

St. Clair County
Community
College



For the Years
Ended June 30,
2025 and 2024

Annual Financial
Report and
Supplementary
Information

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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Austin Shell, CPA
Associate Controller

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

October 8, 2025

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of **St. Clair County Community College** (the "College"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of **St. Clair County Community College**, as of June 30, 2025 and 2024, and the results of their operations and cash flows, where applicable, for the years then ended in accordance with accounting principles generally accepted in the United States of America. We did not audit the financial statements of SC4 Foundation. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as they relate to the discretely presented component unit, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. The financial statements of SC4 Foundation were not audited in accordance with *Government Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Implementation of GASB Statement No. 101

As described in Notes 1 and 7, in fiscal 2025, the College implemented the provisions of GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the supplementary information for the year ended June 30, 2025, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 8, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive style with a large, prominent 'R' at the beginning.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of *St. Clair County Community College's* ("the College") financial statements provides an overview of the College's financial position as of June 30, 2025 and 2024, and its activities for the years then ended. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using the Annual Financial Report

This annual financial report includes this management's discussion and analysis and other required supplementary information, the report of independent auditors, the basic financial statements, and notes to the financial statements. Following the basic financial statements, footnotes and required supplementary information are supplementary schedules, consisting of the 2025 combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position. Though the Governmental Accounting Standards Board ("GASB") does not require these combining statements be present for a fair and complete presentation, they are intended to provide additional information regarding the various funds and activities of the College that is not presented in the basic entity-wide financial statements.

Financial Highlights

The statements of net position and the statements of revenues, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of June 30, 2025 and 2024, and the changes in net position for the years then ended. The College's financial position at June 30, 2025, included assets of \$107.3 million and liabilities of \$36.8 million. The College's financial position at June 30, 2024, reflected assets of \$95.0 million and liabilities of \$42.4 million. The significant balance in liabilities is due to the \$26.0 million and \$34.7 million net pension liability as of June 30, 2025 and 2024 respectively, as a result of adopting accounting pronouncement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This liability is the pro-rata share of the total net pension liability of the independently managed MPSERS plan. Reporting for this item was compulsory beginning in fiscal 2015, and is a component of financial reports going forward. Also reported on the statements of net position, as a result of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 68, are deferred inflows and outflows of resources. These classifications represent quasi-assets and quasi-liabilities that are recognized in financial reports due to their effect on net position in a future period. Specific definitions for deferred inflows and outflows are included in Note 1.

Net position represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The current fiscal year net position of the College increased by approximately \$11,373,500. This overall increase was comprised of increases from non-pension/OPEB items of approximately \$5,666,900 and increases from pension/OPEB related items of approximately \$5,706,600. In fiscal 2023/2024 the net position of the College increased by approximately \$9,108,800. This overall increase was comprised of increases from non-pension/OPEB items of approximately \$5,153,100, and increases from pension/OPEB related items of approximately \$3,955,700. The trend of increases to net position from regular operations indicates a strong financial operating position for the College. Although the adoption of GASB Statements No. 75 and 68 had a pronounced impact on the College's financial position, it is important to distinguish that these are accounting changes, and do not impact the cash flows, or general operations of the College. Additional information on GASB Statements No. 75 and 68 can be found in Note 4.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

	2025	2024	2023
Current assets	\$ 39,121,855	34,817,469	\$34,116,934
Noncurrent assets			
Net other postemployment benefits asset	4,608,821	626,858	-
Restricted cash and investments	1,375,861	1,378,041	1,246,207
Property and equipment, net	62,196,570	58,181,217	54,832,642
Total assets	107,303,107	95,003,585	90,195,783
Deferred outflows of resources	8,714,304	11,897,935	7,418,665
Current liabilities	7,538,343	6,180,185	6,797,088
Accrued compensated absences, net of current portion	30,902	-	-
Long-term liabilities, net of current portion	1,168,797	1,527,477	1,882,698
Subscription based IT agreements liabilities, net of current portion	2,069,011	-	-
Net pension liability	26,018,420	34,726,336	40,333,339
Net other postemployment benefits liability	-	-	2,334,868
Total liabilities	36,825,473	42,433,998	51,347,993
Deferred inflows of resources	15,939,309	12,410,864	9,726,810
Net position			
Net investment in capital assets	57,924,592	56,328,740	52,154,944
Restricted - nonexpendable endowments	1,317,790	1,314,916	1,211,852
Restricted - expendable	6,578,736	2,503,584	1,885,332
Unrestricted (deficit)	(2,568,489)	(8,090,582)	(12,304,233)
Total net position	\$ 63,252,629	\$ 52,056,658	\$ 42,947,895

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2025	2024	2023
Operating revenues			
Tuition and fees, net	\$ 14,526,474	\$ 14,203,466	\$ 13,731,340
Grants and contracts	2,549,122	1,769,423	860,711
Sales and services of auxiliary activities	1,104,631	867,376	590,845
Other sources	701,726	494,384	685,686
Total operating revenues	18,881,953	17,334,649	15,868,582
Operating expenses			
Instruction	10,769,251	10,952,172	11,485,358
Public service	724,428	828,916	943,380
Instructional support	2,150,515	2,381,641	2,534,357
Information technology	1,333,419	1,678,558	1,653,169
Student services	6,800,771	5,864,120	5,022,878
Institutional administration	3,565,341	3,878,381	4,253,878
Operation and maintenance of plant	6,103,424	6,492,292	7,061,565
Depreciation and amortization	4,991,537	4,159,334	3,821,671
Total operating expenses	36,438,686	36,235,414	36,776,256
Operating loss	(17,556,733)	(18,900,765)	(20,907,674)
Nonoperating revenues			
Federal Pell grants	6,218,500	3,946,806	3,637,958
Federal HEERF grant	-	892,428	2,989,400
State appropriations	8,615,410	8,254,108	8,141,283
Property taxes	13,462,395	12,920,918	12,057,836
Other nonoperating revenues, net	633,903	792,768	638,786
Net nonoperating revenues	28,930,208	26,807,028	27,465,263
Other revenues			
State capital appropriations	-	1,102,500	-
Additions to permanent endowment	-	100,000	-
Total other revenues	-	1,202,500	-
Increase in net position	11,373,475	9,108,763	6,557,589
Net position, beginning of year, as previously reported	52,056,658	42,947,895	36,390,306
GASB 101 restatement	(177,504)	-	-
Net position, beginning of year, as restated	51,879,154	42,947,895	36,390,306
Net position, end of year	\$ 63,252,629	\$ 52,056,658	\$ 42,947,895

ST. CLAIR COUNTY COMMUNITY COLLEGE

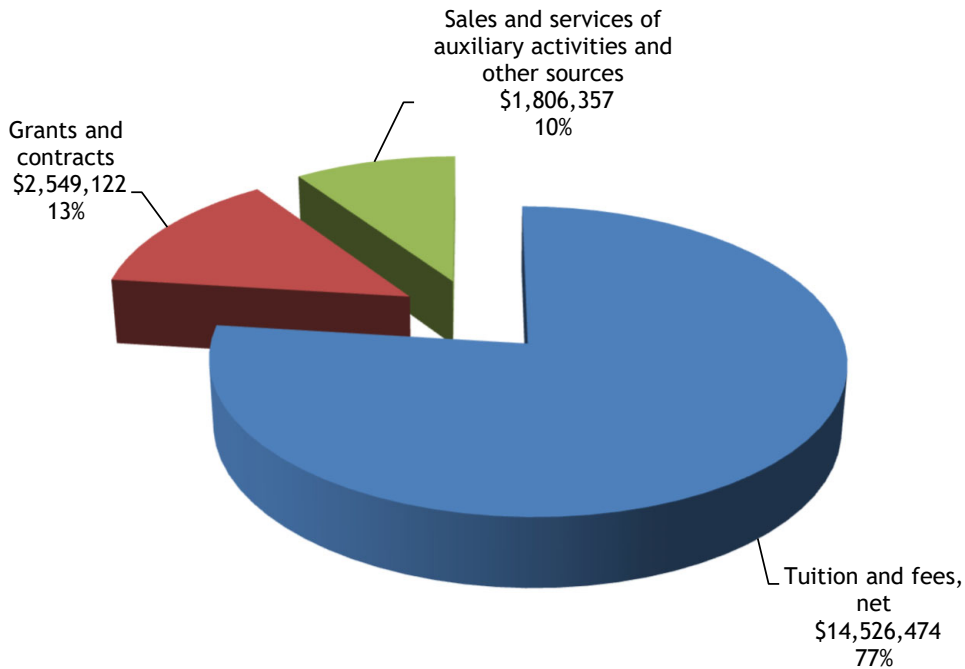
MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Revenues

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

Operating revenues increased during the year ended June 30, 2025, by approximately \$1,500,000 primarily due to increases in tuition and fees (\$323,000), sales and services of auxiliary activities and federal grants. Auxiliary activities revenue rose by about \$237,300, largely driven by increased student housing revenue. Federal grants increased by approximately \$692,000, mainly due to the Michigan Reconnect Expansion Program.

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

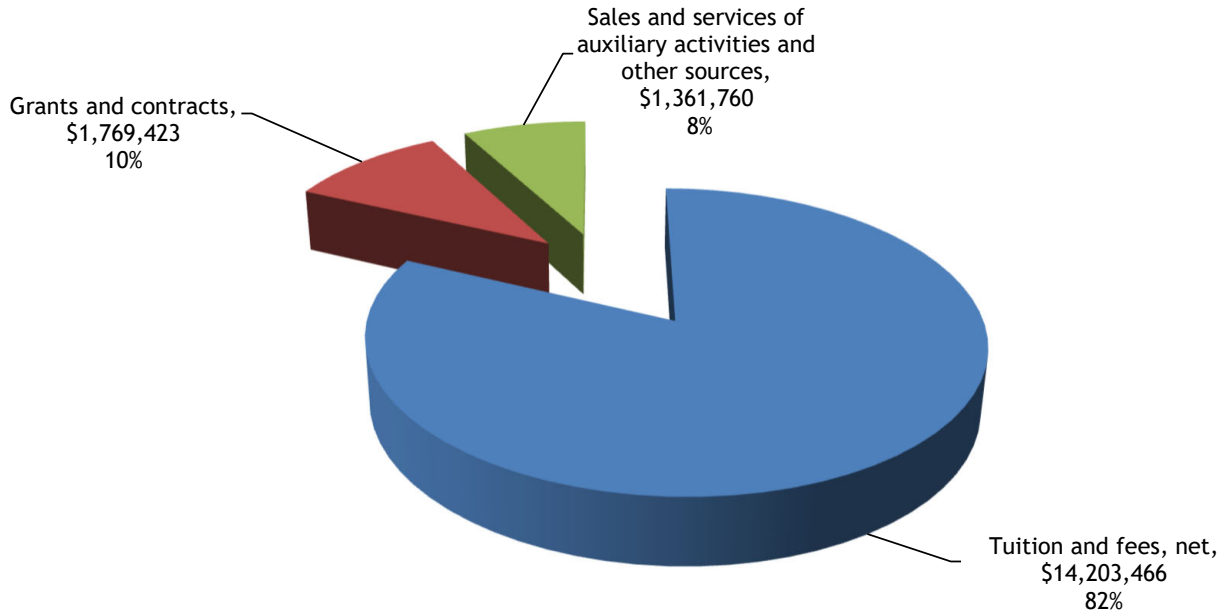


ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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



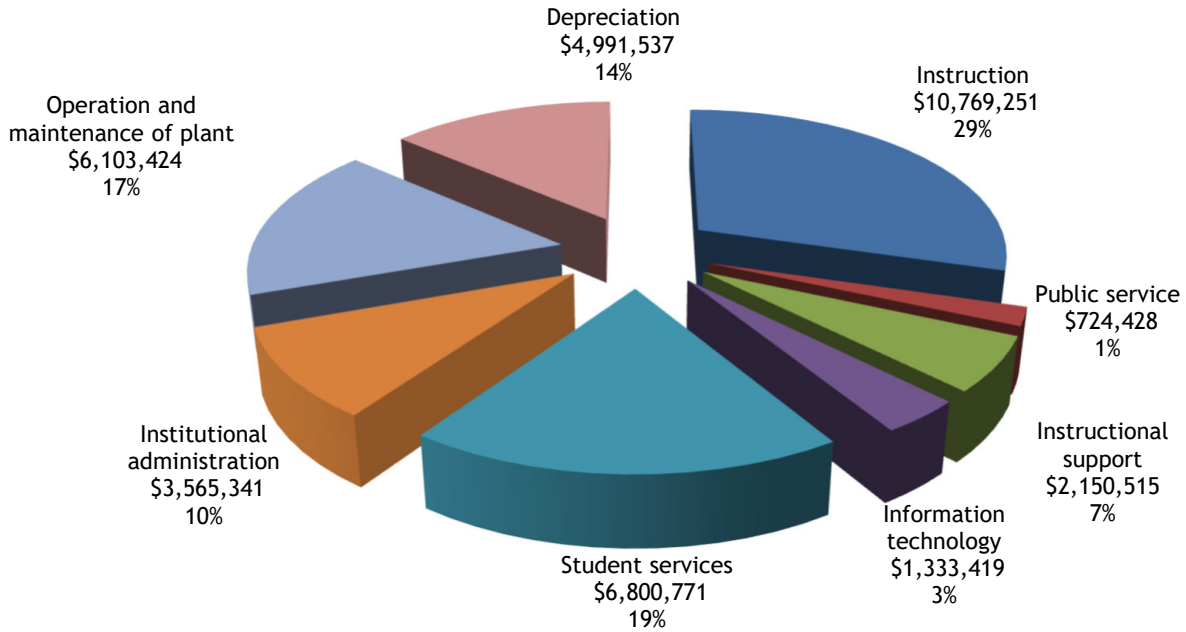
ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College. Total operating expenses increased for the year ended June 30, 2025, by \$203,300. This net increase was primarily driven by higher depreciation expenses and Reconnect Expansion student awards, partially offset by a reduction in IT expenses due to revised IT service agreements.

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

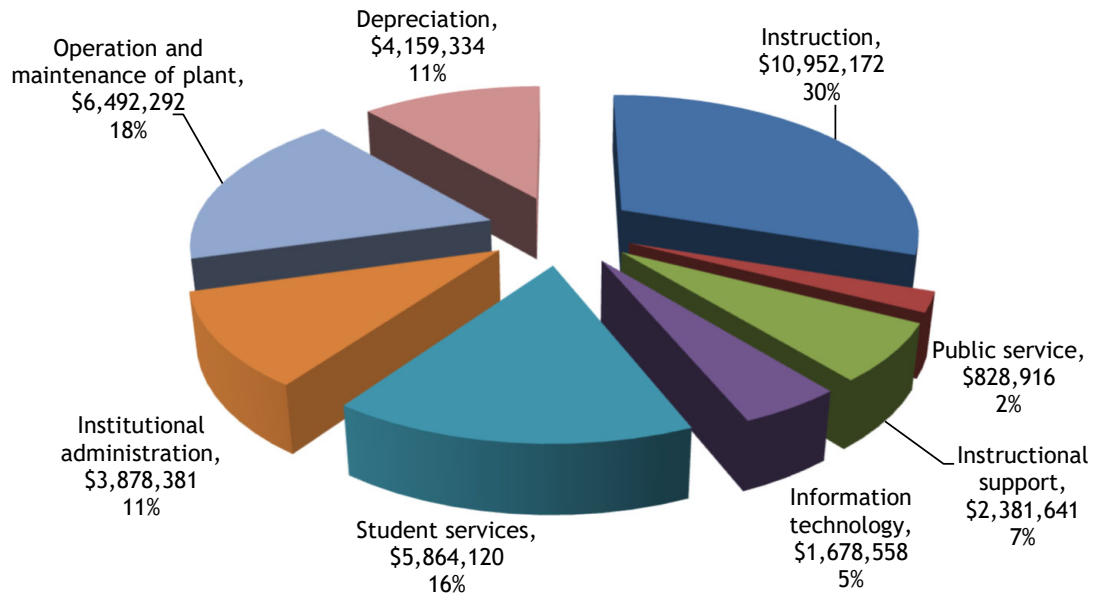


Total operating expenses decreased for the year ended June 30, 2024, by \$540,800. The net decrease was due in large part to the decrease in the Net Pension Liability and Deferred Pension, OPEB and UAAL expenses in the Pension and OPEB fund as well as the HEERF student award funds being fully expended in the prior year.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



Net Nonoperating Revenues

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

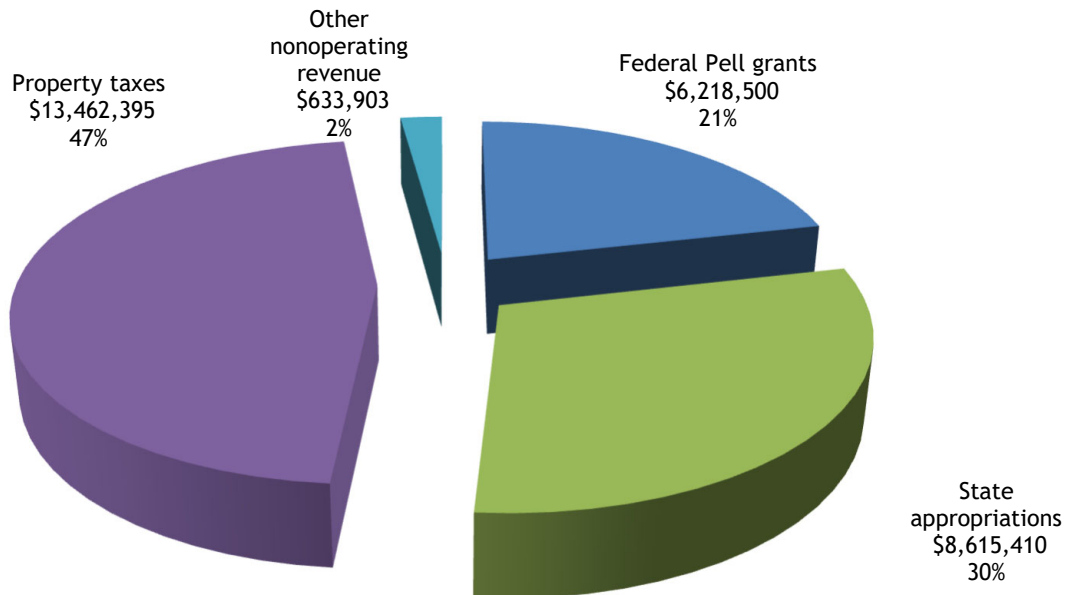
In fiscal year 2025, net nonoperating revenues increased by \$2,122,910, due to the following key factors:

- Federal Pell grant revenue increased by approximately \$2,271,700, reflecting expanded student eligibility or increased award levels.
- Property tax revenue increased by approximately \$541,500, driven by a 4.2% increase in taxable property values within the college district.
- State appropriations increased by approximately \$361,300 for FY 2025, attributed to higher base funding allocations.
- Federal HEERF grant revenue decreased by \$892,428 as funding under the program ended in FY 2024.
- Net investment income decreased by approximately \$157,000, primarily due to lower interest earnings during the year.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



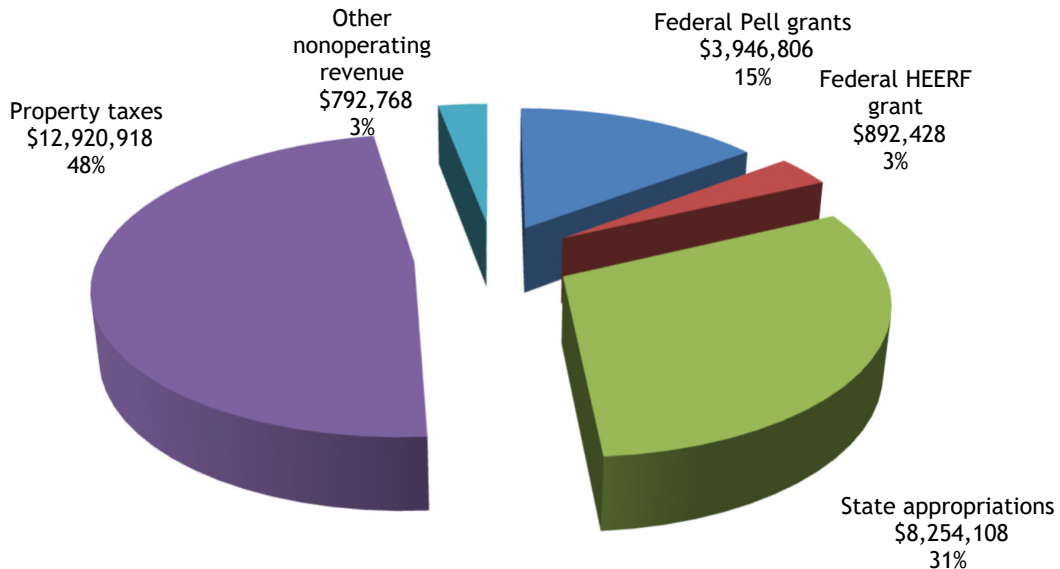
Net nonoperating revenues had an overall decrease during 2024 of \$658,235, primarily as the result of the following factors:

- Federal Higher Education Emergency Relief Fund grant revenue decreased by \$2,096,950.
- Federal Pell grant revenue increased approximately \$309,000 in current year.
- Private gifts decreased by \$251,025 as there were none received in current year.
- Property tax revenue increased by approximately \$863,100. Taxable value of property in the county increased by approximately 4.6%.
- Net investment income increased by approximately \$418,000 due to higher interest earnings.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



Other Revenues

During 2023/24, the State of Michigan allocated one-time appropriations for Information Technology, Equipment, and Maintenance (ITEM) grants. The College received \$1,102,500 in ITEMS funding and has utilized these funds for a renovation of the North Building, a roofing project on the Fine Arts Building and an exterior door access controls project. Also received during 2023/24 was a \$100,000 endowed gift from the family of Ellen Petho. Earned interest from this gift will establish the "Ellen Petho Design Ideas Memorial Scholarship" to assist students studying Advertising Design, Art, or Graphic Design. There were no comparable one-time revenues or gifts received during the year ended June 30, 2025.

Statements of Cash Flows

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

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

During fiscal year 2025, the College experienced the following cash flow activity:

- Net cash used in operating activities totaled \$19.1 million, consistent with the level of operating outflows observed in FY 2024.
- Net cash provided by noncapital financing activities was \$28.4 million, driven by increases in property tax revenues, State appropriations, and Federal Pell Grant funding.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Net cash used in capital and related financing activities totaled \$6.8 million, which included \$6.2 million in capital asset additions.
- Net cash provided by investing activities was approximately \$675,900, consisting of:
 - Interest received of approximately \$675,900.
 - Investment purchases totaling \$250,000.
 - Proceeds from sales and maturities of investments also totaling \$250,000.

As a result of these activities, cash and cash equivalents increased by \$3,221,450 compared to the prior year.

During fiscal year 2024, the College reported the following cash flow activity:

- Net cash used in operating activities totaled \$19.2 million, reflecting the institution's ongoing operational expenses exceeding cash inflows from tuition and other operating revenues.
- Net cash provided by noncapital financing activities was \$26.4 million, supported by property tax revenues, State appropriations, and Federal Pell and HEERF grant funding.
- Net cash used in capital and related financing activities totaled \$7.3 million, which included \$7.5 million in capital additions.
- Net cash provided by investing activities totaled approximately \$882,000, consisting of:
 - Interest received of \$822,173.
 - Investment purchases totaling \$350,000.
 - Proceeds from sales and maturities of investments totaling \$410,000.

The net result of all cash flows was an increase in cash and cash equivalents of \$808,698 compared to FY 2023.

Capital Assets

As of June 30, 2025, the College had approximately \$125.7 million invested in capital assets, with accumulated depreciation and amortization totaling \$63.5 million, resulting in net capital assets of \$62.2 million. During the fiscal year ended June 30, 2025, the College recorded depreciation and amortization expense of \$5.0 million and invested approximately \$9.1 million in additional capital assets.

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

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

At June 30, 2025, the College had approximately \$1.5 million in debt outstanding, consisting entirely of the Series 2019 revenue bonds. During the fiscal year, the College made principal repayments totaling \$325,000 on these bonds in accordance with the established debt service schedule.

The College's long-term creditworthiness remains strong, as evidenced by the reaffirmation of its AA- rating from S&P Global Ratings during the current fiscal year. This rating reflects the College's stable financial position, sound management practices, and continued commitment to meeting its financial obligations.

At June 30, 2024, the College had approximately \$1.8 million in debt outstanding. Total debt repayments of \$795,000 were made during the year. Payments include \$160,000 principal payment on the existing Series 2015 bonds and \$635,000 on the Series 2019 bonds. The College's rating of AA- (Standard & Poor's Global ratings) was unchanged from the prior year.

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

Adoption of New Accounting Standard

In the current fiscal year, the College adopted the provisions of GASB Statement No. 101, *Compensated Absences*. This standard establishes a unified model for the recognition and measurement of all types of compensated absences, including vacation leave, sick leave, and other similar benefits. The new guidance replaces the previous model under GASB Statement No. 16 and is intended to improve the consistency, comparability, and usefulness of information provided in financial statements.

Under GASB 101, the College is required to recognize a liability for leave time that is attributable to services already rendered, is accumulated, and is more likely than not to be used. The implementation of this standard is effective July 1, 2023. However, management elected not to restate prior year amounts as the impact to the College's liabilities, net position, or expenses was insignificant. There was a cumulative change adjustment as of July 1, 2024 in the amount of \$177,504 to reflect the additional obligation required under the provisions of the standard as of that date. As of June 30, 2025 and 2024, compensated absences liabilities were recorded in the amount of approximately \$720,000 and \$541,000, respectively. The effect of the implementation is further described in Note 7 to the financial statements.

GASB Statement No. 96-Subscription Based Information Technology Arrangements (SBITAs)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was adopted by the College in FY2023. This standard requires the College to recognize a right-to-use subscription asset and a corresponding subscription liability for SBITAs that meet the criteria set forth in the statement.

Upon adoption, the College reviewed its existing IT arrangements and identified those arrangements that qualify as SBITAs. While the standard was adopted in FY2023, it was not until FY2025 that the volume and nature of these arrangements became material to the financial statements. As a result, FY2025 marks the first year in which the College recorded right-to-use subscription assets and related liabilities in the statement of net position.

Additional information regarding the SBITAs recognized in FY2025, including the carrying amounts and amortization, can be found in Note 6 to the financial statements.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors that Will Affect the Future

St. Clair County Community College maintains a stable economic position, with financial health closely linked to both St. Clair County and the State of Michigan. The College's three primary sources of revenue are tuition and fees, State of Michigan appropriations, and local property tax collections.

While property tax revenue increased by approximately 4% and is projected to continue modest growth through 2026, longer-term forecasts suggest a potential stabilization in housing values, which may impact future revenue from this source. State appropriations, although consistent in allocation, continue to lag behind inflation and represent a declining proportion of the College's overall revenue mix.

These trends place increased reliance on tuition and fee revenue to sustain operations and strategic initiatives. The College continues to monitor these factors closely and is actively engaged in financial planning to ensure long-term fiscal sustainability.

As the College moves into the 2025/26 academic year, it has embraced a growth-oriented mindset, reinforcing its commitment to student-centered initiatives aimed at increasing enrollment, persistence, and completion rates. To support these goals, the College is expanding its direct admission program beyond local high school graduates in St. Clair and surrounding counties to include a broader range of non-traditional student populations.

In alignment with these efforts, the College has intensified its recruitment strategies. These include the expansion of athletic programs, targeted outreach to veteran and international student communities, and a deliberate focus on campus engagement opportunities that allow prospective students to experience the College's campus firsthand through a dedicated tour.

An initiative to support student enrollment and add another revenue source is through student housing. During Summer 2025, the College experienced a significant increase in demand for student housing. Despite the addition of two new housing facilities prior to Fall 2023, the volume of applications for the 2025/26 academic year exceeded available capacity. Specifically, SC4 received 260 housing applications for only 130 available beds. In response, the College entered into a two-year lease agreement with a local hotel to provide additional housing accommodations, ensuring that student residential needs were met in a timely and effective manner. The College expects this demand to intensify and is considering longer-term solutions, including the possible future addition of apartment style options that would serve the need of non-traditional students.

In the 2025/26 academic year, St. Clair County Community College has expanded our suite of retention initiatives designed to address the academic, physical, and mental well-being of our student population. These efforts include enhanced tutoring and academic advising services, the availability of a campus food pantry, a serenity room for stress relief, free lunches coupled with wrap around support services two days a week, and 24/7 online mental health resources. This holistic approach is intended to support students throughout their educational journey, promoting sustained enrollment and progress toward graduation.

In response to increasing competition within the higher education sector, the College is actively pursuing innovative strategies to attract and engage prospective students. SC4 is uniquely positioned as the only institution in Michigan to host a Challenger Learning Center, an immersive, space-themed STEM education facility. Serving as a regional hub for STEM engagement in Southeastern Michigan, the Center is expected to significantly enhance interest in STEM fields, careers, and academic pathways. School visits include a fee to offset operating costs.

ST. CLAIR COUNTY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The College continues to prioritize the strategic use of resources, with a focus on maximizing institutional partnerships. Ongoing collaboration with local K–12 school districts, the Regional Education Service Agency (RESA), and four-year institutions remains central to expanding student access and enrollment. In addition to strengthening partnerships, SC4 is actively pursuing grant funding opportunities to supplement institutional revenue and enhance its capacity to meet evolving student needs.

Furthermore, the College has increased its reliance on data and analytics to inform decision-making processes. This data-driven approach enables targeted interventions and supports continuous improvement across academic and operational functions. Data informed decision-making supports smart resource deployment to achieve results.



AUDITED FINANCIAL STATEMENTS

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Net Position

	St. Clair County Community College June 30		Component Unit	
			SC4 Foundation June 30	
	2025	2024	2025	2024
Assets				
Current assets				
Cash and cash equivalents	\$ 34,708,901	\$ 31,485,271	\$ 31,400	\$ 19,459
State appropriations receivable	1,882,923	2,021,686	-	-
Federal and state grants receivable	1,062,385	508,042	-	-
Accounts receivable, net	1,156,213	651,483	-	-
Student loans receivable	84,003	19,909	-	-
Prepays and other assets	227,430	131,078	1,290	1,284
Total current assets	39,121,855	34,817,469	32,690	20,743
Noncurrent assets				
Restricted cash and investments	1,375,861	1,378,041	-	-
Depreciable property and equipment, net	57,543,405	55,560,968	-	-
Nondepreciable property and equipment	4,653,165	2,620,249	-	-
Beneficial interest in assets held by the Community Foundation of St. Clair County	-	-	8,632,190	7,945,912
Net other postemployment benefits asset (Note 4)	4,608,821	626,858	-	-
Total noncurrent assets	68,181,252	60,186,116	8,632,190	7,945,912
Total assets	107,303,107	95,003,585	8,664,880	7,966,655
Deferred outflows of resources				
Deferred pension amounts (Note 4)	7,593,570	9,769,113	-	-
Deferred other postemployment benefits amounts (Note 4)	1,120,734	2,128,822	-	-
Total deferred outflows of resources	8,714,304	11,897,935	-	-
Liabilities				
Current liabilities				
Accounts payable	2,738,709	2,844,276	-	-
Accrued payroll and other compensation	1,436,389	1,050,077	-	-
Current portion of accrued compensated absences	688,993	541,000	-	-
Current portion of long-term liabilities	335,000	325,000	-	-
Current portion of subscription based IT agreements liabilities	699,170	-	-	-
Accrued interest payable	12,381	15,022	-	-
Scholarships/donations payable	-	-	64,860	247,174
Deposits	96,252	99,542	-	-
Unearned revenue	1,531,449	1,305,268	-	-
Total current liabilities	7,538,343	6,180,185	64,860	247,174
Noncurrent liabilities				
Accrued compensated absences, net of current portion	30,902	-	-	-
Long-term liabilities, net of current portion	1,168,797	1,527,477	-	-
Subscription based IT agreements liabilities, net of current portion	2,069,011	-	-	-
Net pension liability (Note 4)	26,018,420	34,726,336	-	-
Total noncurrent liabilities	29,287,130	36,253,813	-	-
Total liabilities	36,825,473	42,433,998	64,860	247,174
Deferred inflows of resources				
Deferred pension amounts (Note 4)	9,813,528	7,202,926	-	-
Deferred other postemployment benefits amounts (Note 4)	6,125,781	5,207,938	-	-
Total deferred inflows of resources	15,939,309	12,410,864	-	-
Net position				
Net investment in capital assets	57,924,592	56,328,740	-	-
Restricted				
Nonexpendable endowments	1,317,790	1,314,916	3,437,530	3,437,380
Expendable gifts	1,630,770	1,566,313	4,830,380	3,983,601
Loans	338,967	310,207	-	-
Capital projects	178	206	-	-
Net other postemployment benefits asset	4,608,821	626,858	-	-
Unrestricted (deficit) (Note 1)	(2,568,489)	(8,090,582)	332,110	298,500
Total net position	\$ 63,252,629	\$ 52,056,658	\$ 8,600,020	\$ 7,719,481

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	St. Clair County Community College Year Ended June 30		Component Unit	
			SC4 Foundation Year Ended June 30	
	2025	2024	2025	2024
Operating revenues				
Tuition and fees (net of scholarship allowances of \$4,550,963 and \$2,879,961 in 2025 and 2024, respectively)	\$ 14,526,474	\$ 14,203,466	\$ -	\$ -
Federal grants and contracts	2,152,653	1,460,773	-	-
State grants and contracts	25,308	128,107	-	-
Nongovernmental grants and contracts	371,161	180,543	-	-
Sales and services of auxiliary activities	1,104,631	867,376	-	-
Other sources	701,726	494,384	-	-
Total operating revenues	18,881,953	17,334,649	-	-
Operating expenses				
Instruction	10,769,251	10,952,172	-	-
Public service	724,428	828,916	-	-
Instructional support	2,150,515	2,381,641	-	-
Information technology	1,333,419	1,678,558	-	-
Student services	6,800,771	5,864,120	-	-
Institutional administration	3,565,341	3,878,381	35,902	33,124
Operation and maintenance of plant	6,103,424	6,492,292	-	-
Depreciation and amortization	4,991,537	4,159,334	-	-
Scholarships and donations to the College	-	-	201,369	430,650
Total operating expenses	36,438,686	36,235,414	237,271	463,774
Operating loss	(17,556,733)	(18,900,765)	(237,271)	(463,774)
Nonoperating revenues (expenses)				
Federal Pell grants	6,218,500	3,946,806	-	-
Federal Higher Education Emergency Relief Funds grant	-	892,428	-	-
State appropriations	8,615,410	8,254,108	-	-
Property taxes	13,462,395	12,920,918	-	-
Investment income, net	729,044	886,188	1,100,380	942,797
Private gifts	-	-	17,280	31,305
Loss on disposal of capital assets	(49,146)	(33,199)	-	-
Interest on capital asset - related debt	(42,271)	(56,206)	-	-
Distribution to beneficiary funds	(3,724)	(4,015)	-	-
Net nonoperating revenues	28,930,208	26,807,028	1,117,660	974,102
Income before other revenues	11,373,475	7,906,263	880,389	510,328
Other revenues				
State capital appropriations	-	1,102,500	-	-
Additions to permanent endowments	-	100,000	150	100
Total other revenues	-	1,202,500	150	100
Increase in net position	11,373,475	9,108,763	880,539	510,428
Net position, beginning of year, as previously reported	52,056,658	42,947,895	7,719,481	7,209,053
Restatement for change in accounting principle GASB 101 (Notes 1 and 7)	(177,504)	-	-	-
Net position, beginning of year, as restated	51,879,154	42,947,895	7,719,481	7,209,053
Net position, end of year	\$ 63,252,629	\$ 52,056,658	\$ 8,600,020	\$ 7,719,481

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Cash Flows

	St. Clair County Community College Year Ended June 30	
	2025	2024
Cash flows from operating activities		
Tuition and fees	\$ 14,021,744	\$ 14,005,857
Grants and contracts	1,994,779	1,675,649
Payments to suppliers and students	(20,059,315)	(19,774,328)
Payments to employees	(16,862,410)	(16,443,189)
Other	1,806,357	1,361,760
Net change in cash from operating activities	<u>(19,098,845)</u>	<u>(19,174,251)</u>
Cash flows from noncapital financing activities		
Property taxes received	13,462,395	12,920,918
Student organization agency transactions	(3,290)	3,419
Direct loan program loan receipts	2,215,691	2,335,797
Direct loan program loan disbursements	(2,215,691)	(2,335,797)
Private gifts receipts	-	100,000
State scholarship and grant receipts	9,333	13,280
State scholarship and grant disbursements	(9,333)	(13,280)
State appropriations received	8,754,173	8,051,553
Federal Higher Education Emergency Relief Funds receipts	-	1,398,115
Federal Pell receipts	6,218,500	3,946,806
Net change in cash from noncapital financing activities	<u>28,431,778</u>	<u>26,420,811</u>
Cash flows from capital and related financing activities		
Purchase of property and equipment	(6,151,822)	(7,541,108)
Principal paid on capital debt	(325,000)	(795,000)
State capital appropriations received	-	1,102,500
Subscription based IT agreements principal payments	(195,738)	-
Loss on disposal of property and equipment	(49,146)	-
Interest paid on capital debt	(65,951)	(86,427)
Net change in cash from capital and related financing activities	<u>(6,787,657)</u>	<u>(7,320,035)</u>
Cash flows from investing activities		
Purchases of investments	(250,000)	(350,000)
Net proceeds from sales and maturities of investments	250,000	410,000
Investment income	676,174	822,173
Net change in cash from investing activities	<u>676,174</u>	<u>882,173</u>
Net change in cash and cash equivalents	<u>3,221,450</u>	<u>808,698</u>
Cash and cash equivalents, beginning of year	<u>32,863,312</u>	<u>32,054,614</u>
Cash and cash equivalents, end of year	<u>\$ 36,084,762</u>	<u>\$ 32,863,312</u>
Statement of net position classification of cash and cash equivalents		
Cash and cash equivalents	\$ 34,708,901	\$ 31,485,271
Restricted cash and investments	<u>1,375,861</u>	<u>1,378,041</u>
Cash and cash equivalents, end of year	<u>\$ 36,084,762</u>	<u>\$ 32,863,312</u>

Non-cash capital and related financing activities related to subscription assets and related liabilities were \$2,963,919 in 2025.

continued . . .

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

Statements of Cash Flows (Concluded)

	St. Clair County Community College Year Ended June 30	
	2025	2024
Reconciliation of operating loss to net change in cash from operating activities		
Operating loss	\$ (17,556,733)	\$ (18,900,765)
Adjustments to reconcile operating loss to net change in cash from operating activities:		
Depreciation and amortization	4,991,537	4,159,334
Change in operating assets and liabilities which (used) provided cash:		
Accounts receivable, net	(504,730)	(197,609)
Federal and state grants receivable	(554,343)	(93,774)
Student loans receivable	(64,094)	(8,927)
Prepays and other assets	61,645	(26,493)
Accounts payable	(108,208)	98,285
Accrued payroll, other compensation, and compensated absences	387,703	68,914
Unearned revenue	226,181	(317,521)
Change in other postemployment benefits asset	(3,981,963)	(626,858)
Change in pension and OPEB deferred outflows of resources	3,183,631	1,928,980
Change in net pension and OPEB liability	(8,707,916)	(7,941,871)
Change in pension and OPEB deferred inflows of resources	3,528,445	2,684,054
Net change in cash from operating activities	\$ (19,098,845)	\$ (19,174,251)

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

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NOTES TO FINANCIAL STATEMENTS

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity – St. Clair County Community College

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

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

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

Reporting Entity – Component Unit

The SC4 Foundation (the "Foundation") is a nonprofit organization that reports under the provisions of Accounting Standards Codification ("ASC") Topic 958, *Not-For-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences. Complete audited financial statements of the Foundation may be obtained by contacting the Foundation directly.

Basis of Presentation

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, the estimated acquisition value as of the date of donation. Library books are recorded using a historically based estimated value. Depreciation and amortization is provided for capital assets on a straight-line basis over the estimated useful lives of the assets. Expenses greater than \$5,000 are capitalized. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. The following estimated useful lives are used to compute depreciation and amortization:

Classification	Estimated Useful Lives
Buildings and improvements	40 years
Land improvements	20 years
Infrastructure	15 years
Library collection	10 years
Furniture, fixtures and equipment	3-7 years
Subscription assets	2-5 years

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits related amounts. More detailed information can be found in Note 4.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and other postemployment benefits related amounts. More detailed information can be found in Note 4.

Revenue and Expense Recognition

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

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

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2025, includes \$18,715 for the 2025 fall semester and \$560,326 for the 2025 summer semester, which began on May 19, 2025, and ended on August 8, 2025. Unearned revenue at June 30, 2024, includes \$92,633 for the 2024 fall semester and \$311,908 for the 2024 summer semester, which began on May 13, 2024, and ended on August 2, 2024. Grants received prior to qualifying expenditures are also included in unearned revenue.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Pension and OPEB

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

Expenses

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

Accounts Receivable, Net

Accounts receivable are recorded net of allowance for uncollectible accounts of \$460,000 and \$315,000 as of June 30, 2025 and 2024, respectively. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Gifts and Pledges

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

Compensated Absences

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The College's policy permits employees to accumulate earned but unused vacation benefits, to a maximum limit annually, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave - The College's policy permits employees to accumulate earned but unused sick leave to a maximum limit that can be carried over to subsequent years. All sick leave lapses when employees leave the employ of the College and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Unrestricted Net Deficit

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

	2025	2024
Designated for future capital outlay and major maintenance	\$ 22,689,872	\$ 19,380,231
Pension and OPEB liability fund deficit	(33,514,658)	(35,239,265)
Auxiliary activities	2,408,408	2,038,059
Undesignated	5,847,889	5,730,393
Total unrestricted net deficit	<u>\$ (2,568,489)</u>	<u>\$ (8,090,582)</u>

Subscription-Based Information Technology Arrangements (SBITA)

The College has noncancellable subscription-based information technology agreements. The College recognizes a subscription liability and an intangible right-to-use subscription asset in the financial statements. The College recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a subscription, the College 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 certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Change in Accounting Principle

For 2025, the College adopted GASB Statement No. 101, *Compensated Absences*. This new standard replaces the existing guidance in GASB Statement No. 16 and establishes a more uniform approach for accounting and financial reporting of compensated absences, such as vacation, sick leave, and similar benefits. Under GASB 101, the College is required to recognize a liability for leave time that is attributable to services already rendered, is accumulated, and is more likely than not to be used. The implementation of the standard effective July 1, 2023, and as of and for the year ended June 30, 2024, did not have a significant impact on the College's liabilities, net position, or expenses. As a result, management elected not to apply the standard retrospectively to the earliest period presented. There was a cumulative change adjustment recorded as of July 1, 2024 in the amount of \$177,504 to reflect the additional obligation required under the provisions of the standard as of that date. Additional information can be found in Note 7.

2. DEPOSITS AND INVESTMENTS - COLLEGE

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

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

	2025	2024
Cash and cash equivalents	\$ 34,708,901	\$ 31,485,271
Restricted cash and investments	1,375,861	1,378,041
Total	\$ 36,084,762	\$ 32,863,312

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The amounts are categorized as follows at June 30:

	2025	2024
Bank deposits (checking, savings, and cash sweep accounts, and certificates of deposit)	\$ 36,078,892	\$ 32,857,442
Petty cash	5,870	5,870
Total	<u>\$ 36,084,762</u>	<u>\$ 32,863,312</u>

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College does not have a policy for deposit custodial credit risk. As of June 30, 2025 and 2024, \$35,106,009 and \$30,931,283, respectively, of the College's bank deposits balance of \$38,588,176 and \$32,862,472, respectively, was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT

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

2025	Balance July 1, 2024	Additions	Disposals and Transfers	Balance June 30, 2025
Depreciable and amortizable assets				
Buildings and improvements	\$ 88,756,174	\$ 2,542,834	\$ (199,596)	\$ 91,099,412
Infrastructure	5,147,753	61,627	-	5,209,380
Land improvements	3,407,695	209,554	-	3,617,249
Furniture, fixtures and equipment	17,461,340	1,221,226	(845,044)	17,837,522
Library collection	296,446	23,962	(36,815)	283,593
Subscription based IT arrangements	-	2,963,919	-	2,963,919
Total depreciable and amortizable assets	115,069,408	7,023,122	(1,081,455)	121,011,075
Nondepreciable assets				
Land	2,230,003	-	-	2,230,003
Construction in progress	220,765	2,092,619	(59,703)	2,253,681
Museum collection	169,481	-	-	169,481
Total nondepreciable assets	2,620,249	2,092,619	(59,703)	4,653,165
Total	117,689,657	9,115,741	(1,141,158)	125,664,240
Less accumulated depreciation and amortization				
Buildings and improvements	43,663,641	3,204,327	(150,448)	46,717,520
Infrastructure	3,536,956	96,242	-	3,633,198
Land improvements	416,949	176,972	-	593,921
Furniture, fixtures and equipment	11,707,815	1,386,835	(845,044)	12,249,606
Library collection	183,079	25,553	(36,815)	171,817
Subscription based IT arrangements	-	101,608	-	101,608
Total accumulated depreciation and amortization	59,508,440	4,991,537	(1,032,307)	63,467,670
Property and equipment, net	\$ 58,181,217			\$ 62,196,570

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Depreciation and amortization expense for the years ended June 30, 2025 and 2024, totaled \$4,991,537 and \$4,159,334, respectively. The College determined that it is not practical to allocate depreciation to the various functional expenses because the capital assets serve multiple functions.

Construction in progress as of June 30, 2025, has an outstanding commitment balance of \$1,973,950 for building mechanical work and a campus access control project.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Other Postemployment Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2025, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 10.58% - 17.02% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

Required contributions to the pension plan from the College were \$4,575,348, \$4,295,456 and \$3,858,373 for the years ended June 30, 2025, 2024 and 2023, respectively.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

Required contributions to the OPEB plan from the College were \$226,892, \$846,724, and \$857,805 for the years ended June 30, 2025, 2024 and 2023, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

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

For the years ended June 30, 2025, 2024 and 2023, required and actual contributions from the College for those members with a defined contribution benefit were \$289,574, \$266,846 and \$216,699, respectively.

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

At June 30, 2025 and 2024, the College reported a liability of \$26,018,420 and \$34,726,336, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2023 and 2022. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the College's proportion was 0.10628%, which was a decrease of 0.00101% points from its proportion measured as of September 30, 2023 of 0.10729%.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025, the College recognized pension expense of \$1,335,233. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 705,898	\$ 282,694	\$ 423,204
Changes in assumptions	2,712,574	1,906,327	806,247
Net difference between projected and actual earnings on pension plan investments	-	4,965,417	(4,965,417)
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,180	1,164,558	(1,144,378)
	3,438,652	8,318,996	(4,880,344)
College contributions subsequent to the measurement date	4,154,918	-	4,154,918
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,494,532	(1,494,532)
Total	\$ 7,593,570	\$ 9,813,528	\$ (2,219,958)

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	\$ (1,506,049)
2027	(142,965)
2028	(1,905,916)
2029	(1,325,414)
Total	\$ (4,880,344)

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

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

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

At June 30, 2025 and 2024, the College reported an asset of \$4,608,821 and \$626,858, respectively, for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2023 and 2022. The College's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the College's proportion was 0.10707%, which was a decrease of 0.00374% points from its proportion measured as of September 30, 2023 of 0.11081%.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2025, the College recognized an OPEB benefit of \$1,800,539. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 4,883,943	\$ (4,883,943)
Changes in assumptions	1,006,633	115,704	890,929
Net difference between projected and actual earnings on OPEB plan investments	-	872,503	(872,503)
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,592	253,631	(207,039)
	<u>1,053,225</u>	<u>6,125,781</u>	<u>(5,072,556)</u>
College contributions subsequent to the measurement date	67,509	-	67,509
Total	<u>\$ 1,120,734</u>	<u>\$ 6,125,781</u>	<u>\$ (5,005,047)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (1,650,776)
2027	(1,023,726)
2028	(974,914)
2029	(860,742)
2030	(471,657)
Thereafter	<u>(90,741)</u>
Total	<u>\$ (5,072,556)</u>

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2024, the College recognized an OPEB benefit of \$1,293,749. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Actuarial Assumptions

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

The total pension and OPEB liabilities in the September 30, 2023 and 2022 actuarial valuations (for the fiscal years ended June 30, 2025 and 2024) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 (7.50% Year 1 graded to 3.5% Year 15 in 2022) Post-65: 6.50% Year 1 graded to 3.5% Year 15 (6.25% Year 1 graded to 3.5% Year 15 in 2022)
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Changes in assumptions - September 30, 2023 Valuation. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

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

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024 and 2023, are summarized in the following tables:

Pension

2024	Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
	Domestic equity pools	25.00%	5.02%	1.26%
	Private equity pools	16.00%	8.53%	1.36%
	International equity pools	15.00%	6.16%	0.92%
	Fixed income pools	13.00%	2.08%	0.27%
	Real estate and infrastructure pools	10.00%	6.73%	0.67%
	Absolute return pools	9.00%	4.93%	0.44%
	Real return/opportunistic pools	10.00%	6.54%	0.65%
	Short-term investment pools	2.00%	1.33%	0.03%
		<u>100.00%</u>		<u>5.60%</u>
	Inflation			2.30%
	Risk adjustment			-1.90%
	Investment rate of return			6.00%

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

OPEB

2024	Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
	Domestic equity pools	25.00%	5.02%	1.26%
	Private equity pools	16.00%	8.53%	1.36%
	International equity pools	15.00%	6.16%	0.92%
	Fixed income pools	13.00%	1.88%	0.24%
	Real estate and infrastructure pools	10.00%	6.73%	0.67%
	Absolute return pools	9.00%	4.93%	0.44%
	Real return/opportunistic pools	10.00%	6.54%	0.65%
	Short-term investment pools	2.00%	1.33%	0.03%
		<u>100.00%</u>		<u>5.57%</u>
	Inflation			2.30%
	Risk adjustment			<u>-1.87%</u>
	Investment rate of return			<u><u>6.00%</u></u>

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Pension and OPEB

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

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2024 and 2023, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	\$ 38,143,283	\$ 26,018,420	\$ 15,922,138

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

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

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

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	\$ (3,561,735)	\$ (4,608,821)	\$ (5,514,138)

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

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

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB asset	\$ (5,514,147)	\$ (4,608,821)	\$ (3,637,863)

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

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2025, the College reported a payable of \$356,307 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025. At June 30, 2024, the College reported a payable of \$468,610 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024.

Payable to the OPEB Plan

At June 30, 2025, the College reported a payable of \$3,675 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025. At June 30, 2024, the College reported a payable of \$32,698 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024.

Defined Contribution Plan - Optional Retirement Plan

Effective October 1, 1996, existing professional MPSERS members and new professional employees of the College may elect to participate in an optional retirement plan ("ORP") in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund ("TIAA-CREF"). Under the ORP, the College contributed between 15% to 18% of covered wages for the years ending June 30, 2025 and 2024. The participant contributes between 4% to 7% of the participant's compensation. Contributions of approximately \$778,000 and \$791,000 were made by the College for the years ended June 30, 2025 and 2024, respectively. Employee contributions of approximately \$281,000 and \$287,000 were made for the years ended June 30, 2025 and 2024, respectively, from a total number of participants in the plan of 51 and 57 employees for the years ended June 30, 2025 and 2024, respectively.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES

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

2025	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Bonds Payable					
General obligation bonds	\$ 1,740,000	\$ -	\$ 325,000	\$ 1,415,000	\$ 335,000
Discount/premium	112,477	-	23,680	88,797	-
Total long-term liabilities	\$ 1,852,477	\$ -	\$ 348,680	1,503,797	\$ 335,000
Less current portion of long-term liabilities				335,000	
Long-term liabilities, net of current portion				\$ 1,168,797	

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

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

On April 10, 2019 the College issued a Community College General Obligation Limited Tax Bond, Series 2019, in the original amount of \$4,760,000. The Community College General Obligation Limited Tax Facilities Bonds, Series 2019, have principal payments ranging from \$325,000 to \$635,000 due annually through 2029. Interest is payable semiannually in October and April at rates ranging from 2% to 3.5%. The bonds are reported net of a premium of \$207,194 which is being amortized over the 10 year term of the bonds. The net balance outstanding on this bond at June 30, 2025 and 2024 was \$1,503,797 and \$1,852,477, respectively. The bonds will be repaid from remaining project funds and general operating revenues of the College.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of bonds payable for years succeeding June 30, 2025, are summarized below:

Year Ended June 30	Principal	Interest	Total
2026	\$ 335,000	\$ 49,525	\$ 384,525
2027	350,000	37,800	387,800
2028	360,000	25,550	385,550
2029	370,000	12,951	382,951
Totals	\$ 1,415,000	\$ 125,826	\$ 1,540,826

6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College is involved in 3 agreements that qualify as long-term subscription-based information technology ("SBITA") agreements as of June 30, 2025. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use subscription assets as the College has the control of the right to use another party's IT software and the noncancelable term of the agreement surpasses one year. The present values are discounted using the College's incremental borrowing interest rate of 7.5 percent.

Asset Type	Remaining Term of Agreements
Subscription assets	2-5 years

The assets acquired through subscription-based information technology agreements are summarized as follows at June 30:

	2025
Subscription assets	\$ 2,963,919
Less accumulated amortization	<u>(101,608)</u>
Net book value	<u>\$ 2,862,311</u>

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30	Principal	Interest
2026	\$ 699,170	\$ 207,614
2027	508,758	155,176
2028	455,278	117,019
2029	518,039	82,873
2030	586,936	44,020
Total	\$ 2,768,181	\$ 606,702

Subscription liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Subscription payable	\$ -	\$ 2,963,919	\$ 195,738	\$ 2,768,181	\$ 699,170

7. COMPENSATED ABSENCES

Compensated absences liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance*	Net Change	Ending Balance	Due Within One Year
Compensated absences	\$ 718,504	\$ 1,391	\$ 719,895	\$ 688,993

* The College implemented the provisions of GASB No. 101, *Compensated Absences*, in the current year. In accordance with this Statement, an additional liability of \$177,504 has been added to the beginning balance shown above.

Compensated absences liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated absences	\$ 728,422	\$ (187,422)	\$ 541,000	\$ 541,000

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT

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

The Michigan Community College Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College.

9. FOUNDATION

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

10. CONTINGENCIES

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

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

11. RISKS AND ECONOMIC UNCERTAINTIES

Ongoing economic challenges, including inflation, and the current federal and state political climate, which directly influence grant availability and state appropriations, contribute to uncertainty in projecting future enrollment trends and financial outcomes.

ST. CLAIR COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS

From time to time, the College will enter into transactions with related parties. During the year ended June 30, 2025 and 2024, the College entered into related party transactions with the SC4 Foundation for \$304,334 and \$373,660, respectively. Amounts receivable from the SC4 Foundation were \$4,181 and \$5,971 at June 30, 2025 and 2024, respectively. No amounts were payable to the SC4 Foundation at June 30, 2025 or 2024.

13. RESTATEMENT

During 2025, management identified certain unrestricted cash and cash equivalents and net position amounts within the Plant Fund that were misclassified as restricted as of June 30, 2024. Accordingly, the following is a summary of the effect of the reclassifications within these financial statements:

	As Originally Reported	As Restated	Corrective Effect of Reclassification
2024 Statement of Net Position			
Cash and cash equivalents	\$ 26,061,951	\$ 31,485,271	\$ 5,423,320
Restricted cash and investments	6,801,361	1,378,041	(5,423,320)
Net position (deficit) unrestricted	(14,493,643)	(8,090,582)	6,403,061
Net position restricted for capital projects	6,403,267	206	(6,403,061)

14. SUBSEQUENT EVENT

In August 2025, the College entered into a lease agreement as a lessee for student housing. The original term of this lease is two years with the option to renew for one additional two-year period, with annual lease payments of approximately \$240,000.



REQUIRED SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net pension liability	0.10628%	0.10729%	0.10724%	0.11652%	0.11694%	0.11964%	0.12444%	0.12726%	0.13016%	0.12839%
College's proportionate share of the net pension liability	\$ 26,018,420	\$ 34,726,336	\$ 40,333,339	\$ 27,587,121	\$ 40,169,334	\$ 39,619,726	\$ 37,409,887	\$ 32,977,540	\$ 32,474,831	\$ 31,358,388
College's covered payroll	\$ 11,454,757	\$ 11,139,561	\$ 10,751,810	\$ 10,286,631	\$ 10,332,613	\$ 10,158,979	\$ 10,381,520	\$ 10,577,155	\$ 10,547,616	\$ 10,547,267
College's proportionate share of the net pension liability as a percentage of its covered payroll	227.14%	311.74%	375.13%	268.18%	388.76%	390.00%	360.35%	311.78%	307.89%	297.31%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 4,304,115	\$ 4,295,456	\$ 3,858,373	\$ 3,548,283	\$ 3,408,259	\$ 3,141,571	\$ 3,107,796	\$ 3,382,255	\$ 3,346,179	\$ 3,338,043
Contributions in relation to the statutorily required contributions	<u>(4,304,115)</u>	<u>(4,295,456)</u>	<u>(3,858,373)</u>	<u>(3,548,283)</u>	<u>(3,408,259)</u>	<u>(3,141,571)</u>	<u>(3,107,796)</u>	<u>(3,382,255)</u>	<u>(3,346,179)</u>	<u>(3,338,043)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 12,238,962	\$ 11,137,113	\$ 11,257,708	\$ 10,350,178	\$ 9,995,311	\$ 10,129,913	\$ 9,826,712	\$ 10,267,864	\$ 10,232,141	\$ 10,029,474
Contributions as a percentage of covered payroll	35.17%	38.57%	34.27%	34.28%	34.10%	31.01%	31.63%	32.94%	32.70%	33.28%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	\$ (4,608,821)	\$ (626,858)	\$ 2,334,868	\$ 1,726,954	\$ 6,222,692	\$ 8,329,873	\$ 9,684,699	\$ 11,270,014
College's proportion of the net OPEB (asset) liability	0.10707%	0.11081%	0.11024%	0.11314%	0.11615%	0.11605%	0.12184%	0.12727%
College's covered payroll	\$ 11,454,757	\$ 11,139,561	\$ 10,751,810	\$ 10,286,631	\$ 10,332,613	\$ 10,158,979	\$ 10,381,520	\$ 10,577,155
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-40.23%	-5.63%	21.72%	16.79%	60.22%	82.00%	93.29%	106.55%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of College Other Postemployment Benefits Contributions

	Year Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contributions	\$ 226,862	\$ 846,724	\$ 857,805	\$ 807,508	\$ 796,368	\$ 795,449	\$ 761,456	\$ 734,681
Contributions in relation to the statutorily required contributions	(226,862)	(846,724)	(857,805)	(807,508)	(796,368)	(795,449)	(761,456)	(734,681)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 12,238,962	\$ 11,137,113	\$ 11,257,708	\$ 10,350,178	\$ 9,995,311	\$ 10,129,913	\$ 9,826,712	\$ 10,267,864
Contributions as a percentage of covered payroll	1.85%	7.60%	7.62%	7.80%	7.97%	7.85%	7.75%	7.16%

See notes to required supplementary information.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Notes to Required Supplementary Information

Pension Information

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

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

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

Notes to Required Supplementary Information

OPEB Information

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

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

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

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.



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SUPPLEMENTARY INFORMATION (UNAUDITED)

ST. CLAIR COUNTY COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2025

	General Fund	Pension & OPEB Liability Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Agency Funds	Endowment Funds	Combined Total
Assets									
Current assets									
Cash and cash equivalents	\$ 6,387,072	\$ -	\$ 2,460,538	\$ 1,405,489	\$ 225,894	\$ 23,982,357	\$ 247,551	\$ -	\$ 34,708,901
State appropriations receivable	1,660,505	222,418	-	-	-	-	-	-	1,882,923
Federal and state grants receivable	-	-	-	1,062,385	-	-	-	-	1,062,385
Accounts receivable, net	1,056,107	-	95,617	4,489	-	-	-	-	1,156,213
Student loans receivable	-	-	-	-	84,003	-	-	-	84,003
Prepays and other assets	27,333	-	3,585	-	-	196,512	-	-	227,430
Due from (due to) other funds	6,653	-	-	27,413	28,760	-	(5,826)	(57,000)	-
Total current assets	9,137,670	222,418	2,559,740	2,499,776	338,657	24,178,869	241,725	(57,000)	39,121,855
Noncurrent assets									
Restricted cash and investments	-	-	-	583	310	178	-	1,374,790	1,375,861
Depreciable property and equipment, net of accumulated depreciation and amortization	-	-	-	-	-	57,543,405	-	-	57,543,405
Nondepreciable property and equipment	-	-	-	-	-	4,653,165	-	-	4,653,165
Net other postemployment benefits asset	-	4,608,821	-	-	-	-	-	-	4,608,821
Total noncurrent assets	-	4,608,821	-	583	310	62,196,748	-	1,374,790	68,181,252
Total assets	9,137,670	4,831,239	2,559,740	2,500,359	338,967	86,375,617	241,725	1,317,790	107,303,107
Deferred outflows of resources									
Deferred pension amounts	-	7,593,570	-	-	-	-	-	-	7,593,570
Deferred other postemployment benefits amounts	-	1,120,734	-	-	-	-	-	-	1,120,734
Total deferred outflows of resources	-	8,714,304	-	-	-	-	-	-	8,714,304
Current liabilities									
Accounts payable	980,115	222,418	16,718	42,535	-	1,476,616	307	-	2,738,709
Accrued payroll and other compensation	1,010,730	271,233	8,798	462	-	-	145,166	-	1,436,389
Current portion of accrued compensated absences	688,993	-	-	-	-	-	-	-	688,993
Current portion of long-term liabilities	-	-	-	-	-	335,000	-	-	335,000
Current portion of subscription based IT agreements liabilities	-	-	-	-	-	699,170	-	-	699,170
Accrued interest payable	-	-	-	-	-	12,381	-	-	12,381
Deposits	-	-	-	-	-	-	96,252	-	96,252
Unearned revenue	579,041	-	125,816	826,592	-	-	-	-	1,531,449
Total current liabilities	3,258,879	493,651	151,332	869,589	-	2,523,167	241,725	-	7,538,343
Noncurrent liabilities									
Accrued compensated absences, net of current portion	30,902	-	-	-	-	-	-	-	30,902
Long-term liabilities, net of current portion	-	-	-	-	-	1,168,797	-	-	1,168,797
Subscription based IT agreements liabilities, net of current portion	-	-	-	-	-	2,069,011	-	-	2,069,011
Net pension liability	-	26,018,420	-	-	-	-	-	-	26,018,420
Total noncurrent liabilities	30,902	26,018,420	-	-	-	3,237,808	-	-	29,287,130
Total liabilities	3,289,781	26,512,071	151,332	869,589	-	5,760,975	241,725	-	36,825,473
Deferred inflows of resources									
Deferred pension amounts	-	9,813,528	-	-	-	-	-	-	9,813,528
Deferred other postemployment benefits amounts	-	6,125,781	-	-	-	-	-	-	6,125,781
Total deferred inflows of resources	-	15,939,309	-	-	-	-	-	-	15,939,309
Net position									
Net investment in capital assets	-	-	-	-	-	57,924,592	-	-	57,924,592
Restricted									
Nonexpendable endowments	-	-	-	-	-	-	-	1,317,790	1,317,790
Expendable gifts	-	-	-	1,630,770	-	-	-	-	1,630,770
Loans	-	-	-	-	338,967	-	-	-	338,967
Capital projects	-	-	-	-	-	178	-	-	178
Net other postemployment benefits asset	-	4,608,821	-	-	-	-	-	-	4,608,821
Unrestricted (deficit)	5,847,889	(33,514,658)	2,408,408	-	-	22,689,872	-	-	(2,568,489)
Total net position	\$ 5,847,889	\$ (28,905,837)	\$ 2,408,408	\$ 1,630,770	\$ 338,967	\$ 80,614,642	\$ -	\$ 1,317,790	\$ 63,252,629

ST. CLAIR COUNTY COMMUNITY COLLEGE

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

Year Ended June 30, 2025

	General Fund	Pension & OPEB Liability Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Endowment Funds	Elimination Entries	Combined Total
Operating revenues									
Tuition and fees									
(net of scholarship allowances of \$4,550,963)	\$ 15,899,171	\$ -	\$ -	\$ -	\$ -	\$ 3,178,266	\$ -	\$ (4,550,963)	\$ 14,526,474
Federal grants and contracts	-	-	-	2,152,653	-	-	-	-	2,152,653
State grants and contracts	-	-	-	25,308	-	-	-	-	25,308
Nongovernmental grants and contracts	-	-	-	371,161	-	-	-	-	371,161
Sales and services of auxiliary activities	-	-	1,104,631	-	-	-	-	-	1,104,631
Indirect cost recoveries	62,895	-	-	-	-	-	-	(62,895)	-
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	587,311	-	(587,311)	-
Other sources	593,413	-	34,793	24,374	-	49,146	-	-	701,726
Total operating revenues	16,555,479	-	1,139,424	2,573,496	-	3,814,723	-	(5,201,169)	18,881,953
Operating expenses									
Instruction	14,072,628	(3,487,326)	-	484,748	-	-	-	(300,799)	10,769,251
Public service	241,048	(54,291)	473,493	164,276	-	-	-	(100,098)	724,428
Instructional support	2,662,944	(574,284)	-	85,817	-	-	-	(23,962)	2,150,515
Information technology	1,471,560	(138,141)	-	-	-	-	-	-	1,333,419
Student services	3,893,195	(808,340)	295,582	7,992,638	-	-	-	(4,572,304)	6,800,771
Institutional administration	4,128,698	(584,540)	-	56,189	-	-	-	(35,006)	3,565,341
Operation and maintenance of plant	3,836,916	(385,469)	-	-	-	2,820,977	-	(169,000)	6,103,424
Depreciation and amortization	-	-	-	-	-	4,991,537	-	-	4,991,537
Total operating expenses	30,306,989	(6,032,391)	769,075	8,783,668	-	7,812,514	-	(5,201,169)	36,438,686
Operating (loss) income	(13,751,510)	6,032,391	370,349	(6,210,172)	-	(3,997,791)	-	-	(17,556,733)
Nonoperating revenues (expenses)									
Federal Pell grants	-	-	-	6,218,500	-	-	-	-	6,218,500
State appropriations	8,941,231	(325,821)	-	-	-	-	-	-	8,615,410
Property taxes	13,462,395	-	-	-	-	-	-	-	13,462,395
Endowment income	-	-	-	16,347	28,760	-	-	(45,107)	-
Investment income, net	705,827	-	-	20,647	-	(49,135)	51,705	-	729,044
Loss on disposal of capital assets	-	-	-	-	-	(49,146)	-	-	(49,146)
Interest on capital asset - related debt	-	-	-	-	-	(42,271)	-	-	(42,271)
Distribution to beneficiary funds	-	-	-	-	-	-	(48,831)	45,107	(3,724)
Net nonoperating revenues (expenses)	23,109,453	(325,821)	-	6,255,494	28,760	(140,552)	2,874	-	28,930,208
Income (loss) before transfers	9,357,943	5,706,570	370,349	45,322	28,760	(4,138,343)	2,874	-	11,373,475
Transfers (out) in	(9,062,943)	-	-	19,135	-	9,043,808	-	-	-
Net increase in net position	295,000	5,706,570	370,349	64,457	28,760	4,905,465	2,874	-	11,373,475
Net position, beginning of year, as previously reported	5,730,393	(34,612,407)	2,038,059	1,566,313	310,207	75,709,177	1,314,916	-	52,056,658
Restatement for change in accounting principle GASB 101	(177,504)	-	-	-	-	-	-	-	(177,504)
Net position, beginning of year, as restated	5,552,889	(34,612,407)	2,038,059	1,566,313	310,207	75,709,177	1,314,916	-	51,879,154
Net position, end of year	\$ 5,847,889	\$ (28,905,837)	\$ 2,408,408	\$ 1,630,770	\$ 338,967	\$ 80,614,642	\$ 1,317,790	\$ -	\$ 63,252,629