ANNUAL FINANCIAL REPORT

2023-2024

CENTRAL
MICHIGAN UNIVERSITY

We do.

Financial Statements

Central Michigan University

June 30, 2024

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July 2024

To the People of the State of Michigan:

Founded more than 130 years ago to address Michigan's demand for educators and business professionals, Central Michigan University remains dedicated to fulfilling the state's evolving needs. Today, we offer over 200 high-quality academic programs tailored to bridge talent gaps in crucial fields such as health care, science and engineering, business, and education. In January, CMU added a four-year, campus-based nursing degree to its existing programs to address growing demand in historically underserved parts of Michigan. At CMU, we prepare future leaders who are creative, innovative problem-solvers, capable of working well with others and showing compassion and empathy.

CMU is dedicated to ensuring a safe and productive environment for our faculty, staff, and students. Over the past year, another residence hall was upgraded, and CMU's extensive network of cameras and remote access controls were expanded to include more than half of the campus buildings. Additionally, CMU's Police Department continues to actively connect with the campus community, while the Emergency Management team continues to offer safety preparedness training. These combined efforts have been crucial in maintaining a welcoming and secure environment for everyone on campus.

CMU plays a vital role in supporting the state of Michigan, its residents, communities, and businesses. Over 90 percent of our students are from Michigan, representing all 83 counties. Additionally, 83 percent of recent graduates have chosen to stay in Michigan for their careers. CMU is dedicated to enhancing the state as a great place to work and live. We are equipping students to become valuable contributors to Michigan's economy, with our students and graduates generating over a billion-dollar impact and fostering civic engagement in our communities. CMU's efforts have led to the creation of more than ten thousand jobs in Michigan. To maintain this positive impact, it is crucial to keep higher education accessible and affordable for those committed to personal and intellectual development. We remain dedicated to our mission of preparing students for successful careers, meaningful lives, and responsible global citizenship.

State funding makes up nearly 22 percent of our operating budget, covering only 78 to 80 days of operation. Additionally, funding per student varies significantly among Michigan's 15 public universities. Central Michigan University receives $7,146 per student, ranking 8th in the state. This disparity imposes a significant financial burden on students and their families. At CMU, we recognize both the cost and value of our students' education. We are committed to supporting our students by carefully managing tuition increases for both undergraduate and graduate programs. Our leadership team is also dedicated to efficiently managing operating expenses to keep the cost of a CMU education as manageable as possible.

CMU remains dedicated to student success, which is reflected in the achievements of our students and alumni and our impact on the communities we serve. In September 2023, the Board of Trustees approved a new five-year strategic plan, developed through over a year of campus engagement and input from students, faculty, staff, alumni, supporters, community partners, and stakeholders. This plan emphasizes leadership development, inclusion, and positive community impact while managing resources responsibly. Its four key priorities are: Inspiring student and scholarly success in a rapidly changing world; Engaging communities to create lasting impact; Enhancing organizational culture to ensure all members feel valued and empowered; and Ensuring institutional sustainability through prudent resource management.

It is my pleasure to share the story of CMU's financial performance for the fiscal year ending June 30, 2024. The report that follows details CMU's solid financial position, the result of being a responsible steward of taxpayer's dollars, conservative fiscal management, and strategic cost reallocations.

Sincerely,

Mary Moran Hill
Vice President and Chief Financial Officer
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Independent Auditor's Report

To the Board of Trustees
Central Michigan University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, fiduciary activities, and discretely presented component units of Central Michigan University (the "University"), a component unit of the State of Michigan, as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, fiduciary activities, and discretely presented component units of the University as of June 30, 2024 and 2023 and the changes in its financial position and, where applicable, its 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 CMU Medical Education Partners (CMEP), which represents all of the balances of the assets, net assets, and revenue of the discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CMEP, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of CMEP were not audited under *Government Auditing Standards*.

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 University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Trustees
Central Michigan University

Auditor's Responsibilities for the Audits of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 University'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 University'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the institution's proportionate share of the net pension liability and schedule of institution pension contributions, and schedule of the institution's proportionate share of the net OPEB liability and schedule of institution OPEB contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the accompanying annual financial report, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit 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 whether 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.

To the Board of Trustees
Central Michigan University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 University'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 University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 26, 2024

INTRODUCTION

This section of the Central Michigan University (the university or CMU) annual financial report presents a discussion and analysis of the financial performance of the university for the fiscal year ended June 30, 2024, with selected comparative information for the years ended June 30, 2023, and 2022. For accurate contextual understanding, read this discussion prepared by management, along with the financial statements and related note disclosures, in its entirety. The discussion and analysis focus is on current activities, resulting changes and currently known facts.

REPORTING ENTITY

Central Michigan University is an institution of higher education and a component unit of the State of Michigan. The financial reporting entity consists of the university and other organizations for which the university is financially accountable.

Under the provision of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus,* the Central Michigan University Foundation has been determined to be a component unit. Their activity has been blended into the university's financial statements.

Under the same GASB Statement No. 61, Central Health Advancement Solutions (CHAS) has been determined to be a significant component unit. The sole purpose of CHAS is to hold a 90% membership interest in CMU Medical Education Partners (CMEP). Accordingly, the financial activity for CMEP on behalf of CHAS is discretely presented in the university's financial statements. Through the fiscal year ended June 30, 2023, the Institute for Excellence in Education (IEE) was also determined to be a significant component unit. The financial activity for IEE was discretely presented in the university's financial statements through June 30, 2023. In fiscal year 2024, the university no longer had a voting majority and discontinued providing financial resources to IEE. Due to the change, IEE no longer meets the requirements for including as a discretely presented component unit and has been removed from the financial statements of the university for the fiscal year ended June 30, 2024. Refer to Note 1 to the financial statements for more information regarding these component units and other affiliated entities.

FACTORS INFLUENCING FUTURE PERIODS

Central Michigan University, while facing external factors beyond our control, is committed to keeping higher education affordable and accessible to students and families. The university continues to explore marketable programs, undertake new initiatives, and meet its core mission and ongoing operating needs through effectively managing finances and streamlining processes. However, the continual decline in Michigan high school graduates, students' attainment of credit hours before entering CMU, and the robust job market, may have an adverse effect on the university's ability to meet its goals. The level of enrollment, amount of state support, compensation and benefit increases, inflation, and costs related to deferred maintenance and the continual need to ensure safety for students are major impact factors on student tuition and fee increases.

Two decades ago, the university endured significant reductions to state appropriations and the increases since then have not kept pace with inflation, resulting in more reliance on student tuition and fees for revenue. In fiscal year 2024, state appropriations contributed approximately 19.4% of university revenues. In fiscal year 2004, state appropriations contributed approximately 24.7% of university revenues.

The university is committed to preserving academic quality and leadership opportunities, while providing excellent service to our students, and not dramatically increasing tuition and fees for our students and their families. The university continues to set the bar in maintaining low tuition and fee increases even though state appropriations provide a much smaller percentage of university revenues than what they did twenty years ago. Significant efforts, such as continuing to invest in the student financial wellness collaborative, student advising, counseling services, and food pantry will allow us to better educate and assist students with financial and well-being needs while we continue to identify and implement efficient and effective cost-saving measures. Recognizing the continued financial challenges of our students and their families, the university has increased total CMU aid from approximately $31.2 million in 2008 to $70.9 million in 2024, making degrees possible for many students who otherwise could not pursue their dream of higher education.

Central Michigan University continues to be committed to addressing the financial needs of our students and their families.

The university is continuing to navigate new, ongoing expectations of students, faculty, and staff regarding agile services and flexible employment conditions in the post-pandemic environment. Demands to meet these expectations will increase pressures on the already limited resources of the university. However, the HyFlex teaching modality implemented in the summer of 2020, additional safety initiatives, and remote work opportunities are expected to continue for the foreseeable future. Central Michigan University is committed to its top priorities of providing a safe and desirable campus community for learning and working.

Operating Budget and Deferred Maintenance

The university's Board of Trustees approved the operating budget for fiscal year 2025 of $443.3 million. The balanced budget was adjusted to align our expenses with our anticipated revenue streams. This includes staffing, supplies and equipment reductions, along with incremental increases to fulfill collective bargaining agreements and other necessary costs.

The university models a three-year forecast of its revenue and expense budget. This model is significantly impacted by unpredictable future state appropriations funding, declining levels of Michigan high school graduates causing potential declining enrollment, and modest increases in salary, benefits, and equipment costs. The university remains steadfast in its commitment to achieve operational efficiencies, implement additional cost-saving measures where appropriate, and increase financial aid for our students. With these economic factors in sight, the university is continuing its fiscally conservative approach as good stewards of its available resources.

The formal budget and modeling process includes the university's annual review of the priority needs and requirements for deferred maintenance, technology, renovations, and new construction projects. This comprehensive review allows for systematic prioritization on an institutional basis. Priorities are set based on anticipated future funding, with maintenance related projects having priority over new initiatives.

The campus has many deferred maintenance needs as documented in a detailed audit of each building. The current analysis of existing deferred maintenance needs is $367.8 million, $190.6 million of that is for general fund supported facilities. Over the past decade, the university has dedicated between $5.7 to $8.4 million per year toward addressing these needs annually, with a standard allocation of $5.7 million annually.

During fiscal year 2024, the university expended approximately $11.8 million on plant related projects. Funding sources included bond funding, gifts and other university funds.

Academic Priorities

The university has a longstanding tradition of enhancing student learning and success as well as contributing to the discovery and dissemination of knowledge. Dedicated faculty, committed to leading-edge pedagogy and research, work to grow the wisdom, technological sophistication, and creativity of CMU students. As part of our commitment to student success and academic excellence, periodic reviews are conducted in areas of academic structure, operations, and support services, focused on enhancing the delivery of learning experiences to support student needs, innovative scholarship, and the communities of Mt. Pleasant and beyond.

As we move forward into the next academic year, the university's strategic plan has identified top priorities for investment and growth that position us well to meet the rapidly changing landscape of higher education. These include but are not limited to, enhancing high-impact learning experiences, expanding the use and knowledge of artificial intelligence, aligning transferrable skills with professional pathways, and elevating the university's scholarly reputation through research and creative endeavors, with an eye on equity, justice, and sustainability.

College of Medicine

The Central Michigan University College of Medicine (CMED) is the nation's 137th medical school and was founded to produce high-quality physicians for underserved communities in Michigan. In the 2023-2024 academic year, CMED focused on solidifying and strengthening existing relationships while exploring additional educational opportunities for our students.

The number of applicants to CMED continues to expand showing great interest in the program. The matriculating class of 2023 was selected from over 8,000 applicants. Nine percent of the students in the 2023 matriculating class represent CMED defined diversity categories that include Black/African American, Hispanic/Latino/Latina/Latinx, Women, Native American and medically underserved urban and rural areas of Michigan. Also, 76% of the matriculating 2023 class call Michigan home. CMED continued to be successful with their 2023-2024 Match. Match statistics provide evidence that CMED is advancing the mission of the medical school, with over 58% matching to primary care and just over 50% matching to a residency program in Michigan.

CMED received full accreditation from the Liaison Committee for Medical Education (LCME) in June 2018 and hosted a successful reaccreditation review in March 2023. CMED updated a Continuous Quality Improvement (CQI) process to include monitoring all 12 accreditation standards and 93 elements via an element-based continuous quality matrix.

The Accreditation Council of Graduate Medical Education (ACGME) is the body responsible for reviewing and accrediting graduate medical education (GME) residency programs. The CMU College of Medicine is the academic sponsor of eight residency programs based at CMU Medical Education Partners (CMEP) in Saginaw. CMEP is a GME consortium and partnership between CMU, Covenant HealthCare and Ascension St. Mary's (MyMichigan Health as of August 1, 2024). All residency programs including family medicine, internal medicine, emergency medicine, emergency medical services, psychiatry, podiatry, general surgery, and pediatrics are accredited.

During the 2023-2024 academic year, the College has worked to engage in strategic clinical affiliations to meet long-term educational and financial needs and secured a new 25-year affiliation agreement with primary clinical affiliate, Covenant HealthCare. The College's learning and working environment remains strong and the focus has shifted to building ongoing curricular continuous quality improvement that sustains the College's ability to attract the best students, to recruit and retain faculty, and engage support staff.

To fulfill its mission to train physicians who may work in underserved areas of Michigan, the College of Medicine participates in the MIDOCS program. MIDOCS is a state-funded program set up to expand graduate medical education residency positions in primary care and select specialties to recruit and retain physicians in underserved areas in the state of Michigan. In addition to training costs for the residents, the MIDOCS program also provides a $75,000 debt relief incentive for those residents who commit to serving two years at an approved site following the residency. MIDOCS residents train alongside residents matched through CMU Medical Education Partners residency programs.

The College of Medicine, in partnership with the Michigan Department of Health and Human Services and the Centers for Medicare and Medicaid Services (CMS) provides support and funding to Michigan physicians to enhance access to healthcare services to Medicaid enrollees. The Public Entity Physician Payment Adjustment Program (PEPPAP) and Specialty Network Access Fee Program (SNAF) programs are designed to provide higher reimbursement to both public and private practitioners and practitioner groups who treat Medicaid patients. Higher reimbursement is used to maintain access to services. Eligibility for Payment Adjustments is limited to practitioners affiliated with seven public entities, including CMU. Currently, the CMU program enrolls over 1,200 practitioners committed to providing access to high quality medical services to Medicaid enrollees.

Student Recruitment and Retention

The Student Recruitment and Retention (SRR) division, formed June 1, 2020, provides strategic leadership for the university's recruitment and retention efforts in support of fulfilling the university's vision and strategic priorities.

The university utilizes a data-informed, iterative process for Strategic Enrollment Management. During the 2023-24 academic year, the division worked with CMU's Academic Planning and Analysis (APA) department to develop a new scholarship strategy for the Maroon and Gold merit awards. These scholarships are automatically awarded to first time in any college (FTIAC) students who meet the specified criteria. APA analyzed the data of the awards made to students who enrolled and those who did not to determine how to maximize the scholarship dollars. The analysis resulted in changes that include fewer levels of scholarships and to no longer indexing the award to tuition, making the scholarship program easier to understand. The new award matrix is for the Fall 2024 incoming students and is predicted to lower the discount rate over time, resulting in more net tuition revenue.

Utilizing data from EAB and other higher education sources, which indicates that parents are very influential in the college selection process, the undergraduate admissions team placed more emphasis on communicating with parents and supporters of incoming first-year students and transfer students. This included webinars on topics such as CMU competitive scholarships, the new Free Application for Federal Student Aid (FAFSA), Residential Life, and Understanding their Financial Aid Award Letter. The team also reignited the Blog for parents, and believes these efforts have played a significant role in supporting the enrollment numbers for Fall 2024.

The International Admissions office continues the use of agents to help recruit overseas. CMU has also hired consultants to contact high schools in overseas locations to help grow the undergraduate international student population. To provide better support for international students, the International Student and Scholar Services function was merged with the recruitment and admissions function in November 2023. The goal is to provide seamless service to students, increase the people working on behalf of international students, and to get some cross-training and efficiencies in place. Additionally, an International Student Welcome Center opened, creating a one-stop shop for students to receive support services as well as a welcoming place to hang out, attend meetings, and to help create a sense of belonging for them at CMU.

The Office of Student Success implemented a new program in January for fall 2023 FTIACS who earned less than a 2.0 grade point average in their first fall semester. The weekend when students moved into housing again in January, they were invited to attend individual student success meetings with their academic advisors. They were also invited to attend a series of five Student Success Seminars in January and February. Early analysis indicates this new initiative positively impacted retention rates of students who participated in the program.

The Office of Scholarships and Financial Aid (OSFA) successfully implemented a new technology system to ensure CMU continues to award aid in a compliant manner and provide a better student user experience. Despite delays in the US Department of Education's roll-out of the new FAFSA, CMU was ready to award in our new system when the FAFSAs were received from the DOE in April. Aid awarding went well, and positive feedback was received from students and families on their experience with the new financial aid portal.

CMU is on track for a double-digit increase in the first-year class for Fall 2024, the third year in a row for an increase in the first-year class. Additionally, new transfer student enrollment is also expected to increase for Fall 2024.

Campus Master Plan

The Campus Master Plan ensures that CMU's campus and facilities align with leadership direction for the university and enhances the success of CMU students. The Campus Master Plan includes a facilities condition assessment, four Area Development Plans, Capital Plan, and a campus land use plan. It also includes a space utilization study, benchmarked against similar universities. This comprehensive evaluation of the campus and facilities provides information that guides our investment in new facilities, major renovations, and deferred maintenance.

The Campus Master Plan provides strategic guidance identifying and prioritizing capital and deferred maintenance projects across campus. It has guided decision making on capital project placement including pedestrian and motorized vehicle access. The Capital Plan was updated as part of the Master Plan in 2021 to guide future development.

CMU Research Corporation

Central Michigan University Research Corporation (CMURC) is a professional coworking space with accelerator programs focused on product and strategic development for entrepreneurs to positively impact the economy in the Great Lakes Bay Region. The organization is a single point of contact for startups and established businesses who want to harness the intellectual, technological, and material resources of Central Michigan University to grow their ideas and businesses. Created two decades ago, it brings together local, regional and statewide partners to accelerate the success of entrepreneurs, growing businesses, and jobs by leveraging the resources of Central Michigan University, the Mount Pleasant SmartZone, and the Michigan Economic Development Corporation's 21st Century Jobs Trust Fund.

Recognized as one of the top Michigan SmartZones, CMURC expanded from the Mount Pleasant location to open three new facilities: Uptown Bay City in March 2017, Riverfront Saginaw in September 2018, and Midland in 2020. Additionally, CMURC completed an Economic Development Administration grant funded renovation of the Mount Pleasant location in June 2024. These ventures demonstrate that CMU is a community partner in spurring economic development activities to graduate and retain more Michigan residents and improve our state's economy and future development.

USING THE ANNUAL REPORT

The university's financial report includes three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements.

STATEMENTS OF NET POSITION

The Statements of Net Position include all assets and liabilities. The Statements of Net Position are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the services or goods/products are provided and expenses and liabilities are recognized when others provide the service or product, regardless of when cash is exchanged. Net position, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one indicator of the current financial condition of the university. Assets and liabilities are generally measured using current values. Investments are stated at fair value or amortized cost, and capital assets are stated at historical cost less an allowance for depreciation.

A three-year summarized comparison of the university's assets, liabilities and net position (shown in millions) at June 30 is as follows:

	2024	2023	2022 (as Restated)
Current assets	$ 144.7	$ 133.7	$ 123.5
Noncurrent assets			
Lease assets, net	11.8	10.9	11.0
Capital assets, net	504.6	523.6	542.6
Other	537.0	479.9	481.5
TOTAL ASSETS	1,198.1	1,148.1	1,158.6
DEFERRED OUTFLOWS	4.8	13.6	40.4
Current liabilities	117.2	112.7	105.0
Noncurrent liabilities	157.4	241.5	309.8
TOTAL LIABILITIES	274.6	354.2	414.8
DEFERRED INFLOWS	15.2	15.2	64.0
TOTAL NET POSITION	$ 913.1	$ 792.3	$ 720.2

ASSETS

Current assets consist of cash and cash equivalents, receivables net of the allowance for doubtful accounts, inventories, and prepaid expenses. Noncurrent assets include restricted cash and cash equivalents, pledges receivable, leases receivable, endowment investments at fair value, long-term investments, net Other Post Employment Benefits (OPEB) asset under the Michigan Public School Employee's Retirement System MPSERS) plan and lease and capital assets. During 2024, total assets increased $50.0 million. Significant changes in assets occurred in the following areas:

- Endowment investments increased $18.3 million due primarily to investment appreciation resulting from favorable market conditions.
- Other long-term investments increased $38.1 million due primarily to favorable market conditions.
- Net OPEB asset for the MPSERS plan increased $11.5 million due to an increase in the overfunded status of the plan as of the most recent valuation at the end of the fiscal year.
- Net capital assets decreased $19.0 million primarily due to fewer new construction projects and capital asset purchases compared to the annual depreciation expense.

In 2023, total assets decreased $10.5 million due primarily to an increase in Endowment Investments of $13.7 million due primarily to investment appreciation resulting from favorable market conditions offset by a decrease of $7.5 million in other long term investments due primarily to investment redemptions to replace decreased cash flow from university operations and a decrease in net capital assets of $19.0 million due primarily due to fewer new construction in progress projects being initiated offset by annual depreciation expense.

Capital Assets

At June 30, 2024, the university had $1.071 billion invested in capital assets and accumulated depreciation of $566 million. Depreciation totaled $27.8 million for the current fiscal year compared to $28.7 million last year. Refer to Note 5 to the financial statements for details regarding capital assets.

The university had three significant projects in progress as of June 30, 2024:

- Upgrade of a 1250 Ton Absorber located in the Central Energy Facility ($1.9 million of construction in progress). The project includes replacement of the existing absorber.
- Bennett track multi-use facility resurfacing project ($1.6 million of construction in progress). The project includes subsurface repairs, a new synthetic topcoat, and markings to meet Mid-America Conference and National Collegiate Athletic Association specifications.
- McGuirk arena video project ($0.8 million of construction in progress). The project includes pre-construction services and replacement of video systems, main display, east ribbon, scoring and sponsor displays, within McGurk arena.

The university has two significant projects that were placed in-service and capitalized as of June 30, 2024:

- Bush Theatre lighting replacement project completed in August 2023 and accounted for $1.2 million in capitalized expenditures. The project included replacement of all house stage, backstage and support area lighting systems.
- Entrepreneurial activity building renovation project, utilized by Central Michigan University Research Corporation, was completed in June 2024 and accounted for $1.3 million in capitalized expenditures. The project included demolition, reconfiguration, reconstruction of business incubator facility.

In 2023, capital assets decreased $19.0 million due to a net increase of $9.7 million in capitalized costs primarily in the areas of construction in progress, buildings, land improvements, and equipment less $28.7 million in depreciation.

Endowment and Pooled Operating Investments

During 2024, endowment investments increased by $18.3 million, and pooled operating investments increased by $37.7 million. The endowment and pooled operating increase were a result of investment appreciation due to favorable market conditions. Investment income for 2024 within both investment portfolios is comprised of a $26.5 million increase in market value, $8.8 million of investment income net of financial fees, and $5.8 million realized gain from the sale of long-term investments. Earnings distributed from endowments for scholarships and fellowships totaled $10.2 million. This spending distribution was offset by gifts received for endowments of $5.0 million and a change in cash on hand in the endowment of $2.3 million.

During 2023, endowment investments increased by $13.7 million, and pooled operating investments decreased by $7.9 million. The endowment increase was a result of investment appreciation due to favorable market conditions and the pooled operating decrease was a result of investment redemptions to replace decreased cash flow from university operations. Investment income for 2023 within both investment portfolios is comprised of a $16.5 million increase in market value, $5.6 million of investment income net of financial fees, and $5.4 million realized gain from the sale of long-term investments. Earnings distributed from endowments for scholarships and fellowships totaled $9.3 million. This spending distribution was offset by gifts received for endowments of $7.3 million and a change in cash on hand in the endowment of $0.5 million.

DEFERRED OUTFLOWS

During 2024, deferred outflows decreased by $8.8 million due primarily to a $0.5 million change in the market value position of hedging derivatives on variable rate debt which reduced deferred expense, a $7.4 million decrease in deferral of expense related to statutorily required contributions and actuarial valuation changes to the Michigan Public School Employee's Retirement System (MPSERS) plan net pension liability and a $0.7 million decrease in deferral of expense related to actuarial valuation changes to the MPSERS plan net Other Post Employment Benefits (OPEB) asset.

During 2023, deferred outflows decreased by $26.8 million due primarily to a $1.1 million change in the market value position of hedging derivatives on variable rate debt which reduced deferred expense, a decrease of $23.9 million in deferral of expense related to statutorily required contributions to the MPSERS plan net pension liability and a $1.7 million decrease in deferral of expense related to statutorily required contributions to the MPSERS plan net OPEB asset.

Refer to Note 9 to the financial statements for detail regarding the MPSERS plan.

LIABILITIES

Current liabilities consist of accounts payable, unearned revenue, deposits, and the current portion of the long-term obligations payable within the next twelve months. During 2024, current liabilities increased $4.5 million. Significant changes in current liabilities occurred in the following areas as of June 30, 2024:

- Accrued payables to vendors decreased $4.5 million due primarily to a $5.1 million decrease in the amount due to medical partners participating with the College of Medicine in the Public Entity Physician Payment Adjustment Program and Specialty Network Access Fees program offset by a $1.2 million increase in debt service accruals due to the termination of the hedging derivative transaction for the General Revenue Bonds, Series 2008A which is payable in fiscal year 2025.
- Accrued payables to charter schools increased $2.5 million due primarily to an increase in state aid for fiscal year 2024.
- Unearned revenue increased $5.1 million due primarily to the increase in unearned grant and contract income resulting from a $5.5 million prepayment from the State of Michigan for a grant funded project.

During 2023, current liabilities increased $7.7 million primarily due to $6.5 million increase in amount due to medical partners participating with the College of Medicine in the Public Entity Physician Payment Adjustment Program and Specialty Network Access Fees program offset by a $1.9 Million decrease in vendor accruals for construction project related payables and accrued payables to charter schools increasing $3.7 million due primarily to an increase in state aid and addition of two charter schools in fiscal year 2023.

Noncurrent liabilities consist of long-term debt, lease obligations and other obligations for which the principal is due more than one year from the balance sheet date and net pension obligations for the MPSERS retirement plan. Also included is the Retirement Service Award program, accrued compensated absences, and bonded debt. Refer to Note 7 to the financial statements for the detail regarding the change in long-term debt, hedging instruments, and other obligations. During 2024, noncurrent liabilities decreased $84.1 million. Significant changes in noncurrent liabilities occurred in the following areas as of June 30, 2024:

- Debt service of $7.6 million was recorded on outstanding bond and note principal, and premium amortization.
- Market value of hedging derivatives decreased by $1.8 million due to the termination of the hedging derivative transaction for the General Revenue Bonds, Series 2008A.
- Recorded $73.6 million decrease in net pension liability for unfunded obligations to the Michigan Public School Employee's Retirement System (MPSERS) plan due primarily to supplemental state appropriations provided to the university and forwarded back to the state as supplemental required contributions.

During 2023, noncurrent liabilities decreased $68.3 million primarily due to debt service of $7.3 million being recorded on outstanding bond and note principal, and premium amortization, the market value of hedging derivatives decreasing by $1.1 million and a $59.8 million decrease in net pension liability for unfunded obligations to the Michigan Public School Employee's Retirement System (MPSERS) plan due to supplemental state appropriations provided to the university and forwarded back to the state as supplemental required contributions.

DEFERRED INFLOWS

During 2024, there was no significant change in deferred inflows due primarily to a $0.5 million increase in the deferral of revenues resulting from recording the university's proportionate share of the net pension liability and net OPEB asset related to the Michigan Public School Employee's Retirement System (MPSERS) plan, $0.5 million increase in deferral of revenues resulting from split interest agreements and a $0.7 million decrease resulting from deferral of revenue related to the university's lease agreements.

During 2023, deferred inflows decreased $48.8 million due primarily to a $43.1 million decrease in the deferral of revenues resulting from recording the university's proportionate share of the net pension liability related to the Michigan Public School Employee's Retirement System (MPSERS) plan and $6.1 million decrease in deferral of revenues resulting from recording the university's proportionate share of the net OPEB liability related to the Michigan Public School Employee's Retirement System (MPSERS) plan.

Refer to Note 9 to the financial statements for detail regarding the MPSERS plan.

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NET POSITION

Net position represents the difference between the total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. The university's net position (shown in millions) at June 30 are summarized as follows:

	2024	2023	2022 (as Restated)
Investment in capital assets	$ 516.4	$ 534.4	$ 553.6
Debt related to capital assets	(158.3)	(165.1)	(172.4)
Deferred outflow on defeased debt	1.6	1.8	2.0
Deferred inflow on defeased debt	(0.4)	(0.5)	(0.7)
Net investment in capital assets	359.3	370.6	382.5
Restricted for:			
Nonexpendable	82.8	78.3	71.6
Expendable	126.6	114.5	117.7
Unrestricted	344.4	228.9	148.4
TOTAL NET POSITION	$ 913.1	$ 792.3	$ 720.2

Net investment in capital assets represents the university's lease and capital assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt, attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets decreased $11.3 million in 2024 primarily due to fewer new construction in progress projects being initiated compared to prior years offset by annual depreciation and amortization expense. During 2023, net investment in capital assets decreased $11.9 million due primarily to fewer new construction projects and capital asset purchases compared to prior years offset by annual depreciation and amortization expense.

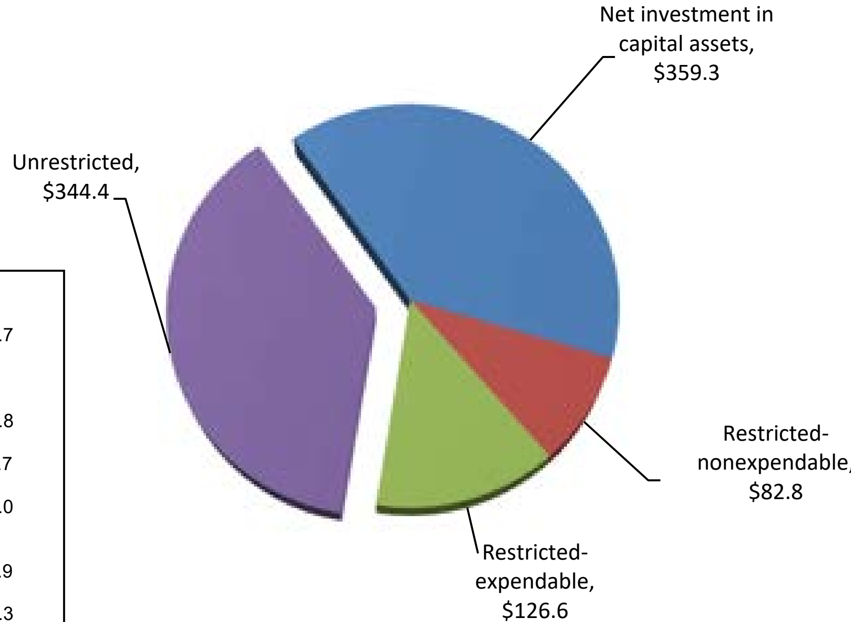
Restricted nonexpendable net position represents the historical value of gifts to the university's permanent endowment funds. Increases in restricted nonexpendable net position are primarily due to additions to permanent endowment funds.

Restricted expendable net position are funds restricted by outside parties or law. This includes net appreciation of permanent endowments and funds received that are restricted for operations, grants and contracts, facilities, and OPEB. During 2024 restricted expendable net position increased $12.1 million primarily due to an increase in the university's proportionate share of the OPEB asset, related to the Michigan Public School Employee's Retirement System (MPSERS) plan. During 2023 restricted expendable net position decreased $3.2 million primarily due to a decrease in the university's proportionate share of the OPEB asset, and the spending of bond proceeds on projects for improvements to existing residence halls, replacement seating at McGuirk Arena and replacement of theatrical lighting and controls in Bush Theatre.

Unrestricted net position represents those balances from operational activities that have not been restricted by parties external to the university, such as donors or grant agencies. This includes funds that have been designated by the governing board for specific purposes, including funds functioning as endowment, as well as amounts that have been contractually committed for goods and services, not yet received.

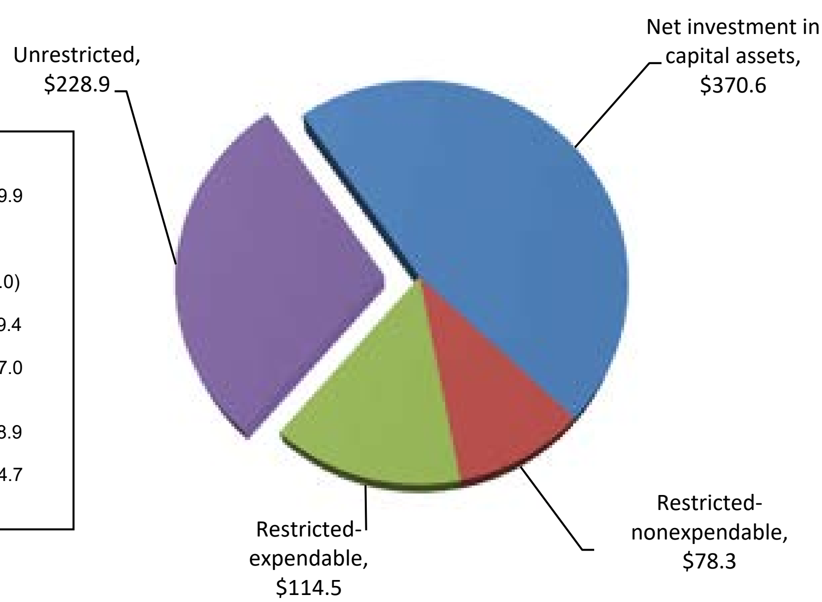
During 2024 unrestricted net position increased primarily due to favorable market conditions related to investments and a decrease in the university's proportionate share of the pension liability related to the Michigan Public School Employee's Retirement System (MPSERS) plan. During 2023 unrestricted net position also increased primarily due to favorable market conditions related to investments and a decrease in the university's proportionate share of the pension liability.

The following is a breakdown of net position at June 30, 2024 (shown in millions).



Unrestricted Net Position	
Capital projects	$ 69.7
Debt stabilization, pension obligation & insurance reserves	$ 1.8
Unrealized gains (loss)	$ 30.7
Contractual commitments	$ 30.0
Working capital balances for departmental & auxiliary	$ 103.9
Quasi endowment funds	$ 108.3

The following is a breakdown of net position at June 30, 2023 (shown in millions).



Unrestricted Net Position	
Capital projects	$ 49.9
Debt stabilization, pension obligation & insurance reserves	$ (61.0)
Unrealized gains (loss)	$ 19.4
Contractual commitments	$ 27.0
Working capital balances for departmental & auxiliary	$ 88.9
Quasi endowment funds	$ 104.7

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The financial reporting model classifies state appropriations and gifts as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation. Depreciation amortizes the cost of an asset over its expected useful life. A summarized comparison of the university's revenues, expenses, and changes in net position (shown in millions) for the years ended June 30 is as follows:

	2024	2023	2022 (as Restated)
OPERATING REVENUES			
Tuition, net	$ 172.1	$ 161.2	$ 152.4
Grants and contracts	22.2	19.2	18.6
Auxiliary enterprises, net	69.0	59.9	61.4
Other operating revenues	34.7	33.5	29.9
TOTAL OPERATING REVENUES	298.0	273.8	262.3
OPERATING EXPENSES	405.1	448.3	419.6
OPERATING LOSS	(107.1)	(174.5)	(157.3)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	154.9	191.0	97.8
Other nonoperating revenues	71.6	55.7	28.2
Interest on debt	(5.8)	(6.3)	(6.2)
NET NONOPERATING REVENUES	220.7	240.4	119.8
INCOME (LOSS) BEFORE OTHER REVENUES	113.6	65.9	(37.5)
OTHER REVENUES			
Capital appropriations			
Capital grants and gifts	2.7	(1.0)	2.9
Additions to permanent endowments	4.5	7.2	3.7
TOTAL OTHER REVENUES	7.2	6.2	6.6
INCREASE (DECREASE) IN NET POSITION	120.8	72.1	(30.9)
NET POSITION			
NET POSITION AT BEGINNING OF YEAR	792.3	720.2	751.1
NET POSITION AT END OF YEAR	$ 913.1	$ 792.3	$ 720.2

OPERATING REVENUES

Operating revenues for fiscal year ending June 30, 2024, increased compared to fiscal year 2023. Gross tuition for fiscal years ended June 30, 2024, 2023, and 2022 were $225.7 million, $218.1 million, and $214.6 million, respectively. Scholarship allowances for fiscal years ended June 30, 2024, 2023, and 2022 were $53.6 million, $56.9 million, and $62.2 million, respectively. Auxiliary enterprises include residence halls, apartments, food services, intercollegiate athletics, university bookstore, university press, parking services, energy facility, telecommunications, university recreation, events activities, events center and clinics. Auxiliary enterprise operations are intended to be self-supporting. Grants and contracts include all restricted revenues made available by government agencies as well as private agencies. Grant revenues are recorded only to the extent the funds have been expended for exchange transactions. Non-exchange revenues are recorded when received or when an eligibility criterion has been met. During 2024, operating revenues increased $24.2 million. Significant changes in operating revenues occurred in the following areas as of June 30, 2024:

- Tuition before scholarship allowance increased by $7.6 million due to an increase in tuition rates. Scholarship allowances decreased by $3.3 million resulting in an increase in net tuition of $10.9 million.

- Auxiliary enterprise operating revenues, before room and food discount, increased $8.4 million primarily due to higher residence hall occupancy and an increase in room and food rates. A decrease in room and food allowance resulted in an overall increase of $9.1 million.
- Grants and Contracts revenues increased by $3.0 million due primarily to an increase in externally sponsored projects awarded.

During 2023, operating revenues increased $11.5 million. Tuition before scholarship allowance increased by $3.5 million due to an increase in tuition rates and scholarship allowances decreased by $5.3 million which resulted in an increase in net tuition of $8.8 million. Auxiliary enterprise operating revenues, before room and food discount, decreased $0.7 million primarily due to lower residence hall occupancy rates resulting in an overall decrease of $1.5 million. Other operating revenues increased by $3.6 million due primarily to a $1.6 million increase related to the new international student health insurance university policy, a $1.0 million increase in the amount received for participating in the Public Entity Physician Payment Adjuster Program and Specialty Network Access Fees Program, as well as increase in various area including charter schools administration fees and clinical trials.

OPERATING EXPENSES

Operating expenses include compensation and benefits, scholarships and fellowships, utilities, supplies, operation and maintenance of plant expenses, and depreciation and amortization. Interest expense is classified as a non-operating expense.

A comparative summary of the expenses (shown in millions) for the years ended June 30 is as follows:

	2024	2023	2022 (as Restated)
Operating			
Compensation and benefits	$ 259.3	$ 258.8	$ 260.5
Supplies and other	62.8	108.3	63.0
Operation and maintenance of plant	29.8	30.4	30.6
Depreciation and amortization	33.7	34.0	32.9
Scholarships and fellowships	19.5	16.8	32.6
TOTAL OPERATING EXPENSES	405.1	448.3	419.6
Nonoperating			
Interest	5.8	6.3	6.2
TOTAL EXPENSES	$ 410.9	$ 454.6	$ 425.8

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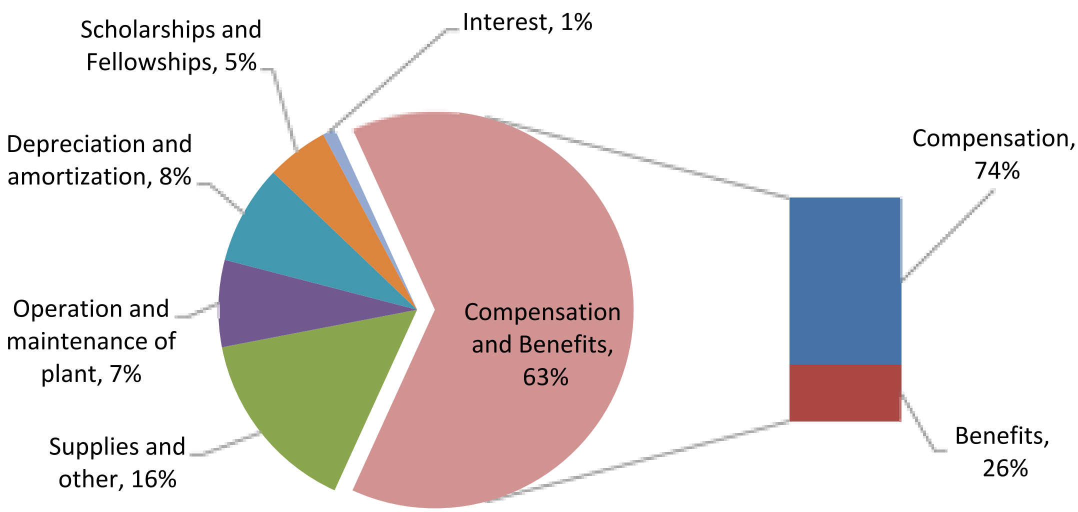
A summary of the expenses by natural classification for the year ended June 30, 2024, excluding component unit expenses is as follows:



Significant changes in operating expenses occurred in the following areas as of June 30, 2024:

- Compensation and benefit expenses increased $0.5 million. Of this increase, the university compensation increased 2.6% and benefits decreased 6.3%. The increase in compensation is primarily due to annual wage increases and the decrease in benefits primarily resulted from a reduction in required contributions for the unfunded portion of the Michigan Public School Employee's Retirement System (MPSERS) pension and OPEB plan.
- Supplies and Other decreased $45.5 million primarily due to a $43.6 million net decrease in expense to support the unfunded portion of the MPSERS pension and OPEB plan.
- Scholarship and Fellowship expenses increased $2.7 million due primarily to significant support from new State funded scholarship programs which reduced the scholarship allowances resulting in more university funded student aid reported as an expense.

During 2023, compensation and benefit expenses decreased by $1.7 million. Of this decrease, university compensation increased 0.3% and benefits decreased 2.9%. The change in compensation and benefits primarily resulted from an increase in student compensation and the decrease in benefits primarily resulted from a decrease in the number of filled faculty and staff positions and staff positions. Supplies and Other increased $45.3 million primarily due to a $39.8 million net increase in expense to support the unfunded portion of the Michigan Public School Employee's Retirement System (MPSERS) pension and OPEB plan, as well as increases in various areas including insurance expenses, and expenses for the Women and Children Center. Scholarship and Fellowship expenses decreased $15.8 million due primarily to a decrease of $20.2 million in student aid awards provided under the Higher Education Emergency Relief Fund III as authorized by the American Rescue Plan Act.

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A comparative summary of the expenses by functional classification (shown in millions) for the years ended June 30 is as follows:

	2024		2023		2022 (as Restated)	
Instruction	$ 116.0	28 %	$ 117.2	26 %	$ 122.7	29 %
Research	24.8	6	23.3	5	23.1	5
Public Service	17.6	4	18.9	4	16.8	4
Academic Support	57.9	14	45.6	10	46.7	11
Student Services	27.7	7	26.9	6	24.7	6
Institutional Support	45.3	11	38.6	9	32.2	8
Scholarships and Fellowships	16.9	4	14.6	3	30.1	7
Operation and Maintenance of Plant	30.1	7	31.0	7	31.6	7
Auxiliary Services	67.9	17	86.8	19	86.8	20
Depreciation	27.8	7	28.7	6	28.0	7
Other	(26.9)	-6	16.7	4	(23.1)	-5
Interest Expense	5.8	1	6.3	1	6.2	1
Total Expenses by Function	$ 410.9	100 %	$ 454.6	100 %	$ 425.8	100 %

Note: Component unit expenses are not shown on the above report.

Significant changes in functional expenses occurred in the following areas as of June 30, 2024:

- Academic Support expenses increased $12.3 million due primarily to the implementation of a new budget model which shifted the information technology division from an Auxiliary Service to supported by central resources resulting in a $12.0 million increase in Academic Support over the prior year.
- Institutional Support increased $6.7 million due primarily to the changes resulting from the implementation of a new budget model including a $5.9 million increase from the elimination of an overhead expense credit for the portion allocated to Auxiliary Services in prior years and a $0.6 million increase due to the shift of the information technology division from an Auxiliary Service to central resource supported.
- Auxiliary Services expenses decreased $18.9 million primarily due to the implementation of a new budget model which shifted the information technology division from an Auxiliary Service to central resource supported resulting in a $12.6 million decrease and a $7.0 million decrease from the elimination of overhead expense allocation to Auxiliary Services.
- Other expenses decreased $43.6 million primarily due to a net decrease in expense to support the unfunded portion of the MPSERS pension and OPEB plan.

During 2023, instructional expenses decreased $5.5 million due primarily to planned cost reductions related to lower enrollment including a decrease in the number of filled faculty and staff positions. Scholarship and fellowship expenses decreased $15.5 million primarily due to an additional $20.2 million decrease in student aid awarded under the Higher Education Emergency Relief Fund III as authorized by the American Rescue Plan Act. Other expenses increased $39.8 million primarily due to changes in the unfunded portion of the MPSERS net pension and net OPEB liability.

NON-OPERATING REVENUES (EXPENSES)

Non-operating revenues (expenses) consist of state appropriations, gifts and pledges (net of allowance), investment income including realized gains and losses, Federal Pell grant program, governmental coronavirus support programs, lease agreements, and other non-operating revenues less interest on debt-financed capital assets.

Significant changes in non-operating revenues (expenses) occurred in the following areas as of June 30, 2024:

- State Appropriations decreased $36.1 million primarily due to a decrease in state aid supplemental appropriations provided to support the MPSERS program.

- Investment income increased $13.6 million primarily due to an increase of $10.0 million in unrealized gains due to favorable market conditions.

During 2023, state appropriations increased $93.2 million primarily due to increases in supplemental appropriations provided to specifically support the MPSERS program. Investment income increased $66.8 million primarily due to an increase of $75.5 million in unrealized gains due to favorable market conditions. Governmental coronavirus support programs revenue decreased $40.2 million primarily due to the full utilization of the funding provided under the Higher Education Emergency Relief Fund III as authorized by the American Rescue Plan Act by the end of Fiscal year 2022.

OTHER REVENUES

Other revenues consist of capital appropriations and capital grants and gifts, including pledges and additions to permanent endowments. A gift received by the university, where a donor has specified that only the investment earnings from that gift can be expended for the purpose designated by the donor, is classified as a permanent endowment. The principal cannot be expended. Endowment gifts do not include pledges. Other revenue in 2024 increased $1.0 million primarily due to the absence in fiscal year 2024 of the reclassification of a pledge agreement that was formerly classified as a capital gift and reclassified to an operating gift in fiscal year 2023.

During 2023, other revenue decreased $0.4 million primarily due to the reclassification of a pledge agreement that was formerly classified as a capital gift and reclassified to an operating gift.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the university during the year. A comparative summary of the statements of cash flows (shown in millions) for the years ended June 30 is as follows:

	2024	2023	22 (as Restated)
Cash received from operations	$ 758.2	$ 683.9	$ 649.2
Cash expended for operations	(912.0)	(878.1)	(811.9)
NET CASH USED BY OPERATING ACTIVITIES	(153.8)	(194.2)	(162.7)
Net cash provided by noncapital financing activities	185.6	199.5	187.9
Net cash used by capital financing activities	(23.0)	(26.4)	(7.8)
Net cash (used) provided by investing activities	(14.8)	21.8	(30.2)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIV	(6.0)	0.7	(12.8)
CASH AND CASH EQUIV, BEGINNING OF THE YEAR	50.7	50.0	62.8
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 44.7	$ 50.7	$ 50.0

The most significant components of cash flows used from operating activities are tuition and fees, auxiliary activities, and grants and contracts. Net cash used in operating activities was $153.8 million ($194.2 million at June 30, 2023). To offset this, the net cash provided from noncapital financing activities, consisting primarily of state appropriations, was $185.6 million ($199.5 million at June 30, 2023).

Cash used by capital financing activities was $23.0 million ($26.4 million at June 30, 2023), primarily the result of the investment in capital construction projects, capital asset purchases and payment of debt and interest on bonds and lease agreements.

Cash used by investing activities was $14.8 million ($21.8 million provided by investment activities at June 30, 2023) due to purchases of investments.

REQUESTS FOR INFORMATION

Questions concerning information provided in the Management's Discussion and Analysis or other required supplemental information, financial statements and notes thereto, or requests for additional financial information should be addressed to Central Michigan University, Warriner 104, Mount Pleasant, Michigan 48859.

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STATEMENTS OF NET POSITION

Central Michigan University

ASSETS	YEAR ENDED JUNE 30 2024	2023
CURRENT ASSETS:		
Cash and cash equivalents	$ 44,688,027	$ 41,208,587
Accounts, leases and pledges receivable, net	28,174,655	23,132,127
State appropriations receivable, operations	17,347,960	16,575,004
State appropriations receivable, Charter Schools	48,780,666	46,304,188
Inventories	2,591,330	2,799,282
Other assets	3,155,825	3,638,564
TOTAL CURRENT ASSETS	144,738,463	133,657,752
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	22,051	9,442,753
Pledges receivable, net	3,129,393	3,835,959
Leases receivable, net	7,377,330	8,160,499
Endowment investments	263,438,743	245,105,237
Other long-term investments	242,208,315	204,118,189
Net OPEB asset	20,849,165	9,308,291
Lease and SBITA assets, net	11,783,973	10,883,743
Capital assets, net	504,589,713	523,594,260
TOTAL NONCURRENT ASSETS	1,053,398,683	1,014,448,931
TOTAL ASSETS	1,198,137,146	1,148,106,683
DEFERRED OUTFLOWS		
Deferred Outflows of Resources	4,850,051	13,634,768
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	79,250,316	81,837,991
Unearned revenue	23,927,201	18,789,327
Deposits	971,596	865,356
Current portion of long-term debt and other obligations	13,107,236	11,223,698
TOTAL CURRENT LIABILITIES	117,256,349	112,716,372
NONCURRENT LIABILITIES:		
Long-term debt, hedging instruments, and other obligations	151,642,589	162,083,470
Net pension liability	5,735,757	79,382,848
TOTAL NONCURRENT LIABILITIES	157,378,346	241,466,318
TOTAL LIABILITIES	274,634,695	354,182,690
DEFERRED INFLOWS		
Deferred Inflows of Resources	15,228,733	15,235,228
NET POSITION		
Net investment in capital assets	359,348,829	370,611,589
Restricted for:		
Nonexpendable		
Scholarships, fellowships and research	82,783,217	78,261,407
Expendable		
Scholarships, fellowships and research	81,652,866	69,092,140
Instructional department uses	21,099,938	23,334,921
Capital projects	3,000,153	12,780,925
OPEB	20,849,165	9,308,291
Unrestricted	344,389,601	228,934,260
TOTAL NET POSITION	$ 913,123,769	$ 792,323,533

See notes to the financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Central Michigan University

	YEAR ENDED JUNE 30	
REVENUES	**2024**	**2023**
OPERATING REVENUES:		
Tuition	$ 225,703,841	$ 218,109,908
Less: Scholarship allowances	53,572,050	56,897,872
Net tuition	172,131,791	161,212,036
Federal grants and contracts	12,376,405	10,426,416
State and local grants and contracts	618,000	696,739
Nongovernmental grants and contracts	9,196,552	8,017,790
Sales and services of educational activities	34,651,264	33,489,306
Auxiliary enterprises (net of room & food allowances of $10,204,200 in 2024 and $10,837,690 in 2023)	69,017,966	59,941,194
TOTAL OPERATING REVENUES	297,991,978	273,783,481
EXPENSES		
OPERATING EXPENSES:		
Compensation:		
Faculty	94,936,667	92,321,418
Staff	87,843,469	85,398,401
Benefits	66,849,743	71,353,144
Student	9,669,762	9,773,224
Scholarships and fellowships	19,445,260	16,760,172
Utilities	8,305,973	8,660,409
Supplies and other	54,515,384	99,580,154
Operation and maintenance of plant expenses	29,808,708	30,421,980
Depreciation and amortization	33,728,998	34,016,073
TOTAL OPERATING EXPENSES	405,103,964	448,284,975
OPERATING LOSS	(107,111,986)	(174,501,494)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	102,928,409	91,031,554
State appropriations - MPSERS	51,949,287	99,977,115
Gifts and pledges (net of allowance)	9,136,354	10,062,662
Gifts of term endowments	521,000	27,130
Investment (loss) income (net of investment expense)	41,186,536	27,619,078
Interest on lease and capital assets related debt	(5,806,739)	(6,359,067)
Federal Pell grant program	16,843,757	15,697,681
Governmental coronavirus support programs	1,076,210	1,129,947
Other nonoperating revenues	2,877,324	1,187,362
NET NONOPERATING REVENUES (EXPENSES)	220,712,138	240,373,462
INCOME BEFORE OTHER REVENUES	113,600,152	65,871,968
OTHER REVENUES		
Capital grants and gifts	2,692,906	(1,017,464)
Additions to permanent endowments	4,507,178	7,253,817
TOTAL OTHER REVENUES	7,200,084	6,236,353
INCREASE IN NET POSITION	120,800,236	72,108,321
NET POSITION		
NET POSITION AT BEGINNING OF YEAR	792,323,533	720,215,212
NET POSITION AT END OF YEAR	$ 913,123,769	$ 792,323,533

See notes to the financial statements.

STATEMENTS OF CASH FLOWS – DIRECT METHOD

Central Michigan University

	YEAR ENDED JUNE 30 2024	YEAR ENDED JUNE 30 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Tuition	$ 168,860,590	$ 164,125,105
Grants and contracts	27,604,366	17,260,143
Payments to suppliers	(166,249,535)	(181,785,118)
Payments for utilities	(8,305,973)	(8,660,409)
Payments to employees	(192,275,899)	(187,337,039)
Payments for benefits	(67,431,550)	(73,603,032)
Payments for scholarships and fellowships	(19,445,260)	(16,760,172)
Auxiliary activities	69,516,520	60,747,530
Sales and services of educational activities	32,919,165	31,390,681
Other receipts (payments)	880,722	517,495
William D. Ford PLUS direct lending receipts	107,263,484	104,566,095
William D. Ford PLUS direct lending disbursements	(107,263,484)	(104,566,095)
Third Party Scholarship receipts	28,074,802	16,774,839
Third Party Scholarship disbursements	(27,934,109)	(16,875,790)
Charter School funding receipts	323,125,294	288,565,693
Charter School funding disbursements	(323,125,294)	(288,565,693)
NET CASH USED BY OPERATING ACTIVITIES	(153,786,161)	(194,205,767)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	154,087,296	167,130,149
Federal Pell grant program	16,843,757	15,697,681
Governmental coronavirus support programs	1,032,922	1,099,157
Gifts for other than capital purposes	8,646,549	8,293,276
Gifts for endowment purposes	5,028,178	7,280,947
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	185,638,702	199,501,210
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	2,290,886	1,046,824
Sales of capital assets	53,425	
Purchases of capital assets	(8,770,946)	(9,948,153)
Principal paid on capital debt	(6,660,000)	(6,380,000)
Principal payments on leases	(6,047,405)	(5,001,941)
Interest paid on capital debt and leases	(6,755,986)	(7,308,314)
Insurance proceeds	1,685,000	
Other receipts leases	1,192,903	1,151,897
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(23,012,123)	(26,439,687)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	147,863,779	143,813,308
Income on investments, net	14,703,554	11,114,780
Purchase of investments	(177,349,013)	(133,091,220)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(14,781,680)	21,836,868
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,941,262)	692,624
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	50,651,340	49,958,716
CASH AND CASH EQUIVALENTS-END OF THE YEAR	$ 44,710,078	$ 50,651,340

See notes to the financial statements.

STATEMENTS OF CASH FLOWS – DIRECT METHOD

Central Michigan University

	YEAR ENDED JUNE 30 2024	YEAR ENDED JUNE 30 2023
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)		
TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (107,111,986)	$ (174,501,494)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization and loss on disposal of capital assets	33,921,361	34,874,076
Change in assets, liabilities and deferred resources:		
Receivables, net	(6,862,435)	(4,362,152)
Inventories	207,952	(547,756)
Other assets	482,739	513,131
Accounts payable, accrued liabilities and deposits	(3,819,035)	7,234,613
Unearned revenue	5,864,727	367,673
Retirement service award program	(55,003)	(82,680)
Compensated absences	190,425	80,247
Other obligations	3,171	2,031
Net pension liability and net OPEB asset	(85,187,965)	(58,543,061)
Deferred resources - pension and OPEB	8,579,888	759,605
NET CASH USED BY OPERATING ACTIVITIES	$ (153,786,161)	$ (194,205,767)
SIGNIFICANT NONCASH DISCLOSURES		
Property acquired under lease and subscription-based information technology arrangements	$ 6,914,643	$ 6,237,241

See notes to the financial statements.

STATEMENTS OF FIDUCIARY FUNDS

Central Michigan University

STATEMENTS OF FIDUCIARY NET POSITION

	CUSTODIAL FUNDS YEAR ENDED JUNE 30 2024	CUSTODIAL FUNDS YEAR ENDED JUNE 30 2023
ASSETS		
Cash and cash equivalents	$ 1,411,278	$ 1,221,858
TOTAL ASSETS	1,411,278	1,221,858
LIABILITIES		
Deposits	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Restricted for:		
Organizations	1,411,278	1,221,858
TOTAL NET POSITION	$ 1,411,278	$ 1,221,858

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	CUSTODIAL FUNDS YEAR ENDED JUNE 30 2024	CUSTODIAL FUNDS YEAR ENDED JUNE 30 2023
ADDITIONS		
CONTRIBUTIONS:		
University Pediatrics	$ 2,397,317	$ 2,499,085
Ascension St. Mary's	50,000	-
TOTAL ADDITIONS	2,447,317	2,499,085
DEDUCTIONS		
University Pediatrics	2,257,897	2,889,331
Ascension St. Mary's	-	-
TOTAL DEDUCTIONS	2,257,897	2,889,331
INCREASE (DECREASE) IN FIDUCIARY NET POSITION	189,420	(390,246)
NET POSITION		
NET POSITION AT BEGINNING OF YEAR	1,221,858	1,612,104
NET POSITION AT END OF YEAR	$ 1,411,278	$ 1,221,858

See note 1 to the Central Michigan University financial statements.

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STATEMENTS OF NET ASSETS

CMU Medical Education Partners

	YEAR ENDED JUNE 30 2024	YEAR ENDED JUNE 30 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,225,099	$ 3,533,305
Cash - designated funds	142,183	369,594
Investments	4,525,515	3,880,615
Patient accounts receivable, less allowance for doubtful accounts of $353,210 in 2024 and $247,370 in 2023	1,136,445	1,163,814
Receivables - member hospitals	959,811	1,157,943
Receivables - funding support	963,018	807,707
Prepaid expenses	1,120,844	1,329,011
TOTAL CURRENT ASSETS	10,072,915	12,241,989
ASSETS WHOSE USE IS LIMITED:		
Investments held for designated purposes	1,091,829	973,239
Investments held for 457(b) plan participants	5,185,181	4,280,930
Investments held for MiDocs Program	975,000	750,000
TOTAL ASSETS WHOSE USE IS LIMITED:	7,252,010	6,004,169
Other Assets	13,540	13,540
Intangible right-of-use asset - operating leases	4,863,079	5,546,757
Intangible right-of-use asset - financing lease	462,744	41,108
Leasehold improvements, furniture, and equipment, net	2,889,738	3,037,737
TOTAL ASSETS	$ 25,554,026	$ 26,885,300
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$ 1,075,076	$ 1,315,254
Payroll and related liabilities	3,709,138	3,528,052
Other accrued liabilities	1,794	7,794
Deferred revenue	434,859	1,730,100
Current portion of operating lease liability	816,396	696,659
Current portion of financing lease liability	115,848	8,514
TOTAL CURRENT LIABILITIES	6,153,111	7,286,373
Deferred obligations - MIDOCs program	1,066,506	810,418
Amounts due to 457(b) plan participants	5,185,181	4,280,930
Malpractice liability	200,000	200,000
Operating lease liability - net of current position	4,046,683	4,850,098
Financing lease liability - net of current position	346,896	32,594
TOTAL LIABLITIES	16,998,377	17,460,413
NET ASSETS		
Without donor restrictions	8,555,649	9,424,887
TOTAL LIABLITIES AND NET ASSETS	$ 25,554,026	$ 26,885,300

See notes 1 and 12 to the Central Michigan University financial statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

CMU Medical Education Partners

	YEAR ENDED JUNE 30 2024	2023
UNRESTRICTED REVENUES AND OTHER SUPPORT		
Member hospitals	$ 21,112,553	$ 23,573,333
Net patient service revenue	16,953,776	15,985,555
Quality incentive programs:		
PPAP/SNAF	2,186,379	2,238,721
Other incentive programs	368,339	519,106
Contract revenue	15,202,925	14,863,888
Donations and grants		
Contributed office space	714,568	714,568
Other donations and grant	1,393,889	1,156,118
Other Revenue	348,925	235,954
Investment income	671,811	415,749
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	58,953,165	59,702,992
OPERATING EXPENSES		
Salaries, wages, and payroll taxes	41,960,239	41,758,677
Employee benefits	6,800,574	6,482,467
Other employee benefits	231,291	260,325
Recruiting	259,209	172,992
Consumable Supplies	1,235,784	1,256,414
Educational supplies and services	462,854	491,309
Consulting and contractual services	2,048,435	1,536,353
Communications	290,276	266,008
Continuing medical education	308,886	435,213
Education, conferences and travel	685,447	660,392
Insurance	1,618,654	1,713,092
Facility and equipment	2,377,508	2,342,995
Other expenses	455,159	338,280
Depreciation	583,336	462,522
Patient bad debts expense	623,944	484,901
TOTAL OPERATING EXPENSES	59,941,596	58,661,940
Unrestricted Revenues and other support over (under) operating expenses	(988,431)	1,041,052
Other nonoperating revenue (expense)		
Net investment income and interest	126,123	84,241
Nonoperating grant revenue	-	23,765
Professional liability expense	(6,930)	(13,296)
Increase (Decrease) in net assets without donor restrictions	(869,238)	1,135,762
NET ASSETS		
NET ASSETS AT BEGINNING OF YEAR	9,424,887	8,289,125
NET ASSETS AT END OF YEAR	$ 8,555,649	$ 9,424,887

NOTE 1--ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Central Michigan University (the university or CMU) is an institution of higher education and is considered to be a component unit of the State of Michigan because the Governor of the State of Michigan appoints its Board of Trustees (the board). Accordingly, the university is included in the state's financial statements as a discrete component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, appropriations for Charter Schools, grants from various state agencies, State Building Authority (SBA) revenues and payments to the state retirement program for university employees. The university has five affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the university adopted July 1, 2010 and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which the university adopted July 1, 2016. Each organization is described below as well as the impact that it has on the university's financial statements:

- Central Health Advancement Solutions (CHAS) is a Michigan nonprofit corporation established January 28, 2011 and is organized on a non-stock membership basis. The sole member of the corporation is the Board of Trustees of Central Michigan University. The sole purpose is to hold a 90% membership interest in CMU Medical Education Partners (CMEP) whose mission is to integrate medical education, research, and service, primarily for the training of medical residents and other medical related personnel. In accordance with the provisions of GASB Statement No. 61, the financial activity for CMEP on behalf of CHAS is discretely presented in the university's financial statements (refer to pages 27 and 28 for CMEP financial statements). The June 30, 2024 audited financial statements for CMEP can be found at: www.cmich.edu

- The Charter Schools Development & Performance Institute d/b/a National Charter Schools Institute (NCSI), d/b/a Institute for Excellence in Education (IEE), a Michigan nonprofit corporation, was formed on November 29, 2001. The institute is incorporated as a private tax-exempt corporation with the primary goal to facilitate the development and performance of charter schools in Michigan and throughout the nation, and to pursue multiple related objectives in support of Charter Schools. Through fiscal year 2023, there were two classes of members of the corporation, Category A and Category B. The Category A members consisted of persons who were the president or members of the Board of Trustees of Central Michigan University. Category B members of the corporation consisted of individuals serving as members of the Board of Trustees of the corporation. The university transferred $500,000 to the IEE for the year ended June 30, 2023.

  In accordance with the provisions of GASB Statement No. 61, the IEE was considered a component unit of the university and the operations of the IEE were discretely presented in the university's financial statements because there was a financial benefit/burden and the blending criteria of GASB Statement No. 61 were not met. As a result, IEE was discretely presented at June 30, 2023 (refer to pages 29 and 30 of the university's fiscal year 2023 financial statements for IEE financial statements).

  During fiscal year 2024, the university and IEE took necessary steps to remove CMU from Category A and from any rights regarding the institute. No financial support was provided to the IEE for the year ended June 30, 2024 and no financial support will be provided in the future. As a result of these changes, the university no longer has a voting majority and there is no longer a financial benefit/burden relationship. The IEE will no longer be presented in the university's financial statement beginning with the year ending June 30, 2024.

- The Central Michigan University Research Corporation (CMURC) was formed as an independent 501(c)(3) nonprofit corporation on February 15, 2002. The corporation's sole member is Central Michigan University. The purpose for which the corporation was formed is to solicit, collect, receive and administer funds exclusively for the support of the scientific, literary and educational programs of the university as permitted by an organization exempt from federal income taxation. In April 2024, the university's Board of Trustees approved extending an annual contribution of $500,000 through

FY 2029. Fiscal year 2024 was the twenty-third year of the commitment. At June 30, 2024, and 2023, the net assets of CMURC were $1,865,682 and $1,538,635 (restated), respectively. In accordance with the provisions of GASB Statement No. 80, CMURC is considered a component unit of the university and the operations of CMURC should be blended into the university's financial statement because the university is the corporation's sole member. However, the university has excluded the amounts from the financial statements overall due to insignificance.

- The CMU Foundation (Foundation) is a Michigan nonprofit corporation established during fiscal year 1998. The purpose for which the corporation is organized and operated is to solicit, collect, receive and administer funds to provide support for the objectives and purposes of the university. There were insignificant assets and no liabilities as of June 30, 2024 and 2023. In accordance with the provisions of GASB Statement No. 61, the Foundation is blended into the university's financial statements because the activity is insignificant and the Foundation provides services entirely to the university. There was no financial activity to be reported for the years 2024 and 2023.

- CMU Charter Schools are nonsectarian public schools of choice that operate with freedom from many of the regulations that apply to traditional public schools. The "charter" establishing each such school is a performance contract detailing the school's mission, program, goals, students served, methods of assessment and ways to measure success. In accordance with the provisions of GASB Statement No. 61, the CMU Charter Schools are considered a related organization because there is no financial benefit/burden to the university nor can the university impose its will on the charter schools. According to GASB Statement No. 61, only note disclosure is required for related organizations.

Therefore, the financial statements include the operations of the university, CHAS, and the Foundation, collectively known as the university's financial statements, based on the evaluation of the entities and provisions of GASB Statements No. 61 and No. 80.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. The statements incorporate all fund groups utilized internally by the university. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The university follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. This statement requires the following components of the university's financial statements:

- Management's discussion and analysis

- Basic financial statements including a Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows for the university as a whole

- Notes to the financial statements

GASB Statement No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted:

  Nonexpendable – Net position subject to externally imposed constraints that they be maintained permanently by the university. Such assets include the university's permanent endowment funds.

  Expendable – Net position whose use by the university is subject to externally imposed constraints that can be fulfilled by actions of the university pursuant to those constraints or that expire by the passage of time.

- Unrestricted: Net positions that are not subject to externally imposed constraints. Unrestricted net positions may be designated for specific purposes by action of management or the board or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net positions are designated for academic, research and outreach programs and initiatives, postemployment benefits, operating and stabilization reserves, capital projects and capital asset renewals and replacements.

This statement also requires the university to report revenues net of discounts and allowances. Gift and grant revenues are recognized at the later of the pledge date or when the eligibility requirement of the gifts and grants are met. In addition, direct lending is not reported as federal revenue and scholarship expenditures but is instead treated as a fiduciary transaction.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

The university and its component units define cash and cash equivalents as highly liquid, short-term investments that bear little or no market risk and are stated at fair value.

Restricted cash and cash equivalents represent cash held in trust accounts related to bonded debt and unspent bond proceeds.

Both cash and cash equivalents and restricted cash and cash equivalents are included in cash and cash equivalents on the Statements of Cash Flows.

Pledges

Financial support to the university in the form of pledges is received from business enterprises, foundations and individuals. Revenue from gift pledges is recorded only when there is an unconditional promise to pay and all eligibility requirements, including time requirements, have been met. Contributions to permanent and term endowments are not recognized as assets until actually received by the university.

Inventories

Inventories are primarily stated at actual cost, using the first-in first-out method.

Investments

All investments are stated at fair value.

Leases and Subscription-Based Information Technology Arrangements

Leases

The university is a lessee for noncancelable leases of land, buildings, equipment and vehicles. The university recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The university recognizes lease assets and liabilities with an initial value of $0 or more.

At the commencement of a lease, the university initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the university determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The university uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the university generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the university is reasonably certain to exercise.

The university monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other subscription arrangement assets and lease liabilities are reported with long-term debt on the statement of net position.

The university is a lessor for noncancelable leases of land, buildings and equipment. The university recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the university initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the university determines the discount rate it uses to discount the expected lease receipts to present value, the lease term, and the lease receipts. The university uses the actual rate charged to lessees as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The university monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements

The university obtains the right to use vendors' information technology software through various long-term contracts. The university recognizes a subscription liability and an intangible right-of-use subscription asset (subscription asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The university recognizes subscription assets and liabilities with an initial value of $5,000 or more.

At the commencement of a subscription, the university initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the university determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

The university uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the university generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription.

The university monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other lease assets and subscription liabilities are reported with long-term debt on the statement of net position.

Capital Assets

Capital assets for the university are stated at cost or, when donated, at acquisition value at date of gift. Depreciation is computed using the straight-line method from the date of acquisition. University building additions and improvements with a cost in excess of $50,000 are capitalized if the life of the building is extended; equipment with a cost in excess of $5,000 and a useful life greater than one year is capitalized; and software in excess of $250,000. Assets are depreciated over the estimated useful life for the respective asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The university does not capitalize certain works of art or historical treasures (except for certain museum collections) that are held for exhibition, education, research or public service.

Depreciation is provided for physical properties on a straight-line basis over the estimated useful life of the property as follows:

Asset Classification	Useful Life
Buildings and Improvements more than $100,000	40 years
Buildings and Improvements $50,000 to $100,000	10 years
Infrastructure	20 years
Leasehold Improvements	10 years
Land Improvements	8 years
Intangible Assets	40 years or indefinite
Equipment – Digital TV	20 years
Equipment	8 years
Library books	8 years
Vehicles	4 years
Software	Lesser of 5 years or actual

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at death, retirement or termination. Unused hours exceeding these limitations are forfeited.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension and other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Unearned Revenue

Unearned revenue consists primarily of dining services support provided by the vendor which will be recognized over the life of the contract, advance ticket sales for athletic events, summer school tuition, fall room and food not earned during the current year, and contract and sponsored program advances.

CMEP Estimated Professional Liability

The provision for estimated self-insured medical malpractice claims is actuarially determined and includes estimates of the costs for both reported claims and claims incurred but not reported. The liability is approximately $200 thousand at June 30, 2024 and June 30, 2023, and is included in the member hospital and malpractice fund liability. Additionally, CMEP has malpractice funding held by trustee of approximately $1.1 million at June 30, 2024 and $1 million at June 30, 2023.

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and as such, is not recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows of resources consist of interest rate swap agreements that are stated at fair value based on the zero coupon valuation method, gains or losses on the defeasance of debt and deferred resources related to the university's proportionate share of the net pension and other post-employment benefit liability for the Michigan Public School Employee's Retirement System (MPSERS) plan. The university recorded deferred outflows for hedging instruments (noncurrent liabilities) of $1,337,600 at June 30, 2024, and $1,835,627 at June 30, 2023. Also included in deferred outflows is the gain or loss on the defeasance of three General Revenue Bonds Series: Series 2005 valued at $602,823 and $661,635, net of amortization, at June 30, 2024 and 2023 respectively; Series 2006 valued at $132,209 and $143,961, net of amortization, at June 30, 2024 and 2023 respectively and Series 2012 valued at $872,050 and $977,753, net of amortization, at June 30, 2024 and 2023 respectively. The value of deferred outflows related to the MPSERS plan for pensions was $1,825,277 and $9,200,260 as of June 30, 2024 and 2023 respectively, and for other post-employment benefits (OPEB) was $80,092 and $815,532 as of June 30, 2024 and 2023, respectively. See Note 9 for additional information on deferred outflows related to the MPSERS plan.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and as such, is not recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of future revenue streams related to the defeasance of debt, split-interest agreements and lease agreements, deferred inflows of resources related to state appropriations received after the measurement date, and deferred inflows of resources related to the university's proportionate share of the net pension and net OPEB liability for the MPSERS plan. The university recorded deferred inflows of resources related to the gain or loss on the defeasance of the General Revenue Bonds Series 2009 valued at $354,408 and $511,922, net of amortization, at June 30, 2024 and 2023 respectively. Deferred inflows of resources applicable to split-interest agreements include $6,113,922 and $5,658,507 at June 30, 2024 and 2023 respectively. See Note 8 for additional information on deferred inflows related to split-interest agreements. At June 30, 2024 and June 30, 2023, respectively, deferred inflows related to leasing agreements was $8,290,938 and $9,047,355. See Note 11 for additional information on leases. At June 30, 2024, the value related to changes in the pension portion of the MPSERS plan was $451,323. There were no deferred inflows related to changes in the pension portion of the MPSERS plan at June 30, 2023. At June 30, 2024, the value related to changes in the OPEB portion of the MPSERS plan was $18,142. There were no deferred inflows related to changes in the OPEB portion of the MPSERS plan at June 30, 2023. See Note 9 for additional information on deferred inflows related to the MPSERS plan. At June 30, 2023 the value of deferred inflows of resources related to funding received through state appropriations for contributions to the MPSERS plan, after the measurement date, was $17,444. There were no deferred inflows related to funding received through state appropriations for contributions to the MPSERS plan, after the measurement date at June 30, 2024.

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Operating and Non-operating Revenues

Operating revenues of the university consist of tuition, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 34, including state appropriations, federal Pell grant revenue, federal COVID revenue, insurance proceeds, gifts and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient university department within the guidelines of donor restrictions, if any.

Revenue Recognition

Revenues are recognized when earned and expenditures are recognized when the good or service is provided. Restricted grant revenue is recognized only to the extent expended.

Student Tuition

Student tuition revenues are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances represent the difference between the stated charge for goods and services provided by the university and the amount that is paid by the students or third parties on behalf of the students, where the university has discretion over such expenses.

Auxiliary Enterprises

Auxiliary enterprises primarily represent revenues generated from university residence services, intercollegiate athletics, clinics and various other departmental activities that provide services to the student body, faculty, staff and general public.

CMEP Revenue

CMEP has agreements with third-party payers that provide for reimbursements to the corporation at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the corporation's established rates for services and amounts reimbursed by third-party payers. The corporation grants credit without collateral to its patients, most of who are Michigan residents and are insured under third-party payer agreements. Significant concentrations of CMEP accounts receivable at June 30, 2024 and June 30, 2023 include Medicare (27.4% and 28.8%), Blue Cross (13.1% and 13.3%), Medicaid (23.1% and 27.2%), other commercial insurers (15.1% and 17.5%) and self-pay (21.3% and 13.2%), respectively.

CMEP patient accounts receivable and revenue are recorded when patient services are performed. Patient accounts receivable are recorded at the corporation's established rates with contractual adjustments, charity allowances, policy discounts and the provision for uncollectible accounts deducted to arrive at net patient accounts receivable. Patient services are recorded net of an allowance for doubtful accounts of $353,210 at June 30, 2024. Patient services are recorded net of the total allowance for doubtful accounts of $247,370 at June 30, 2023.

Donor Restricted Endowments

Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Michigan in 2009, the board acts in a fiduciary capacity as trustee of its endowment funds. The UPMIFA requires that the board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the university as well as the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. See Note 2 for the university spending policy. Endowment realized and unrealized appreciation is reported consistently with the net position categorization of the related endowment, net of spending policy distributions.

Fiduciary Activity

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the university's programs. The university maintains a fund to record the escrow transactions of University Pediatrics. The funds are segregated and held separately for them.

The university's business-type activities may report assets with a corresponding liability that otherwise should be reported in a custodial fund in the statement of net position of the business-type activity if those assets, upon receipt, are normally expected to be held for three months or less. Examples of this activity include direct loans, third party scholarships and charter school funding activity.

Eliminations

In preparing the financial statements, the university eliminates inter-fund assets and liabilities that would otherwise be reflected twice in the Statements of Net Position. Similarly, revenues and expenses related to internal service activities are also eliminated from the Statements of Revenues, Expenses and Changes in Net Position. Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts where the university has discretion over such expenses, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Income Taxes

The university is a part of the State of Michigan for purposes of Internal Revenue Code Section 115, and is an organization as described in Internal Revenue Code Section 501(c)(3). The university's income generally is exempt from federal income taxes, although income from certain activities may be subject to taxation as unrelated business income. The component units are also exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code for activities related to their exempt purposes.

Changes to or within the Financial Reporting Entity

Removal of Discretely Presented Component Unit - IEE

In fiscal year 2024, the university no longer had a voting majority and stopped providing financial resources to the entity. Due to the change, IEE no longer meets the requirements for inclusion as a discretely presented component unit for the fiscal year ended June 30, 2024. The effect of this change is to remove IEE from the financial statements of the university. The total assets, liabilities, and net assets of IEE for the year ended June 30, 2023 were $6,336,131, $1,386,117, and $4,950,014, respectively, and are no longer discretely presented in the university financial statements.

Reclassification

Certain 2023 amounts have been reclassified to conform to 2024 presentation.

Net position totaling $9,308,291 related to the university's proportionate share of the net OPEB asset for the Michigan Public School Employee's Retirement System (MPSERS) plan which was presented in unrestricted net position in 2023 has been reclassified to restricted - expendable net position for the year ended June 30, 2023 on the 2024 statement of net position.

NOTE 2--CASH AND CASH EQUIVALENTS, ENDOWMENTS AND OTHER LONG-TERM INVESTMENTS

Policy

The university uses the "pooled cash" method of accounting and has retained independent investment managers to handle all of its cash and investments. The component units maintain interest-bearing deposits and short-term investments with financial institutions that are insured by the Federal Deposit Insurance Corporation.

Investment policies for cash and cash equivalents, as set forth by the Board of Trustees, authorize the investment managers to invest in commercial paper of companies rated within the highest classification established by not less than two national rating services. Investments may be made in securities of the US Treasury and Federal Agencies, common stock, convertible bonds, convertible preferred stock, time savings accounts and other fixed income, equities and other marketable securities deemed prudent by the investment managers. For investment grade accounts, the weighted average credit quality is to be no less than AAA for the short-term investment pool accounts, AA for the intermediate-term investment pool accounts and A for the long-term investment pool accounts. The weighted average credit quality is to be no less than B for the non-investment grade long-term investment pool accounts. In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be A for the short-term investment pool accounts and BBB for the intermediate-term and long-term investment pool accounts.

Policies regarding marketable securities in the endowment investments, as set forth by the Board of Trustees, authorize the investment managers to invest in equities, bonds or other marketable securities as outlined in the CMU Endowment Investment Policy Statement (found on the Board of Trustees website). The endowment income spending policy is 4.25% of the 20-quarter rolling average of the market value of the endowment pool with an additional 0.50% allocated to an administrative fee. Under state law, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the university may appropriate for spending as much of the endowment as the university deems prudent for the uses, benefits, purposes and duration for which the particular endowment fund was established, subject to evaluation of several specific factors including general economic conditions and the fund’s purpose. Although UPMIFA allows spending of the original gift, the university’s board policy does not allow the annual spending income allocation to reduce the original gift principal. Therefore, some of the endowments may not have distributed for fiscal year 2024. The spending policy is reviewed periodically by the investment committee, who recommend changes to the Board of Trustees. The net appreciation on investments of donor-restricted endowments available for authorization for expenditure approximates $74,315,932 at June 30, 2024, and $61,794,091 at June 30, 2023. The net appreciation is a component of restricted, expendable net position. The yields of the endowment investments were as follows:

	June 30	
	2024	2023
Interest and Dividends	0.2 %	0.3 %
Net Realized and Unrealized Gains	8.5 %	6.0 %
Total Return	8.7 %	6.3 %

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The university had the following investments:

	Fair Market Value June 30 2024	2023
Investments:		
Bonds (Including Bonds, Mutual Funds, & ETFs)	$ 150,872,215	$ 134,402,059
Equities (Including Equities, Mutual Funds, & ETFs)	241,034,067	204,425,772
Real Estate	19,294	27,417
Alternative Investments	96,505,999	92,079,062
Cash Equivalents-Endowments/Restricted	11,470,177	22,363,391
Beneficial Interests in Split-Interest Agreements	5,767,357	5,368,478
Cash Equivalents	2,087,848	1,671,279
Cash Deposits	42,600,179	39,537,308
Total Investments	$ 550,357,136	$ 499,874,766
As Reported on the Statements of Net Position		
Current Investments:		
Cash and Cash Equivalents	$ 44,688,027	$ 41,208,587
Noncurrent Investments:		
Restricted Cash and Cash Equivalents	22,051	9,442,753
Endowment Investments	263,438,743	245,105,237
Other Long-Term Investments	242,208,315	204,118,189
Total Noncurrent Investments	505,669,109	458,666,179
Total Investments	$ 550,357,136	$ 499,874,766

Investments at Amortized Cost

The university invests in the Governments of Michigan Investing Cooperatively (GovMIC) program. The GovMIC share class was specifically designed for governmental entities and is a class within the broader Michigan Liquid Asset Fund (MILAF) portfolio. This external investment pool provides daily liquidity and flexibility to investors and measures its investments at amortized cost. There are no minimum deposit or redemption requirements for investors in the fund, nor are there any limits on the number of deposits or withdrawals. The fund is invested in compliance with Michigan Public Act 20. For Term MILAF funds, there is a one-day minimum investment period and investments may not be redeemed, without penalty, for at least 14 calendar days with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount redeemed. The university only had holdings in the GovMIC daily liquidity fund of the MILAF portfolio and the values were $20,413 as of June 30, 2024 and $9,441,307 as of June 30, 2023 of restricted bond proceeds.

Credit Risk

For investments in non-mutual and non-pooled funds, no more than 10% of the portfolio, at cost, can be invested in any single issue, except the investments in U.S. government securities. The weighted average quality is to be no less than "AAA" (or its equivalent rating by two national rating agencies) for the short-term investment pool accounts, "AA" for the intermediate-term investment pool accounts, and "A" for the investment grade accounts long-term investment pool accounts.

In addition, the minimum acceptable credit quality at the time of purchase for individual securities in the investment grade accounts shall be "A" for the short-term investment pool accounts, and "BBB" for the intermediate-term and investment grade long-term pool accounts. The diversified fixed income manager shall maintain an overall weighted average credit rating of B or better.

As of June 30, 2024, the weighted average of all University debt instruments fell within the Standard & Poor's credit rating range of AAA to B.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The university does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of fixed income investments as of June 30, 2024 and 2023 are as follows:

June 30, 2024
Fixed Income Investment Maturities

Investment Type	Less than 1 year	1-5 years	5-10 years	More than 10 years	Total
US Treasury/TIPS	$ 38,371	$ 11,957,421	$ 6,580,549	$ 2,474,900	$ 21,051,241
Core Fixed Income	1,798,983	10,518,764	14,307,254	12,198,165	38,823,166
Short Duration Fixed Income	8,414,101	40,665,144	2,382,330	55,470	51,517,045
Global Multi-Sector Fixed Income	661,540	5,406,189	4,292,417	484,768	10,844,914
Absolute Return Fixed Income	2,609,263	14,392,833	7,559,741	4,074,012	28,635,849
Total	$ 13,522,258	$ 82,940,351	$ 35,122,291	$ 19,287,315	$ 150,872,215

June 30, 2023
Fixed Income Investment Maturities

Investment Type	Less than 1 year	1-5 years	5-10 years	More than 10 years	Total
US Treasury/TIPS	$ 205,389	$ 11,064,462	$ 6,516,424	$ 2,614,039	$ 20,400,314
Core Fixed Income	2,076,406	11,877,992	12,603,893	7,361,175	33,919,466
Short Duration Fixed Income	8,244,239	29,725,866	437,421	52,460	38,459,986
Global Multi-Sector Fixed Income	(110,972)	5,713,030	3,833,572	652,716	10,088,346
Absolute Return Fixed Income	3,792,010	13,520,315	9,715,760	4,505,862	31,533,947
Total	$ 14,207,072	$ 71,901,665	$ 33,107,070	$ 15,186,252	$ 134,402,059

Concentration of Credit Risk

Deliberate management of the asset mix among classes of investments is a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political or social developments is a highly desirable objective. The university's general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. Accordingly, the university did not have investments in any one issuer that represented 10.7% or more of total investments at June 30, 2024, or June 30, 2023.

Foreign Currency Risk

All of the university's holdings of foreign investments were in US dollars at June 30, 2024 and June 30, 2023, therefore the university was not subject to foreign currency risk.

Custodial Credit Risk

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's name. The carrying amount of deposits, excluding those classified as investments, was $42,600,179 at June 30, 2024, and $39,537,308 at June 30, 2023. The deposits were reflected in the accounts of the banks at $47,539,233 at June 30, 2024, and $43,757,043 at June 30, 2023. Of the bank balance, $47,039,233 at June 30, 2024, and $43,257,043 at June 30, 2023, was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The university had custodial credit risk of $226.8 million at June 30, 2024, and $206.7 million at June 30, 2023, in its investment portfolios held by various investment managers as the counterparty.

NOTE 3--RECEIVABLES

Accounts receivable relate to several transactions including state appropriations, student tuition billings and auxiliary enterprise sales, such as food service, bookstore and residence halls. In addition, receivables arise from grant awards, financial aid and lease revenues. The receivables are shown net of allowance for doubtful accounts.

Accounts receivable are recorded net of the allowance for doubtful accounts of $2,443,326 at June 30, 2024, and $2,605,089 at June 30, 2023.

During the fiscal year, the university received approximately $323,000,000 ($290,000,000 in fiscal year 2023) of state appropriations, which were forwarded to fifty-seven charter schools.

	June 30	
	2024	2023
Tuition, Room and Food	$ 7,559,642	$ 5,344,781
Contracts and Grants	6,192,529	5,195,088
Sales and Services	8,981,931	6,700,474
Insurance Proceeds		708
Pledges	6,961,499	7,630,786
Leases	8,160,499	8,999,034
Other Activities	825,278	1,257,715
Total	38,681,378	35,128,586
State Appropriations-Operations	17,347,960	16,575,004
State Appropriations-Charter Schools	48,780,666	46,304,188
Total Receivable	$ 104,810,004	$ 98,007,778

NOTE 4--PLEDGES

The university receives pledges of financial support from corporations, foundations and individuals. The change in pledges has been recorded as gifts. Pledges receivables are presented net of allowance for doubtful contributions of $206,405 and $272,215 for fiscal years ended June 30, 2024 and 2023, respectively. Certain pledges are recorded at present value calculated using a discount rate of the average interest rate for bonded debt of 4.14% at June 30, 2024 and 4.02% at June 30, 2023, resulting in a discount of $290,392 and $427,954 at June 30, 2024 and 2023, respectively. The present value of pledges outstanding is $6,961,499 at June 30, 2024 and $7,630,786 at June 30, 2023.

Payments on pledged receivables at June 30, 2024 are expected to be received in the following fiscal years:

2025	$ 3,832,106
2026 – 2030	3,003,909
2031 and after	125,484
	$ 6,961,499

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NOTE 5--CAPITAL ASSETS

Capital assets, net of depreciation, consist of the following as of June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024
Non-depreciated capital assets:				
Land	$ 12,927,599			$ 12,927,599
Intangible Assets	425,936			425,936
Capitalized Collections	1,472,597			1,472,597
Construction In Progress	8,860,889	$ 6,755,856	$ 5,733,935	9,882,810
Total non-depreciated capital assets	23,687,021	6,755,856	5,733,935	24,708,942
Depreciated capital assets:				
Land Improvements	52,092,399	757,605		52,850,004
Infrastructure	29,006,427			29,006,427
Buildings	846,505,809	4,489,377	53,177	850,942,009
Leasehold Improvements	250,497			250,497
Furniture and Equipment	78,641,637	2,326,154	4,697,693	76,270,098
Library Materials	33,026,792	378,777		33,405,569
Intangible Assets	3,345,539			3,345,539
Less accumulated depreciation:				
Land Improvements	38,504,032	3,202,785		41,706,817
Infrastructure	17,879,625	968,093		18,847,718
Buildings	388,644,078	18,974,484	53,177	407,565,385
Leasehold Improvements	177,436	25,049		202,485
Furniture and Equipment	65,661,349	3,424,091	4,505,330	64,580,110
Library Materials	30,640,849	665,803		31,306,652
Intangible Assets	1,454,492	525,713		1,980,205
Total depreciated capital assets	499,907,239	(19,834,105)	192,363	479,880,771
Capital Assets, Net	$ 523,594,260	$ (13,078,249)	$ 5,926,298	$ 504,589,713

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Capital assets, net of depreciation, consist of the following as of June 30, 2023:

	Beginning Balance July 1, 2022	Additions	Reductions	Ending Balance June 30, 2023
Non-depreciated capital assets:				
Land	$ 12,927,599			$ 12,927,599
Intangible Assets	425,936			425,936
Capitalized Collections	1,472,597			1,472,597
Construction In Progress	11,400,454	$ 5,788,467	$ 8,328,032	8,860,889
Total non-depreciated capital assets	26,226,586	5,788,467	8,328,032	23,687,021
Depreciated capital assets:				
Land Improvements	44,647,120	7,821,098	375,819	52,092,399
Infrastructure	28,579,948	426,479		29,006,427
Buildings	846,929,508	1,886,223	2,309,922	846,505,809
Leasehold Improvements	250,497			250,497
Furniture and Equipment	85,011,719	2,522,719	8,892,801	78,641,637
Library Materials	32,554,305	472,487		33,026,792
Intangible Assets	3,345,539			3,345,539
Less accumulated depreciation:				
Land Improvements	35,416,239	3,463,612	375,819	38,504,032
Infrastructure	16,793,653	1,085,972		17,879,625
Buildings	371,422,197	19,177,154	1,955,273	388,644,078
Leasehold Improvements	152,386	25,050		177,436
Furniture and Equipment	70,384,442	3,666,355	8,389,448	65,661,349
Library Materials	29,900,932	739,917		30,640,849
Intangible Assets	928,780	525,712		1,454,492
Total depreciated capital assets	516,320,007	(15,554,766)	858,002	499,907,239
Capital Assets, Net	$ 542,546,593	$ (9,766,299)	$ 9,186,034	$ 523,594,260

One of the critical factors in continuing the quality of the university's academic programs, research programs and residential life is the development and renewal of its capital assets. Construction in progress at June 30, 2024 primarily consists of the construction costs for the Powerhouse upgrade to the 1250 ton absorption chiller of $1.9 million, the Bennett track multi-use facility resurfacing project of $1.6 million, the McGuirk arena video project of $0.8 million and other projects including maintenance and remodeling of approximately $5.6 million.

Funds needed to complete construction projects will be provided by current unrestricted university net assets or by future state appropriations, gifts, grants, State Building Authority (SBA) monies or bond funds. Funds required to complete the projects in process approximate $20.7 million as of June 30, 2024 ($28.6 million as of June 30, 2023).

On February 28, 2024, a fire damaged university capital assets at a CMU public broadcasting site in Atlanta, Michigan. A building and the broadcasting equipment inside and around the building were declared a complete loss. The broadcasting tower, also on the site, was inspected and determined to have not been damaged. Service capacity for the tower has temporarily declined due to the loss of the building and broadcasting equipment required to fully utilize the tower's capability. The university intends to restore the site and replace the building and equipment in order to return operation to full capacity. The capital assets which were destroyed were written off and had an acquisition value of $1.2 million and accumulated depreciation of $1.1 million for a reported loss of approximately $100,000 as of June 30, 2024. Reconstruction is ongoing and insurance proceeds of $1.6 million have been received to date.

The university entered into agreements with the SBA and the State of Michigan during prior fiscal years for the Park Library, Health Professions Building, Education Building, Biosciences Building and Center for Integrated Health Studies Building. The projects were financed with SBA Revenue Bonds and state appropriations. The buildings are recorded as assets of the university.

The SBA bond issues are secured by a pledge of rentals to be received from the State of Michigan, pursuant to the agreements between the SBA, the State of Michigan and the university. During the agreement term, the SBA will hold title to the facilities; the State of Michigan will make all annual payments to the SBA from operating appropriations; and the university will pay all operating and maintenance costs of the facilities. At the expiration of the agreements, the SBA has agreed to sell each facility to the university for the sum of one dollar.

NOTE 6--ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts due at June 30 for goods and services received prior to the end of the fiscal year.

	2024	2023
University Wages and Benefits	$ 11,778,255	$ 12,321,485
University Supplies	18,691,395	23,212,317
Charter Schools	48,780,666	46,304,189
Total	$ 79,250,316	$ 81,837,991

NOTE 7--LONG-TERM DEBT, HEDGING INSTRUMENTS AND OTHER OBLIGATIONS

Long-term debt, hedging instruments and other obligations consist of the following as of June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Current Portion
General Revenue Bonds:					
Series 2008A Series Bonds	$ 18,660,000		$ 605,000	$ 18,055,000	$ 730,000
Series 2014:					
Series Bonds	32,775,000		2,050,000	30,725,000	2,160,000
Term Bonds	22,105,000			22,105,000	
Series 2014 Unamortized Premium	5,780,000		272,000	5,508,000	272,000
Series 2016 Series Bonds	15,505,000		890,000	14,615,000	925,000
Series 2016 Unamortized Premium	1,911,000		156,000	1,755,000	156,000
Series 2019 Series Bonds	18,590,000		2,585,000	16,005,000	2,510,000
Series 2019 Unamortized Premium	3,285,000		292,000	2,993,000	292,000
Series 2021 Series Bonds	29,210,000		530,000	28,680,000	685,000
Series 2021 Unamortized Premium	7,006,000		248,000	6,758,000	248,000
Total Long-Term Debt	154,827,000		7,628,000	147,199,000	7,978,000
Other Obligations:					
Lease Obligations	4,535,484	$ 32,751	1,308,304	3,259,931	1,151,475
SBITA Obligations	5,775,356	6,476,739	4,433,495	7,818,600	3,907,714
Hedging Instruments	1,835,627		1,835,627		
Compensated Absences	5,909,854	190,425		6,100,279	64,076
Retirement Service Programs	421,047		55,003	366,044	
Other Obligations	2,800	61,263	58,092	5,971	5,971
Total	$ 173,307,168	$ 6,761,178	$ 15,318,521	$ 164,749,825	$ 13,107,236

Long-term debt, hedging instruments and other obligations consist of the following as of June 30, 2023:

	Beginning Balance July 1, 2022 (as Restated)	Additions	Reductions	Ending Balance June 30, 2023	Current Portion
General Revenue Bonds:					
Series 2008A Series Bonds	$ 19,315,000		$ 655,000	$ 18,660,000	$ 605,000
Series 2014:					
Series Bonds	34,725,000		1,950,000	32,775,000	2,050,000
Term Bonds	22,105,000			22,105,000	
Series 2014 Unamortized Premium	6,052,000		272,000	5,780,000	272,000
Series 2016 Series Bonds	16,365,000		860,000	15,505,000	890,000
Series 2016 Unamortized Premium	2,067,000		156,000	1,911,000	156,000
Series 2019 Series Bonds	20,925,000		2,335,000	18,590,000	2,585,000
Series 2019 Unamortized Premium	3,577,000		292,000	3,285,000	292,000
Series 2021 Series Bonds	29,790,000		580,000	29,210,000	530,000
Series 2021 Unamortized Premium	7,254,000		248,000	7,006,000	248,000
Total Long-Term Debt	162,175,000		7,348,000	154,827,000	7,628,000
Other Obligations:					
Lease Obligations	6,289,546	$ 470,825	2,224,887	4,535,484	1,254,593
SBITA Obligations	3,896,165	5,635,302	3,756,111	5,775,356	2,289,836
Hedging Instruments	2,901,521		1,065,894	1,835,627	
Compensated Absences	5,829,607	80,247		5,909,854	48,053
Retirement Service Programs	503,727		82,680	421,047	416
Other Obligations	769	58,093	56,062	2,800	2,800
Total	$ 181,596,335	$ 6,244,467	$ 14,533,634	$ 173,307,168	$ 11,223,698

GENERAL REVENUE BONDS

On August 4, 2021, the university issued $29,790,000 in General Revenue Bonds, Series 2021. The outstanding bonds bear an interest rate between 3.00% and 5.00% and mature in fiscal years 2023 through 2052. The proceeds of these bonds were used to advance refund $19,090,000 of outstanding General Revenue Bonds, Series 2012. The advance refunding reduced total debt service payments over the next 11 years by approximately $3.5 million, which represents an economic gain of approximately $3.2 million. The additional $17.5 million in proceeds from the issuance will be used to pay a portion of the costs of certain capital improvement projects on the main campus of the university, including the renovation of the existing Troutman, Cobb and Wheeler residence halls to transform existing residence hall configurations into two-person, apartment-style living arrangements; the replacement of seating at McGuirk Arena; the replacement of theatrical lighting and controls in Bush Theatre and various other infrastructure enhancement projects.

On July 9, 2019, the university issued $25,410,000 in General Revenue Bonds, Series 2019. The outstanding bonds bear an interest rate of 5.00% and mature in fiscal years 2023 through 2035. The proceeds of these bonds were used to advance refund $16,610,000 of outstanding General Revenue Bonds, Series 2009. The advance refunding reduced total debt service payments over the next 7 years by approximately $2.1 million, which represents an economic gain of approximately $1.9 million. The additional $13.0 million in proceeds from the issuance were used to pay the costs of the demolition of a residence hall and the redevelopment of the site as green space, upgrades and improvements to the North Community Residence Halls, including electrical and life safety infrastructure upgrades and interior and exterior renovations and East, South and Towers Residence Halls infrastructure upgrades and improvements.

On January 5, 2016, the university issued $20,750,000 in General Revenue Refunding Bonds, Series 2016. The outstanding bonds bear an interest rate between 2.50% and 5.00% and mature in fiscal years 2023 through 2036. The proceeds of these bonds were used to advance refund $23,325,000 of outstanding General Revenue Bonds Series 2006, with an interest rate between 4.00% and 4.50%. The advance refunding reduced total debt service payments over the next 20 years by approximately $2.9 million, which represents an economic gain of approximately $2.2 million.

On October 1, 2014, the university issued $66,770,000 in General Revenue and Refunding Bonds, Series 2014. The outstanding bonds bear an interest rate between 3.50% and 5.00% and mature in fiscal years 2023 through 2045. A portion of the proceeds from the issuance was used to advance refund $25,385,000 of outstanding General Revenue Bonds, Series 2005. The additional $47.9 million in proceeds from the issuance were used, together with other available funds, to pay the costs of constructing, furnishing and equipping a new four story Biosciences Building.

On May 1, 2008, the university issued $43,025,000 in General Revenue Bonds, Series 2008A. The variable rate bonds mature in the fiscal years 2023 through 2033. Proceeds from this issuance were $43,025,000 of principal. The proceeds from the sale of the bonds were used to retire the 2002 Select Auction Variable Rate Securities (SAVRS) Series A and B bonds. The university retained the related swaps, and these swaps are now designated as a hedge against the General Revenue Bonds, Series 2008A as a means to fix the variable rate bond and minimize long-term interest rate risk.

The principal and interest on notes and bonds are payable only from certain general revenues. The obligations are generally callable. The principal and interest (using June 30, 2024 rates) amounts due in each of the succeeding five years ending June 30 and thereafter are as follows:

	Principal	Interest	Total
2025	$ 7,010,000	$ 5,777,527	$ 12,787,527
2026	7,315,000	5,472,084	12,787,084
2027	7,690,000	5,117,247	12,807,247
2028	7,915,000	4,742,995	12,657,995
2029	8,520,000	4,356,792	12,876,792
2030-2034	48,120,000	15,231,718	63,351,718
2035-2039	20,615,000	6,310,125	26,925,125
2040-2044	14,645,000	3,047,525	17,692,525
2045-2049	6,015,000	836,250	6,851,250
2050-2052	2,340,000	142,800	2,482,800
Total	130,185,000	$ 51,035,063	$ 181,220,063
Unamortized Premium	17,014,000		
	$ 147,199,000		

Subsequent to June 30, 2024, the university issued $52,575,000 in General Revenue Bonds, Series 2024A. The outstanding bonds bear an interest rate of 5.00% and mature in fiscal years 2026 through 2040. The proceeds from the issuance will be used to refinance $18,055,000 of outstanding General Revenue Bonds, Series 2008A, $28,565,000 of Series 2014, and $9,820,000 of Term 2014. The proceeds will also be used to pay the termination value of $1,337,600 of the interest rate swap held as an effective hedge to the General Revenue Bonds, Series 2008A variable rate bonds. The interest rate swap was terminated as of May 30, 2024 with payment due subsequent to June 30, 2024.

HEDGING INSTRUMENTS

Until May 30, 2024, the university had one pay-fixed, receive-variable, interest rate swap. The objective of the swap was to hedge interest rate risk on the Series 2008A bonds. A description of the swap is as follows:

The university paid the counterparty a fixed payment of 4.44% and received a variable payment of 67% of the Secured Overnight Financing Rate (SOFR) plus seven basis points (3.637951% at May 17, 2024). The swap agreement matured on October 1, 2032. The university received $3,806,000 from the second counterparty which was used to terminate the original swap with Lehman Brothers. Effective November 7, 2008, the swap agreement was assumed by Deutsche Bank AG. The swap provisions and termination date remained unchanged. Effective June 2, 2023, the swap agreement was assumed by PNC Bank. The key swap provisions and termination date remain unchanged, except for a conversion of the benchmark variable rate from the London Interbank Offering Rate (LIBOR) to SOFR. On May 30, 2024, the swap was terminated with negative value of $1,337,600.

As of May 30, 2024 and June 30, 2023, the swap agreement had a notional amount of $17,950,000 and $18,550,000, respectively, and was in a negative position of $1,337,600 and $1,835,627, respectively. As long as the variable rate portion of the swap being received by the university was less than the fixed rate being paid, the university was in a negative position on the swap.

The pay-fixed, receive-variable, interest rate swap was considered a cash flow hedge. The change in fair value was a decrease to deferred outflows of $498,027 for fiscal year 2024 and a decrease to deferred outflows of $1,065,894 for fiscal year 2023. The accumulated change in fair value of ($1,337,600) and ($1,835,627) is recorded in deferred outflows at June 30, 2024 and 2023, respectively.

The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

To measure non-performance risk for a derivative liability, credit spreads implied by the credit rating for debt issues by entities with similar credit characteristics was used. This is the best method available under current market conditions since the university has no credit default swaps that actively trade in the marketplace. For a derivative asset, the adjustment for non-performance risk of counterparties is determined by analyzing counterparty-specific credit default swaps, if available. If not available, credit default swaps in the market for entities of similar type and rating are used. This analysis is used to construct a credit curve that is applied to the discount curve on the net settlement payments of the derivative.

Credit Risk

On May 30, 2024, the hedging derivative instrument was terminated and therefore the university is not exposed to the credit risk of its swap counterparty as of June 30, 2024.

Interest Rate Risk

Interest payments on the variable-rate debt are generally expected to increase (decrease) as SIFMA rate increases (decreases). As of June 30, 2024, the university planned to call the variable-rate debt with a redemption date of August 1, 2024. The university's interest rate risk exposure period is limited to 60 days from June 1, 2024 through August 1, 2024. As of June 30, 2023, the university believed it had effectively hedged interest rate risk on the hedged portion of its variable-rate debt by entering into an interest rate swap.

Basis Risk

The variable-rate debt hedged by the interest rate swap is, weekly-resetting variable rate demand obligation bonds. The university was exposed to basis risk since the variable rate receipts from the hedging derivatives were based on a rate or index other than the interest rates the university pays on its hedged debt.

Termination Risk

The university terminated its hedging instrument on May 30, 2024, therefore the university is not exposed to termination risk by its counterparty.

Foreign Currency Risk

All hedging instruments are denominated in US dollars and therefore the university is not exposed to foreign currency risk.

Market Access Risk

Market access risk is the risk that the university will not be able to enter credit markets or that credit will become more costly. For example, to complete a hedging instrument's objective, an issuance of refunding bonds may be planned in the future. If at that time the university is unable to enter credit markets, expected cost savings may not be realized.

CREDIT LIMIT

The university entered into a commercial card services agreement as of January 28, 2011 and amended as of July 16, 2013 and December 21, 2017, which supports the university business card program. As part of the agreement, the university has an available credit limit in the amount of $8 million as of June 30, 2024 and June 30, 2023. The outstanding balance is due monthly. Due to the timing of the monthly close for the credit card statements, the university had an outstanding balance of $1,314,277 as of June 30, 2024 under the credit limit. There was an outstanding balance of $1,536,705 as of June 30, 2023.

LETTER OF CREDIT

In June 2019, the university signed a new stand by Letter of Credit agreement with a new counter party in the amount of outstanding bond principal plus 35 days interest equal to $18,228,130 to provide credit enhancement and liquidity support for certain General Revenue Refunding Bonds, Series 2008A. In June of 2024, the letter of credit agreement was amended to extend the expiration date to July 3, 2025.

LEASE AND SBITA OBLIGATIONS

The university leases certain assets from various third parties. The assets leased include land, buildings, equipment, and vehicles. The university also has subscription-based information technology arrangements (SBITA) for the right-to-use various information technology software. See Note 11 for additional information on lease and SBITA obligations.

OTHER OBLIGATIONS

The Retirement Service Award program and compensated absences have been determined to be primarily long-term liabilities. Other obligations have been determined to be primarily short-term liabilities.

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NOTE 8--FAIR VALUE MEASUREMENTS

The university categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2024	Fair Market Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt Securities				
Domestic short term duration	$ 35,480,484	$ 35,480,484		
Domestic intermediate duration	37,689,736	37,689,736		
Global and unconstrained duration	23,454,301	23,454,301		
Total debt securities	96,624,521	96,624,521		
Equity securities				
Domestic	80,965,279	80,965,279		
Global	353,881	353,881		
Total equity securities	81,319,160	81,319,160		
Real asset funds				
Domestic	19,294	19,294		
Total real asset funds	19,294	19,294		
Beneficial Interests				
Beneficial Interests in Split-Interest	5,767,357			$ 5,767,357
Total Beneficial Interests	5,767,357			5,767,357
Total investments by fair value level	$ 183,730,332	$ 177,962,975	$	$ 5,767,357
Investments measured at the net asset value (NAV)				
Debt Securities - domestic/global	71,697,736			
Equity securities - domestic/global	142,264,865			
Private investments - domestic/global	40,028,786			
Equity long/short hedge funds	12,250,110			
Multi-strategy hedge funds	33,516,069			
Real asset funds	10,711,034			
Total investments measured at the NAV	310,468,600			
Total investments measured at fair value	$ 494,198,932			

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The university has the following recurring fair value measurements as of June 30, 2023:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2023	Fair Market Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt Securities				
Domestic short term duration	$ 33,504,115	$ 33,504,115		
Domestic intermediate duration	19,683,834	19,683,834		
Global and unconstrained duration	26,560,785	26,560,785		
Total debt securities	79,748,734	79,748,734		
Equity securities				
Domestic	78,675,851	78,675,851		
Global	211,796	211,796		
Total equity securities	78,887,647	78,887,647		
Real asset funds				
Domestic	27,417	27,417		
Total real asset funds	27,417	27,417		
Beneficial Interests				
Beneficial Interests in Split-Interest	5,368,478			$ 5,368,478
Total Beneficial Interests	5,368,478			5,368,478
Total investments by fair value level	$ 164,032,276	$ 158,663,798	$	$ 5,368,478
Investments measured at the net asset value (NAV)				
Debt Securities - domestic/global	48,980,974			
Equity securities - domestic/global	131,210,476			
Private investments - domestic/global	39,478,020			
Equity long/short hedge funds	11,251,490			
Multi-strategy hedge funds	31,248,192			
Real asset funds	10,101,360			
Total investments measured at the NAV	272,270,512			
Total investments measured at fair value	$ 436,302,788			
Hedging derivative instruments				
Interest rate swaps - effective	$ (1,835,627)		$ (1,835,627)	
Total hedging derivatives	$ (1,835,627)		$ (1,835,627)	

The fair value of debt and equity securities classified in Level 1 at June 30, 2024 and 2023 were valued using prices quoted in active markets for those securities.

The fair value of debt and equity securities classified in Level 3 at June 30, 2024 and 2023 were valued using otherwise unobservable inputs. The beneficial interests in split-interest agreements, $5,767,357 and $5,368,478 at June 30, 2024 and June 30, 2023 respectively, were valued using investment statements and current market values of stock held in trusts.

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

The fair value of hedging derivative instruments classified in Level 2 at June 30, 2023 was valued using available market inputs such as interest rates and yield curves adjusted for nonperformance risk that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

The university holds shares or interests in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At fiscal year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2024	June 30, 2023	June 30, 2024	
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible
Debt securities	$ 71,697,736	$ 48,980,974		Daily to Monthly
Equity securities	142,264,865	131,210,476		Daily to Monthly
Private Investments	40,028,786	39,478,020	$ 9,663,660	N/A
Equity long/short hedge fund	12,250,110	11,251,490		Quarterly to Semi-Annually
Multi-strategy hedge fund	33,516,069	31,248,192		Quarterly to Annually
Real asset funds	10,711,034	10,101,360	5,904,081	N/A
Total	$ 310,468,600	$ 272,270,512	$ 15,567,741	

The debt securities class includes investments in primarily high quality US fixed income securities that are publicly traded and held in commingled asset vehicles. Securities held may include, but are not limited to, government and agency obligations, mortgage-backed securities, corporate bonds, debentures, and commercial paper. These investments can typically be liquidated within one month or less.

The equity securities class includes domestic and international comingled asset vehicles invested long-only in publicly listed equity securities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. These investments can typically be liquidated within one month or less.

The private investments class includes investments in private equity funds that invest in venture capital, growth equity and buyout funds, direct lending, portfolio investments, and private credit. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. The investment period of these investments range from 6 - 12 years. The nature of these investments involve capital calls being made throughout the investment period, as well as income distributions being received as underlying investments are bought and sold. Because no public market exists for selling these types of investments, they are viewed as long-term in nature with funds being committed over the life of the investment.

The equity long/short hedge fund class includes investments in hedge funds that invest both long and short primarily in global common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. The lock-up period is three years or less, and redemptions can be made on a semi-annual or quarterly basis.

The multi strategy hedge funds class includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The strategies may include convertible arbitrage, merger arbitrage, and fixed income arbitrage positions. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. The lock-up period is less than two years, and redemptions can be made quarterly.

The real asset funds class includes investments in real estate, energy infrastructure and energy-related funds that invest globally, but with the majority being in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the university's ownership interest in partners' capital. The nature of several of these investments involve capital calls being made throughout the investment period, as well as income distributions being received as underlying investments are bought and sold. Because no public market exists for selling these types of investments, they are viewed as long-term in nature with funds being committed over the life of the investment.

NOTE 9--RETIREMENT PLANS

The university has a defined contribution retirement plan for all qualified employees. CMU currently has one record-keeper for this plan, Teachers Insurance and Annuity Association (TIAA). Full-time faculty and professional administrators hired prior to January 1, 1996, who chose to participate in the defined contribution plan, receive university contributions equal to 12% of their base salary into the plan. All other employees participating in this plan, receive contributions equal to 10% of their base salary into the plan. All contributions are subject to IRS limits. University contributions begin immediately and employee benefits vest immediately.

Hourly employees hired prior to January 1, 1996, and other eligible employees choosing this option, participate in the Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing multiple-employer defined benefit plan through the State of Michigan. Detailed information regarding the MPSERS plan, eligibility and the university's commitment under the plan is included in the MPSERS section of this footnote.

Contributions and covered payroll under all plans in fiscal year 2024 are summarized as follows:

	TIAA	MPSERS	University Total
Pension Contributions			
University Defined Contribution	$ 16,383,135	$ 7,142	$ 16,390,277
University Normal Defined Benefit		557,275	557,275
Required Employee DB		274,326	
University DB UAAL		1,327,126	1,327,126
Payroll Floor UAAL (Estimated)		1,111,711	1,111,711
Stabilization UAAL Contribution		49,621,997	49,621,997
Health Contributions			
University Personal Health Fund DC		7,066	7,066
Required Employee PHF DC		7,066	
University Normal Defined Benefit		89,854	89,854
Required Employee DB		203,299	
University DB UAAL			
Payroll Floor UAAL (Estimated)			
Covered Payroll	161,644,849	6,979,682	168,624,531

The university also sponsors the Retirement Service Award program covering certain employees hired before a specific date in 1976 and certain maintenance and food service employees. The plan provides for distributions to qualifying employees at retirement based principally on length of service and salary at retirement. Liabilities of $301,651 for fiscal year 2024 and $356,294 for fiscal year 2023 related to this program are included in the university Statements of Net Position. The assets are included with the university's cash and cash equivalents. The corresponding liabilities have been included with university's long-term debt, hedging instruments and other long-term obligations.

MPSERS – MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Plan Description

Michigan Public School Employees' Retirement System (MPSERS), is a cost-sharing multiple-employer defined benefit and defined contribution plan through the State of Michigan. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they previously were enrolled in the plan at Central Michigan University, or one of the other six universities that are part of MPSERS. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides post-employment health care benefits to retirees and beneficiaries who elected to receive those benefits. The State of Michigan Office of Retirement Services issues an annual financial report that includes financial statements and required supplementary information regarding MPSERS. The report is available on the web at http:www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 530 West Allegan Street, Lansing MI 48929. In July 2015, ORS determined that MPSERS has two reporting units: universities and non-universities. Office of Retirement Services provided the universities a separate net pension liability and net other postemployment benefits (OPEB) liability. Separate pension and OPEB information related to the universities reporting unit included in this plan is not available.

Contributions

Public Act 300 of 1980, as amended, required the university to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each university's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The university's contributions are determined based on employee elections. There are four different benefit options included in the plan available to employees based on date of hire. The university also contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries, for the unfunded actuarial accrued liability (UAAL) portion of future pensions and health benefits. Public Act 136 of 2016 sets a rate cap of 25.73 percent for university employer UAAL contributions. In addition, the law establishes a requirement for a payroll floor. In a given fiscal year, each university owes UAAL contributions based on the greater of its payroll floor or its actual payroll. The payroll floor was $58,032,625 and $56,894,810 for fiscal year 2024 and 2023, respectively. Contribution rates are adjusted annually by the ORS. The rates for the defined benefit plan are as follows:

	Normal Pension Rate	Unfunded Pension Rate	Normal Health Rate	Unfunded Health Rate
10/01/23 – 06/30/24	8.67%	2.27%	1.53%	0.00%
10/01/22 – 06/30/23	6.52%	10.00%	0.92%	0.00%
10/01/21 – 09/30/22	6.52%	19.86%	0.92%	5.87%

Employees starting between January 1, 1990, and December 31, 1995, are required to contribute between 3.0% and 6.29% of their annual pay. During the period February 1, 2013 through June 30, 2013 employees could transition to a defined contribution plan.

The university's required defined benefit contributions to MPSERS normal pension costs, totaled $557,275 in fiscal year 2024 and $489,981 in fiscal year 2023. Required employee contributions were $274,326 in fiscal year 2024 and $301,370 in fiscal year 2023. The university's contributions to the unfunded MPSERS defined benefit pensions totaled $2,438,837 in fiscal year 2024 and $7,325,980 in fiscal year 2023. The university also recorded $49,621,997 and $74,450,275 of stabilization rate revenue from the State of Michigan to assist in funding the MPSERS pension and health Unfunded Actuarial Accrued Liability (UAAL) for the year ended June 30, 2024 and June 30, 2023, respectively. The university's contributions toward the MPSERS defined contribution plan totaled $7,142 in fiscal year 2024 and $6,712 in fiscal year 2023.

Benefits Provided

Benefit provisions of the defined benefit pension plan also are established by State statute. 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 calculated as final average compensation, times years of service, times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire begin at the age of 55 with years of service ranging from 10 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction.

Benefits may transfer to a beneficiary upon death, and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2024 and June 30, 2023, the university reported a pension liability of $5,735,757 and $79,382,848, respectively for its proportionate share of the net pension liability as calculated for the universities reporting unit of MPSERS. The net pension liability for fiscal year 2024 was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, that used update procedures to roll forward the estimated liability to September 30, 2023. The net pension liability for fiscal year 2023 was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, that used update procedures to roll forward the estimated liability to September 30, 2022. The university's proportion of the net pension liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2023, September 30, 2022 and September 30, 2021, the university's proportion was 24.87 percent, 24.83 percent and 24.78 percent, respectively of the universities reporting unit.

For the year ended June 30, 2024 and June 30, 2023, the university recognized pension expense(recovery) of $(13,154,814) and $27,525,924, respectively.

At June 30, 2024 and June 30, 2023, the university reported no obligation and a payable of $3,172, respectively for the outstanding amount of contributions to the pension plan.

At June 30, 2024 and June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual plan investment earnings		$ 451,323	$ 4,246,896	
Contributions subsequent to the measurement date	$ 1,825,277		4,953,364	
Total	$ 1,825,277	$ 451,323	$ 9,200,260	$

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ending September 30		Amount
2024	$	(1,186,990)
2025		(1,620,225)
2026		3,433,081
2027		(1,077,189)
Total	$	(451,323)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the university, calculated using the current discount rate, 6.00% as of June 30, 2024 and June 30, 2023, respectively as well as what the university's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1.00 percent decrease	Current Discount Rate	1.00 percent increase
June 30, 2024	$ 32,921,463	$ 5,735,757	$ (17,584,957)
June 30, 2023	$ 110,586,593	$ 79,382,848	$ 52,894,663

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Postemployment Benefits Other Than Pensions (OPEB)

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. The MPSERS Board of Trustees annually sets the employer contribution rate to fund the benefits. For the plan year beginning October 1, 2023 and October 1, 2022 the university contribution rate was 0.00%, respectively of both member and non-member payroll wages to cover current and future unfunded retiree health benefits. Prior to October 1, 2014 the university contributions were based on actual retiree insurance coverage and corresponding premium subsidy (a pay as you go basis). The university's monthly contribution for retiree health care benefits, aggregated to $89,854 during the 2024 university fiscal year and $899,920 during the 2023 university fiscal year. Effective July 1, 2010, all active employees enrolled in MPSERS are required to contribute 3.0% of their pay toward retiree healthcare.

Under Public Act 300 of 2012, during the period February 1, 2013 through June 30, 2013 employees could elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election. 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 retiree healthcare 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 403B account. The university's required contributions into PHF accounts were $7,066 and $9,351 for the university fiscal years ended June 30, 2024 and June 30, 2023, respectively.

The university reported a net OPEB asset of $20,849,165 and $9,308,291 at June 30, 2024 and June 30, 2023, respectively for its proportionate share of the net OPEB asset calculated for the universities reporting unit of MPSERS. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, that used update procedures to roll forward the estimated liability to September 30, 2023. The net OPEB asset for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2021, that used update procedures to roll forward the estimated liability to September 30, 2022. The university's proportion of the net OPEB asset was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2023, September 30, 2022, and September 30, 2021, the university's proportion was 24.66 percent, 24.86 percent and 24.75 percent, respectively of the universities reporting unit.

For the year ended June 30, 2024 and June 30, 2023, the university recognized OPEB expense(recovery) of $(10,697,928) and $(2,192,267), respectively.

At June 30, 2024 and June 30, 2023, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual plan investment earnings		$ 18,142	$ 763,017	
Contributions subsequent to the measurement date	$ 80,092		52,515	
Total	$ 80,092	$ 18,142	$ 815,532	$

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year Ending September 30	Amount
2024	$ (386,846)
2025	(523,497)
2026	1,100,462
2027	(208,261)
Total	$ (18,142)

In addition, the contributions subsequent to the measurement date will result in an increase of the net OPEB asset in the next year.

Sensitivity of the net OPEB asset to changes in the discount rate

The following presents the net OPEB asset of the university, calculated using the current discount rate, 6.00% as of June 30, 2024 and June 30, 2023, respectively as well as what the university's net OPEB asset would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1.00 percent decrease	Current Discount Rate	1.00 percent increase
June 30, 2024	$ (17,703,960)	$ (20,849,165)	$ (23,560,493)
June 30, 2023	$ (4,979,635)	$ (9,308,291)	$ (12,985,410)

Sensitivity of the net OPEB asset to changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset of the university, calculated using the current healthcare cost trend rate, 7.50% for Pre-65 and 6.25% for Post-65 year old individuals as of June 30, 2024 and 7.75% for Pre-65 and 5.25% for Post-65 year old individuals as of June 30, 2023 as well as what the university's net OPEB asset would be if it were calculated using a healthcare cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
June 30, 2024	$ (23,722,017)	$ (20,849,165)	$ (17,616,578)
June 30, 2023	$ (13,216,221)	$ (9,308,291)	$ (4,826,139)

Actuarial Assumptions

The total pension and OPEB liabilities measured 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.

Actuarial cost method	Entry age, normal cost
Assumed rate of return	6.00%, net of investment expenses based on the groups (Pension) 6.00%, net of investment expenses based on the groups (OPEB)
Salary increases	2.75-11.55%, including wage inflation of 2.75%
Cost-of-Living Pension Adjustment	3% Annual Non-Compounded for MIP Members
Healthcare cost trend rate	Pre-65 7.50%, year 1 graded to 3.5% year 15; 3.00% Year 15 Post-65 6.25%, year 1 graded to 3.5% year 15;
Mortality basis	
Retirees	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions [1]	
Opt Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

[1] Applies to individuals hired before September 4, 2012.

The actuarial assumptions used for the September 30, 2022 valuation were based on the results of an actuarial experience study for the periods 2017 through 2022.

The total pension and OPEB liabilities measured 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.

Actuarial cost method	Entry age, normal cost
Assumed rate of return	6.00%, net of investment expenses based on the groups (Pension) 6.00%, net of investment expenses based on the groups (OPEB)
Salary increases	2.75-11.55%, including wage inflation of 2.75%
Cost-of-Living Pension Adjustment	3% Annual Non-Compounded for MIP Members
Healthcare cost trend rate	Pre-65 7.75%, year 1 graded to 3.5% year 15; 3.00% Year 120 Post-65 5.25%, year 1 graded to 3.5% year 15; 3.00% Year 120
Mortality basis	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions [1]	
Opt Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

[1] Applies to individuals hired before September 4, 2012.

The actuarial assumptions used for the September 30, 2021 valuation were based on the results of an actuarial experience study for the periods 2012 through 2017.

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Discount Rate

The discount rate used to measure the total pension liability was 6.00% at September 30, 2023 and September 30, 2022, respectively. The discount rate used to measure the total OPEB liability was 6.00% at September 30, 2023 and September 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and total OPEB liability.

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

	Plan Year September 30, 2023		Plan Year September 30, 2022	
Investment Category	Target Allocation	Expected Real Rate of Return	Target Allocation	Expected Real Rate of Return
Domestic Equity Pools	25.0%	5.8%	25.0%	5.1%
Private Equity Pools	16.0%	9.6%	16.0%	8.7%
International Equity Pools	15.0%	6.8%	15.0%	6.7%
Fixed Income Pools	13.0%	1.3%	13.0%	-0.2%
Real Estate & Infrastructure Pools	10.0%	6.4%	10.0%	5.3%
Absolute Return Pools	9.0%	4.8%	9.0%	2.7%
Short Term Investment Pools	2.0%	0.3%	2.0%	-0.5%
Real Return/Opportunistic Pools	10.0%	7.3%	10.0%	5.8%
Total	100.0%		100.0%	

NOTE 10--CONTINGENCIES AND COMMITMENTS

In the normal course of its activities and operations, the university is a party in various legal and administrative actions. The university has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions and information relative to potential future claims based on past events, for which General Counsel provides oversight, the university is of the opinion that the outcome thereof will not have a material effect on the financial statements.

There were no settlement amounts exceeding insurance coverage for each of the past three fiscal years.

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NOTE 11—LEASE AND SBITA COMMITMENTS

Lessee Agreements and Subscription-Based Information Technology Arrangements

The university leases certain assets from various third parties. The assets leased include land, buildings, equipment, and vehicles. The university also has subscription-based information technology arrangements (SBITA) for the right-to-use various information technology software. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability based on the uncertainty of future usage of the asset.

Lease and SBITA assets, net of amortization, consist of the following as of June 30, 2024:

	Beginning Balance July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024
Lease and SBITA Assets				
Land	$ 337,674		$ 85,125	$ 252,549
Buildings	6,791,921		254,487	6,537,434
Equipment	536,300	$ 10,919		547,219
Vehicles	157,415	15,833	14,527	158,721
SBITA	13,165,030	6,887,891	391,167	19,661,754
Less accumulated amortization:				
Land	44,826	14,348	13,692	45,482
Buildings	3,253,532	1,058,297	254,487	4,057,342
Equipment	272,286	111,408		383,694
Vehicles	43,110	44,099	14,527	72,682
SBITA	6,490,843	4,714,828	391,167	10,814,504
Lease and SBITA Assets, Net	$ 10,883,743	$ 971,663	$ 71,433	$ 11,783,973

Lease and SBITA assets, net of amortization, consist of the following as of June 30, 2023:

	Beginning Balance July 1, 2022 (as Restated)	Additions	Reductions	Ending Balance June 30, 2023
Lease and SBITA Assets				
Land	$ 337,674			$ 337,674
Buildings	8,178,792	$ 338,782	$ 1,725,653	6,791,921
Equipment	536,300			536,300
Vehicles	74,518	124,390	41,493	157,415
SBITA	8,084,679	5,774,069	693,718	13,165,030
Less accumulated amortization:				
Land		44,826		44,826
Buildings	2,905,910	1,260,264	912,642	3,253,532
Equipment	163,607	108,679		272,286
Vehicles	38,045	40,796	35,731	43,110
SBITA	3,102,820	3,877,738	489,715	6,490,843
Lease and SBITA Assets, Net	$ 11,001,581	$ 904,938	$ 1,022,776	$ 10,883,743

At June 30, 2024 and June 30, 2023, the university recognized the following outflows as a result of certain items that were properly excluded from the initial measurement of the lease liability:

	June 30, 2024	June 30, 2023
Variable Payments	$ -	$ 4,000

Future principal and interest payments related to the university's lease liability at June 30, 2024 are as follows:

	Principal	Interest	Total
2025	$ 1,151,475	$ 110,760	$ 1,262,235
2026	662,581	71,572	734,153
2027	228,074	53,801	281,875
2028	83,304	47,656	130,960
2029	86,101	44,369	130,470
2030-2034	328,007	171,701	499,708
2035-2039	115,379	137,121	252,500
2040-2044	114,209	112,108	226,317
2045-2049	119,921	89,264	209,185
2050-2054	183,887	58,615	242,502
2055-2059	186,993	14,964	201,957
Total	$ 3,259,931	$ 911,931	$ 4,171,862

As of June 30, 2024 and June 30, 2023, the university had no commitments related to leases for which the lease term had not commenced.

At June 30, 2024 and June 30, 2023, the university recognized the following outflows as a result of certain items that were properly excluded from the initial measurement of the SBITA liability:

	June 30, 2024	June 30, 2023
Variable Payments	$ 155,808	$ 183,278

Future principal and interest payments related to the university's SBITA liability at June 30, 2024 are as follows:

	Principal	Interest	Total
2025	$ 3,907,714	$ 270,148	$ 4,177,862
2026	2,421,107	117,572	2,538,679
2027	995,476	41,560	1,037,036
2028	464,252	10,172	474,424
2029	30,051	2,149	32,200
Total	$ 7,818,600	$ 441,601	$ 8,260,201

As of June 30, 2024, the university had $777,186 in commitments related to subscription-based information technology arrangements for which the term has not commenced. The university's SBITA commitments as of June 30, 2023 were $361,786.

Lessor Agreements

The university leases certain assets to various third parties. The assets leased include land, buildings, and equipment. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable based on the uncertainty of future rate increases.

At June 30, 2024 and June 30, 2023, the university recognized the following lease revenue, lease interest revenue, and inflows as a result of certain items that were properly excluded from the initial measurement of the lease receivable:

	June 30, 2024		June 30, 2023	
Lease Revenue	$	747,573	$	725,510
Lease Interest Revenue	$	359,651	$	365,669
Variable Revenue	$	(1,021)	$	723

NOTE 12--LIABILITY AND PROPERTY INSURANCE

The university participates with other Michigan public universities in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.). This corporation's purpose is to provide insurance coverage for educators' legal liability, commercial general liability, automobile physical damage and automobile liability. M.U.S.I.C. retains the first layer of coverage for losses exceeding retention levels in a group risk-sharing pool, and they purchase additional layers of excess insurance through commercial carriers for the aforementioned coverages. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the liability risk exposures and claims experience of each university.

Additionally, the university either self-insures or purchases commercially available coverage for exposures outside of the M.U.S.I.C. program, some of which are: property insurance, medical malpractice, workers compensation, fiduciary, and cyber insurance. The university has reserve accounts from which it pays its retention amounts for losses related to educators' legal liability, commercial general liability, auto and property claims.

Since January 28, 2011, CMEP has continued its commercial insurance coverage for property and casualty losses including professional medical malpractice, covering the corporation for its acts and omissions. Malpractice and other claims have been asserted against the corporation by various claimants. Such claims are in varied stages of processing and some may be litigated. Accordingly, CMEP's management and counsel cannot determine the ultimate outcome of the actions commenced. In the opinion of CMEP's management, all such matters are adequately covered by prior and existing insurance programs.

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NOTE 13—FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

The university's operating expenses by functional classification were as follows for years ended June 30:

2024	Total	Compensation and Benefits	Supplies and Other	Scholarships and Fellowships	Utilities	Depreciation and Amortization
Instruction	$ 115,984,789	$ 107,176,321	$ 5,821,261	$ 2,899,679	$ 6,491	$ 81,037
Research	24,826,385	15,694,100	8,401,857	722,719	27	7,682
Public Service	17,619,513	8,904,155	8,251,894	61,806	348,865	52,793
Academic Support	57,921,323	41,245,421	14,035,566	136,456		2,503,880
Student Services	27,756,175	17,133,315	9,446,576	124,587	57,812	993,885
Institutional Support	45,330,402	32,275,743	11,772,615	25,734	103,483	1,152,827
Operations and Maintenance of Plant	30,062,108	9,425,256	20,177,593		205,859	253,400
Scholarships & Fellowships	16,880,336	23,338	292,074	16,564,924		
Auxiliary Enterprises	67,866,889	27,410,944	33,065,678	(1,090,645)	7,583,436	897,476
Depreciation	27,786,018					27,786,018
Other	(26,929,974)	11,048	(26,941,022)			
Total Operating Expenses	405,103,964	$ 259,299,641	$ 84,324,092	$ 19,445,260	$ 8,305,973	$ 33,728,998
Interest Expense	5,806,739					
Total Expenses	$ 410,910,703					

2023	Total	Compensation and Benefits	Supplies and Other	Scholarships and Fellowships	Utilities	Depreciation and Amortization
Instruction	$ 117,219,183	$ 108,455,734	$ 5,437,763	$ 3,257,127		$ 68,559
Research	23,244,575	14,383,247	8,023,794	804,920	$ 1,991	30,623
Public Service	18,858,245	8,324,669	10,081,949	17,403	357,305	76,919
Academic Support	45,637,590	33,918,236	10,792,021	155,657	14,720	756,956
Student Services	26,888,278	16,849,175	8,804,903	186,750	126,141	921,309
Institutional Support	38,632,127	30,563,815	7,497,263	11,284	98,685	461,080
Operations and Maintenance of Plant	30,959,322	10,426,503	19,968,632		32,639	531,548
Scholarships & Fellowships	14,637,968	34,745	273,475	14,329,748		
Auxiliary Enterprises	86,785,770	35,842,031	42,432,220	(2,002,717)	8,028,928	2,485,308
Depreciation	28,683,771					28,683,771
Other	16,738,146	48,032	16,690,114			
Total Operating Expenses	448,284,975	$ 258,846,187	$ 130,002,134	$ 16,760,172	$ 8,660,409	$ 34,016,073
Interest Expense	6,359,067					
Total Expenses	$ 454,644,042					

NOTE 14--NEW ACCOUNTING PRONOUNCEMENTS

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the fiscal year ending June 30, 2025. The effect of this new statement has not yet been determined.

In December 2023, the Government Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The effect of this new statement has not yet been determined.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements,* which requires governments to limit topics in management disclosure and analysis (“MD&A”) to (1) overview of the financial statements, (2) financial summary, (3) detailed analyses, (4) significant capital asset and long-term financing activity, and (5) currently known facts, decisions, or conditions. It also provides clarification on what constitutes nonoperating revenues and expenses for proprietary funds. The provisions of this statement are effective for the University’s financial statements for the year ending June 30, 2026. The effect of this new statement has not yet been determined.

Required Supplemental Information

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

Michigan Public School Employees Retirement Plan
(Amounts were determined as of 9/30 of each fiscal year)

	University's proportion of the Universities collective MPSERS net pension liability:		University's covered payroll	University's proportional share of the collective pension liability (amount), as a percentage of the University's covered payroll	MPSERS fiduciary net position as a percentage of the total pension liability
	As a percentage	Amount			
2023	24.87%	$5,735,757	$57,175,000	10.03%	98.02%
2022	24.83%	$79,382,848	$56,054,000	141.62%	74.39%
2021	24.78%	$139,230,704	$54,955,000	253.35%	52.26%
2020	24.74%	$168,997,255	$53,878,000	313.67%	43.07%
2019	24.58%	$164,606,252	$52,821,000	311.63%	44.24%
2018	24.49%	$156,499,530	$51,785,566	302.21%	45.87%
2017	24.54%	$141,154,617	$52,547,000	268.63%	47.42%
2016	24.49%	$137,188,658	$50,770,000	270.22%	46.77%
2015	23.49%	$128,881,423	$40,847,274	315.52%	47.45%
2014	24.89%	$93,365,966	$45,313,116	206.05%	63.00%

Schedule of Institution Pension Contributions

Michigan Public School Employees Retirement Plan
(Amounts were determined as of 6/30 of each fiscal year)

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	$52,618,109	$52,618,109		$58,032,625	90.67%
2023	$82,266,236	$82,266,236		$56,894,810	144.59%
2022	$35,954,259	$35,954,259		$55,779,325	64.46%
2021	$14,265,277	$14,265,277		$54,686,170	26.09%
2020	$12,489,211	$12,489,221		$53,613,315	23.29%
2019	$12,220,875	$12,220,875		$52,562,142	23.25%
2018	$11,850,788	$11,850,788		$51,975,500	22.80%
2017	$10,398,309	$10,398,409		$52,102,750	19.96%
2016	$9,124,243	$9,124,243		$42,389,435	21.52%
2015	$8,048,600	$8,048,600		$41,843,844	19.23%

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NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2024

The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016.

Changes of benefit terms: There were no changes of benefit terms in 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015 or 2014.

Changes of assumptions: The valuation for 2023 includes the impact of an updated experience study for the periods 2017 to 2022. The discount rate and investment rate used in 2022 decreased by 0.80%. There were no changes of benefit assumptions in 2021 or 2020. For 2019, the discount rate for the September 30, 2018 annual actuarial valuation decreased by 0.25%. For 2018, the discount rate for the September 30, 2017 annual actuarial valuation decreased by 0.45% and the valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. For 2017, the discount rate for the September 30, 2016 annual actuarial valuation decreased by 0.50%. There were no changes of benefit assumptions in 2016, 2015 or 2014.

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Schedule of the Institution's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 9/30 of each fiscal year)

	University's proportion of the Universities collective MPSERS net OPEB (asset)/liability:		University's covered payroll	University's proportional share of the collective OPEB liability (amount), as a percentage of the University's covered payroll	MPSERS fiduciary net position as a percentage of the total OPEB liability
	As a percentage	Amount			
2023	24.66%	($20,849,165)	$57,175,000	(36.47%)	158.96%
2022	24.86%	($9,308,291)	$56,054,000	(16.61%)	121.19%
2021	24.75%	($10,613,086)	$54,955,000	(19.31%)	123.91%
2020	24.78%	$10,470,434	$53,878,000	19.43%	77.20%
2019	24.78%	$22,739,133	$52,821,000	43.05%	61.07%
2018	24.78%	$29,395,383	$51,785,566	56.76%	51.90%
2017	24.66%	$35,090,380	$52,547,000	66.78%	44.11%

Schedule of Institution OPEB Contributions
Michigan Public School Employees Retirement Plan
(Amounts were determined as of 6/30 of each fiscal year)

	Statutorily required contribution	Contributions in relation to the actuarially determined contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2024	$89,854	$89,854		$58,032,625	0.15%
2023	$899,920	$899,920		$56,894,810	1.58%
2022	$3,360,990	$3,360,990		$55,779,325	6.03%
2021	$3,345,709	$3,345,709		$54,686,170	6.12%
2020	$3,268,784	$3,268,784		$53,613,315	6.10%
2019	$3,215,494	$3,215,494		$52,562,142	6.12%
2018	$3,330,389	$3,330,389		$51,975,500	6.41%

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2024

The employer's covered payroll is defined by GASB 82, *Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016.

Changes of benefit terms: There were no changes of benefit terms in 2023, 2022, 2021, 2020, 2019, 2018 or 2017.

Changes of assumptions: The healthcare cost trend used in 2023 decreased by 0.25% for members under 65 and increased 1.00% for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022. The discount rate and investment rate used in 2022 decreased by 0.95%. For 2021, the healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% percentage points and actual per person health benefit costs were lower than projected. For 2020, the discount rate was unchanged, the healthcare cost trend rate decreased by 0.50% and actual per person health benefit costs were lower than projected for the September 30, 2019 annual actuarial valuation. For 2019, the discount rate for the September 30, 2018 annual actuarial valuation decreased by 0.20%. For 2018, the discount rate for the September 30, 2017 annual actuarial valuation decreased by 0.35%. There were no changes of benefit assumptions in 2017.