Audited Financial Statements
and Other Supplementary Information

MONROE COUNTY
COMMUNITY COLLEGE

Years Ended June 30, 2025 and 2024
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, 2025 and 2024

Contents

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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, 2025 and 2024, 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, 2025 and 2024, 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, 15 percent, and 4 percent, respectively, of the assets, net position, and revenues of the College as of June 30, 2025 and 10 percent, 17 percent, and 4 percent, respectively, of the assets, net position, and revenues of the College as of June 30, 2024. 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 14, 2025 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 14, 2025

Management’s Discussion and Analysis

Monroe County Community College

Management's Discussion and Analysis

June 30, 2025

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.

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.

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

	2025	2024	2023
Assets			
Current assets	**$ 52,921**	$ 41,851	$ 32,368
Endowed assets	**208**	198	190
Net OPEB asset	**4,383**	574	-
Capital assets, net of depreciation and amortization	**69,190**	71,332	72,194
Total assets	**126,702**	113,955	104,752
Deferred outflows of resources – pension	**7,040**	9,350	11,812
Deferred outflows of resources – OPEB	**1,049**	2,083	2,886
Liabilities			
Current liabilities	**4,789**	5,782	5,021
Debt obligations	**6,506**	7,680	8,813
Lease and SBITA commitments	**34**	5	45
Net pension liability	**24,204**	32,312	40,010
Net OPEB liability	**-**	-	2,222
Total liabilities	**35,533**	45,779	56,111
Deferred inflows of resources – pension	**10,592**	8,988	6,478
Deferred inflows of resources – OPEB	**6,137**	5,319	5,538
Net position			
Invested in capital assets, net of related debt	**61,444**	62,492	62,212
Restricted – nonexpendable	**178**	178	178
Restricted – expendable	**4,429**	648	75
Unrestricted (deficit)	**16,478**	1,984	(11,142)
Total net position	**$ 82,529**	$ 65,302	$ 51,323

The Statement of Net Position (continued)

The College's financial position remains strong as of June 30, 2025 with assets totaling $126.7 million and current liabilities of $4.8 million. Total net position increased from $65.3 million to $82.5 million, primarily due to increases in cash and a reduction in the overall pension liability, other postemployment benefit (OPEB) asset, and related accounts.

Current assets increased $11.1 million while current liabilities decreased $1.0 million. The amount of working capital designated to cover operating expenses increased from $22.5 million in 2024 to $27.2 million in 2025.

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), a deficit of $27.8 million, which is the total of the net pension liability and related deferred inflows and outflows of resources as of June 30, 2025.

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 expendable restricted, $4.4 million, which is the total of the net OPEB asset, and under net position unrestricted (deficit), a deficit of $5.1 million, which is the related deferred inflows and outflows of resources as of June 30, 2025.

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.

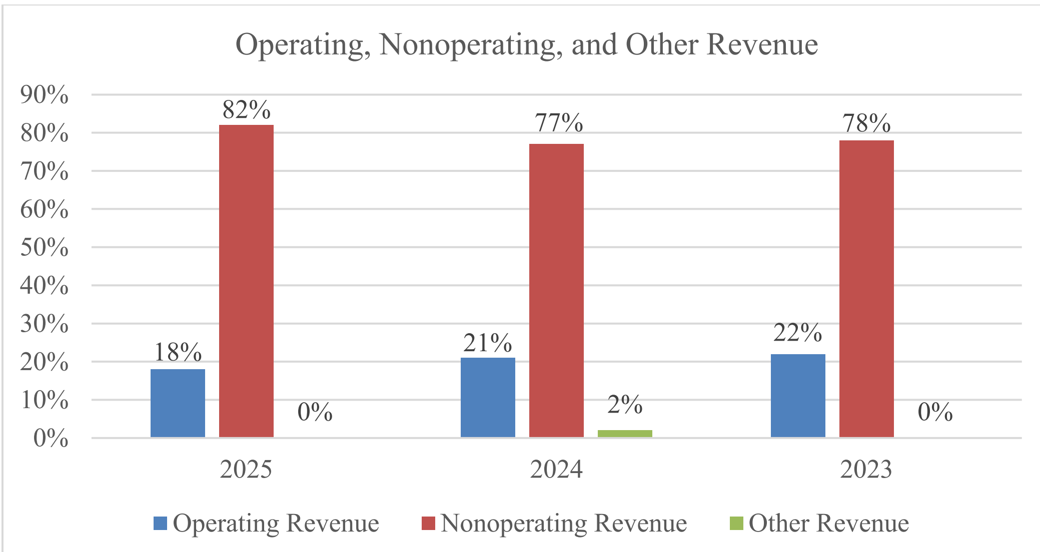
The Statement of Revenues, Expenses, and Changes in Net Position (continued)

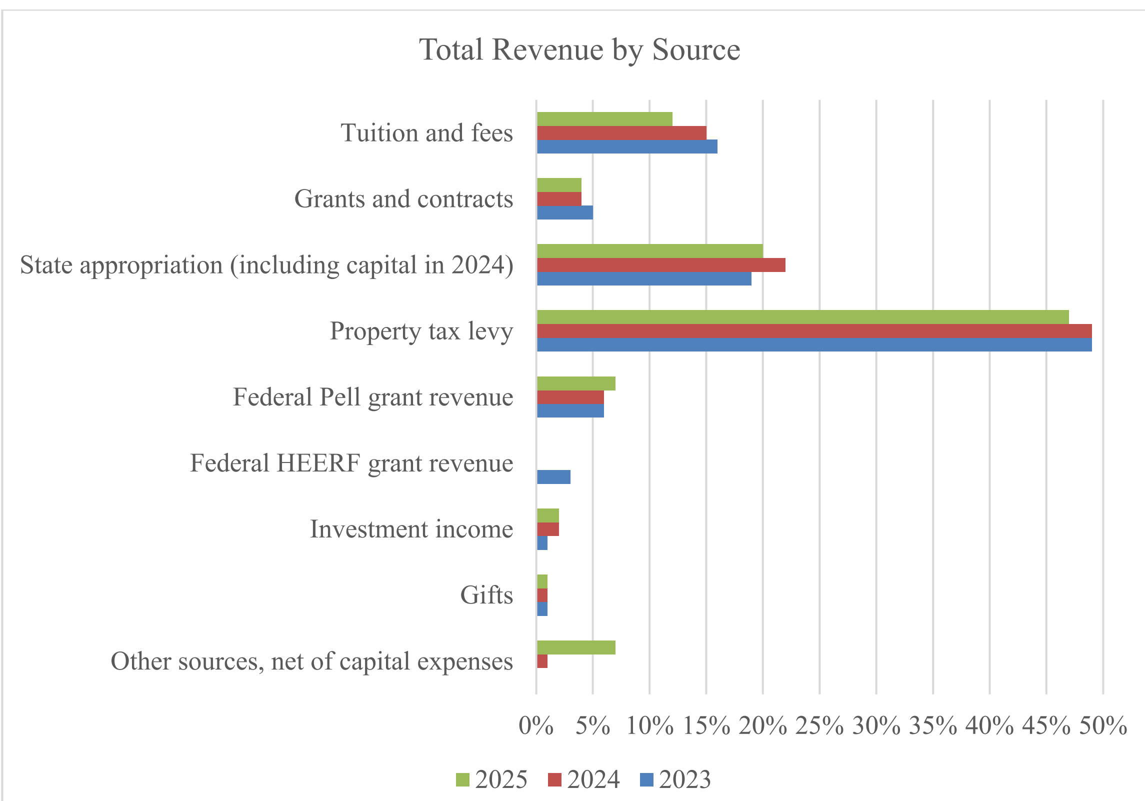
The following is a comparative analysis of key components of the Statement of Revenues, Expenses, and Changes in Net Position as of June 30 (rounded in $000's):

	2025	2024	2023
Operating revenue			
Tuition and fees, net of allowances	**$ 5,690**	$ 6,987	$ 6,493
Grants and contracts	**2,087**	1,925	2,170
Auxiliary activities, net of allowances	**32**	4	(11)
Other sources	**1,097**	1,072	439
Total operating revenue	**8,906**	9,988	9,091
Operating expense	**31,983**	31,965	31,346
Operating loss	**(23,077)**	(21,977)	(22,255)
Nonoperating revenue (expense)			
State appropriations	**9,888**	9,432	7,949
Property tax levy	**22,965**	22,344	20,473
Federal Pell grant revenue	**3,601**	2,763	2,436
Federal HEERF grant revenue	**-**	-	1,094
Employee Retention Credit revenue	**2,965**	-	-
Investment income	**1,183**	906	384
Gifts	**390**	359	502
Interest on capital assets – related debt	**(301)**	(334)	(374)
Loss on disposal of assets	**(387)**	(275)	(5)
Total nonoperating revenue (expense)	**40,304**	35,195	32,459
Other revenue			
State capital appropriations	**-**	761	-
Change in net position	**17,227**	13,979	10,204
Net position at beginning of year	**65,302**	51,323	41,119
Net position at end of year	**$ 82,529**	$ 65,302	$ 51,323

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:





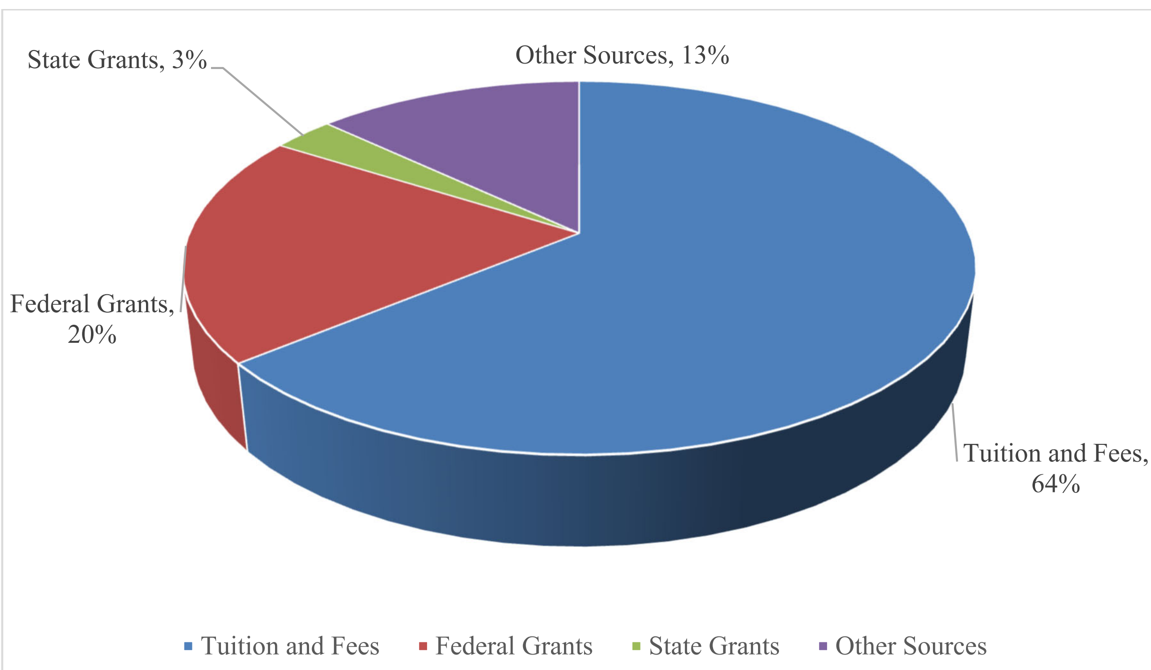
Operating Revenues

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 decreased 11% or $1.1 million for the year ended June 30, 2025, which is the result of the following:

- Student tuition and fee revenue decreased by $1.3 million in comparison to the prior year due to a change in the scholarship allowance calculation. Gross tuition, prior to the scholarship allowance, increased $0.7 million in comparison to the prior year due to increased contact billable hours and a 4% increase in per credit hour rates.

The following is a graphic illustration of operating revenues by source for the year ended June 30, 2025:

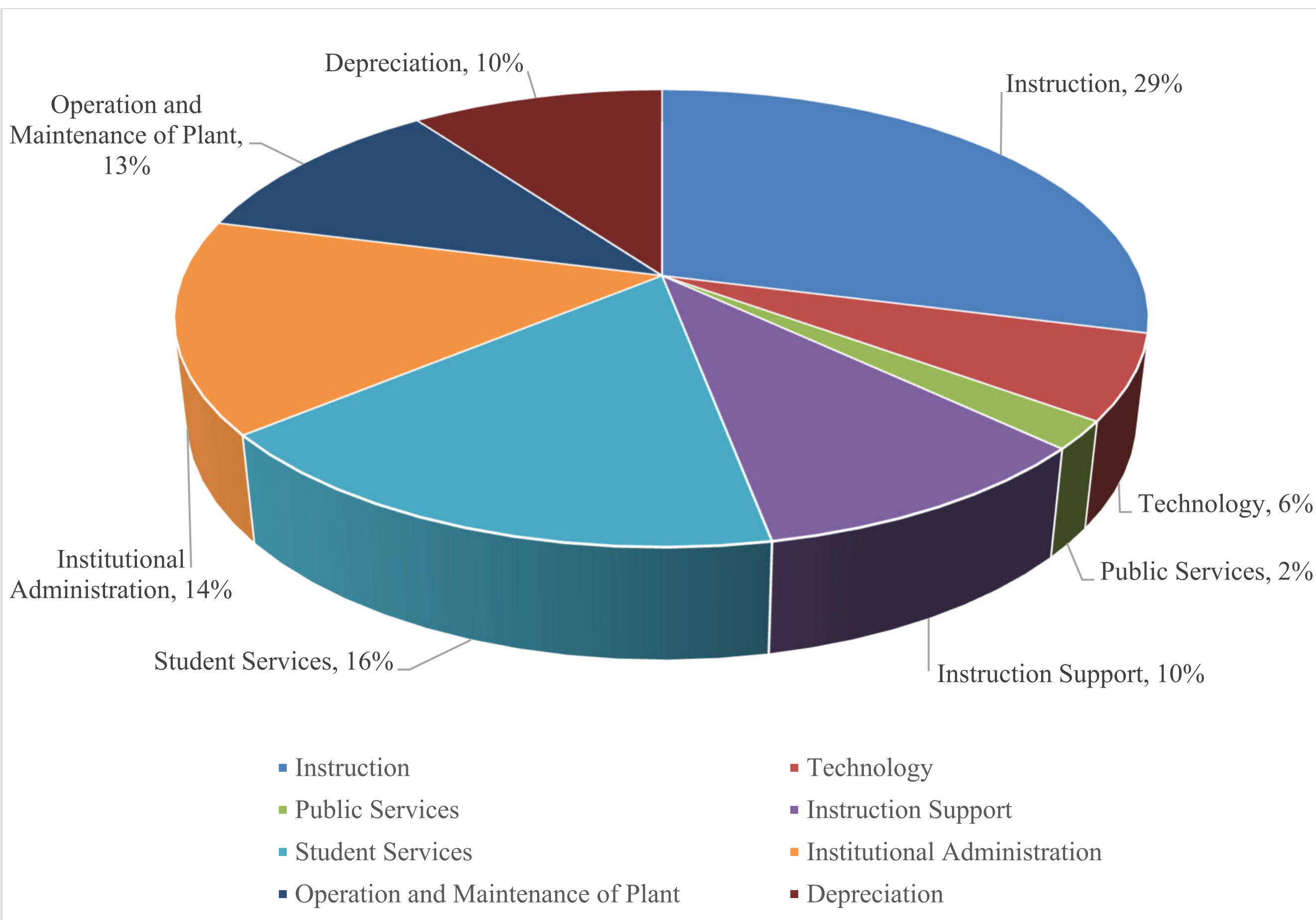


Operating Expenses

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

Operating expense remained consistent for the year ended June 30, 2025 when compared to the prior year. Which was primarily a result of an additional $2.1 million of negative pension and OPEB expense compared to the prior year, offset by salary and benefit increases across all expense categories of $1.8 million. In addition, student services decreased $0.8 million as a result of increases in Pell scholarships offset by a decrease in scholarship allowances due to the change in the methodology for calculating the allowance during the current year.

The following is a graphic illustration of operating expenses by source for the year ended June 30, 2025:



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 16% or $5.1 million for the year ended June 30, 2025, which was a result of the following:

- State appropriations increased $0.5 million from the prior year. The appropriations include $1.9 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 $1.9 million amount is paid back to the state to cover retirement costs. This is a $0.9 million decrease compared to the UAAL for the year ended June 30, 2024. This decrease was offset by Sec147a revenue of $0.6 million and Sec147g revenue of $0.1 million, and an increase of $0.3 million in base appropriations.

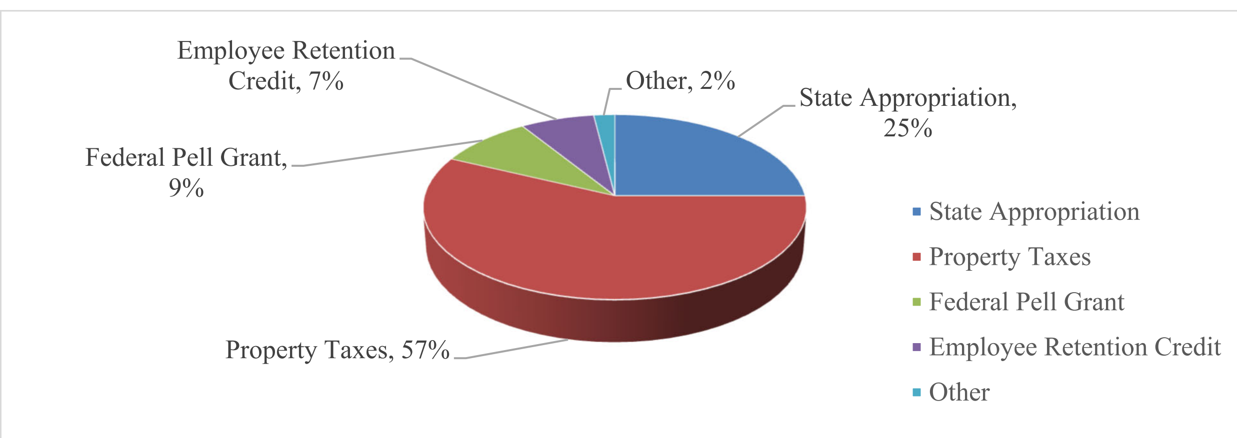
- Property taxes increased $0.6 million from the prior year due to increased property values.

- Pell grant revenue increased $0.8 million from the prior year as a result of increased grants provided to students.

- The College received $3.0 million in Employee Retention Credit revenue during the current year related to reimbursement of wages paid during the COVID pandemic.

- Investment income increased $0.3 million as a result of increased interest rates in fiscal year 2025 compared to fiscal year 2024.

The following is a graphic illustration of nonoperating revenues by source for the year ended June 30, 2025:



Other Revenue

Other revenue for the year ended June 30, 2024 consisted of state capital appropriations. These appropriations were 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.

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

	2025	2024	2023
Net cash provided by (used in):			
Operating activities	**$ (28,008)**	$ (23,285)	$ (20,785)
Noncapital financing activities	**40,026**	35,315	31,715
Capital and related financing activities	**(2,815)**	(3,158)	(6,382)
Investing activities	**1,173**	891	379
Net increase (decrease) in cash and cash equivalents	**$ 10,376**	$ 9,763	$ 4,927

The College had a net increase in cash and cash equivalents of $10.4 million for the year ended June 30, 2025 compared to the June 30, 2024 increase of $9.8 million. Items accounting for the majority of the changes in cash and cash equivalents are as follows:

- Cash used in operating activities increased $4.7 million compared to 2024. The increase in 2025 was due to the following:
  - Cash provided by tuition and fees decreased $1.4 million compared to 2024 due to a change in the way the scholarship allowance is calculated.
  - Cash provided by grants and contracts decreased $0.4 million due to changes in accounts receivable and unearned revenue compared to 2024.
  - Payments to employees increased $1.2 million due to increases in wages across campus.
  - Cash provided by other revenue sources decreased $1.8 million due to changes in accounts receivable and unearned revenue compared to 2024.

Statement of Cash Flows (continued)

- Cash provided by noncapital financing activities increased $4.7 million compared to 2024 and is a result of $3.0 million received in Employee Retention Grant revenue, an increase in state appropriations receipts of $0.7 million, property taxes of $0.6 million, and Pell grants of $1.0 million, offset by $0.5 million decrease in Federal HEERF grant receipts

- Cash used for capital and related financing activities decreased $0.3 million compared to 2024 and is a result of a decreases in capital projects during the year compared to the prior year. There was a $1.0 million decrease in cash used for capital purchases offset by $0.8 million of state capital appropriations received in the prior year that was not received in 2025.

- Cash provided by investing activities increased $0.3 million due to higher interest rates and higher average balances of cash and investment holdings during 2025 compared to 2024.

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):

	2025	2024	2023
Land	**$ 1,518**	$ 1,518	$ 1,518
Construction in progress	**1,185**	1,976	600
Building and site improvement	**108,777**	107,581	106,640
Equipment	**10,191**	9,790	10,400
Intangible right-to-use assets	**307**	102	219
Accumulated depreciation and amortization	**(52,788)**	(49,635)	(47,183)
Total capital assets	**$ 69,190**	$ 71,332	$ 72,194

The College has $122.0 million invested in capital assets, net of accumulated depreciation and amortization of $52.8 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, 2025 is $7.7 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 29.05 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 = 505,766,379	2022 = 418,635,839
2019 = 484,016,794	2023 = 374,225,325
2020 = 458,597,232	2024 = 358,668,021
2021 = 430,629,368	2025 = 358,817,224

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.

Taxable values for property in Southeast Michigan have increased the last few years. It is anticipated that taxable values will increase slightly next fiscal year as well. The College budgeted a 4.68% increase in property taxes values for the 2025-2026 fiscal year, while 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 increase in enrollment for the 2024-2025 fiscal year, with contact billable hours increased slightly, as well. Due to state funding programs such as Michigan Reconnect and Futures for Front liners, it is anticipated that enrollment will experience a slight increase, again, for 2025-2026. The Board of Trustees approved to increase tuition rates 3.71% for the 2025-2026 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 five of its maintenance and improvement millage. This millage expired November 2025 and the renewed millage did not pass. The College will now reevaluate its Capital Outlay projects and prioritize them using available funds.

Basic Financial Statements

Monroe County Community College

Statements of Net Position

	June 30 2025	June 30 2024
Assets		
Current assets:		
Cash and cash equivalents - Note 2	$ **47,460,672**	$ 37,084,082
Short-term investments - Note 2	**256,345**	256,345
Property taxes receivable, net of allowance of $57,075 ($25,540 in 2043)	**69,050**	66,983
State appropriation receivable	**1,316,652**	1,433,345
Interest receivable	**4,993**	5,532
Accounts receivable, net of allowance $309,391 ($266,588 in 2024)	**2,556,807**	2,005,363
Inventories	**48,171**	58,817
Prepaid expenses and other assets	**1,208,599**	940,825
Total current assets	**52,921,289**	41,851,292
Noncurrent assets:		
Restricted investments - Note 2	**208,224**	198,090
Net OPEB asset - Note 7	**4,382,993**	574,015
Property and equipment, net of accumulated depreciation and amortization - Note 4	**69,189,795**	71,332,067
Total noncurrent assets	**73,781,012**	72,104,172
Total assets	**126,702,301**	113,955,464
Deferred outflows of resources		
Deferred pension amounts - Note 6	**7,039,654**	9,349,356
Deferred OPEB amounts - Note 7	**1,048,885**	2,083,263
Total deferred outflows of resources	**8,088,539**	11,432,619
Liabilities		
Current liabilities:		
Accounts payable	**1,159,719**	941,100
Accrued payroll, fringes, and compenstated absences - Note 5	**2,045,540**	2,188,820
Deposits	**138,155**	205,198
Unearned revenue - Note 1	**239,784**	1,292,319
Current portion of debt obligations - Note 10	**1,173,607**	1,133,052
Current portion of lease and SBITA commitments - Note 11	**32,541**	21,415
Total current liabilities	**4,789,346**	5,781,904
Noncurrent liabilities:		
Debt obligations, net of current portion - Note 10	**6,506,277**	7,679,884
Lease and SBITA commitments, net of current portion - Note 11	**33,658**	5,450
Net pension liability - Note 6	**24,203,955**	32,311,785
Total noncurrent liabilities	**30,743,890**	39,997,119
Total liabilities	**35,533,236**	45,779,023
Deferred inflows of resources		
Deferred pension amounts - Note 6	**10,591,447**	8,987,541
Deferred OPEB amounts - Note 7	**6,137,292**	5,319,466
Total deferred inflows of resource	**16,728,739**	14,307,007
Net position		
Investment in capital assets, net of related debt	**61,443,712**	62,492,266
Restricted for:		
Nonexpendable endowments	**177,539**	177,539
Expendable:		
Endowments, scholarships, and grants	**3,474**	3,474
OPEB asset	**4,382,993**	574,015
Other	**42,682**	70,492
Unrestricted - Note 1	**16,478,465**	1,984,267
Total net position	$ **82,528,865**	$ 65,302,053

See accompanying notes.

Monroe County Community College

Statements of Revenues Expenses, and Changes in Net Position

	Year Ended June 30	
	2025	**2024**
Operating revenue		
Tuition and fees, net of scholarship allowance of $4,012,605 ($2,029,995 in 2024)	**$ 5,690,035**	$ 6,986,804
Federal grants	**1,834,133**	1,794,943
State grants	**253,340**	130,312
Auxiliary activities, net of scholarship allowance of $292,860 ($266,635 in 2024)	**31,631**	4,071
Other sources	**1,096,830**	1,071,900
Total operating revenue	**8,905,969**	9,988,030
Operating expense		
Instruction	**9,182,193**	10,144,324
Information technology	**1,797,836**	1,643,521
Public services	**521,321**	371,881
Instructional support	**3,137,628**	3,130,646
Student services	**5,176,029**	6,068,814
Institutional administration	**4,581,415**	3,674,044
Operation and maintenance of plant	**4,324,434**	3,697,539
Depreciation and amortization	**3,262,128**	3,234,601
Total operating expense	**31,982,984**	31,965,370
Operating loss	**(23,077,015)**	(21,977,340)
Nonoperating revenue (expense)		
State appropriations	**9,888,409**	9,432,302
Property tax levy	**22,964,893**	22,344,140
Federal Pell grant revenue	**3,600,586**	2,762,666
Employee Retention Credit revenue	**2,964,894**	-
Investment income	**1,183,190**	905,832
Gifts	**389,866**	358,515
Interest on capital assets - related debt	**(300,775)**	(333,606)
Loss on disposal of assets	**(387,236)**	(274,680)
Net nonoperating revenue (expense)	**40,303,827**	35,195,169
Other revenue		
State capital appropriations	**-**	761,100
Total other revenue	**-**	761,100
Change in net position	**17,226,812**	13,978,929
Net position at beginning of year	**65,302,053**	51,323,124
Net position at end of year	**$ 82,528,865**	$ 65,302,053

See accompanying notes.

Monroe County Community College

Statements of Cash Flows

	Year Ended June 30	
	2025	**2024**
Cash flows from operating activities		
Tuition and fees	**$ 5,455,355**	$ 6,843,020
Grants and contracts	**1,919,454**	2,308,194
Payments to suppliers	**(18,183,184)**	(18,251,180)
Payments to employees	**(16,911,406)**	(15,716,096)
Auxiliary enterprise charges	**(30,482)**	(15,643)
Other	**(257,838)**	1,546,545
Net cash used in operating activities	**(28,008,101)**	(23,285,160)
Cash flows from noncapital financing activities		
State appropriations	**10,005,102**	9,274,938
Property tax levy	**22,962,826**	22,372,804
Federal Pell grant revenue	**3,678,512**	2,719,937
Federal HEERF grant revenue	**-**	532,978
Employee Retention Credit revenue	**2,964,894**	-
Federal direct lending receipts	**1,835,298**	2,524,834
Federal direct lending payments	**(1,810,335)**	(2,468,847)
Gifts and contributions for other than capital purposes	**389,832**	358,515
Net cash provided by noncapital financing activities	**40,026,129**	35,315,159
Cash flows from capital and related financing activities		
Proceeds from capital appropriations	**-**	761,100
Purchase of capital assets	**(1,410,490)**	(2,433,049)
Principal debt and lease payments	**(1,093,718)**	(1,142,442)
Interest paid on capital debt	**(310,825)**	(343,308)
Net cash used in capital and related financing activities	**(2,815,033)**	(3,157,699)
Cash flows from investing activities		
Proceeds from sales and maturities of investment	**464,569**	256,345
Investment income	**1,183,729**	904,774
Purchase of investments	**(474,703)**	(270,269)
Net cash provided by investing activities	**1,173,595**	890,850
Net increase in cash and cash equivalents	**10,376,590**	9,763,150
Cash and cash equivalents at beginning of year	**37,084,082**	27,320,932
Cash and cash equivalents at end of year	**$ 47,460,672**	$ 37,084,082

Monroe County Community College

Statements of Cash Flows

	Year Ended June 30	
	2025	**2024**
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	**$ (23,077,015)**	$ (21,977,340)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	**3,262,128**	3,234,601
Allowance for uncollectable accounts	**42,803**	(114,823)
(Increase) decrease in assets:		
Accounts receivable	**(697,102)**	420,782
Inventories	**10,646**	(3,868)
Prepaid expenses and other assets	**(267,774)**	(432,682)
Net OPEB asset	**(3,808,978)**	(2,796,233)
Decrease in deferred outflow of resources	**3,344,080**	3,265,703
Increase (decrease) in liabilities:		
Accounts payable	**132,067**	66,716
Accrued payroll and fringes	**(143,280)**	175,557
Deposits	**(67,043)**	65,773
Unearned revenue	**(1,052,535)**	218,569
Net pension liability	**(8,107,830)**	(7,698,070)
Increase in deferred inflow of resources	**2,421,732**	2,290,155
Net cash used in operating activities	**$ (28,008,101)**	$ (23,285,160)

See accompanying notes.

The Foundation at Monroe County Community College

Statements of Financial Position

	June 30 2025	June 30 2024
Assets		
Cash and cash equivalents - Note 2	**$ 1,112,220**	$ 1,084,666
Unconditional promises to give:		
Without restriction	**2,440**	1,090
Restricted for scholarships	**2,385**	2,255
Restricted other, net of allowance $1,500 ($3,750 in 2024)	**147,200**	145,850
Total unconditional promises to give	**152,025**	149,195
Total current assets	**1,264,245**	1,233,861
Brokerage investments, at market value:		
Endowment investments - Note 2 and 17	**7,358,108**	6,695,935
Endowment investments Cultural - Note 2 and 17	**3,444,513**	3,119,595
Total brokerage investments, at market value	**10,802,621**	9,815,530
Long-term unconditional promises to give:		
Restricted other, net of allowance $13,750 ($16,250 in 2024)	**365,300**	454,250
Total assets	**$ 12,432,166**	$ 11,503,641
Liabilities		
Accounts payable	**$ 20,092**	$ 96,046
Total current liabilities	**20,092**	96,046
Net assets		
Net assets, without restrictions - Note 1	**817,914**	712,884
Net assets, with restrictions - Note 1	**11,594,160**	10,694,711
Total net assets	**12,412,074**	11,407,595
Total liabilities and net assets	**$ 12,432,166**	$ 11,503,641

See accompanying notes.

The Foundation at Monroe County Community College

Statements of Activities

	Year Ended June 30	
	2025	**2024**
Revenues, gains, and other support		
Contributions	**$ 360,964**	$ 351,135
Special events	**13,637**	17,446
Donated administrative support	**385,500**	343,350
Net investment income	**1,053,531**	1,226,517
Total revenues, gains, and other support	**1,813,632**	1,938,448
Expenses		
Scholarships	**258,921**	239,326
Grants	**162,160**	193,690
Fundraising	**1,505**	1,466
Donated administrative expenses	**385,500**	343,350
Other	**1,067**	5,848
Total expenses	**809,153**	783,680
Change in net assets	**1,004,479**	1,154,768
Net assets at beginning of year	**11,407,595**	10,252,827
Net assets at end of year	**$ 12,412,074**	$ 11,407,595

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)

Change in Accounting Estimate

Effective for the year ended June 30, 2025, the College revised its methodology for estimating the scholarship allowance for student tuition and fees and auxiliary activities. This change was prompted by an updated analysis of historical data regarding student payment patterns and external financial aid awards, leading to a more precise estimation of the ultimate transaction price. The new method uses data at the more granular student level as compared to an aggregated approach used in the past. Management believes this updated method provides a more accurate representation of the practices surrounding the awarding of aid at the College. This is considered a change in accounting estimate, and as required by GAAP, it has been applied prospectively. The effect of this change was an increase in the scholarship allowance of $4.3 million and a corresponding decrease in student services expenses, a decrease of $4.0 million in tuition and fees revenue, and a $0.3 million decrease in auxiliary activities revenue for the year ended June 30, 2025. The prior year's financial statements have not been restated.

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.

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

Significant Accounting Policies (continued)

Receivables

Accounts receivable resulting from student tuition and government and state grants consists of operating revenue recognized, but not received, as of June 30, 2025 and 2024. 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.

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

Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued in the financial statements when it is earned. The College does not have a policy to pay any accumulated sick time amounts when employees separate from service with the College; therefore, the College estimates how much of the accumulated leave is more likely than not to be used as paid leave. Based on this calculation, the College has not reported a liability related to accumulated unused sick benefits.

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

Significant Accounting Policies (continued)

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:

	2025	2024
Grants:		
D3C3 Retention	**$ -**	$ 885,517
Other grants	**44,980**	180,629
Tuition:		
Summer semester	**136,631**	226,173
Fall semester	**58,173**	-
Total unearned revenue	**$ 239,784**	$ 1,292,319

Pension and Other Postemployment Benefit (OPEB)

For purposes of measuring the net pension liability and OPEB asset, 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.

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

Significant Accounting Policies (continued)

Deferred Outflows of Resources and Deferred Inflow of Resources (continued)

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.

Restricted Net Position and Net Assets With Restriction

The College's permanently restricted net position of $177,539 for the year ended June 30, 2025 and 2024, 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:

	2025	**2024**
Scholarships:		
Held under endowment	**$ 7,200,041**	$ 6,555,532
Available	**318,098**	276,004
	7,518,139	6,831,536
Cultural enrichment and other:		
Held under endowment	**3,129,633**	2,842,489
Available	**768,828**	821,686
	3,898,461	3,664,175
Capital projects	**177,560**	199,000
Total net assets with restrictions	**$ 11,594,160**	$ 10,694,711

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

Significant Accounting Policies (continued)

Unrestricted Net Position and Net Assets Without Restriction

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

	2025	2024
Designated for:		
Working capital	**$ 27,246,377**	$ 22,522,732
Pension liability and deferred outflow and inflow of resources	**(32,844,155)**	(35,186,173)
Technology equipment	**2,336,162**	1,802,488
Auxiliary activities	**1,124,328**	1,271,094
Student loans	**18,413**	18,413
Quasi-endowment	**141,001**	148,671
Major maintenance and renovation	**18,456,339**	11,407,042
Total unrestricted net position	**$ 16,478,465**	$ 1,984,267

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

	2025	2024
Designated	**$ 499,131**	$ 471,508
Undesignated	**318,783**	241,376
Total net assets without restrictions	**$ 817,914**	$ 712,884

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.

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

Significant Accounting Policies (continued)

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.

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.

Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

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:

	2025	2024
Cash and cash equivalents	**$ 47,460,672**	$ 37,084,082
Short-term investments	**256,345**	256,345
Restricted investment	**208,224**	198,090
Total cash and cash equivalents and investments	**$ 47,925,241**	$ 37,538,517

The balances above are comprised of $47,923,649 as of June 30, 2025 and $37,536,929 as of June 30, 2024 of bank deposits (checking accounts, savings accounts, and certificates of deposit) and $1,588 as of June 30, 2025 and June 30, 2024 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 $48,075,153 as of June 30, 2025 and $37,717,680 as of June 30, 2024. Of that amount, $708,224 as of June 30, 2025 and $698,099 as of June 30, 2024 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.

2. Cash and Cash Equivalents and Investments (continued)

College (continued)

Investments (continued)

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.

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:

	2025	2024
PNC Bank	**99.0%**	98.8%
Flagstar	**.4**	.5
First Merchants Bank	**.6**	.7
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:

	2025	2024
Cash and cash equivalents	**$ 1,112,220**	$ 1,084,666
Endowment investments	**7,358,108**	6,695,935
Endowment investments Cultural	**3,444,513**	3,119,595
Total cash and cash equivalents and investments	**$ 11,914,841**	$ 10,900,196

2. Cash and Cash Equivalents and Investments (continued)

Foundation (continued)

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.

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:

	2025	**2024**
Money market	**$ 528,363**	$ 698,191
Individual securities:		
Corporate stocks	**1,070,593**	1,328,046
Mutual funds:		
Equity funds	**3,639,762**	3,315,657
Fixed income funds	**2,551,085**	2,146,368
Total mutual funds	**6,190,847**	5,462,025
Exchange traded funds:		
Equity funds	**1,967,090**	1,494,123
Fixed income funds	**1,045,728**	833,145
Total exchange traded funds	**3,012,818**	2,327,268
Total brokerage investments	**$ 10,802,621**	$ 9,815,530

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.

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)
2025				
Bank certificates of deposits	**$ 464,569**	**$ 464,569**	**$ -**	**$ -**
2024				
Bank certificates of deposits	$ 454,435	$ 454,435	$ -	$ -

The fair value of the bank certificates of deposits at June 30, 2025 and 2024, 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, 2025:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
Money market	**$ 528,363**	**$ 528,363**	**$ -**	**$ -**
Corporate stocks	**1,070,593**	**1,070,593**	**-**	**-**
Equity funds	**5,606,852**	**5,606,852**	**-**	**-**
Fixed income funds	**3,596,813**	**3,596,813**	**-**	**-**
Total brokerage investments	**$ 10,802,621**	**$ 10,802,621**	**$ -**	**$ -**

3. Fair Value Measurements (continued)

The Foundation has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
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	$ -	$ -

The fair value of money market accounts at June 30, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, 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.

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
2025					
Nondepreciable capital assets:					
Land	**$ 1,517,910**	**$ -**	**$ -**	**$ -**	**$ 1,517,910**
Construction in progress	**1,976,149**	**783,232**	**377,062**	**(1,197,070)**	**1,185,249**
Total nondepreciable capital assets	**3,494,059**	**783,232**	**377,062**	**(1,197,070)**	**2,703,159**
Depreciable capital assets:					
Land improvements	**3,823,379**	**-**	**-**	**140,771**	**3,964,150**
Building and improvements	**99,186,552**	**47,727**	**-**	**57,719**	**99,291,998**
Infrastructure	**4,570,816**	**41,400**	**-**	**908,883**	**5,521,099**
Furniture, fixtures, and equipment	**9,790,501**	**429,763**	**119,656**	**89,697**	**10,190,305**
Total depreciable capital assets	**117,371,248**	**518,890**	**119,656**	**1,197,070**	**118,967,552**
Total capital assets	**120,865,307**	**1,302,122**	**496,718**	**-**	**121,670,711**
Less accumulated depreciation:					
Land improvements	**2,587,736**	**164,637**	**-**	**-**	**2,752,373**
Building and improvements	**38,803,411**	**2,271,018**	**-**	**-**	**41,074,429**
Infrastructure	**2,392,991**	**123,675**	**-**	**-**	**2,516,666**
Furniture, fixtures, and equipment	**5,774,591**	**609,916**	**109,482**	**-**	**6,275,025**
Total accumulated depreciation	**49,558,729**	**3,169,246**	**109,482**	**-**	**52,618,493**
SBITAs:					
SBITAs	**-**	**127,249**	**-**	**-**	**127,249**
Less accumulated amortization	**-**	**42,416**	**-**	**-**	**42,416**
Net SBITAs	**-**	**84,833**	**-**	**-**	**84,833**
Intangible right-to-use assets:					
Right-to-use asset – leased equipment	**101,954**	**77,721**	**-**	**-**	**179,675**
Less accumulated amortization	**76,465**	**50,466**	**-**	**-**	**126,931**
Net intangible right-to-use assets	**25,489**	**27,255**	**-**	**-**	**52,744**
Total capital assets, net	**$ 71,332,067**	**$ (1,755,036)**	**$ 387,236**	**$ -**	**$ 69,189,795**

4. Property and Equipment (continued)

	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
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

5. Accrued Payroll and Fringes

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

	2025	2024
Payroll	**$ 732,430**	$ 677,053
Accrued vacation	**518,380**	460,768
Pension plan	**211,664**	349,562
Other retirement and fringes	**583,066**	701,437
Total accrued payroll, fringes, and compensated absences	**$ 2,045,540**	$ 2,188,820

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 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.

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

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.

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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

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

	2024		**2023**	
Benefit Structure	**Member**	**Employer**	**Member**	**Employer**
Basic	**0.00 – 4.00%**	**23.03%**	0.00 – 4.00%	20.16%
Member Investment Plan	**3.00 – 7.00%**	**23.03%**	3.00 – 7.00%	20.16%
Pension Plus	**3.00 – 6.40%**	**19.17%**	3.00 – 6.40%	17.24%
Pension Plus 2	**6.20%**	**20.10%**	6.20%	19.95%
Defined Contribution	**0.00%**	**13.90%**	0.00%	13.75%

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

Contributions (continued)

The College's required contribution to the plan for the year ended June 30, 2025 was $4,133,367 and $3,598,067 for the year ended June 30, 2024. In addition, the College recognized Section 147(c)(1) payments allocable to the pension contribution of $1,922,597 for the year ended June 30, 2025 and $2,762,171 for the year ended June 30, 2024 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, 2025, the College reported a liability of $24,203,955 and $32,311,785 as of June 30, 2024, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation rolled-forward from September 30, 2023 and 2022, 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 September 30, 2024, the College's proportion was 0.09886%, which was a decrease of 0.00097% from its proportion measured as of September 30, 2023. As of 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.

For the year ended June 30, 2025, the College recognized pension expense of $349,533 and $2,240,256 for the year ended June 30, 2024.

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

	2025		**2024**	
	Deferred Outflows of Resources	**Deferred (Inflows) of Resources**	**Deferred Outflows of Resources**	**Deferred (Inflows) of Resources**
Differences between actual and expected experience	**$ 656,670**	**$ (262,979)**	$ 1,019,984	$ (49,497)
Net differences between projected and actual plan investment earnings	**-**	**(4,619,141)**	-	(661,204)
Changes of assumptions	**2,523,406**	**(1,773,384)**	4,378,394	(2,524,482)

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)

(continued from previous page)

	2025		2024	
	Deferred Outflows of Resources	**Deferred (Inflows) of Resources**	**Deferred Outflows of Resources**	**Deferred (Inflows) of Resources**
Changes in proportion and differences between the College's contributions and proportionate share of contributions	**$ 20,911**	**$ (2,513,671)**	$ 29,856	$ (3,829,761)
Sec147c state aid award subsequent to the measurement date	**-**	**(1,422,272)**	-	(1,922,597)
The College's contributions subsequent to the measurement date	**3,838,667**	**-**	3,921,122	-
	$ 7,039,654	**$(10,591,447)**	$ 9,349,356	$ (8,987,541)

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $3,838,667 at June 30, 2025 and $3,921,122 at June 30, 2024 will be recognized as a reduction of the net pension liability in the years ending June 30, 2026 and 2025, respectively. Deferred inflows of resources resulting from Sec147c state aid award subsequent to the measurement date of $1,422,272 at June 30, 2025 and $1,922,597 at June 30, 2024 will be recognized as state appropriation revenue in the years ending June 30, 2026 and 2025, respectively.

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:

	2025	2024
2025	**$ -**	$ (857,711)
2026	**(2,110,585)**	(791,906)
2027	**(649,510)**	677,992
2028	**(1,974,339)**	(665,085)
2029	**(1,233,754)**	-
	$ (5,968,188)	$ (1,636,710)

6. Defined Benefit Pension Plans and Postemployment Benefits (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 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, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans	6.00%, net of investment expense
Pension Plus Plan	6.00%, net of investment expense
Pension Plus 2 Plan	6.00%, net of investment expense
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
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, 2024 and 2023, is based on the results of an actuarial valuation date of September 30, 2023 and 2022, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study.

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

Actuarial Assumptions (continued)

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years and was 4.4612 as of September 30, 2024 and 4.4406 as of September 30, 2023. Recognition period for assets in years was 5.0000 as of September 30, 2024 and 2023.

Full actuarial assumptions are available in the 2024 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.

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:

	2024		**2023**	
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%**	**5.3%**	25.00%	5.8%
Private Equity Pools	**16.00%**	**9.0%**	16.00%	9.6%
International Equity Pools	**15.00%**	**6.5%**	15.00%	6.8%
Fixed Income Pools	**13.00%**	**2.2%**	13.00%	1.3%
Real Estate and Infrastructure Pools	**10.00%**	**7.1%**	10.00%	6.4%
Absolute Return Pools	**9.00%**	**5.2%**	9.00%	4.8%
Real Return/Opportunistic Pools	**10.00%**	**6.9%**	10.00%	7.3%
Short Term Investment Pools	**2.00%**	**1.4%**	2.00%	0.3%
	100.00%		100.00%	

*Long-term rates of return are net of administrative expenses and 2.30% inflation as of September 30, 2024 and 2.70% inflation as of September 30, 2023.

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

Rate of Return

The annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47% for the fiscal year ended September 30, 2024 and 8.29% for the fiscal year ended September 30, 2023. 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, 2024 and 2023, 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, 2024 and 2023, 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 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%)**
2025	**$ 35,483,258**	**$ 24,203,955**	**$ 14,811,765**
2024	$ 43,653,127	$ 32,311,785	$ 22,869,708

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.

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

Payable to the Pension Plan

The College reported a payable of $137,862 as of June 30, 2025 and $89,630 as of June 30, 2024. 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 plan. The average contribution percentages for the participants were approximately 5.11% for the year ended June 30, 2025 and 5.12% for the year ended June 30, 2024. Total covered payroll and College contributions were approximately $5.0 million and $.9 million, respectively, for the year ended June 30, 2025 and approximately $4.5 million and $.8 million, respectively, for the year ended June 30, 2024. 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.

7. Postemployment Benefits Other Than Pensions

Plan Description (continued)

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 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.

7. Postemployment Benefits Other Than Pensions (continued)

Contributions

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

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

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

	2024		**2023**	
Benefit Structure	**Member**	**Employer**	**Member**	**Employer**
Premium Subsidy	**3.00%**	**8.31%**	3.00%	8.07%
Personal Healthcare Fund (PHF)	**0.00%**	**7.06%**	0.00%	7.21%

The College's required contribution to the plan for the year ended June 30, 2025 was $846,384 and $790,448 for the year ended June 30, 2024.

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

As of June 30, 2025, the College reported an asset of $4,382,993 and $574,015 as of June 30, 2024, for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and 2023, respectively, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023 and 2022, respectively. The College's proportion of the net OPEB asset 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, 2024, the College's proportion was 0.10183%, which was an increase of .00036% from its proportion measured as of September 30, 2023. 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.

7. Postemployment Benefits Other Than Pensions (continued)

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

For the year ended June 30, 2025, the College recognized OPEB income of $1,851,444 and $1,350,533 for the year ended June 30, 2024. As of June 30, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		**2024**	
	Deferred Outflows of Resources	**Deferred (Inflows) of Resources**	**Deferred Outflows of Resources**	**Deferred (Inflows) of Resources**
Differences between actual and expected experience	**$ -**	**$ (4,644,634)**	$ -	$ (4,337,552)
Net differences between projected and actual plan investment earnings	**-**	**(829,751)**	1,750	-
Changes of assumptions	**957,309**	**(110,035)**	1,277,858	(153,878)
Changes in proportion and differences between the College's contributions and proportionate share of contributions	**34,764**	**(552,872)**	8,644	(828,036)
The College's contributions subsequent to the measurement date	**56,812**	**-**	795,011	-
	$ 1,048,885	**$ (6,137,292)**	$ 2,083,263	$ (5,319,466)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $56,812 at June 30, 2025 and $795,011 at June 30, 2024 will be recognized as an increase of the net OPEB asset in the years ending June 30, 2026 and 2025, 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:

	2025	**2024**
2025	**$ -**	$ (1,320,601)
2026	**(1,727,246)**	(1,209,546)
2027	**(1,057,993)**	(542,389)
2028	**(991,156)**	(475,609)
2029	**(840,865)**	(325,611)
2030	**(446,259)**	(157,458)
2031	**(81,700)**	-
	$ (5,145,219)	$ (4,031,214)

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, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expense
Projected Salary Increases:	2.75% to 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.50% Year 15 Post-65: 6.50% 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, 2024 and 2023, is based on the results of an actuarial date of September 30, 2023 and 2022, 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 6.2834 as of September 30, 2024 and 6.5099 as of September 30, 2023. Recognition period for assets in years was 5.0000 as of September 30, 2024 and 2023.

Full actuarial assumptions are available in the 2024 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:

	2024		**2023**	
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%**	**5.3%**	25.00%	5.8%
Private Equity Pools	**16.00%**	**9.0%**	16.00%	9.6%
International Equity Pools	**15.00%**	**6.5%**	15.00%	6.8%
Fixed Income Pools	**13.00%**	**2.0%**	13.00%	1.3%
Real Estate and Infrastructure Pools	**10.00%**	**7.1%**	10.00%	6.4%
Absolute Return Pools	**9.00%**	**5.2%**	9.00%	4.8%
Real Return/Opportunistic Pools	**10.00%**	**6.9%**	10.00%	7.3%
Short Term Investment Pools	**2.00%**	**1.4%**	2.00%	0.3%
	100.00%		100.00%	

*Long-term rates of return are net of administrative expenses and 2.30% inflation as of September 30, 2024 and 2.70% inflation as of September 30, 2023.

7. Postemployment Benefits Other Than Pensions (continued)

Rate of Return

The annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45% for fiscal year September 30, 2024 and 7.94% for fiscal year September 30, 2023. 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, 2024 and 2023, was used to measure the total OPEB asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00% as of September 30, 2024 and 2023, 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 asset.

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

The following presents the College's proportionate share of the net OPEB asset 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 asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
2025	**$ 3,387,213**	**$ 4,382,993**	**$ 5,234,950**
2024	$ (595,081)	$ 574,015	$ 1,578,739

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
2025	**$ 5,243,960**	**$ 4,382,993**	**$ 3,459,612**
2024	$ 1,581,244	$ 574,015	$ (516,136)

7. Postemployment Benefits Other Than Pensions (continued)

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 $2,483 as of June 30, 2025 and $38,738 as of June 30, 2024. These amounts represent current payments for June paid in July.

8. Federal Direct Lending Program

The College distributed $1,810,335 for the year ended June 30, 2025 and $2,468,847 for the year ended June 30, 2024 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.

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, 2024	Additions	Reductions	Balances June 30, 2025	Due Within One Year
2025					
Key Government Finance	**$ 4,237,867**	**$ -**	**$ 591,420**	**$ 3,646,447**	**$ 612,301**
Sterling National Bank	**4,575,069**	**-**	**541,632**	**4,033,437**	**561,306**
Total direct borrowings and direct placements	**$ 8,812,936**	**$ -**	**$ 1,133,052**	**$ 7,679,884**	**$ 1,173,607**

	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

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.

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.

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.

10. Long-Term Liabilities (continued)

Direct Borrowings and Direct Placement (continued)

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

Fiscal Year	Principal	Interest	Total
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	1,350,875	85,244	1,436,119
2031 – 2032	1,376,469	43,091	1,419,560
	$ 7,679,884	$ 920,271	$ 8,600,155

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 and SBITA Commitments

The College entered into lease agreements for financing the purchase of certain office equipment, which meets the capitalization criteria specified by GAAP. Therefore, the lease has been recorded at the present value of the future minimum lease payments as of the inception date using a discount rate of 2.85%. The cost and accumulated amortization of the assets under the lease are outlined in Note 4.

The College has SBITAs that are used for various software licenses and remote hosting arrangements, which meet the capitalization criteria specified by GAAP. Therefore, the SBITAs have been recorded at the present value of the future minimum payments as of the inception date using a discount rate of 5%. The cost and accumulated amortization of the assets under the SBITAs are outlined in Note 4.

11. Lease and SBITA Commitments (continued)

Annual requirements as of June 30, 2025 relating to the leases are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 20,824	$ 1,224	$ 22,048
2027	15,818	754	16,572
2028	16,274	297	16,571
2029	1,444	26	1,470
2030	122	-	122
	$ 54,482	$ 2,301	$ 56,783

Annual requirements as of June 30, 2025 relating to the SBITAs are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 11,717	$ -	$ 11,717

12. Self Insurance

Beginning July 1, 2015, the College became 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, 2025 and 2024, 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. Effective July 1, 2025, the College moved its partially uninsured employee healthcare benefit plan to a fully funded premium based plan. As of June 30, 2025, there are trail-out costs for services incurred under the partially self-insured healthcare plan of $254,648. Self-insured employee benefit liability for the year ending June 30 were as follows:

	2025	2024
Balance, beginning of year	**$ 153,781**	$ 150,332
Claims incurred, premiums paid and changes in estimates	**2,703,737**	2,564,347
Claim and premium payments	**(2,859,808)**	(2,560,898)
Trail-out costs	**254,648**	
Balance, end of year	**$ 252,358**	$ 153,781

13. Property Taxes

The College received 2.1794 mills for both fiscal years 2025 and 2024 for current operations. The College also received .85 mills for both fiscal years 2025 and 2024 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 $7.59 billion for fiscal year 2025 tax collections and $7.17 billion for fiscal year 2024 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 $1,643,304 as of June 30, 2025 and $1,494,773 as of June 30, 2024. 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 the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Tax Exemption) PA 198 of 1974, 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.

15. Tax Abatement (continued)

For the year ended June 30, 2025, the College's property tax revenue for general operations was reduced by $146,329 and $88,297 for the year ended June 30, 2024, under this program. The abatements issued by other governmental units are also included below as of June 30:

Governmental Unit	IFT	Others	Total
2025			
Ash	**$ 18,247**	**$ -**	**$ 18,247**
Bedford	**14,542**	**-**	**14,542**
Berlin	**64,402**		**64,402**
Dundee	**13,242**	**-**	**13,242**
Erie	**492**	**-**	**492**
Frenchtown	**23,593**	**-**	**23,593**
Monroe City	**11,085**	**1,649**	**12,734**
Whiteford	**726**	**-**	**726**
	$ 146,329	**$ 1,649**	**$ 147,978**
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

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%. Regarding 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."

Projects currently recorded in construction in progress include the HEB building project with cost incurred to date of $1,146,676 and other projects with total cost incurred to date of $38,573. Once these projects have been completed, they will be capitalized in the College's physical plant fund.

17. Employee Retention Credit (ERC)

Management filed an ERC claim after believing they qualified for the credit based on meeting the threshold for gross receipts decline in 2021 compared to 2019 and incurring eligible payroll expenses. The College's ERC claim is subject to review by the Internal Revenue Service (IRS) within the applicable statute of limitations. If after payment by the IRS, a portion or all of the ERC is determined to be ineligible upon IRS review, the College would be required to return the ineligible portion on demand and could potentially be subject to penalties and interest on unpaid employment taxes. For the year ended June 30, 2025, the College recognized $2,964,894 of ERC revenue within Employee Retention Credit revenue on the statement of revenue, expenses, and changes in net position.

18. 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.

18. Foundation Endowments (continued)

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

	2025	2024
Endowment net assets, beginning of year	**$ 9,815,530**	$ 8,601,935
Contributions collected	**219,456**	276,280
Net investment income	**1,007,697**	1,178,773
Distributions	**(240,062)**	(241,458)
Endowment net asset, end of year	**$ 10,802,621**	$ 9,815,530

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.

18. Foundation Endowments (continued)

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 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.

19. Related Party Transactions

The College donated direct personnel support, supplies, and use of equipment to the Foundation of $385,500 for the year ended June 30, 2025 and $343,350 for the year ended June 30, 2024.

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, 2025 was $421,081 and for the year ended June 30, 2024 was $433,016.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of net pension liability	0.09886%	0.09983%	0.10638%	0.11735%	0.12104%	0.12544%	0.12833%	0.13175%	0.13740%	0.13386%
College's proportionate share of net pension liability	$ 24,203,955	$ 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
College's covered payroll	$ 10,927,387	$ 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
College's proportionate share of net pension liability as a percentage of its covered payroll	221.50%	315.85%	390.73%	271.14%	397.56%	385.94%	358.26%	315.01%	298.17%	223.03%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	66.20%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the pension plan from September 30, 2015 through September 30, 2024.

Assumption Changes: The discount rate for the September 30 valuation date was 8.00% for 2015-2016; 7.50% for 2017; 7.05% for 2018; 6.80% for 2019-2021; and 6.00% for 2022-2024.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required pension contributions	$ 4,133,367	$ 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
Pension contributions in relation to statutorily required contributions	4,133,367	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
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
College's covered payroll	$ 11,280,507	$ 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
Pension contributions as a percentage of covered payroll	36.64%	33.39%	34.31%	34.73%	32.42%	31.47%	32.52%	28.75%	28.34%	18.26%

Notes to Required Supplementary Information

Benefit Changes: There were no changes of benefit terms for the pension plan from September 30, 2015 through September 30, 2024.

Assumption Changes: The discount rate for the September 30 valuation date was 8.00% for 2015-2016; 7.50% for 2017; 7.05% for 2018; 6.80% for 2019-2021; and 6.00% for 2022-2024.

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

	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of net OPEB liability	0.10183%	0.10147%	0.10492%	0.11290%	0.11769%	0.12287%	0.12626%	0.13219%
College's proportionate share of net OPEB liability (asset)	$ (4,382,993)	$ (574,015)	$ 2,222,218	$ 1,723,291	$ 6,305,203	$ 8,819,243	$ 10,036,686	$ 11,705,722
College's covered payroll	$ 10,927,387	$ 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	(40.11)%	(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	143.08%	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, 2024.

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 2022-2024.

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

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 846,384	$ 790,448	$ 799,191	$ 838,112	$ 831,540	$ 843,630	$ 819,577	$ 1,029,126
OPEB contributions in relation to statutorily required contributions	846,384	790,448	799,191	838,112	831,540	843,630	819,577	1,029,126
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
College's covered payroll	$ 11,280,507	$ 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	7.50%	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, 2024.

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 2022-2024.

Other Supplementary Information

Monroe County Community College

Combining Statement of Net Position

June 30, 2025
(With Comparative Totals for June 30, 2024)

	June 30, 2025									June 30, 2024
	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
Assets										
Current assets:										
Cash and cash equivalents	$ 26,417,847	$ -	$ 1,506,999	$ 973,297	$ (389,535)	$ 18,413	$ 97,173	$ 18,836,478	$ 47,460,672	$ 37,084,082
Short-term investments	256,345	-	-	-	-	-	-	-	256,345	256,345
Property taxes receivable, net of allowance of $57,075 ($25,540 in 2024)	49,612	-	-	-	-	-	-	19,438	69,050	66,983
State appropriation receivable	1,104,988	211,664	-	-	-	-	-	-	1,316,652	1,433,345
Interest receivable	-	-	-	-	-	-	4,993	-	4,993	5,532
Accounts receivable, net of allowance of $309,391 ($266,588 in 2024)	2,028,200	-	-	126,305	394,152	-	8,150	-	2,556,807	2,005,363
Inventories	(12,720)	-	-	60,891	-	-	-	-	48,171	58,817
Prepaid expenses and other assets	218,001	-	828,139	7,500	154,959	-	-	-	1,208,599	940,825
Due from (to) other funds	(95,213)	-	-	-	95,213	-	-	-	-	-
Total current assets	29,967,060	211,664	2,335,138	1,167,993	254,789	18,413	110,316	18,855,916	52,921,289	41,851,292
Restricted investments	-	-	-	-	-	-	208,224	-	208,224	198,090
Net OPEB asset	-	4,382,993	-	-	-	-	-	-	4,382,993	574,015
Property and equipment, net of accumulated depreciation and amortization	-	-	-	-	-	-	59,100	69,130,695	69,189,795	71,332,067
Total assets	29,967,060	4,594,657	2,335,138	1,167,993	254,789	18,413	377,640	87,986,611	126,702,301	113,955,464
Deferred outflows of resources										
Deferred pension amounts	-	7,039,654	-	-	-	-	-	-	7,039,654	9,349,356
Deferred OPEB amounts	-	1,048,885	-	-	-	-	-	-	1,048,885	2,083,263
Total deferred outflows of resources	-	8,088,539	-	-	-	-	-	-	8,088,539	11,432,619

Monroe County Community College

Combining Statement of Net Position

June 30, 2025
(With Comparative Totals for June 30, 2024)

	June 30, 2025									June 30, 2024
	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
Liabilities										
Current liabilities:										
Accounts payable	$ 615,474	$ -	$ (1,024)	$ 41,045	$ 104,647	$ -	$ -	$ 399,577	$ 1,159,719	$ 941,100
Accrued payroll, fringes, and compensated absences	1,784,182	211,664	-	2,620	47,074	-	-	-	2,045,540	2,188,820
Deposits	126,223	-	-	-	11,932	-	-	-	138,155	205,198
Unearned revenue	194,804	-	-	-	44,980	-	-	-	239,784	1,292,319
Current portion of debt obligations	-	-	-	-	-	-	-	1,173,607	1,173,607	1,133,052
Current portion of lease and SBITA commitments	-	-	-	-	-	-	-	32,541	32,541	21,415
Total current liabilities	2,720,683	211,664	(1,024)	43,665	208,633	-	-	1,605,725	4,789,346	5,781,904
Debt obligations, net of current portion	-	-	-	-	-	-	-	6,506,277	6,506,277	7,679,884
Lease and SBITA commitments, net of current portion	-	-	-	-	-	-	-	33,658	33,658	5,450
Net pension liability	-	24,203,955	-	-	-	-	-	-	24,203,955	32,311,785
Total liabilities	2,720,683	24,415,619	(1,024)	43,665	208,633	-	-	8,145,660	35,533,236	45,779,023
Deferred inflows of resources										
Deferred pension amounts	-	10,591,447	-	-	-	-	-	-	10,591,447	8,987,541
Deferred OPEB amounts	-	6,137,292	-	-	-	-	-	-	6,137,292	5,319,466
Total deferred inflows of resources	-	16,728,739	-	-	-	-	-	-	16,728,739	14,307,007
Net position (deficit)										
Invested in capital assets, net of related debt	-	-	-	-	-	-	59,100	61,384,612	61,443,712	62,492,266
Restricted for:										
Nonexpendable endowments	-	-	-	-	-	-	177,539	-	177,539	177,539
Expendable:										
Scholarships	-	-	-	-	3,474	-	-	-	3,474	3,474
OPEB asset	-	4,382,993	-	-	-	-	-	-	4,382,993	574,015
Other	-	-	-	-	42,682	-	-	-	42,682	70,492
Unrestricted (deficit)	27,246,377	(32,844,155)	2,336,162	1,124,328	-	18,413	141,001	18,456,339	16,478,465	1,984,267
Total net position (deficit)	$ 27,246,377	$ (28,461,162)	$ 2,336,162	$ 1,124,328	$ 46,156	$ 18,413	$ 377,640	$ 79,840,951	$ 82,528,865	$ 65,302,053

Monroe County Community College

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

Year Ended June 30, 2025
(With Compartative Totals for the Year Ended June 30, 2024)

	Year Ended June 30, 2025									Year Ended June 30, 2024
	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 $4,012,605 ($2,029,995 in 2024)	$ 7,857,194	$ -	$ 1,404,445	$ -	$ (3,571,604)	$ -	$ -	$ -	$ 5,690,035	$ 6,986,804
Federal grants	12,960	-	-	-	1,821,173	-	-	-	1,834,133	1,794,943
State grants	-	-	-	-	253,340	-	-	-	253,340	130,312
Auxiliary activities, net of scholarship allowance of $292,860 ($266,635 in 2024)	(14,908)	-	-	324,491	(277,952)	-	-	-	31,631	4,071
Other sources	155,159	-	-	171	940,466	-	1,034	-	1,096,830	1,071,900
Total operating revenue	8,010,405	-	1,404,445	324,662	(834,577)	-	1,034	-	8,905,969	9,988,030
Operating expense:										
Instruction	10,879,748	(2,101,679)	141,464	-	472,488	-	-	(209,828)	9,182,193	10,144,324
Information technology	1,417,589	(254,922)	828,693	-	-	-	-	(193,524)	1,797,836	1,643,521
Public services	287,295	(32,579)	2,848	124,640	139,117	-	-	-	521,321	371,881
Instructional support	3,309,249	(379,702)	105,534	-	102,547	-	-	-	3,137,628	3,130,646
Student services	2,847,048	(499,005)	100,089	346,788	2,381,109	-	-	-	5,176,029	6,068,814
Institutional administration	4,934,096	(434,880)	55,432	-	1,258	-	9,601	15,908	4,581,415	3,674,044
Operation and maintenance of plant	4,162,270	(525,632)	36,711	-	74,206	-	-	576,879	4,324,434	3,697,539
Depreciation and amortization	-	-	-	-	-	-	-	3,262,128	3,262,128	3,234,601
Total operating expense	27,837,295	(4,228,399)	1,270,771	471,428	3,170,725	-	9,601	3,451,563	31,982,984	31,965,370
Operating income (loss)	(19,826,890)	4,228,399	133,674	(146,766)	(4,005,302)	-	(8,567)	(3,451,563)	(23,077,015)	(21,977,340)

Monroe County Community College

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

Year Ended June 30, 2025
(With Compartative Totals for the Year Ended June 30, 2024)

	Year Ended June 30, 2025									Year Ended June 30, 2024
	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	$ 7,965,812	$ 1,922,597	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,888,409	$ 9,432,302
Property tax levy	16,521,935	-	-	-	-	-	-	6,442,958	22,964,893	22,344,140
Federal Pell grant revenue	-	-	-	-	3,600,586	-	-	-	3,600,586	2,762,666
Employee Retention Credit revenue	2,964,894	-	-	-	-	-	-	-	2,964,894	-
Investment income	1,005,094	-	-	-	-	-	9,596	168,500	1,183,190	905,832
Gifts	-	-	-	-	389,866	-	-	-	389,866	358,515
Interest on capital assets - related debt	-	-	-	-	-	-	-	(300,775)	(300,775)	(333,606)
Loss on disposal of assets	-	-	-	-	-	-	-	(387,236)	(387,236)	(274,680)
Net nonoperating revenue (expense)	28,457,735	1,922,597	-	-	3,990,452	-	9,596	5,923,447	40,303,827	35,195,169
Other revenue										
State capital appropriations	-	-	-	-	-	-	-	-	-	761,100
Total other revenue	-	-	-	-	-	-	-	-	-	761,100
Income (loss) before transfers	8,630,845	6,150,996	133,674	(146,766)	(14,850)	-	1,029	2,471,884	17,226,812	13,978,929
Transfers in (out)	(3,907,200)	-	400,000	-	(12,960)	-	(8,699)	3,528,859	-	-
Net increase (decrease) in net position	4,723,645	6,150,996	533,674	(146,766)	(27,810)	-	(7,670)	6,000,743	17,226,812	13,978,929
Net position at beginning 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
Net position at end of year	$ 27,246,377	$ (28,461,162)	$ 2,336,162	$ 1,124,328	$ 46,156	$ 18,413	$ 377,640	$ 79,840,951	$ 82,528,865	$ 65,302,053