St. Clair County Community College

For the Years Ended June 30, 2024 and 2023

Annual Financial Report and Supplementary Information

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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Chief Executive Officer

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

November 1, 2024

Board of Trustees
St. Clair County Community College
Port Huron, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of ***St. Clair County Community College,*** as of June 30, 2024 and 2023, and the respective changes in 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 SC4 Foundation. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the discretely presented component unit, are 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 ("GAAS") 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. The financial statements of SC4 Foundation were not audited in accordance with *Government Auditing Standards.* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards,* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 the schedules for the pension and other postemployment benefits (OPEB) plans, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the supplementary information for the year ended June 30, 2024, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 1, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 College's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of ***St. Clair County Community College’s*** ("the College") financial statements provides an overview of the College’s financial position as of June 30, 2024 and 2023, and its activities for the years then ended. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College’s management.

Using the Annual Financial Report

This annual financial report includes this management’s discussion and analysis and other required supplementary information, the report of independent auditors, the basic financial statements, and notes to the financial statements. Following the basic financial statements, footnotes and required supplementary information are supplementary schedules, consisting of the 2024 combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position. Though the Governmental Accounting Standards Board (“GASB”) does not require these combining statements be present for a fair and complete presentation, they are intended to provide additional information regarding the various funds and activities of the College that is not presented in the basic entity-wide financial statements.

Financial Highlights

The statements of net position and the statements of revenues, expenses, and changes in net position report information on the College as a whole. These statements report the College’s financial position as of June 30, 2024 and 2023, and the changes in net position for the years then ended. The College’s financial position at June 30, 2024, included assets of $95.0 million and liabilities of $42.4 million. The College’s financial position at June 30, 2023, reflected assets of $90.2 million and liabilities of $51.3 million. The significant balance in liabilities is due to the inclusion of a $2.3 million net other postemployment benefits (OPEB) liability as of June 30, 2023 as a result of adopting accounting pronouncement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (the College had a net other postemployment benefits asset in the amount of $627,000 as of June 30, 2024). This liability is the pro-rata share of the total net other postemployment benefits liability of the independently managed State of Michigan multi-employer retirement system for public school employees (MPSERS). Reporting for this item was compulsory beginning in fiscal 2018, and is a component of financial reports going forward. Another component of the liabilities balance is a $34.7 million and $40.3 million net pension liability as of June 30, 2024 and 2023 respectively, as a result of adopting accounting pronouncement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* This liability is the pro-rata share of the total net pension liability of the independently managed MPSERS plan. Reporting for this item was compulsory beginning in fiscal 2015, and is a component of financial reports going forward. Also reported on the statements of net position, as a result of GASB Statements No. 75 and 68, are deferred inflows and outflows of resources. These classifications represent quasi-assets and quasi-liabilities that are recognized in financial reports due to their effect on net position in a future period. Specific definitions for deferred inflows and outflows are included in Note 1.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net position represents the residual interest in the College’s assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The current fiscal year net position of the College increased by approximately $9,108,800. This overall increase was comprised of increases from non-pension/OPEB items of approximately $5,153,100 and increases from pension/OPEB related items of approximately $3,955,700. In fiscal 2022/2023 the net position of the College increased by $6,557,600. This overall increase was comprised of increases from non-pension/OPEB items of $4,510,800, and increases from pension/OPEB related items of approximately $2,046,800. The trend of increases to net position from regular operations indicates a strong financial operating position for the College. Although the adoption of GASB Statements No. 75 and 68 had a pronounced impact on the College's financial position, it is important to distinguish that these are accounting changes, and do not impact the cash flows, or general operations of the College. Additional information on GASB Statements No. 75 and 68 can be found in Note 4.

The College’s financial statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current and prior years’ revenues and expenses are recorded as incurred regardless of when cash is received or paid. Revenues and expenses are separated into categories of operating, nonoperating, and other.

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

Following is an analysis of the major components of assets, liabilities, deferred items, and net position of the College as of June 30:

	2024	2023	2022
Current assets	$ 29,394,149	$27,037,736	$31,213,367
Noncurrent assets			
Net other postemployment benefits asset	626,858	-	-
Restricted cash and investments	6,801,361	8,325,405	4,691,691
Property and equipment, net	58,181,217	54,832,642	51,779,526
Total assets	**95,003,585**	**90,195,783**	**87,684,584**
Deferred outflows of resources	**11,897,935**	**13,826,915**	**7,418,665**
Current liabilities	6,180,185	6,797,088	7,969,291
Long-term liabilities, net of current portion	1,527,477	1,882,698	2,710,101
Net pension liability	34,726,336	40,333,339	27,587,121
Net other postemployment benefits liability	-	2,334,868	1,726,954
Total liabilities	**42,433,998**	**51,347,993**	**39,993,467**
Deferred inflows of resources	**12,410,864**	**9,726,810**	**18,719,476**
Net position			
Net investment in capital assets	56,328,740	52,154,944	48,294,425
Restricted - nonexpendable endowments	1,314,916	1,211,852	1,210,589
Restricted - expendable	8,906,645	8,964,530	5,045,213
Unrestricted (deficit)	(14,493,643)	(19,383,431)	(18,159,921)
Total net position	**$ 52,056,658**	**$ 42,947,895**	**$ 36,390,306**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Following is a condensed analysis of the changes in net position of the College for the years ended June 30:

	2024	2023	2022
Operating revenues			
Tuition and fees, net	$ 14,203,466	$ 13,731,340	$ 13,534,025
Grants and contracts	1,769,423	860,711	1,028,901
Sales and services of auxiliary activities	867,376	590,845	449,119
Other sources	494,384	685,686	478,286
Total operating revenues	**17,334,649**	**15,868,582**	**15,490,331**
Operating expenses			
Instruction	10,952,172	11,485,358	10,685,540
Public service	828,916	943,380	1,884,152
Instructional support	2,381,641	2,534,357	2,244,443
Information technology	1,678,558	1,653,169	1,251,788
Student services	5,864,120	5,022,878	9,033,590
Institutional administration	3,878,381	4,253,878	4,167,597
Operation and maintenance of plant	6,492,292	7,061,565	5,064,982
Depreciation	4,159,334	3,821,671	3,700,801
Total operating expenses	**36,235,414**	**36,776,256**	**38,032,893**
Operating loss	**(18,900,765)**	**(20,907,674)**	**(22,542,562)**
Nonoperating revenues			
Federal Pell grants	3,946,806	3,637,958	3,880,365
Federal HEERF grant	892,428	2,989,400	6,725,410
State appropriations	8,254,108	8,141,283	7,800,664
Property taxes	12,920,918	12,057,836	11,482,261
Other nonoperating revenues (expenses), net	792,768	638,786	(74,478)
Net nonoperating revenues	**26,807,028**	**27,465,263**	**29,814,222**
Other revenues			
State capital appropriations	1,102,500	-	-
Additions to permanent endowment	100,000	-	-
Total other revenues	**1,202,500**	**-**	**-**
Increase in net position	9,108,763	6,557,589	7,271,660
Net position, beginning of year	42,947,895	36,390,306	29,118,646
Net position, end of year	**$ 52,056,658**	**$ 42,947,895**	**$ 36,390,306**

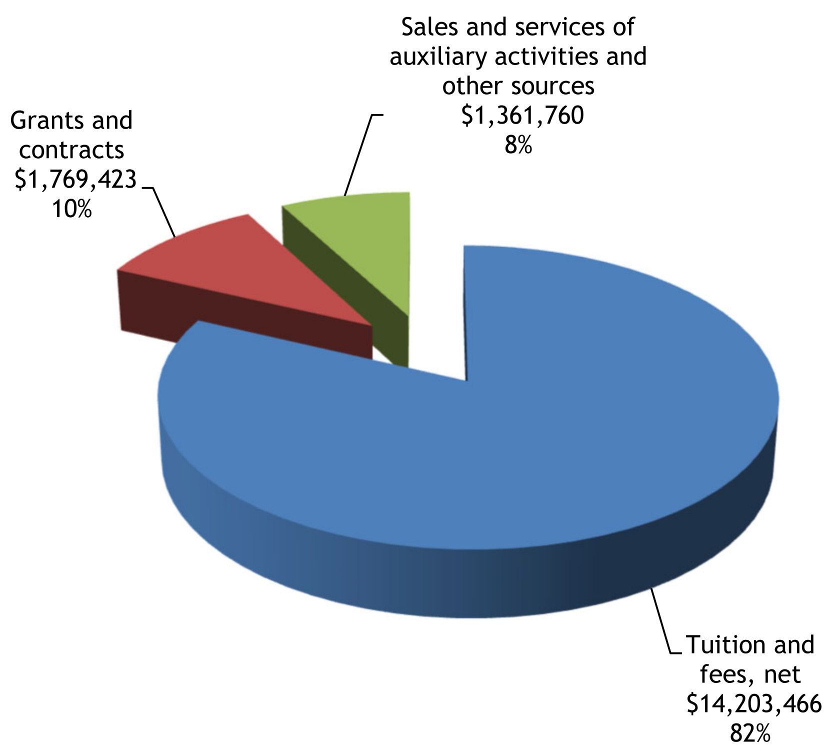
MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale or commission on books and supplies, and facilities revenue from the rental of rooms. In addition, certain Federal, State, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. Operating revenues do not include Federal Pell and Higher Education Emergency Relief Fund (HEERF) grant revenues which are considered nonexchange transactions.

Operating revenues increased during the year ended June 30, 2024, by approximately $1,466,000 resulting mainly from increases in tuition and fees ($472,000), sales and services of auxiliary activities and federal grants. The sales and services of auxiliary activities increased by approximately $276,500 in large part due to student housing revenue. Federal grants increased approximately $710,000 mainly as the result of the new Challenger Learning Center grant, Michigan Reconnect Expansion Program and increased TRiO grant activity.

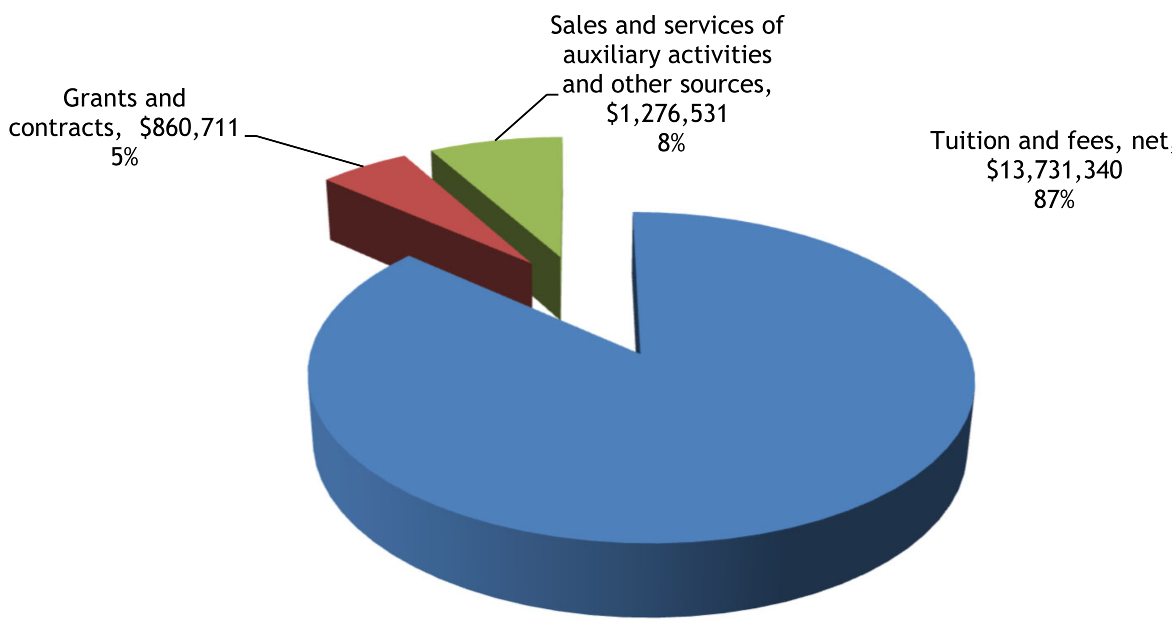
The following is a graphic illustration of operating revenues by source for the year ended June 30, 2024:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating revenues increased during the year ended June 30, 2023, by $378,251 resulting mainly from increases in tuition and fees (approximately $197,300), sales and services of auxiliary activates and other sources. The sales and services of auxiliary activities increased by approximately $141,700 in large part due to fieldhouse activities and student housing revenue. Other sources of revenue increased $207,400 mainly as the result of donations to the Challenger Center. These increases were offset by a $132,000 decrease in nongovernmental grants and contracts due to decreases in MNJTP project fund balances.

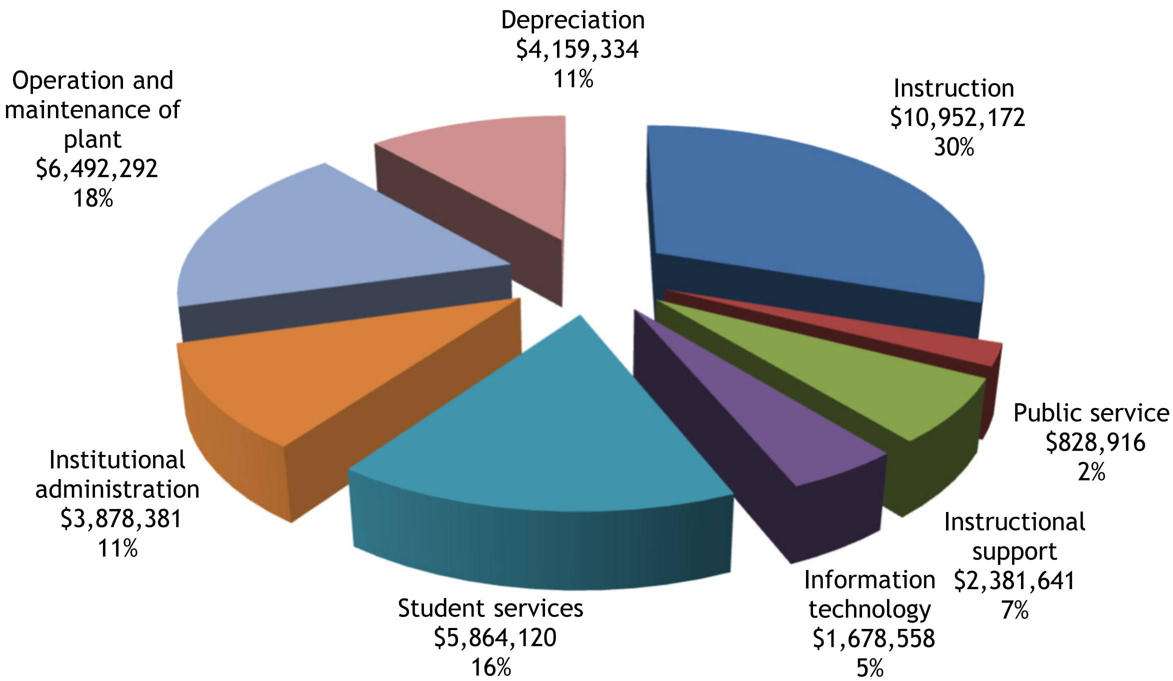
The following is a graphic illustration of operating revenues by source for the year ended June 30, 2023:



Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College. Total operating expenses decreased for the year ended June 30, 2024, by approximately $540,800. The net decrease was due in large part to the decrease in the Net Pension Liability and Deferred Pension, OPEB and UAAL expenses in the Pension and OPEB fund as well as the HEERF student award funds being fully expended in the prior year.

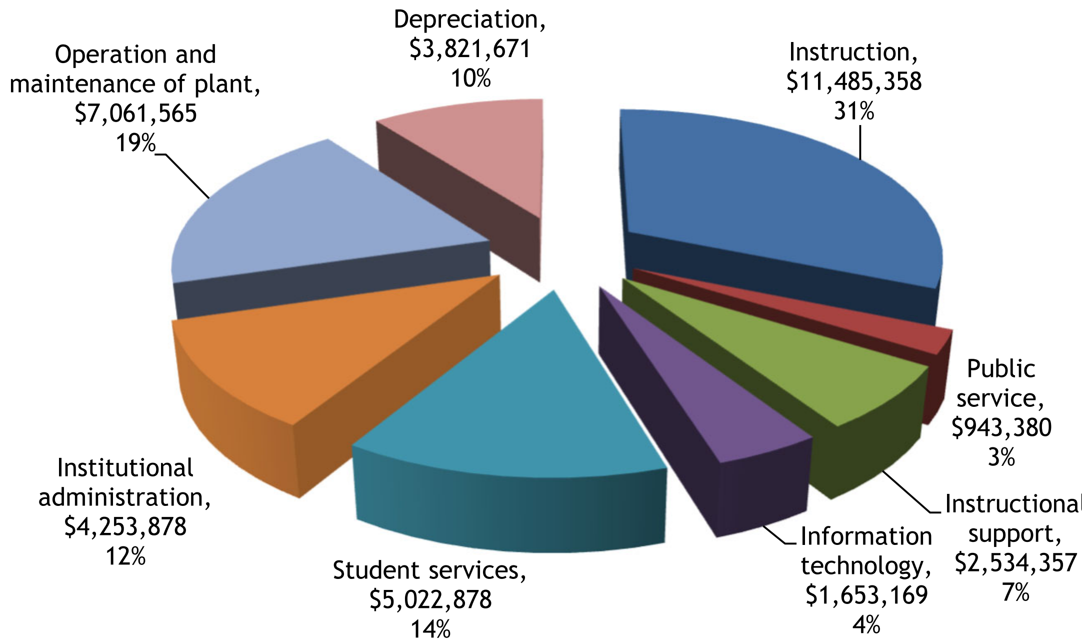
The following is a graphic illustration of operating expenses by function for the year ended June 30, 2024:



Total operating expenses decreased for the year ended June 30, 2023, by approximately $1,256,600. The net decrease was due in large part to decreased costs of student support services related to the prior year student HEERF awards combined with increased operation and maintenance of plant costs related to current projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a graphic illustration of operating expenses by function for the year ended June 30, 2023:



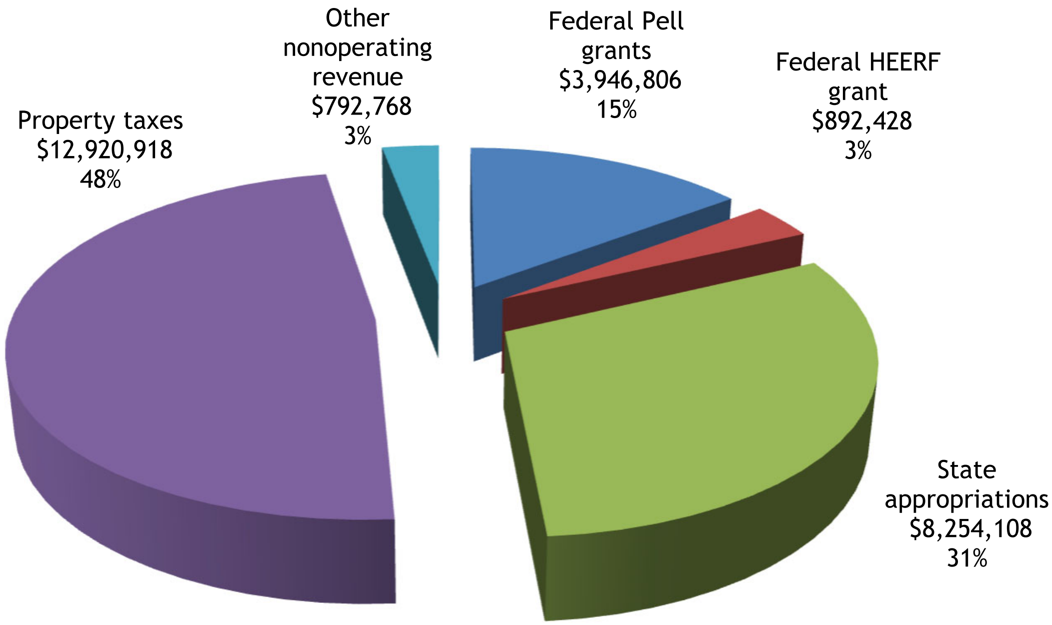
Net Nonoperating Revenues

Net nonoperating revenues represent all revenue sources that are primarily nonexchange in nature. They consist primarily of State appropriations, property tax revenue, Federal Pell and Higher Education Emergency Relief Fund grant revenues and investment income, net of interest on capital asset-related debt.

Net nonoperating revenues had an overall decrease during 2024 of $658,235, primarily as the result of the following factors:

- Federal Higher Education Emergency Relief Fund grant revenue decreased by approximately
- Federal Pell grant revenue increased approximately $309,000 in current year.
- Private gifts decreased by $251,025 as there were none received in current year.
- Property tax revenue increased by $863,100. Taxable value of property in the county increased by approximately 4.6%.
- Net investment income increased by $418,000 due to higher interest.

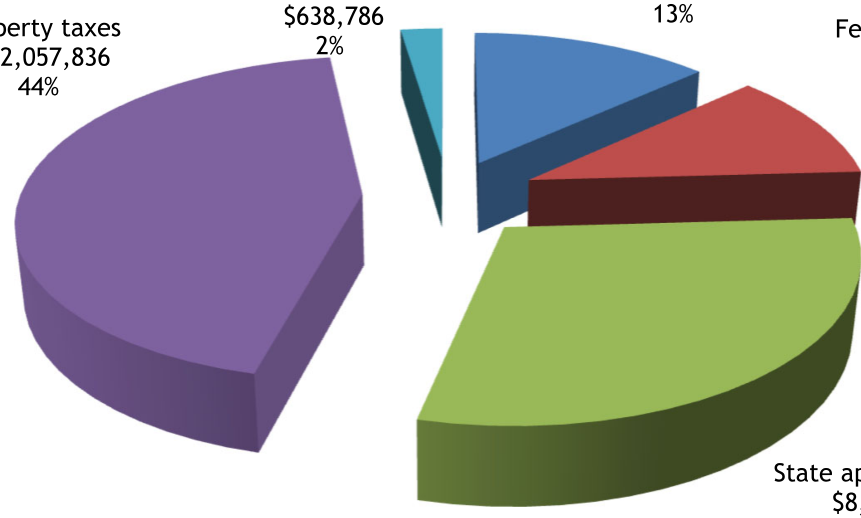
The following is a graphic illustration of net nonoperating revenues by source for the year ended June 30, 2024:



Net nonoperating revenues had an overall decrease during 2023 of $2,348,959, primarily as the result of the following factors:

- Federal Higher Education Emergency Relief Fund grant revenue decreased by $3,736,010.
- Property tax revenue increased by $575,575. Taxable value of property in the county increased by approximately 7.3%.
- Net investment income increased by $444,062 due to higher interest.
- Private gifts increased by $251,025. The increase was the result of a restricted gift received from the estate of a deceased donor for use in drama and the arts.

The following is a graphic illustration of net nonoperating revenues by source for the year ended June 30, 2023:



Other Revenues

During 2023/24, the State of Michigan allocated one-time appropriations for Infrastructure, Technology, Equipment, Maintenance, and Safety (ITEMS) grants. The College received $1,102,500 in ITEMS funding and has utilized these funds for a renovation of the North Building, a roofing project on the Fine Arts Building and an exterior door access controls project. Also received during 2023/24, was a $100,000 endowed gift from the family of Ellen Petho. Earned interest from this gift will establish the "Ellen Petho Design Ideas Memorial Scholarship" to assist students studying Advertising Design, Art, or Graphic Design.

Statements of Cash Flows

The primary purpose of these statements is to provide relevant information about the cash receipts and cash payments of an entity during each fiscal year presented. The statements of cash flows also may help users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its needs for external financing

During 2024, net cash used in operating activities totaled $19.2 million. Further, net cash flows from noncapital financing activities such as property taxes, State appropriations, and Federal Pell and HEERF grant revenue increased by $26.4 million. Net cash used in capital and related financing activities totaled $7.3 million. This includes $7.5 million of capital additions. Net cash provided by investing activities totaled approximately $882,000. This includes interest received during 2024 of $822,173, purchases of investments totaling $350,000, and proceeds from sales and maturities of investments totaling $410,000. The net result of all cash flows is an increase in cash and cash equivalents of $808,698 from 2023.

During 2023, net cash used in operating activities totaled $19.0 million. This was financed by $26.3 million of net cash flows from noncapital financing activities such as property taxes, State appropriations, and Federal Pell and HEERF grant revenue. Net cash used in capital and related financing activities totaled $7.8 million during 2023. This includes $6.9 million of capital additions. Net cash provided by investing activities totaled $466,785. This includes interest received during 2023 of approximately $467,000, purchases of investments totaling $1.2 million, and proceeds from sales and maturities of investments totaling $1.2 million. The net result of all cash flows is an increase in cash and cash equivalents of $76,618 from 2022.

Capital Assets

At June 30, 2024, the College had approximately $117.7 million invested in capital assets, net of accumulated depreciation of $59.5 million, resulting in $58.2 million in net capital assets. During the year ended June 30, 2024, the College had depreciation charges totaling $4.2 million and invested approximately $7.5 million in additional capital assets.

At June 30, 2023, the College had approximately $110.8 million invested in capital assets, net of accumulated depreciation of $56.0 million, resulting in $54.8 million in net capital assets. During the year ended June 30, 2023, the College had depreciation charges totaling $3.8 million and invested approximately $6.9 million in additional capital assets.

More detailed information about the College’s capital assets is presented in Note 3 to the financial statements.

Debt

At June 30, 2024, the College had approximately $1.9 million in debt outstanding. Total debt repayments of $795,000 were made during the year. Payments include $160,000 principal payment on the existing Series 2015 bonds and $635,000 on the Series 2019 bonds. The College's rating of AA- (Standard & Poor's Global ratings) was unchanged from the prior year.

At June 30, 2023, the College had approximately $2.7 million in debt outstanding. Total debt repayments of $775,000 were made during the year. Payments include $160,000 principal payment on the existing Series 2015 bonds and $615,000 on the Series 2019 bonds. The College's rating of AA- (Standard & Poor's Global ratings) was unchanged from the prior year.

More detailed information about the College's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors that Will Affect the Future

The economic position of the College is relatively stable in the short range and closely tied to St. Clair County and the State of Michigan. The three major revenue sources of the College are tuition and fees, State of Michigan appropriations and property taxes. Overall state appropriations continue to fall short of inflation and decline as a percentage of overall College revenue putting increased pressure on other revenue streams.

Property tax revenue increased by approximately 7%. Property tax revenue is anticipated to increase slightly through 2026. Longer-term projections indicate a leveling off of housing values, potentially impacting this source of revenue in the extended forecast.

A modest tuition rate increase beginning in Fall of 2023 along with significant recruitment efforts contributed to stability in tuition and fee revenue for 2023/24. For 2024/25, the College is furthering student focused efforts to increase enrollment, persistence, and completion. To reduce enrollment barriers for potential students, the College implemented a direct admission process where all 2024 graduates in the local K-12 districts were automatically admitted to the College for the 2024/25 academic year. This new process, along with the Michigan Community College Guarantee improved the College’s enrollment outlook for 2024/25 after years of declining enrollment figures.

In 2023/24, the College opened a second housing facility to provide additional living opportunities for students facing housing insecurities or wanting the full college experience. Increasing housing capacity has allowed the College to enroll more students from outside our district boundaries, including international students.

In 2024/25 and beyond, retention efforts such as intentional tutoring and advising, the presence of a food pantry, a serenity room, an on-campus health clinic, and increased mental health services are designed to meet the academic, physical, and mental health needs of students. This comprehensive approach is designed to support students at all levels to keep them in classes and moving toward meeting their graduation goals.

Increased competition in the higher education segment is prompting the College to look for unique ways to drive interest in the College and to draw prospective students to campus. St. Clair County Community College is the only site in Michigan to have a Challenger Learning Center, an immersive space themed STEM focused education center, poised to increase interest in STEM, STEM careers, and STEM education. The center serves as a STEM hub for Southeastern Michigan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The College expanded its athletic offerings by adding a wheelchair basketball team in 2023/24. To further provide additional athletic opportunities for current and prospective students, the College added men's soccer and men's and women's track for 2024/25. Each of these efforts is focused on growing and maintaining enrollment.

The College continues to examine the best use of resources, including maximizing partnerships. Continued development of relationships with our local K-12 districts, Regional Education Service Agency (RESA), and four-year institutions to expand student participation and enrollment remains a priority for the College moving into the future. In addition to maximizing partnerships, the College is also deliberately seeking grant opportunities to supplement revenue and expand the potential to support student needs. Expanded usage of data and analytics is driving intentional and productive decision-making at the College.

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AUDITED FINANCIAL STATEMENTS

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Net Position

	St. Clair County Community College June 30		Component Unit SC4 Foundation June 30	
	2024	2023	2024	2023
Assets				
Current assets				
Cash and cash equivalents	$ 26,061,951	$ 23,729,209	$ 19,459	$ 23,354
State appropriations receivable	2,021,686	1,819,131	-	-
Federal and state grants receivable	508,042	919,955	-	-
Accounts receivable, net	651,483	453,874	-	-
Student loans receivable	19,909	10,982	-	-
Prepaids and other assets	131,078	104,585	1,284	1,278
Total current assets	29,394,149	27,037,736	20,743	24,632
Noncurrent assets				
Restricted cash and investments	6,801,361	8,325,405	-	-
Depreciable property and equipment - net	55,560,968	45,747,547	-	-
Nondepreciable property and equipment	2,620,249	9,085,095	-	-
Beneficial interest in assets held by the Community Foundation of St. Clair County	-	-	7,945,912	7,440,479
Net other postemployment benefits asset (Note 4)	626,858	-	-	-
Total noncurrent assets	65,609,436	63,158,047	7,945,912	7,440,479
Total assets	95,003,585	90,195,783	7,966,655	7,465,111
Deferred outflows of resources				
Deferred pension amounts (Note 4)	9,769,113	10,865,393	-	-
Deferred other postemployment benefits amounts (Note 4)	2,128,822	2,961,522	-	-
Total deferred outflows of resources	11,897,935	13,826,915	-	-
Liabilities				
Current liabilities				
Accounts payable	2,844,276	2,739,629	-	-
Accrued payroll, vacation, and other compensation	1,591,077	1,522,163	-	-
Current portion of long-term liabilities	325,000	795,000	-	-
Accrued interest payable	15,022	21,384	-	-
Scholarships/donations payable	-	-	247,174	256,058
Deposits	99,542	96,123	-	-
Unearned revenue	1,305,268	1,622,789	-	-
Total current liabilities	6,180,185	6,797,088	247,174	256,058
Noncurrent liabilities				
Long-term liabilities, net of current portion	1,527,477	1,882,698	-	-
Net pension liability (Note 4)	34,726,336	40,333,339	-	-
Net other postemployment benefits liability (Note 4)	-	2,334,868	-	-
Total noncurrent liabilities	36,253,813	44,550,905	-	-
Total liabilities	42,433,998	51,347,993	247,174	256,058
Deferred inflows of resources				
Deferred pension amounts (Note 4)	7,202,926	4,474,551	-	-
Deferred other postemployment benefits amounts (Note 4)	5,207,938	5,252,259	-	-
Total deferred inflows of resources	12,410,864	9,726,810	-	-
Net position				
Net investment in capital assets	56,328,740	52,154,944	-	-
Restricted				
Nonexpendable endowments	1,314,916	1,211,852	3,437,380	3,437,280
Expendable gifts	1,566,313	1,605,922	3,983,601	3,468,358
Loans	310,207	279,165	-	-
Capital projects	6,403,267	7,079,443	-	-
Net other postemployment benefits asset	626,858	-	-	-
Unrestricted (deficit) (Note 1)	(14,493,643)	(19,383,431)	298,500	303,415
Total net position	$ 52,056,658	$ 42,947,895	$ 7,719,481	$ 7,209,053

The accompanying notes are an integral part of these financial statements.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	St. Clair County Community College Year Ended June 30		Component Unit SC4 Foundation Year Ended June 30	
	2024	2023	2024	2023
Operating revenues				
Tuition and fees (net of scholarship allowances of $2,879,961 and $3,124,159 in 2024 and 2023, respectively)	$ 14,203,466	$ 13,731,340	$ -	$ -
Federal grants and contracts	1,460,773	750,894	-	-
State grants and contracts	128,107	9,520	-	-
Nongovernmental grants and contracts	180,543	100,297	-	-
Sales and services of auxiliary activities	867,376	590,845	-	-
Other sources	494,384	685,686	-	-
Total operating revenues	17,334,649	15,868,582	-	-
Operating expenses				
Instruction	10,952,172	11,485,358	-	-
Public service	828,916	943,380	-	-
Instructional support	2,381,641	2,534,357	-	-
Information technology	1,678,558	1,653,169	-	-
Student services	5,864,120	5,022,878	-	-
Institutional administration	3,878,381	4,253,878	33,124	52,273
Operation and maintenance of plant	6,492,292	7,061,565	-	-
Depreciation	4,159,334	3,821,671	-	-
Scholarships and donations to the College	-	-	430,650	405,258
Total operating expenses	36,235,414	36,776,256	463,774	457,531
Operating loss	(18,900,765)	(20,907,674)	(463,774)	(457,531)
Nonoperating revenues (expenses)				
Federal Pell grants	3,946,806	3,637,958	-	-
Federal Higher Education Emergency Relief Funds grant	892,428	2,989,400	-	-
State appropriations	8,254,108	8,141,283	-	-
Property taxes	12,920,918	12,057,836	-	-
Investment income, net	886,188	468,449	942,797	874,407
Private gifts	-	251,025	31,305	18,451
Loss on disposal of capital assets	(33,199)	-	-	-
Interest on capital asset - related debt	(56,206)	(79,024)	-	-
Distribution to beneficiary funds	(4,015)	(1,664)	-	-
Net nonoperating revenues	26,807,028	27,465,263	974,102	892,858
Income before other revenues	7,906,263	6,557,589	510,328	435,327
Other revenues				
State capital appropriations	1,102,500	-	-	-
Additions to permanent endowments	100,000	-	100	275
Total other revenues	1,202,500	-	100	275
Increase in net position	9,108,763	6,557,589	510,428	435,602
Net position, beginning of year	42,947,895	36,390,306	7,209,053	6,773,451
Net position, end of year	$ 52,056,658	$ 42,947,895	$ 7,719,481	$ 7,209,053

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

	St. Clair County Community College Year Ended June 30	
	2024	2023
Cash flows from operating activities		
Tuition and fees	$ 14,005,857	$ 13,672,026
Grants and contracts	1,675,649	2,325,236
Payments to suppliers and students	(19,774,328)	(20,265,227)
Payments to employees	(16,443,189)	(15,966,377)
Other	1,361,760	1,276,531
Net cash used in operating activities	(19,174,251)	(18,957,811)
Cash flows from noncapital financing activities		
Property taxes received	12,920,918	12,057,836
Student organization agency transactions	3,419	(4,590)
Direct loan program loan receipts	2,335,797	2,430,814
Direct loan program loan disbursements	(2,335,797)	(2,430,814)
Private gifts receipts	100,000	251,025
State scholarship and grant receipts	13,280	25,576
State scholarship and grant disbursements	(13,280)	(25,576)
State appropriations received	8,051,553	8,040,667
Federal Higher Education Emergency Relief Funds receipts	1,398,115	2,345,962
Federal Pell receipts	3,946,806	3,637,958
Net cash provided by noncapital financing activities	26,420,811	26,328,858
Cash flows from capital and related financing activities		
Purchase of property and equipment	(7,541,108)	(6,874,787)
Principal paid on capital debt	(795,000)	(775,000)
State capital appropriations received	1,102,500	-
Interest paid on capital debt	(86,427)	(111,427)
Net cash used in capital and related financing activities	(7,320,035)	(7,761,214)
Cash flows from investing activities		
Purchases of investments	(350,000)	(1,245,000)
Net proceeds from sales and maturities of investments	410,000	1,245,000
Investment income	822,173	466,785
Net cash provided by investing activities	882,173	466,785
Net increase in cash and cash equivalents	808,698	76,618
Cash and cash equivalents, beginning of year	32,054,614	31,977,996
Cash and cash equivalents, end of year	$ 32,863,312	$ 32,054,614
Statement of net position classification of cash and cash equivalents		
Cash and cash equivalents	$ 26,061,951	$ 23,729,209
Restricted cash and investments	6,801,361	8,325,405
Cash and cash equivalents, end of year	$ 32,863,312	$ 32,054,614

continued. . .

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows (Concluded)

	St. Clair County Community College Year Ended June 30	
	2024	2023
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (18,900,765)	$ (20,907,674)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,159,334	3,821,671
Change in operating assets and liabilities which (used) provided cash:		
Accounts receivable, net	(197,609)	(59,314)
Federal and state grants receivable	(93,774)	1,464,525
Student loans receivable	(8,927)	(3,065)
Prepaids and other assets	(26,493)	(39,557)
Accounts payable	98,285	(521,153)
Accrued payroll, vacation, and other compensation	68,914	(242,505)
Unearned revenue	(317,521)	(423,955)
Change in other postemployment benefits asset	(626,858)	-
Change in pension and OPEB deferred outflows of resources	1,928,980	(6,408,250)
Change in net pension and OPEB liability	(7,941,871)	13,354,132
Change in pension and OPEB deferred inflows of resources	2,684,054	(8,992,666)
Net cash used in operating activities	**$ (19,174,251)**	**$ (18,957,811)**

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

St. Clair County Community College (the "College") is a Michigan Community College whose mission is to maximize student success, by employing a vision to create an academic and cultural environment that empowers students to succeed.

Reporting Entity – St. Clair County Community College

St. Clair County Community College is a Michigan community college whose financial statements have been prepared in accordance with generally accepted in the United States of America accounting principles outlined in Governmental Accounting Standards Board ("GASB") Statements No. 34 and 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.*

The College reports as a business-type activity as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements No. 14 and 34,* for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one such component unit to present within the reporting entity.

Reporting Entity – Component Unit

The SC4 Foundation (the "Foundation") is a nonprofit organization that reports under the provisions of Accounting Standards Codification ("ASC") 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. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences. Complete audited financial statements of the Foundation may be obtained by contacting the Foundation directly.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Significant estimates incorporated in the financial statements include but are not limited to the assumptions used to calculate the net pension liability, net other postemployment benefits (OPEB) (asset) liability, and deferred outflows and inflows related to pension and OPEB amounts. These estimates were independently developed by the Michigan Public School Employees Retirement System, and are not under the control of the College. Actual results may differ from estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, money market accounts, and certificates of deposit with an initial maturity of ninety days or less. Restricted cash and investments primarily consists of funds restricted for capital project purposes and endowed funds.

Investments

The College carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, the estimated acquisition value as of the date of donation. Library books are recorded using a historically based estimated value. Depreciation is provided for depreciable assets on a straight-line basis over the estimated useful lives of the assets. Expenses greater than $5,000 are capitalized. The following estimated useful lives are used to compute depreciation:

Classification	Estimated Useful Lives
Buildings and improvements	40 years
Land improvements	20 years
Infrastructure	15 years
Library collection	10 years
Furniture, fixtures and equipment	3-7 years

Deferred Outflows 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 assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits related amounts. More detailed information can be found in Note 4.

Deferred Inflows of Resources

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 assets that applies to one or more future periods 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 and other postemployment benefits related amounts. More detailed information can be found in Note 4.

Revenue and Expense Recognition

Revenue from state appropriations is recognized in accordance with the accounting method described in the Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001, which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Student tuition does not include Federal Pell grant and Direct Loans and certain other state grants and scholarships awarded directly to students. While these amounts are reflected in the statements of cash flows at gross value, students use some or all of these funds to satisfy account balances. Property taxes are recorded as revenue when received, which approximates the amounts when levied.

Operating revenues of the College consist of tuition and fees, certain grants and contracts, and sales and services of educational and auxiliary activities. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, property taxes, Federal Pell grants, and Higher Education Emergency Relief Funds grant, are components of nonoperating and other revenues. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2024, includes $92,633 for the 2024 fall semester and $311,908 for the 2024 summer semester, which began on May 13, 2024, and ended on August 2, 2024. Unearned revenue at June 30, 2023, includes $215,506 for the 2023 fall semester and $318,166 for the 2023 summer semester, which began on May 15, 2023, and ended on August 4, 2023. Grants received prior to qualifying expenditures are also included in unearned revenue.

Pension and OPEB

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

Expenses

Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Accounts Receivable, Net

Accounts receivable are recorded net of allowance for uncollectible accounts of $315,000 and $415,000 as of June 30, 2024 and 2023, respectively. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Gifts and Pledges

Gifts are recorded at estimated fair value when received and pledges are recorded at their net present value when it is determined that the gift is probable of collection.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the College's current sick and vacation pay policy. Under the College's policy, employees earn sick and vacation time based on years of service with the College.

Unrestricted Net Deficit

The College's unrestricted net deficit consists of the following at June 30:

	2024	2023
Designated for future capital outlay and major maintenance	$ 12,977,170	$ 11,812,179
Pension and OPEB liability fund deficit	(35,239,265)	(38,568,102)
Auxiliary activities	2,038,059	1,842,099
Undesignated	5,730,393	5,530,393
Total unrestricted net deficit	**$ (14,493,643)**	**$ (19,383,431)**

2. DEPOSITS AND INVESTMENTS - COLLEGE

State of Michigan statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services. The College is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The College's investment policy allows for all of these types of investments.

The College's deposits and investments are included on the statements of net position under the following classifications as of June 30:

	2024	2023
Cash and cash equivalents	$ 26,061,951	$ 23,729,209
Restricted cash and investments	6,801,361	8,325,405
Total	**$ 32,863,312**	**$ 32,054,614**

The amounts are categorized as follows at June 30:

	2024	2023
Bank deposits (checking, savings, and cash sweep accounts, and certificates of deposit)	$ 32,857,442	$ 32,048,744
Petty cash	5,870	5,870
Total	**$ 32,863,312**	**$ 32,054,614**

Interest Rate Risk. The College's investment policy does not have specific limits on maturities of debt securities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The College's investment policy does not have specific limits in excess of state law on credit risk for allowable debt securities as identified above.

Concentration of Credit Risk. The College's investment policy does not have specific limits on concentration of credit risk.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College does not have a policy for deposit custodial credit risk. As of June 30, 2024 and 2023, $30,931,283 and $31,766,381, respectively, of the College's bank deposits balance of $32,862,472 and $32,092,490, respectively, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments that are in the possession of an outside party. State law does not require and the College does not have a policy for investment custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT

The following tables present the changes in the components of property and equipment for the years ended June 30:

2024	Balance July 1, 2023	Additions	Disposals and Transfers	Balance June 30, 2024
Depreciable assets				
Buildings and improvements	$ 78,643,157	$ 3,535,528	$ 6,577,489	$ 88,756,174
Infrastructure	5,147,753	-	-	5,147,753
Land improvements	2,778,432	629,263	-	3,407,695
Furniture, fixtures and equipment	14,838,193	3,190,559	(567,412)	17,461,340
Library collection	314,832	14,613	(32,999)	296,446
Total depreciable assets	**101,722,367**	**7,369,963**	**5,977,078**	**115,069,408**
Nondepreciable assets				
Land	2,230,003	-	-	2,230,003
Construction in progress	6,685,611	171,143	(6,635,989)	220,765
Museum collection	169,481	-	-	169,481
Total nondepreciable assets	**9,085,095**	**171,143**	**(6,635,989)**	**2,620,249**
Total	**110,807,462**	**7,541,106**	**(658,911)**	**117,689,657**
Less accumulated depreciation				
Buildings and improvements	40,962,447	2,726,497	(25,303)	43,663,641
Infrastructure	3,315,978	220,978	-	3,536,956
Land improvements	285,654	131,295	-	416,949
Furniture, fixtures and equipment	11,221,409	1,053,818	(567,412)	11,707,815
Library collection	189,332	26,746	(32,999)	183,079
Total accumulated depreciation	**55,974,820**	**4,159,334**	**(625,714)**	**59,508,440**
Property and equipment, net	**$ 54,832,642**			**$ 58,181,217**

2023	Balance July 1, 2022	Additions	Disposals and Transfers	Balance June 30, 2023
Depreciable assets				
Buildings and improvements	$ 77,533,395	$ 1,109,762	$ -	$ 78,643,157
Infrastructure	5,147,753	-	-	5,147,753
Land improvements	2,685,430	93,002	-	2,778,432
Furniture, fixtures and equipment	13,570,863	1,309,714	(42,384)	14,838,193
Library collection	311,557	30,565	(27,290)	314,832
Total depreciable assets	**99,248,998**	**2,543,043**	**(69,674)**	**101,722,367**
Nondepreciable assets				
Land	2,230,003	-	-	2,230,003
Construction in progress	2,353,867	4,392,857	(61,113)	6,685,611
Museum collection	169,481	-	-	169,481
Total nondepreciable assets	**4,753,351**	**4,392,857**	**(61,113)**	**9,085,095**
Total	**104,002,349**	**6,935,900**	**(130,787)**	**110,807,462**
Less accumulated depreciation				
Buildings and improvements	38,288,387	2,674,060	-	40,962,447
Infrastructure	3,082,053	233,925	-	3,315,978
Land improvements	154,997	130,657	-	285,654
Furniture, fixtures and equipment	10,509,398	754,395	(42,384)	11,221,409
Library collection	187,988	28,634	(27,290)	189,332
Total accumulated depreciation	**52,222,823**	**3,821,671**	**(69,674)**	**55,974,820**
Property and equipment, net	**$ 51,779,526**			**$ 54,832,642**

Depreciation expense for the years ended June 30, 2024 and 2023, totaled $4,159,334 and $3,821,671, respectively. The College determined that it is not practical to allocate depreciation to the various functional expenses because the capital assets serve multiple functions.

Construction in progress as of June 30, 2024, has an outstanding commitment balance of $2,599,500 for HVAC improvements and electrical infrastructure.

4. RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (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 pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

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

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment 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 Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

Employer 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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2024, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 16.65% - 16.89% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

Required contributions to the pension plan from the College were $4,295,456, $3,858,373 and $3,548,283 for the years ended June 30, 2024, 2023 and 2022, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

Required contributions to the OPEB plan from the College were $846,724, $857,805 and $807,508 for the years ended June 30, 2024, 2023 and 2022, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the years ended June 30, 2024, 2023 and 2022, required and actual contributions from the College for those members with a defined contribution benefit were $266,846, $216,699 and $168,618, respectively.

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

At June 30, 2024 and 2023, the College reported a liability of $34,726,336 and $40,333,339, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2022 and 2021. 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. At September 30, 2023, the College's proportion was 0.10729%, which was an increase of 0.00005% points from its proportion measured as of September 30, 2022 of 0.10724%.

For the year ended June 30, 2024, the College recognized pension expense of $3,390,901. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 1,096,204	$ 53,195	$ 1,043,009
Changes in assumptions	4,705,577	2,713,128	1,992,449
Net difference between projected and actual earnings on pension plan investments	-	710,613	(710,613)
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,796	1,626,849	(1,598,053)
	5,830,577	5,103,785	726,792
College contributions subsequent to the measurement date	3,938,536	-	3,938,536
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	2,099,141	(2,099,141)
Total	**$ 9,769,113**	**$ 7,202,926**	**$ 2,566,187**

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2025	$ 35,514
2026	(90,437)
2027	1,281,915
2028	(500,200)
Total	**$ 726,792**

For the year ended June 30, 2023, the College recognized pension expense of $3,746,650. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 403,474	$ 90,181	$ 313,293
Changes in assumptions	6,930,713	-	6,930,713
Net difference between projected and actual earnings on pension plan investments	94,582	-	94,582
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,744	2,590,973	(2,588,229)
	7,431,513	2,681,154	4,750,359
College contributions subsequent to the measurement date	3,433,880	-	3,433,880
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,793,397	(1,793,397)
Total	**$ 10,865,393**	**$ 4,474,551**	**$ 6,390,842**

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

At June 30, 2024 and 2023, the College reported an (asset) liability of ($626,858) and $2,334,868, respectively, for its proportionate share of the MPSERS net OPEB (asset) liability. The net OPEB (asset) liability was measured as of September 30, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation rolled forward from September 30, 2022 and 2021. The College's proportion of the net OPEB (asset) liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the College's proportion was 0.11081%, which was an increase of 0.00057% points from its proportion measured as of September 30, 2022 of 0.11024%.

For the year ended June 30, 2024, the College recognized a reduction to OPEB expense of ($1,293,749). At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 4,736,861	$ (4,736,861)
Changes in assumptions	1,395,495	168,044	1,227,451
Net difference between projected and actual earnings on OPEB plan investments	1,911	-	1,911
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,544	303,033	(270,489)
	1,429,950	5,207,938	(3,777,988)
College contributions subsequent to the measurement date	698,872	-	698,872
Total	**$ 2,128,822**	**$ 5,207,938**	**$ (3,079,116)**

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2025	$ (1,267,817)
2026	(1,129,161)
2027	(480,092)
2028	(430,676)
2029	(313,423)
Thereafter	(156,819)
Total	**$ (3,777,988)**

For the year ended June 30, 2023, the College recognized a reduction of OPEB expense of ($1,147,345). At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 4,573,111	$ (4,573,111)
Changes in assumptions	2,081,142	169,458	1,911,684
Net difference between projected and actual earnings on OPEB plan investments	182,488	-	182,488
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,021	509,690	(493,669)
	2,279,651	5,252,259	(2,972,608)
College contributions subsequent to the measurement date	681,871	-	681,871
Total	**$ 2,961,522**	**$ 5,252,259**	**$ (2,290,737)**

Actuarial Assumptions

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

The total pension and OPEB liabilities in the September 30, 2022 and 2021 actuarial valuations (for the fiscal years ended June 30, 2024 and 2023) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%

Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 (7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2021) Post-65: 6.25% Year 1 graded to 3.5% Year 15 (5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2021)
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010. (In 2021, RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.)
Other OPEB 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 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions - September 30, 2022 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

Changes in assumptions - September 30, 2021 Valuation . The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and 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 pension/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 pension and OPEB plans' target asset allocation as of September 30, 2023 and 2022, are summarized in the following tables:

2023 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	100.00%		5.60%
Inflation			2.70%
Risk adjustment			-2.30%
Investment rate of return			**6.00%**

2022 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			**6.00%**

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal years ended September 30, 2023 and 2022, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates 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 and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the College's 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 calculated using the discount rate of 6.00%, 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 higher as of June 30, 2024:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 46,915,178	$ 34,726,336	$ 24,578,684

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, 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 higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 53,225,024	$ 40,333,339	$ 29,710,011

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

The following presents the College's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2024:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB (asset) liability	$ 649,864	$ (626,858)	$ (1,724,075)

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB liability	$ 3,916,516	$ 2,334,868	$ 1,002,924

Sensitivity of the College's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB (asset) liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB (asset) liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB (asset) liability	$ (1,726,811)	$ (626,858)	$ 563,651

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 977,731	$ 2,334,868	$ 3,858,280

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2024, the College reported a payable of $468,610 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024. At June 30, 2023, the College reported a payable of $407,410 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023.

Payable to the OPEB Plan

At June 30, 2024, the College reported a payable of $32,698 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024. At June 30, 2023, the College reported a payable of $33,585 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023.

Defined Contribution Plan - Optional Retirement Plan

Effective October 1, 1996, existing professional MPSERS members and new professional employees of the College may elect to participate in an optional retirement plan ("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"). Under the ORP, the College contributed between 15% to 18% of covered wages for the years ending June 30, 2024 and 2023. The participant contributes between 4% to 7% of the participant's compensation. Contributions of approximately $791,000 and $783,000 were made by the College for the years ended June 30, 2024 and 2023, respectively. Employee contributions of approximately $287,000 and $284,000 were made for the years ended June 30, 2024 and 2023, respectively, from a total number of participants in the plan of 57 and 54 employees for the years ended June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES

Long-term liabilities consists of the following obligations as of June 30:

2024	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Bonds Payable					
General obligation bonds	$ 2,535,000	$ -	$ 795,000	$ 1,740,000	$ 325,000
Discount/premium	142,698	-	30,221	112,477	-
Total long-term liabilities	**$ 2,677,698**	**$ -**	**$ 825,221**	1,852,477	**$ 325,000**
Less current portion of long-term liabilities				325,000	
Long-term liabilities, net of current portion				**$ 1,527,477**	

2023	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds Payable					
General obligation bonds	$ 3,310,000	$ -	$ 775,000	$ 2,535,000	$ 795,000
Discount/premium	175,101	-	32,403	142,698	-
Total long-term liabilities	**$ 3,485,101**	**$ -**	**$ 807,403**	2,677,698	**$ 795,000**
Less current portion of long-term liabilities				795,000	
Long-term liabilities, net of current portion				**$ 1,882,698**	

The College had an outstanding Community College General Obligation Limited Tax Bond, Series 2015, in the original amount of $2,430,000. The Community College General Obligation Limited Tax Refunding Bonds, Series 2015, had principal payments ranging from $155,000 to $340,000 due annually through 2024. Interest is payable semiannually in October and April at rates ranging from 2% to 4%. The bonds were reported net of a premium of $40,346 and deferred items totaling $13,697, which were being amortized over the 9 year term of the bonds. The net balance outstanding on this bond at June 30, 2023, was $166,540. The bonds were repaid in full during 2024 from the remaining project funds and general operating revenues of the College.

On April 10, 2019 the College issued a Community College General Obligation Limited Tax Bond, Series 2019, in the original amount of $4,760,000. The Community College General Obligation Limited Tax Facilities Bonds, Series 2019, have principal payments ranging from $325,000 to $635,000 due annually through 2029. Interest is payable semiannually in October and April at rates ranging from 2% to 3.5%. The bonds are reported net of a premium of $207,194 which is being amortized over the 10 year term of the bonds. The net balance outstanding on this bond at June 30, 2024 and 2023 was $1,852,477 and $2,511,158, respectively. The bonds will be repaid from remaining project funds and general operating revenues of the College.

Scheduled principal and interest requirements of bonds payable for years succeeding June 30, 2024, are summarized below:

Year Ended June 30	Principal	Interest	Total
2025	$ 325,000	$ 60,088	$ 385,088
2026	335,000	49,525	384,525
2027	350,000	37,800	387,800
2028	360,000	25,550	385,550
2029	370,000	12,951	382,951
Totals	**$ 1,740,000**	**$ 185,914**	**$ 1,925,914**

6. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and 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 claims related to 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 (the "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. 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.

NOTES TO FINANCIAL STATEMENTS

7. FOUNDATION

The SC4 Foundation is a separate legal nonprofit entity established to accept, collect, hold and invest donations made for the primary benefit of the College. The assets and all activity of this foundation are reported as a discretely presented component unit in the College's financial statements. The SC4 Foundation also has separately issued financial statements which can be requested by contacting the Foundation directly.

8. CONTINGENCIES

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

The College conducts certain programs pursuant to grants and contracts funded, and subject to audit, by various federal and state agencies. Amounts questioned as a result of future audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these future audits is not believed to be material.

9. RISKS AND ECONOMIC UNCERTAINTIES

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, spread throughout the United States of America and the globe. Due to the pandemic, Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibited certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain on-campus operations including on-campus learning, on-campus student services, food service and conference services. In response to the pandemic, the College was allocated funding from the Higher Education Emergency Relief Fund (HEERF) in the amount of $12,925,119 for student emergency grants, institutional funding, and strengthening institutions program through the three federal stimulus packages passed in March 2020, December 2020, and March 2021. During the year ended June 30, 2024, the College incurred $892,428 in its remaining eligible institutional costs under HEERF. During the year ended June 30, 2023, the College awarded eligible students $4,117 from the student emergency grant funding from the HEERF allocation. The College also incurred $2,512,390 in eligible institutional costs under HEERF, as well as $472,893 under the strengthening institutions portion of the program.

10. RELATED PARTY TRANSACTIONS

From time to time, the College will enter into transactions with related parties. During the year ended June 30, 2024 and 2023, the College entered into related party transactions with the SC4 Foundation for $373,660 and $212,468, respectively. Amounts receivable from the SC4 Foundation were $5,971 and $1,771 at June 30, 2024 and 2023, respectively. No amounts were payable to the SC4 Foundation at June 30, 2024 or 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Proportionate Share of the Net Pension Liability

	Year Ended June 30									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
College's proportion of the net pension liability	0.10729%	0.10724%	0.11652%	0.11694%	0.11964%	0.12444%	0.12726%	0.13016%	0.12839%	0.13265%
College's proportionate share of the net pension liability	$ 34,726,336	$ 40,333,339	$ 27,587,121	$ 40,169,334	$ 39,619,726	$ 37,409,887	$ 32,977,540	$ 32,474,831	$ 31,358,388	$ 29,219,048
College's covered payroll	$ 11,139,561	$ 10,751,810	$ 10,286,631	$ 10,332,613	$ 10,158,979	$ 10,381,520	$ 10,577,155	$ 10,547,616	$ 10,547,267	$ 11,317,525
College's proportionate share of the net pension liability as a percentage of its covered payroll	311.74%	375.13%	268.18%	388.76%	390.00%	360.35%	311.78%	307.89%	297.31%	258.18%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of College Pension Contributions

	Year Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 4,295,456	$ 3,858,373	$ 3,548,283	$ 3,408,259	$ 3,141,571	$ 3,107,796	$ 3,382,255	$ 3,346,179	$ 3,338,043	$ 3,375,954
Contributions in relation to the statutorily required contributions	(4,295,456)	(3,858,373)	(3,548,283)	(3,408,259)	(3,141,571)	(3,107,796)	(3,382,255)	(3,346,179)	(3,338,043)	(3,375,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 11,137,113	$ 11,257,708	$ 10,350,178	$ 9,995,311	$ 10,129,913	$ 9,826,712	$ 10,267,864	$ 10,232,141	$ 10,029,474	$ 11,063,281
Contributions as a percentage of covered payroll	38.57%	34.27%	34.28%	34.10%	31.01%	31.63%	32.94%	32.70%	33.28%	30.51%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits (Asset) Liability

	Year Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	$ (626,858)	$ 2,334,868	$ 1,726,954	$ 6,222,692	$ 8,329,873	$ 9,684,699	$ 11,270,014
College's proportion of the net OPEB (asset) liability	0.11081%	0.11024%	0.11314%	0.11615%	0.11605%	0.12184%	0.12727%
College's covered payroll	$ 11,139,561	$ 10,751,810	$ 10,286,631	$ 10,332,613	$ 10,158,979	$ 10,381,520	$ 10,577,155
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-5.63%	21.72%	16.79%	60.22%	82.00%	93.29%	106.55%
Plan fiduciary net position as a percentage of the total OPEB liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of College Other Postemployment Benefits Contributions

	Year Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	$ 846,724	$ 857,805	$ 807,508	$ 796,368	$ 795,449	$ 761,456	$ 734,681
Contributions in relation to the statutorily required contributions	(846,724)	(857,805)	(807,508)	(796,368)	(795,449)	(761,456)	(734,681)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 11,137,113	$ 11,257,708	$ 10,350,178	$ 9,995,311	$ 10,129,913	$ 9,826,712	$ 10,267,864
Contributions as a percentage of covered payroll	7.60%	7.62%	7.80%	7.97%	7.85%	7.75%	7.16%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the College's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.

Notes to Required Supplementary Information

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

SUPPLEMENTARY INFORMATION (UNAUDITED)

ST. CLAIR COUNTY COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)

June 30, 2024

	General Fund	Pension & OPEB Liability Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Agency Funds	Endowment Funds	Combined Total
Assets									
Current assets									
Cash and cash equivalents	$ 5,925,292	$ -	$ 2,076,134	$ 2,087,372	$ 258,946	$ 15,485,638	$ 228,569	$ -	$ 26,061,951
State appropriations receivable	1,640,024	381,662	-	-	-	-	-	-	2,021,686
Federal and state grants receivable	-	-	-	508,042	-	-	-	-	508,042
Accounts receivable, net	591,390	-	53,963	6,130	-	-	-	-	651,483
Student loans receivable	-	-	-	-	19,909	-	-	-	19,909
Prepaids and other assets	23,554	-	229	-	-	107,295	-	-	131,078
Due from (due to) other funds	40,890	-	-	30,091	31,042	-	(39,997)	(62,026)	-
Total current assets	8,221,150	381,662	2,130,326	2,631,635	309,897	15,592,933	188,572	(62,026)	29,394,149
Noncurrent assets									
Restricted cash and investments	-	-	-	583	310	5,423,526	-	1,376,942	6,801,361
Depreciable property and equipment, net	-	-	-	-	-	55,560,968	-	-	55,560,968
Nondepreciable property and equipment	-	-	-	-	-	2,620,249	-	-	2,620,249
Net other postemployment benefits asset	-	626,858	-	-	-	-	-	-	626,858
Total noncurrent assets	-	626,858	-	583	310	63,604,743	-	1,376,942	65,609,436
Total assets	8,221,150	1,008,520	2,130,326	2,632,218	310,207	79,197,676	188,572	1,314,916	95,003,585
Deferred outflows of resources									
Deferred pension amounts	-	9,769,113	-	-	-	-	-	-	9,769,113
Deferred other postemployment benefits amounts	-	2,128,822	-	-	-	-	-	-	2,128,822
Total deferred outflows of resources	-	11,897,935	-	-	-	-	-	-	11,897,935
Current liabilities									
Accounts payable	596,040	381,662	42,959	202,235	-	1,621,000	380	-	2,844,276
Accrued payroll, vacation, and other compensation	1,489,077	-	8,117	4,134	-	-	89,749	-	1,591,077
Current portion of long-term liabilities	-	-	-	-	-	325,000	-	-	325,000
Accrued interest payable	-	-	-	-	-	15,022	-	-	15,022
Deposits	1,099	-	-	-	-	-	98,443	-	99,542
Unearned revenue	404,541	-	41,191	859,536	-	-	-	-	1,305,268
Total current liabilities	2,490,757	381,662	92,267	1,065,905	-	1,961,022	188,572	-	6,180,185
Noncurrent liabilities									
Long-term liabilities, net of current portion	-	-	-	-	-	1,527,477	-	-	1,527,477
Net pension liability	-	34,726,336	-	-	-	-	-	-	34,726,336
Total noncurrent liabilities	-	34,726,336	-	-	-	1,527,477	-	-	36,253,813
Total liabilities	2,490,757	35,107,998	92,267	1,065,905	-	3,488,499	188,572	-	42,433,998
Deferred inflows of resources									
Deferred pension amounts	-	7,202,926	-	-	-	-	-	-	7,202,926
Deferred other postemployment benefits amounts	-	5,207,938	-	-	-	-	-	-	5,207,938
Total deferred inflows of resources	-	12,410,864	-	-	-	-	-	-	12,410,864
Net position									
Net investment in capital assets	-	-	-	-	-	56,328,740	-	-	56,328,740
Restricted									
Nonexpendable endowments	-	-	-	-	-	-	-	1,314,916	1,314,916
Expendable gifts	-	-	-	1,566,313	-	-	-	-	1,566,313
Loans	-	-	-	-	310,207	-	-	-	310,207
Capital projects	-	-	-	-	-	6,403,267	-	-	6,403,267
Net other postemployment benefits asset	-	626,858	-	-	-	-	-	-	626,858
Unrestricted (deficit)	5,730,393	(35,239,265)	2,038,059	-	-	12,977,170	-	-	(14,493,643)
Total net position	$ 5,730,393	$ (34,612,407)	$ 2,038,059	$ 1,566,313	$ 310,207	$ 75,709,177	$ -	$ 1,314,916	$ 52,056,658

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

Year Ended June 30, 2024

	General Fund	Pension & OPEB Liability Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Endowment Funds	Elimination Entries	Combined Total
Operating revenues									
Tuition and fees (net of scholarship allowances of $2,879,961)	$ 14,311,849	$ -	$ -	$ -	$ -	$ 2,771,578	$ -	$ (2,879,961)	$ 14,203,466
Federal grants and contracts	-	-	-	1,460,773	-	-	-	-	1,460,773
State grants and contracts	-	-	-	128,107	-	-	-	-	128,107
Nongovernmental grants and contracts	-	-	-	180,543	-	-	-	-	180,543
Sales and services of auxiliary activities	-	-	867,376	-	-	-	-	-	867,376
Indirect cost recoveries	62,591	-	-	-	-	-	-	(62,591)	-
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	1,193,782	-	(1,193,782)	-
Other sources	398,547	-	37,784	7,815	-	50,238	-	-	494,384
Total operating revenues	14,772,987	-	905,160	1,777,238	-	4,015,598	-	(4,136,334)	17,334,649
Operating expenses									
Instruction	13,097,270	(2,304,320)	-	473,056	-	-	-	(313,834)	10,952,172
Public service	106,397	(41,422)	496,222	348,200	-	-	-	(80,481)	828,916
Instructional support	2,757,627	(417,951)	-	56,578	-	-	-	(14,613)	2,381,641
Information technology	1,772,586	(94,028)	-	-	-	-	-	-	1,678,558
Student services	4,038,414	(563,343)	212,978	5,084,550	-	-	-	(2,908,479)	5,864,120
Institutional administration	4,297,989	(455,644)	-	48,269	-	-	-	(12,233)	3,878,381
Operation and maintenance of plant	3,674,295	(265,517)	-	760,176	-	3,130,032	-	(806,694)	6,492,292
Depreciation	-	-	-	-	-	4,159,334	-	-	4,159,334
Total operating expenses	29,744,578	(4,142,225)	709,200	6,770,829	-	7,289,366	-	(4,136,334)	36,235,414
Operating (loss) income	(14,971,591)	4,142,225	195,960	(4,993,591)	-	(3,273,768)	-	-	(18,900,765)
Nonoperating revenues (expenses)									
Federal Pell grants	-	-	-	3,946,806	-	-	-	-	3,946,806
Federal Higher Education Emergency Relief Funds grant	-	-	-	892,428	-	-	-	-	892,428
State appropriations	8,440,638	(186,530)	-	-	-	-	-	-	8,254,108
Property taxes	12,920,918	-	-	-	-	-	-	-	12,920,918
Endowment income	-	-	-	13,543	31,042	-	-	(44,585)	-
Investment income, net	828,097	-	-	6,427	-	-	51,664	-	886,188
Loss on disposal of capital assets	-	-	-	-	-	(33,199)	-	-	(33,199)
Interest on capital asset - related debt	-	-	-	-	-	(56,206)	-	-	(56,206)
Distribution to beneficiary funds	-	-	-	-	-	-	(48,600)	44,585	(4,015)
Net nonoperating revenues (expenses)	22,189,653	(186,530)	-	4,859,204	31,042	(89,405)	3,064	-	26,807,028
Income (loss) before other revenues	7,218,062	3,955,695	195,960	(134,387)	31,042	(3,363,173)	3,064	-	7,906,263
Other revenues									
State capital appropriations	-	-	-	-	-	1,102,500	-	-	1,102,500
Additions to permanent endowments	-	-	-	-	-	-	100,000	-	100,000
Total other revenues	-	-	-	-	-	1,102,500	100,000	-	1,202,500
Income (loss) before transfers	7,218,062	3,955,695	195,960	(134,387)	31,042	(2,260,673)	103,064	-	9,108,763
Transfers (out) in	(7,018,062)	-	-	94,778	-	6,923,284	-	-	-
Net increase (decrease) in net position	200,000	3,955,695	195,960	(39,609)	31,042	4,662,611	103,064	-	9,108,763
Net position, beginning of year	5,530,393	(38,568,102)	1,842,099	1,605,922	279,165	71,046,566	1,211,852	-	42,947,895
Net position, end of year	$ 5,730,393	$ (34,612,407)	$ 2,038,059	$ 1,566,313	$ 310,207	$ 75,709,177	$ 1,314,916	$ -	$ 52,056,658