $.6 million compared to a $2.2 million obligation as of June 30, 2023. Pension and OPEB expenses as a result of year end GASB 68 and GASB 75 entries were approximately a negative $4.9 million (negative $2.7 million for pension and negative $2.2 million for OPEB) for the year ended June 30, 2024, and approximately a negative $3.5 million (negative $1.4 million for pension and negative $2.1 million for OPEB) for the year ended June 30, 2023. Required contributions for the pension and OPEB plans were approximately $3.6 million and $0.8 million, respectively, for the year ended June 30, 2024.

For the MPSERS pension actuarial valuation, the discount rate was 6.00% compared to the prior year discount rate of 6.00%. As noted in Note 6 to the financial statements, the discount rate has a significant impact on the pension obligation. A 1% decrease in the discount rate would increase the current pension obligation by approximately $11.3 million.

For the MPSERS OPEB actuarial valuation, the discount rate was 6.00% compared to the prior year discount rate of 6.00%. As noted in Note 7 to the financial statements, the discount rate has a significant impact on the OPEB obligation. A 1% decrease in the discount rate would increase the current OPEB obligation by approximately $1.2 million.

Uniform Grant Guidance

Our risk assessment to determine which Federal programs are to be audited as major programs concluded that the Student Financial Aid Cluster and TRIO/Upward Bound programs were considered to be major programs and were audited in accordance with the Uniform Grant Guidance.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, entities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Entities may also be subject to financial and legal liabilities. Managing this issue is especially challenging because even an entity with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We believe management should continue to monitor and evaluate this risk, which is a critical best practice. Additionally, periodic assessments of the system in order to verify that the control environment is functioning as designed are key parts of measuring associated business risk. We encourage those charged with governance to work with management on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Adopted Audit and Accounting Standards

There were no adopted audit or accounting standards that had a material impact on the financial statements.

Future Audit and Accounting Standards

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, which will apply for the College's June 30, 2025 fiscal year. We anticipate this GASB Statement may have an impact on the College's financial statements.

Required Communications with the Board of Trustees

This section discusses our responsibilities under AICPA Professional Standards AU-C Section 260, *The Auditor's Communication with Those Charged with Governance.* The following excerpts from that standard describe the specific matters required to be communicated to you and our responses thereto:

Our Responsibility under U.S. Generally Accepted Auditing Standards

The auditor's standard report emphasizes that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our report dated November 7, 2024, follows this format. Because of the concept of reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Our responsibility, as described by our professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of the College. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope previously communicated to you in our scope letter dated May 15, 2024. No matters came to our attention during our audit that resulted in a change to our timing or scope of procedures.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Allowance for uncollectible accounts
- Net pension and OPEB obligations

For each of the estimates listed above, we evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the financial statements were:

- Significant accounting policies
- Noncurrent liabilities
- Postemployment benefits

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We noted the following misstatements that management has corrected:

Accounts Receivable	$ 179	
Due From General Fund		$ 179
(to balance due to/from accounts)		
Accounts Receivable	$ 23,931	
Distributions – Pell	76,666	
Federal Loans Expended		$ 23,931
Pell Funds Received		76,666
(to properly record Pell and Federal Loan activity)		
Amortization Expense	$ 20,391	
Interest Expense	1,088	
Lease Payable	48,543	
Accumulated Amortization Expense	78,077	
Equipment – Leased		$ 116,889
Lease Equipment Expense		31,210
(to properly record lease activity during the year)		
Net Position Fund Functioning as Endowment	$ 13,937	
Net Position Unrestricted		$ 13,937
(to correct endowment funds functioning net position)		
Buildings	$ 663,595	
Infrastructure	40,000	
Construction in Progress	1,828,414	
Depreciation Expense	16,757	
Capital Outlay Expense		$2,532,009
Accumulated Depreciation		16,757
(to capitalize assets placed in service and record construction in progress)		
Sale of Equipment	$ 224,661	
Capital Outlay Expense		$ 224,661
(to reclassify loss on disposal of asset to correct account)		
Medical Insurance Expense	$ 178,963	
Medical Insurance Payable		$ 178,963
(to record liability for medical claims in process at June 30, 2024)		

We also noted the following uncorrected misstatements that management has determined are not material to the financial statements:

Subscription Based Information Technology Asset (SBITA)	$ 54,589	
Expense	20,913	
SBITA Liability		$ 55,813
Net Position		19,689
(the College did not record SBITAs)		
Payroll Expense	$ 26,104	
Payroll Accrual		$ 26,104
(the College did not properly record vacation accrual)		
Right-of-use (ROU) Asset	$ 53,864	
Expense	1,532	
Net Position	158	
ROU Lease Liability		$ 55,554
(the College did not record leases as a ROU Asset with its corresponding liability)		
Tuition Revenue	$ 35,933	
Deferred Revenue		$ 35,933
(the College did not properly record prepaid tuition)		
Accounts Receivable	$ 37,701	
Deferred Inflows of Resources		$ 33,817
Lease Revenue		3,884
(the College did not properly record lessor leases)		
Net Position	$ 37,057	
Loss on Disposal		$ 37,057
(the College did not properly record an equipment disposal in the prior year)		
Student Liability	$ 95,002	
Student Receivable		$ 95,002
(the College made an error in the student refund calculation)		
Scholarship Allowance	$ 48,000	
Scholarship Receivable		$ 48,000
(the College did not record the expense amount to offset the receivable)		

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matters, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management's representation letter dated November 7, 2024. A copy is attached for your reference.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

We applied certain limited procedures to the management's discussion and analysis, and the MPSERS cost-sharing multiple-employer pension and OPEB plan schedules and related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Other Supplementary Information

With respect to the other supplementary information accompanying the financial statements, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Communication of Fees for Nonaudit Services

As previously described in this letter, we performed certain nonaudit services at the request of management and documented in an engagement letter. Fees for these services did not exceed those noted in our engagement letter.

We considered the College's internal controls during the course of the audit, and we remained alert for areas where procedures and controls could be improved. We noted no matters involving the internal control system and its operation that we would consider to be material weaknesses. However, we noted other matters involving the internal control or areas where operations may be improved that we have reported to management in a separate letter dated November 7, 2024.

* * *

This report is intended solely for the information and use of the Board of Trustees and management of Monroe County Community College and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to respond to any comments or questions you may have concerning this letter or any other aspects of our services to Monroe County Community College.

It has been a pleasure to serve Monroe County Community College during 2024. We would like to express our appreciation for the cooperation and courtesy extended to us by the Board of Trustees, management, and employees of the College and look forward to continuing our association in the future.

Sincerely,

Andrews Hooper Pavlik PLC

MONROE COUNTY COMMUNITY COLLEGE

enriching lives

November 7, 2024

Andrews Hooper Pavlik PLC
43252 Woodward Ave
Suite 150
Bloomfield Hills, Michigan 48302

This representation letter is provided in connection with your audits of the financial statements of Monroe County Community College (College), which comprise the respective financial position of the business-type activities and the discretely presented component unit, as of June 30, 2024 and 2023 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 7, 2024, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 15, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information required by U.S. GAAP to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosures that is reasonable in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

9) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of uncorrected misstatements are as follows:

Subscription Based Information Technology Asset (SBITA)	$ 54,589	
Expense	20,913	
SBITA Liability		$ 55,813
Net Position		19,689
(the College did not record SBITAs)		
Payroll Expense	$ 26,104	
Payroll Accrual		$ 26,104
(the College did not properly record vacation accrual)		
Right-of-use (ROU) Asset	$ 53,864	
Expense	1,532	
Net Position	158	
ROU Lease Liability		$ 55,554
(the College did not record leases as a ROU Asset with its corresponding liability)		
Tuition Revenue	$ 35,933	
Deferred Revenue		$ 35,933
(the College did not properly record prepaid tuition)		
Accounts Receivable	$ 37,701	

Deferred Inflows of Resources		$ 33,817
Lease Revenue		3,884
(the College did not properly record lessor leases)		
Net Position	$ 37,057	
Loss on Disposal		$ 37,057
(the College did not properly record an equipment disposal in the prior year)		
Student Liability	$ 95,002	
Student Receivable		$ 95,002
(the College made an error in the student refund calculation)		
Scholarship Allowance	$ 48,000	
Scholarship Receivable		$ 48,000
(the College did not record the expense to offset the receivable)		

10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11) Guarantees, whether written or oral, under which the College is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12) We have provided you with:

   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

   b) Additional information that you have requested from us for the purpose of the audit.

   c) Unrestricted access to persons within the College from whom you determined it necessary to obtain audit evidence.

   d) Minutes of the meetings of the College's Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the College and involves:

    a) Management,

    b) Employees who have significant roles in internal control, or

    c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the College's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the names of the College's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.

Government-specific

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have a process to track the status of audit findings and recommendations when such items are noted.

22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

24) We have provided our views on reported findings, conclusions, and recommendation, as well as our planned corrective actions, for the report, if such items were noted.

25) The College has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

27) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB No. 87.

28) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.

29) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

30) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

31) As part of your audit, you assisted with preparation of the financial statements, disclosures, and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements, disclosures, and schedule of expenditures of federal awards.

32) The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

33) The College has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

34) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

35) The financial statements include all fiduciary activities required by GASBS No 84, as amended.

36) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

37) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

38) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

39) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

40) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.

41) Provisions for uncollectible receivables have been properly identified and recorded.

42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.

43) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position within operating, nonoperating, and other revenues.

44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

45) Special and extraordinary items, if applicable, are appropriately classified and reported.

46) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

47) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

48) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.

49) We have appropriately disclosed the College's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.

50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the net position classifications for financial reporting purposes.

51) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

52) We acknowledge our acceptance of responsibility for preparing component financial information.

53) With respect to the other supplementary information:

a) We acknowledge our responsibility for presenting the other supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the other supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the other supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

54) With respect to the federal award programs:

a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h) We have received no requests from a federal agency to audit one or more specific programs as a major program.

i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

t) We have charged costs to federal awards in accordance with applicable cost principles.

u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be include by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

v) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

x) We are responsible for taking corrective action on each audit finding, if any, of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

y) We have disclosed to you all contracts or other agreements with service organization, if applicable, and we have disclosed to you all communications from the service organization related to noncompliance at the service organization

55) In regard to the non-attest services performed by you, we have—

a) Assumed all management responsibilities.

b) Designated Frank Thomas and Denise Lindermann, who has suitable skill, knowledge, or experience to oversee the services.

c) Evaluated the adequacy and results of the services performed.

d) Accepted responsibility for the results of the services.

e) Ensured that the data and records are complete, and we have sufficient information to oversee the services.

56) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

FRANK R. THOMAS

Frank Thomas, Director of Financial Services

Curtis E. Creagh

Curtis Creagh, Vice President of Finance and Administration

Kojo Quartey, President