MACOMB COMMUNITY COLLEGE

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026

Macomb Community College

Education • Enrichment • Economic Development

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MACOMB COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

September 23, 2026

Board of Trustees
of Macomb Community College
Warren, 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 ***Macomb Community College*** (the "College"), as of and for the years ended June 30, 2026 and 2025, 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, 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 ***Macomb Community College,*** as of June 30, 2026 and 2025, 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.

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 Macomb Community College 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. 103

As described in Note 1, during the year ended June 30, 2026, the College implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* effective July 1, 2024. Our opinion is not modified with respect to this matter.

HLB We are an independent member of THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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, 2026, 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 September 23, 2026, 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.



MACOMB COMMUNITY COLLEGE

Management's Discussion and Analysis

The discussion and analysis of Macomb Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2026 and 2025. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management. This section is intended to assist readers in understanding the College's financial performance and condition and should be read in conjunction with the accompanying financial statements and notes.

If you have questions about this report or require further information, contact the Business Office at financialservices@macomb.edu or 586-498-4170.

Overview of the Financial Statements

The College issues basic financial statements for a special-purpose government engaged only in business-type activities. The basic statements comprise the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, along with notes that are an integral part of the statements. The College also reports a discretely presented component unit—the Macomb Community College Foundation (the "Foundation"). These statements present the financial position, operating results, and cash flow activities of the College's business-type activities.

The financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and follow the financial reporting model established by the Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and Statement No. 103, *Financial Reporting Model Improvements.*

Management's Discussion and Analysis

Financial Summary

Statements of Net Position

The College's statements of net position at June 30, 2026, 2025, and 2024 are summarized as follows:

	Condensed Statements of Net Position as of June 30		
	2026	**2025**	**2024**
Assets			
Current assets	$ 105,706,255	$ 123,689,195	$ 100,827,984
Long-term investments	139,046,700	138,856,259	144,812,435
Lease receivable, net of current portion	1,046,864	1,368,908	1,678,396
Capital assets and right of use assets, net	208,122,658	202,634,715	207,543,284
Net OPEB asset	41,100,486	28,419,200	3,639,357
Total assets	**495,022,963**	**494,968,277**	**458,501,456**
Deferred outflows of resources	**58,704,696**	**56,700,121**	**69,984,331**
Liabilities			
Current liabilities	53,631,388	52,111,004	41,300,836
Long-term liabilities, net	8,635,624	6,676,559	3,954,617
Net pension liability	139,204,052	156,255,219	202,651,534
Total liabilities	**201,471,064**	**215,042,782**	**247,906,987**
Deferred inflows of resources	**91,492,229**	**95,500,026**	**72,952,971**
Net position			
Net investment in capital assets	204,458,366	199,169,249	203,682,383
Restricted for:			
Expendable endowments, scholarships and grant	7,183,505	7,677,781	5,536,648
Net OPEB asset	41,100,486	28,419,200	3,639,357
Pension and OPEB deficits	(173,983,017)	(185,757,297)	(203,158,994)
Other unrestricted	182,005,026	191,616,657	197,926,435
Total net position	**$ 260,764,366**	**$ 241,125,590**	**$ 207,625,829**

Management's Discussion and Analysis

Statements of Revenues, Expenses and Changes in Net Position

The College's major components of operating results for the years ended June 30, 2026, 2025 and 2024 is summarized as follows:

	Operating Results for the years ended June 30		
	2026	**2025**	**2024**
Operating revenues			
Tuition and fees, net	$ 28,884,060	$ 29,116,191	$ 37,457,059
Federal Pell grants	33,378,140	32,856,931	23,319,049
Federal grants and contracts	10,836,280	14,595,711	5,034,213
State and local grants and contracts	18,741,915	11,551,264	7,099,761
Nongovernmental grants	40,125	1,528,078	1,887,650
Center for Performing Arts	1,748,584	1,766,165	1,628,772
Miscellaneous	3,641,892	4,126,079	3,294,584
Total operating revenues	97,270,996	95,540,419	79,721,088
Total operating expenses			
Instruction	52,030,342	49,810,984	44,727,116
Information technology	8,368,350	7,947,038	7,756,104
Public service	4,861,106	3,707,941	3,543,421
Instructional support	15,182,034	18,277,258	18,954,781
Student services	37,036,634	31,428,398	27,623,159
Institutional administration	19,978,527	18,738,181	17,509,367
Operation and maintenance of plant	19,917,555	16,967,854	17,483,234
Depreciation and amortization	34,308,360	32,816,210	30,457,559
Total operating expenses	191,682,908	179,693,864	168,054,741
Net operating loss	(94,411,912)	(84,153,445)	(88,333,653)
Noncapital subsidies			
State appropriations	40,510,390	40,289,273	37,661,900
State appropriations for UAAL	4,401,826	7,148,768	4,073,737
Local Community Stabilization	4,779,047	4,543,786	4,407,199
Property tax levy	54,770,416	52,301,492	49,256,243
Gifts between College and Foundation	2,991,355	2,107,225	2,668,472
Total noncapital subsidies	107,453,034	106,390,544	98,067,551
Operating loss and noncapital subsidies	13,041,122	22,237,099	9,733,898
Other nonoperating revenues			
Investment income and gains	6,559,892	12,078,608	9,601,095
State capital appropriations	-	453,842	9,484,521
Capital gifts and grants	37,762	183,140	174,909
Capital gifts between College and Foundation	-	500,081	-
Total other nonoperating revenues	6,597,654	13,215,671	19,260,525
Change in net position	19,638,776	35,452,770	28,994,423
Net position - beginning of year, as previously reported	241,125,590	207,625,829	178,631,406
Restatement for change in accounting principle, GASB 101	-	(1,953,009)	-
Net position - beginning of year, as restated	241,125,590	205,672,820	178,631,406
Net position - end of year	**$ 260,764,366**	**$ 241,125,590**	**$ 207,625,829**

Management's Discussion and Analysis

Statements of Cash Flows

The following is a summary of the sources and uses of cash for the years ended June 30, 2026, 2025 and 2024:

	Cash Flows for the years ended June 30		
	2026	**2025**	**2024**
Net change in cash and cash equivalents from			
Operating activities	$ (127,100,545)	$ (111,497,527)	$ (114,202,611)
Noncapital financing activities	139,799,714	140,918,861	120,967,434
Capital and related financing activities	(38,361,109)	(26,961,287)	(17,739,657)
Investing activities	1,656,635	10,557,296	19,287,178
Net change in cash and cash equivalents	**(24,005,305)**	**13,017,343**	**8,312,344**
Cash and cash equivalents, beginning of year	40,448,413	27,431,070	19,118,726
Cash and cash equivalents, end of year	**$ 16,443,108**	**$ 40,448,413**	**$ 27,431,070**

Detailed Analyses

Financial Position

2026-2025 Analysis

Total assets increased by $55,000, and remained at about $495.0 million for fiscal years 2026 and 2025. In 2026 there was a $24.0 million decline in cash and cash equivalents, resulting largely from operating activities and expenditures for capital asset renovations. This decrease was offset by a $5.5 million increase in capital assets, a $12.7 million increase in the net OPEB asset resulting from favorable actuarial and investment-related experience, and a $1.1 million increase in state appropriations receivable.

Capital assets increased by $5.5 million during fiscal year 2026, primarily due to additions related to several capital renovation projects, including improvements to the Athletics and Expo Center, parking lot resurfacing, and the East Campus Apparatus renovation. These additions were partially offset by an increase in disposals of capital assets.

Total liabilities decreased by approximately $13.6 million, from the prior fiscal year, to $201.5 million at June 30, 2026. The decrease was primarily attributable to a $17.1 million reduction in the net pension liability resulting from favorable pension-related adjustments. This decrease was partially offset by increases in accrued compensated absences and subscription-based information technology arrangements.

Deferred inflows of resources decreased by approximately $4.0 million, primarily due to changes in pension-related investment variances and decreases in deferred lease-related amounts.

As a result of these changes, the College's net position increased by approximately $19.6 million, to $260.8 million at June 30, 2026.

Management's Discussion and Analysis

2025-2024 Analysis

Total assets increased by approximately $36.5 million, from $458.5 million at June 30, 2024, to $495.0 million at June 30, 2025. The increase was primarily attributable to a $13.0 million increase in cash and cash equivalents, largely resulting from increased grant revenue and property tax revenue. In addition, the College recognized a $24.8 million increase in its net OPEB asset, primarily resulting from changes in actuarial and investment-related experience.

Capital assets decreased by approximately $4.9 million during fiscal year 2025. The decrease was primarily attributable to depreciation expense and disposals of capital assets, partially offset by capital asset additions, including costs associated with a major renovation project reported as construction in progress.

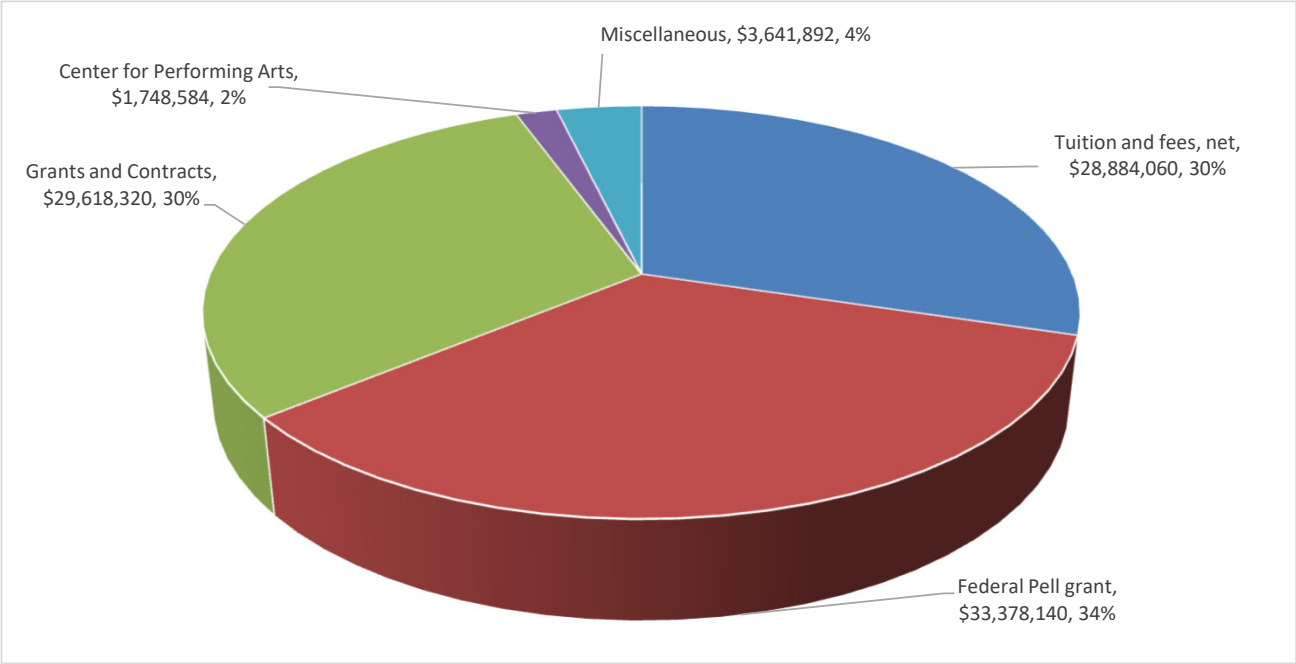
Total liabilities decreased by approximately $32.9 million, from $247.9 million at June 30, 2024, to $215.0 million at June 30, 2025. The decrease was primarily attributable to a $46.4 million reduction in the net pension liability resulting from changes in pension-related actuarial and investment experience. The decrease was partially offset by a $2.6 million increase in accrued compensated absences recognized under GASB Statement No. 101 and a $3.5 million increase in unearned revenue, primarily associated with increased enrollment.

Deferred inflows of resources increased by approximately $22.5 million, primarily due to changes in pension-related investment experience and a decrease in deferred lease-related amounts.

As a result of these changes, the College's net position increased by approximately $35.5 million, from $205.6 million at June 30, 2024, to $241.1 million at June 30, 2025.

Operating Revenue

Operating revenues for fiscal year 2026 was as follows:



Management's Discussion and Analysis

Over the three-year period ended June 30, 2026, the College experienced enrollment growth, with enrolled credit hours increasing 7.2%. Growth in enrollment was supported by State of Michigan financial aid initiatives, including Michigan Reconnect, Futures for Frontliners, the Michigan Achievement Scholarship, and the Michigan Community College Guarantee program, as well as institutional aid programs such as the Macomb Tuition Advantage Program.

Consistent with the College's commitment to affordability, tuition rates remained unchanged during the three-year period. As a result of increased enrollment, gross tuition and fee revenue increased from $55.0 million in fiscal year 2024 to $61.3 million in fiscal year 2026, an increase of $6.3 million, or 11.5%. However, net tuition and fee revenue decreased by $8.6 million, or 22.9%, primarily due to a $14.9 million increase in scholarship allowances, which are reported as a reduction of tuition and fee revenue. The increase in scholarship allowances reflects the expanded availability of federal, state, and institutional financial assistance programs that offset tuition costs for eligible students.

Financial aid activity increased significantly during the period. State and local grant revenue increased from $7.2 million in fiscal year 2024 to $18.7 million in fiscal year 2026, while Pell Grant revenue increased from $23.3 million to $33.4 million, a 43.3% increase. These increases were driven by higher enrollment and expanded student participation in financial aid programs.

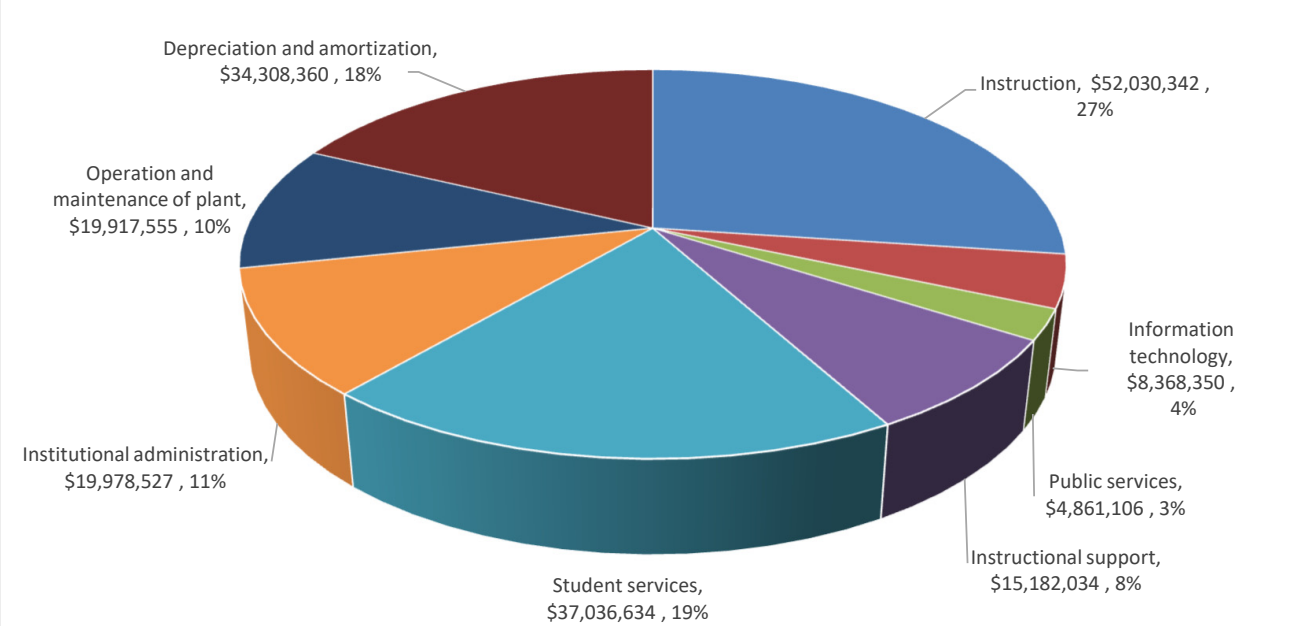
Federal grant and contract revenue decreased by $3.8 million in fiscal year 2026 compared with fiscal year 2025, primarily due to a reduction in the availability and timing of federal grant awards. Despite the decrease, the College continued to receive federal support for workforce development and training initiatives. The College continued its work under the Michigan Maritime Manufacturing Initiative, a contract awarded in fiscal year 2025 to support a collaborative training program with the U.S. Navy. Other significant federal grant programs included Fueling the IT Talent Pipeline, which provided $2.7 million in revenue, and Career Pathways to Healthcare Through an Apprenticeship Model, which provided $2.6 million in revenue. These programs support the College’s efforts to expand workforce training opportunities and address regional and industry-specific workforce needs.

Revenue at the Center for Performing Arts had an increase of $119,800 or 7.4 percent during the three years ended June 30, 2026. The Performing Arts Center continues to provide enrichment programming, educational and entertainment opportunities to the community.

Management's Discussion and Analysis

Operating Expenses

The following is a graphic illustration of operating expenses for the year ended June 30, 2026:



Operating expenses totaled $191.7 million in fiscal year 2026, an increase of $12.0 million, or 6.7 percent, from fiscal year 2025. The increase was primarily attributable to contractual wage increases and higher employee benefit costs. In addition, instructional support expenses increased as a result of grant-funded initiatives supporting academic success, information technology, and apprenticeship programs.

Included in operating expenses are amounts funded through state appropriations to support the College's required contributions toward the Michigan Public School Employees' Retirement System (MPSERS) unfunded actuarial accrued liability (UAAL). State appropriations received and remitted to the Office of Retirement Services for this purpose totaled $11.3 million, $9.1 million, and $12.1 million in fiscal years 2026, 2025, and 2024, respectively. These appropriations are specifically designated to offset the College's proportionate share of MPSERS-related pension costs. In fiscal year 2026, the College also recorded a reduction of approximately $35.4 million in its proportionate share of the MPSERS unfunded pension liability.

Salaries, payroll taxes, and employee benefits continued to represent the College's largest operating expense, accounting for approximately 54.5% of total operating expenses in fiscal year 2026. Total payroll and benefit-related expenses were $104.4 million in fiscal year 2026, compared with $96.8 million in fiscal year 2025 and $105.9 million in fiscal year 2024.

Over the three-year period ended June 30, 2026, wage expenses increased by approximately $14.6 million, or 18.6%, primarily due to collectively bargained salary adjustments, including cost-of-living and inflationary increases. Benefit expenses, however, declined by approximately $19.2 million, or 41.9%, largely as a result of reductions in the College's proportionate share of MPSERS-related pension costs and unfunded pension liabilities. These decreases were partially offset by higher healthcare costs and employee claims in fiscal year 2026.

Management's Discussion and Analysis

The increase in total payroll and benefit expenses in fiscal year 2026 compared with fiscal year 2025 was primarily attributable to salary increases and rising healthcare costs.

Noncapital Subsidies

Noncapital subsidies increased by about $1.1 million in fiscal year 2026, driven primarily by growth in local property tax revenues, state appropriations, and contributions from the Macomb Community College Foundation. Property tax revenue increased by approximately $2.5 million in fiscal 2026 and $3.0 million in fiscal 2025 as a result of higher taxable property values within Macomb County, partially offset by the impact of Headlee Amendment millage rollbacks. The College's operating millage rates were 1.3899, 1.3982, and 1.4077 mills in fiscal years 2026, 2025, and 2024, respectively.

The College also continued to benefit from reimbursements provided through the Local Community Stabilization Authority (LCSA), which was established to replace revenue lost from personal property tax exemptions. LCSA revenues totaled approximately $4.8 million, $4.5 million, and $4.4 million in fiscal years 2026, 2025, and 2024, respectively.

State appropriations increased modestly by approximately $221,000 in fiscal year 2026, compared to a $2.6 million increase in 2025. Appropriations designated to offset the College's share of the Michigan Public School Employees' Retirement System (MPSERS) unfunded actuarial accrued liability decreased by $2.7 million from the prior year due to a one-time appropriation received in fiscal year 2025 that did not recur in fiscal year 2026.

Contributions from the Macomb Community College Foundation increased by approximately $884,000 in fiscal year 2026, primarily due to a $1.0 million naming gift received during the year. Foundation support totaled $3.0 million, $2.1 million, and $2.7 million in fiscal years 2026, 2025, and 2024, respectively, and continues to provide important funding for student scholarships and other programmatic initiatives.

Other Nonoperating Revenues

Nonoperating revenues decreased by approximately $6.6 million in fiscal year 2026 and increased by approximately $3.4 million in fiscal year 2025. The year-over-year changes were primarily attributable to fluctuations in investment income and changes in capital-related funding. Investment income declined by approximately $5.5 million in fiscal year 2026 due to less favorable market conditions and investment performance, following strong investment earnings in prior years. In addition, the College did not receive state capital appropriations in fiscal year 2026, compared with $453,000 received in fiscal year 2025.

Nonoperating revenues in prior years also benefited from one-time capital funding sources, including $9.5 million of State capital outlay funding received in fiscal year 2024 for the Skilled Trades and Advanced Technology Building and a $500,000 capital contribution from the Macomb Community College Foundation for construction of the Culinary Arts glass terrace. Donated capital assets also declined modestly in fiscal year 2026 due primarily to a reduction in vehicle donations.

Management's Discussion and Analysis

Overall changes in Net Position

Net position increased $19.6 million, $35.5 million, and $29.0 million in 2026, 2025, and 2024 respectively. These increases reflect strong operating and nonoperating revenue streams, stable noncapital subsidies and favorable pension and OPEB related adjustments, as well as effective financial management.

Capital Asset and Long-term Financing Activity

Capital Assets

The College continues to invest in its facilities and technology infrastructure to support its academic programs, student services, and long-term strategic priorities. During fiscal year 2026, the College invested approximately $39.8 million in capital assets, including building renovations, equipment, technology, and other improvements. Significant capital projects are noted below.

The College's total capital assets, including subscription assets, net of accumulated depreciation and amortization, increased by $5.5 million during fiscal year 2026. The change primarily reflects capital additions of $39.8 million, partially offset by depreciation and amortization expense of $34.3 million and net disposals of $36,000. The College continues to evaluate its capital needs and prioritize investments based on facility condition, programmatic requirements, enrollment trends, available funding, and the long-term sustainability of its campus infrastructure.

The College had $208.1 million, $202.6 million and $207.5 million invested in capital assets, net of accumulated depreciation and amortization of $421.7 million, $393.0 million and $363.7 million at June 30, 2026, 2025 and 2024, respectively. Depreciation and amortization charges totaled $34.3 million, $32.8 million and $30.5 million respectively, for the years then ended.

Major capital additions during 2026 were as follows:

Campus	Description	Amount
South	Athletic and Expo Center	$ 16,600,000
South	Parking lots 2 & 3 repaving	7,300,000
East	Apparatus building	3,500,000
Center	Center Stage restaurant renovation	1,800,000
South	Q building renovation	1,400,000
Center	S building HVAC system	750,000
Total		**$ 31,350,000**

Major capital additions during 2025 were as follows:

Campus	Description	Amount
South	M-Tech building M3 Training	$ 2,312,000
South	CNC machinery	2,100,000
Campus wide	Network switches	2,000,000
South	Q building renovation	1,432,000
Center	E building roof	1,369,000
Center	J building renovation	1,350,000
Center	Lighting controls	767,000
Center	University Center HVAC roof unit	640,000
Campus wide	Generators	349,000
Center	Center K building audio visual equipment	294,000
Center	University Center roof top units	146,000
Total		**$ 12,759,000**

Long-Term Financing

The College's long-term financing activities relate to its obligations for subscription-based information technology arrangements. The College continues to monitor its long-term financing obligations and available resources to ensure that capital investments and other commitments remain financially sustainable. The College has no outstanding bond debt.

There was a net increase of $1.4 million in fiscal 2026 and $191,000 in fiscal 2025 in long-term subscription-based information technology agreements recognized under GASB Statement No. 96. The increases in subscription-based IT arrangements reflects the College’s continued investment in technology and software to modernize its systems and enhance services that support student success.

Currently Known Facts, Decisions or Conditions

The College is aware of the following items that may impact future finances:

Economic Impact

The economic position of the College is closely tied to that of Macomb County and the State of Michigan. Due to recent economic improvement in employment and housing markets, the economic future appears to be stable, despite increases in goods and inflation. While state appropriations increased slightly for community colleges, the funding continues to lag inflation. State appropriations were 23 percent of the College's revenues for the past three fiscal years.

Growth in the Local Property Tax Base

Taxable property values within Macomb County have increased 13.2 percent over the past three years and are expected to increase by 10.3 percent in the 2026-27 tax year. The increase reflects continued growth and development throughout the College's tax district.

Management's Discussion and Analysis

Property tax revenue remains one of the College's most significant revenue sources and is critical to its long-term financial health. Future changes in assessed property values, local economic conditions, and overall development activity within the County will directly affect the College's property tax revenues and financial outlook.

Enrollment and Tuition Outlook

The College has not increased tuition rates during the past three academic years, reflecting its continued commitment to providing affordable access to higher education. Current tuition and fee rates remain below the average charged by Michigan community colleges and are substantially lower than tuition rates at four-year institutions in Southeast Michigan.

To support student access and success, the College continues to offer interest-free payment plan options and participates in various State-sponsored financial assistance programs that help eligible students offset or fully cover tuition costs. These programs have reduced financial barriers to enrollment and have contributed to increased student participation.

Enrollment trends continue to benefit from strong participation in dual enrollment programs with local high schools, as well as State financial aid initiatives designed to expand postsecondary educational opportunities. Tuition and fee revenues are dependent upon enrollment levels and the fulfillment of applicable eligibility requirements. Accordingly, future enrollment patterns, State funding initiatives, demographic trends, and economic conditions within the College's service area will continue to influence tuition and fee revenues and the College's overall financial position.

Continued Investment in Technology and Other Capital Assets

Subscription-based IT arrangement (SBITA) liabilities increased by $1.4 million in fiscal year 2026 as the College invested further in technology modernization. These recurring subscription commitments will continue to influence future operating costs.

In the upcoming fiscal year, the College will begin its implementation of the Ellucian Colleague Software-as-a-Service (SaaS) platform. The project is intended to modernize the College's enterprise resource planning and student information systems, enhance cybersecurity, improve system reliability, and reduce the administrative burden associated with maintaining on-premises technology infrastructure. The implementation is expected to continue through multiple phases and will require ongoing investments in professional services, employee training, data conversion, and business process redesign. Management expects the transition to provide long-term operational efficiencies and support improved student, faculty, and staff experience.

In fiscal year 2026, the State of Michigan approved $26 million in capital outlay funding for the construction phase of the College’s Mobility and Sustainability Center (M Building) renovation and expansion project on the South Campus. The total estimated project cost is $59.9 million, with the State capital outlay funding representing a significant portion of the project financing. The project will renovate and expand the existing facility to support the College’s mobility and sustainability programs and related educational and workforce development activities. Construction is anticipated to begin in Fall 2027.

Management's Discussion and Analysis

The College's Board of Trustees has approved a multi-year capital and technology investment program consisting of major construction, renovation, and information technology projects. These investments support the College's strategic objectives of enhancing educational opportunities, improving facilities and technology infrastructure, and serving the needs of students and the community. The projects are expected to be funded through designated College resources and State capital outlay funding.

Year	Campus	Description	Amount
2026-2028	South	M building renovations	$ 59,980,000
2026-2027	South	A building powerhouse renovations	17,800,000
2026-2029	All	Ellucian Saas conversion	12,500,000
2026-2027	Center	Radiological technology program buildout	400,000
Total			**$ 77,780,000**

Expected Budgetary Changes

The College’s approved fiscal year 2027 budget assumes no increase in tuition rates, a 2% increase in enrollment, continued growth in property tax revenues supported by increases in taxable values within the College district, and a 1% increase in state appropriations. In addition, the College has implemented cost-containment measures to support ongoing fiscal sustainability and expects to increase its net position during fiscal year 2027. The anticipated improvement in the College’s financial position will strengthen its reserves and provide greater capacity to address future capital, information technology, and other strategic institutional needs.

Management expects State-funded financial aid programs and institutional scholarship initiatives to continue supporting student access and enrollment. Based on current trends, Fall 2026 enrollment is projected to increase approximately 2.0% compared with Fall 2025. Future tuition and fee revenues will continue to be influenced by enrollment levels, financial aid availability, demographic trends, and regional economic conditions.

Personnel costs are expected to remain a significant component of the College's operating expenses and will continue to be influenced by collective bargaining agreements, healthcare cost trends, and changes in MPSERS-related pension and other postemployment benefit expenses.

MACOMB COMMUNITY COLLEGE

Statements of Net Position

June 30, 2026 and 2025

	College		Component Unit - Foundation	
	2026	2025	2026	2025
Assets				
Current assets				
Cash and cash equivalents	$ 16,443,108	$ 40,448,413	$ 711,560	$ 3,288,663
Short-term investments	43,242,607	38,529,791	44,856,692	36,387,254
Property taxes receivable - net of allowance for doubtful accounts of $233,500 in 2026 and $182,000 in 2025	77,940	68,171	-	-
State appropriation receivable	9,973,450	8,845,094	-	-
Accounts receivable - net of allowance for doubtful accounts of $200,000 in 2026 and 2025	25,461,759	24,217,342	-	-
Federal and state grants receivable	5,138,355	6,691,582	-	-
Student loans receivable	49,082	155,747	-	-
Current portion of lease receivable	322,044	309,437	-	-
Inventories	169,632	173,181	-	-
Prepaid expenses and other assets	4,828,278	4,250,437	123,575	133,881
Total current assets	**105,706,255**	**123,689,195**	**45,691,827**	**39,809,798**
Long-term investments	139,046,700	138,856,259	-	-
Capital assets not being depreciated	9,506,192	15,161,353	-	-
Capital assets being depreciated/amortized, net	198,616,466	187,473,362	-	-
Lease receivable, net of current portion	1,046,864	1,368,908	-	-
Net OPEB asset	41,100,486	28,419,200	-	-
Total assets	**495,022,963**	**494,968,277**	**45,691,827**	**39,809,798**
Deferred outflows of resources				
Deferred pension amounts	51,972,765	49,174,912	-	-
Deferred OPEB amounts	6,731,931	7,525,209	-	-
Total deferred outflows of resources	**58,704,696**	**56,700,121**	**-**	**-**
Liabilities				
Current liabilities				
Accounts payable	11,785,226	12,302,893	25,359	22,177
Accrued payroll and other compensation	4,952,363	4,050,804	-	-
Current portion of accrued compensated absences	332,310	308,795	-	-
Other accrued liabilities	5,257,906	5,654,882	-	-
Deposits	1,968,629	1,693,368	-	-
Unearned revenue	27,607,163	26,727,030	25,190	48,900
Current portion of subscription based IT arrangements liabilities	1,727,791	1,373,232	-	-
Total current liabilities	**53,631,388**	**52,111,004**	**50,549**	**71,077**
Subscription based IT arrangements liabilities, net of current portion	1,936,501	893,628	-	-
Accrued compensated absences, net of current portion	6,699,123	5,782,931	-	-
Net pension liability	139,204,052	156,255,219	-	-
Total liabilities	**201,471,064**	**215,042,782**	**50,549**	**71,077**
Deferred inflows of resources				
Deferred lease amounts	1,248,485	1,560,606	-	-
Deferred pension amounts	55,211,576	56,514,579	-	-
Deferred OPEB amounts	35,032,168	37,424,841	-	-
Total deferred inflows of resources	**91,492,229**	**95,500,026**	**-**	**-**
Net position				
Net investment in capital assets	204,458,366	199,169,249	-	-
Restricted for				
Nonexpendable endowments	-	-	10,881,167	10,738,691
Expendable endowments, scholarships and grants	7,183,505	7,677,781	10,729,485	8,262,755
Net other postemployment benefit asset	41,100,486	28,419,200	-	-
Unrestricted (Note 1)	8,022,009	5,859,360	24,030,626	20,737,275
Total net position	**$ 260,764,366**	**$ 241,125,590**	**$ 45,641,278**	**$ 39,738,721**

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

MACOMB COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	College		Component Unit - Foundation	
	Year Ended June 30		Year Ended June 30	
	2026	2025	2026	2025
Operating revenues				
Tuition and fees - net of scholarship allowances of $32,400,000 in 2026 and $28,835,000 in 2025	$ 28,884,060	$ 29,116,191	$ -	$ -
Federal Pell grants	33,378,140	32,856,931	-	-
Federal grants and contracts	10,836,280	14,595,711	-	-
State and local grants and contracts	18,741,915	11,551,264	-	-
Nongovernmental grants	40,125	1,528,078	-	-
Center for Performing Arts	1,748,584	1,766,165	-	-
Miscellaneous	3,641,892	4,126,079	108,086	50,273
Total operating revenues	**97,270,996**	**95,540,419**	**108,086**	**50,273**
Operating expenses				
Instruction	52,030,342	49,810,984	-	-
Information technology	8,368,350	7,947,038	-	-
Public service	4,861,106	3,707,941	-	-
Instructional support	15,182,034	18,277,258	-	-
Student services	37,036,634	31,428,398	-	-
Institutional administration	19,978,527	18,738,181	-	-
Operation and maintenance of plant	19,917,555	16,967,854	-	-
Depreciation	31,539,739	30,304,972	-	-
Amortization	2,768,621	2,511,238	-	-
Total operating expenses	**191,682,908**	**179,693,864**	**-**	**-**
Operating (loss) income	**(94,411,912)**	**(84,153,445)**	**108,086**	**50,273**
Noncapital subsidies				
State appropriations	40,510,390	40,289,273	-	-
State appropriations for UAAL	4,401,826	7,148,768	-	-
Local Community Stabilization	4,779,047	4,543,786	-	-
Property tax levy	54,770,416	52,301,492	-	-
Gifts between College and Foundation	2,991,355	2,107,225	(2,991,355)	(2,107,225)
Gifts	-	-	1,951,313	1,099,400
Total noncapital subsidies	**107,453,034**	**106,390,544**	**(1,040,042)**	**(1,007,825)**
Operating loss and noncapital subsidies	**$ 13,041,122**	**$ 22,237,099**	**$ (931,956)**	**$ (957,552)**
Other nonoperating revenues (expenses)				
Investment income	5,989,636	5,931,533	1,974,316	1,660,038
Net realized and unrealized gain on investments	570,256	6,147,075	4,443,019	2,541,007
State capital appropriations	-	453,842	-	-
Capital gifts and grants	37,762	183,140	-	-
Capital gifts between College and Foundation	-	500,081	-	(500,081)
Additions to permanent endowments	-	-	417,178	541,691
Net other nonoperating revenues	**6,597,654**	**13,215,671**	**6,834,513**	**4,242,655**
Change in net position	**19,638,776**	**35,452,770**	**5,902,557**	**3,285,103**
Net position - beginning of year, as previously reported	241,125,590	207,625,829	39,738,721	36,453,618
Restatement for change in accounting principle, GASB 101 (Note 6)	-	(1,953,009)	-	-
Net position - beginning of year, as restated	241,125,590	205,672,820	39,738,721	36,453,618
Net position - end of year	**$ 260,764,366**	**$ 241,125,590**	**$ 45,641,278**	**$ 39,738,721**

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

MACOMB COMMUNITY COLLEGE

Statements of Cash Flows

	College	
	Year Ended June 30	
	2026	2025
Cash flows from operating activities		
Tuition and fees	$ 28,519,776	$ 30,261,014
Grants and contracts	31,171,547	25,891,070
Payments to suppliers	(100,986,946)	(86,492,101)
Payments to employees	(91,504,835)	(87,347,128)
Center for Performing Arts receipts	1,748,584	1,766,165
Other	3,951,329	4,423,453
Net change in cash from operating activities	**(127,100,545)**	**(111,497,527)**
Cash flows from noncapital financing activities		
Local property taxes	54,760,647	52,293,443
Gifts and contributions for other than capital purposes	2,991,355	2,107,225
William D. Ford direct lending receipts	4,558,990	7,158,894
William D. Ford direct lending disbursements	(4,452,325)	(7,154,818)
Federal Pell grants	33,378,140	32,856,931
Local community stabilization funding	4,779,047	4,543,786
State appropriations	43,783,860	49,113,400
Net change in cash from noncapital financing activities	**139,799,714**	**140,918,861**
Cash flows from capital and related financing activities		
Purchase of capital assets	(35,650,544)	(25,074,834)
Capital gifts from the Foundation	-	500,081
State appropriation for capital outlay proceeds	-	453,842
Subscription based IT agreements principal payments	(2,710,565)	(2,840,376)
Net change in cash from capital and related financing activities	**(38,361,109)**	**(26,961,287)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	44,906,253	44,828,794
Interest on investments	6,434,927	6,523,600
Purchase of investments	(49,684,545)	(40,795,098)
Net change in cash from investing activities	**1,656,635**	**10,557,296**
Net change in cash and cash equivalents	**(24,005,305)**	**13,017,343**
Cash and cash equivalents - beginning of year	40,448,413	27,431,070
Cash and cash equivalents - end of year	**$ 16,443,108**	**$ 40,448,413**

Non-cash capital and related financing activities related to subscription assets and related liabilities were $4,107,997 and $2,649,6667 in 2026 and 2025, respectively.

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

MACOMB COMMUNITY COLLEGE

Statements of Cash Flows

	College	
	Year Ended June 30	
	2026	2025
Reconciliation of operating loss to net change in cash from operating activities		
Operating loss	$ (94,411,912)	$ (84,153,445)
Adjustment to reconcile operating loss to net change in cash from operating activities		
Federal Pell grants	(33,378,140)	(32,856,931)
Depreciation	31,539,739	30,304,972
Amortization	2,768,621	2,511,238
Change in operating assets and liabilities that (used) provided cash		
Accounts receivable	(1,244,417)	(2,393,128)
Federal and state grants receivable	1,553,227	(1,783,983)
Lease receivable	309,437	297,374
Inventories	3,549	10,307
Prepaid assets and other assets	(577,841)	141,152
Net OPEB asset	(12,681,286)	(24,779,843)
Deferred outflows of resources	(2,004,575)	13,284,210
Accounts payable	(517,667)	6,079,043
Accrued payroll, other compensation and compensated absences	1,841,266	12,768
Other accrued liabilities	(396,976)	1,744,823
Deposits	275,261	395,225
Unearned revenue	880,133	3,537,951
Deferred inflows of resources	(4,007,797)	22,547,055
Net pension liability	(17,051,167)	(46,396,315)
Net change in cash from operating activities	**$ (127,100,545)**	**$ (111,497,527)**

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

MACOMB COMMUNITY COLLEGE

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Macomb Community College (the College) is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35, Statement No. 103 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001 (MUFR).*

The College reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The College's functional expense classifications are in accordance with the guidance in the MUFR.

The accompanying financial statements have been prepared in accordance with criteria established by GASB 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 these criteria, the College has determined that the Macomb Community College Foundation (the Foundation) meets the criteria of a component unit.

The Foundation is a separate legal entity established as a 501(c)(3) corporation to accept, collect, hold and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. The Foundation is discretely presented in the financial statements of the College. Separate audited financial statements of the Foundation are available by contacting the Macomb Community College Foundation at 14500 East 12 Mile Road, Warren, MI 48088-3896.

Significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader:

Basis of Accounting Macomb Community College

The financial statements have been prepared using an economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Basis of Accounting Component Unit

The Foundation reports under the provisions of Accounting Standards Codification Topic 958, *Not-For-Profit Entities.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition 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.

Notes to Financial Statements

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Estimates include but are not limited to the assumptions used to calculate the net pension liability, net other postemployment benefits (OPEB) (asset) liability, and deferred outflows and inflows related to pension and other postemployment benefits (OPEB) amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposit accounts and highly liquid investments with an initial maturity of three months or less.

Investments

The College investments must conform to State statutes governing investment of public funds and are limited to allowable investments as stated in the statute. College investments held at June 30, 2026 and June 30, 2025 were in Certificates of Deposit, Commercial Paper, Governmental Instrumentalities, Money Markets with underlying investments in Governmental Instrumentalities or Michigan Municipal Bonds. Realized and unrealized gains and losses are reflected in the Statements of Revenues, Expenses and Changes in Net Position. Investments are classified as short-term or long-term based on the instruments maturity date. The Foundation maintains mutual fund investment accounts for its nonexpendable and expendable endowments. Realized and unrealized gains and losses from securities in the investment accounts are allocated annually.

The College carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses from securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

Short-term investments, comprised of readily marketable debt securities with original maturities of more than 90 days at the time of purchase and which mature within one year, are carried at fair value.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts for such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that give the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of Fair Value Measurements, refer to Note 2 to the financial statements.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method.

Prepaid Expenses and Other Assets

Expenses, such as insurance premiums, that are expected to be of benefit within the next fiscal year are included in prepaid expenses.

Capital Assets

Capital assets are recorded at cost which estimate fair market value as of the date of acquisition. Donated capital assets are recorded at their acquisition value as of the donation date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation and amortization is provided for capital assets on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 years
Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Infrastructure	10 - 20 years
Library materials	10 years
Subscription assets	2 - 4 years

Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned tuition and fee revenue at June 30, 2026 includes $3,693,022 for the 2026 summer semester, which began on May 18, 2026 and ended on August 8, 2026; $16,703,947 for the fall 2026 semester which began on August 17, 2026 and ends December 12, 2026; and $6,872,454 for winter 2027 semester which begins January 11, 2027 and ends May 10, 2027. Unearned revenue at June 30, 2025 included $3,673,799 for the 2025 summer semester, which began on May 19, 2025 and ended on August 9, 2025; $16,169,156 for fall 2025 semester which began August 18, 2025 and ended December 13, 2025; and $6,249,569 for winter 2026 semester which began January 12, 2026 and ended May 11, 2026.

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 and certain eligibility requirements are met.

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, four types of leave qualify for liability recognition for compensated absences - vacation, sick leave, professional leave, and personal time. 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.

Professional Leave - The College's policy permits employees to accumulate earned but unused professional leave to a maximum limit that can be carried over to subsequent years. All professional 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 professional leave that will be used by employees as time off is included in the liability for compensated absences.

Personal Time - The College's policy permits employees to accumulate earned but unused personal time which is not carried over to subsequent years. All personal time 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 personal time that will be used by employees as time off is included in the liability for compensated absences.

Deferred Outflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The College's deferred outflows of resources relate to the net pension liability and net OPEB asset. Additional disclosure is found in Note 4.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College's inflows of resources relate to future lease payments obligated to the College as well as certain pension and OPEB related amounts. More detailed information can be found in Note 4 for the pension and OPEB related amounts and Note 10 for leases.

Pension and OPEB

For purposes of measuring the net pension liability and OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, 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.

Net Position

GASB Statement No. 35 establishes standards for external financial reporting of public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories.

Net Investment in Capital Assets

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

Notes to Financial Statements

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the College. The restricted balance consists primarily of funds restricted for net OPEB asset, endowments, scholarships, grants, and other purposes.

Unrestricted Net Position

The College's unrestricted net position is as follows at June 30:

	2026	2025
Pension and OPEB deficit	$ (173,983,017)	$ (185,757,297)
Other unrestricted	182,005,026	191,616,657
Total	**$ 8,022,009**	**$ 5,859,360**

Revenue and Expenses

All transactions that result in sales and / or receipts from goods and services, such as tuition and fees and ticket sales from the Center for Performing Arts, are classified as operating revenue, along with grants and contracts that aren't for capital purposes. All revenue sources that are primarily non-exchange in nature in which the College received value without directly giving equal value in return are classified as noncapital subsidies.

Property tax revenue is recognized in the year for which taxes have been levied. Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships and cities within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to Macomb County for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes, net of chargebacks, through the County's tax revolving funds.

Property tax revenue levied for general operating/technology purposes was $54,770,416 and $52,301,492 based on $1.3899 and $1.3982 of tax per $1,000 of taxable property value in the College's taxing district for the years ended June 30, 2026 and 2025, respectively. At the May 8, 2018 election, the College's operating levy was renewed and restored to $1.0477 of tax per $1,000 of taxable property for 20 years or through 2038.

State appropriations revenue has been recorded in accordance with the MUFR.

Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Notes to Financial Statements

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.

Change in Accounting Principle

For 2026, the College adopted GASB Statement No. 103, *Financial Reporting Model Improvements,* on a retrospective basis. This new standard introduces targeted enhancements to key components of the financial reporting model in order to improve clarity, consistency, and decision-usefulness of governmental financial statements. As part of the implementation, Management's Discussion and Analysis content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. The College has updated reporting processes and presentation formats to comply with these requirements. The adoption of GASB No. 103, effective July 1, 2024, and as of and for the year ended June 30, 2026, did not have an impact on the College's net position, changes in net position, or overall financial reporting results.

Notes to Financial Statements

2. CASH AND INVESTMENTS

Cash and Bank Deposits

Investment policies for cash and bank deposits as set forth by the Board of Trustees are in accordance with Michigan State law and authorize the College to invest in demand accounts, negotiable certificates of deposit, saving accounts, or other interest-earning deposit accounts of banks that are members of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). An estimated $1,112,000 of cash and deposits were covered by FDIC at both June 30, 2026 and 2025, and an estimated $16,685,000 and $26,116,000 of cash and deposits were not covered by FDIC insurance at June 30, 2026 and 2025, respectively. The standard maximum deposit covered by FDIC is $250,000 per financial institution.

Investments

Investment policies as set forth by the Board of Trustees also authorize the College to invest in bonds, bills or notes of the United States or of an agency or instrumentality of the United States or obligations of the State of Michigan or any of its political subdivisions and rated prime by at least one of the standard rating agencies. Funds may also be invested in commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC and commercial paper of corporations located in Michigan. Reports are submitted to the Board of Trustees monthly to ensure compliance with the prescribed policy.

Fair Value Measurements

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2026 and 2025.

Certificates of deposit and commercial paper: Valued at face value plus accrued interest earned and classified as Level 1.

Government instrumentalities, money market funds and municipal bonds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

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

2026	Total	Level 1	Level 2	Level 3
Government instrumentality bonds including money markets	$ 167,805,517	$ 167,805,517	$ -	$ -
Michigan municipal bonds	8,282,194	8,282,194	-	-
Certificates of deposit	2,258,338	2,258,338	-	-
Commercial paper	3,943,258	3,943,258	-	-
Total investments at fair value	**$ 182,289,307**	**$ 182,289,307**	**$ -**	**$ -**

Notes to Financial Statements

2025	Total	Level 1	Level 2	Level 3
Government instrumentality bonds including money markets	$ 151,645,159	$ 151,645,159	$ -	$ -
Michigan municipal bonds	15,897,993	15,897,993	-	-
Certificates of deposit	2,175,683	2,175,683	-	-
Commercial paper	7,667,215	7,667,215	-	-
Total investments at fair value	**$ 177,386,050**	**$ 177,386,050**	**$ -**	**$ -**

Credit Risk

Investments in Government instrumentality bonds consist of Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bureau and Government National Mortgage Association and are rated AA+ by Standard & Poor's, Aaa by Moody's and AAA by Fitch. The College also has investments in Michigan Municipal Bonds that are rated at or above Aa by Moody's and AA by Standard & Poor's.

Interest Rate Risk

The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, the College investments mature as follows:

2026	Less Than One Year	1 - 5 Years	More Than 5 Years	Balance at June 30, 2026
Government instrumentality bonds including money markets	$ 34,083,892	$ 118,544,839	$ 15,176,786	$ 167,805,517
Michigan municipal bonds	2,957,119	4,188,100	1,136,975	8,282,194
Certificates of deposit	2,258,338	-	-	2,258,338
Commercial paper	3,943,258	-	-	3,943,258
Total investments	**$ 43,242,607**	**$ 122,732,939**	**$ 16,313,761**	**$ 182,289,307**

Notes to Financial Statements

2025	Less Than One Year	1 - 5 Years	More Than 5 Years	Balance at June 30, 2025
Government instrumentality bonds including money markets	$ 23,916,242	$ 120,319,547	$ 7,409,370	$ 151,645,159
Michigan municipal bonds	4,770,651	10,709,715	417,627	15,897,993
Certificates of deposit	2,175,683	-	-	2,175,683
Commercial paper	7,667,215	-	-	7,667,215
Total investments	**$ 38,529,791**	**$ 131,029,262**	**$ 7,826,997**	**$ 177,386,050**

Portions of these investments are reported as short-term investments on the statements of net position.

Custodial Credit Risk

The College's investment policy does not address custodial credit risk. However, all of the investments are in the name of the College, as applicable, and the investments are held in trust accounts with each financial institution from which they wired.

Concentration of Credit Risk

Certificates of deposit and commercial paper investments are limited in any given financial institution or issuer to no more than 50 percent of the capitalization value of the institution and not greater than $20,900,000. The College's investment policy does not limit investments in Governmental instrumentality or Michigan municipal bonds.

More than five percent of the College's investments were invested as follows at June 30:

Issuer	2026	2025
Federal Home Loan Bank	11%	14%
Federal National Mortgage Association	7%	12%
Federal Home Loan Mortgage Co.	5%	7%
Federal Farm Credit Bureau	22%	24%
U.S. Treasury	41%	20%

Notes to Financial Statements

3. CAPITAL ASSETS

The following tables present the changes in the various capital asset class categories for the years ended June 30:

2026	Beginning Balance	Additions	Transfers/ Deletion	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,866,936	$ -	$ -	$ 7,866,936
Construction in progress	7,294,417	1,639,255	(7,294,416)	1,639,256
Total nondepreciable capital assets	15,161,353	1,639,255	(7,294,416)	9,506,192
Capital assets being depreciated/amortized:				
Land improvement	7,014,336	-	-	7,014,336
Building and improvements	444,319,715	18,749,563	7,294,416	470,363,694
Infrastructure	26,540,147	7,343,803	-	33,883,950
Furniture, fixtures, and equipment	92,201,278	7,974,584	(1,243,696)	98,932,166
Library materials	2,459,218	18,056	(185,759)	2,291,515
Subscription assets	7,922,093	4,107,996	(4,199,433)	7,830,656
Total depreciable capital assets	580,456,787	38,194,002	1,665,528	620,316,317
Less accumulated depreciation/amortization				
Land improvement	7,013,570	764	-	7,014,334
Building and improvements	284,248,905	23,625,187	-	307,874,092
Infrastructure	19,017,137	1,670,688	-	20,687,825
Furniture, fixtures, and equipment	75,998,320	6,149,652	(1,206,742)	80,941,230
Library materials	2,077,202	93,448	(185,759)	1,984,891
Subscription assets	4,628,291	2,768,621	(4,199,433)	3,197,479
Total accumulated depreciation/ amortization	392,983,425	34,308,360	(5,591,934)	421,699,851
Capital assets being depreciated/amortized, net	187,473,362	3,885,642	7,257,462	198,616,466
Total capital assets, net	**$ 202,634,715**	**$ 5,524,897**	**$ (36,954)**	**$ 208,122,658**

Notes to Financial Statements

2025	Beginning Balance	Additions	Transfers/ Deletion	Ending Balance
Capital assets not being depreciated:				
Land	$ 7,866,936	$ -	$ -	$ 7,866,936
Construction in progress	236,962	7,294,417	(236,962)	7,294,417
Total nondepreciable capital assets	8,103,898	7,294,417	(236,962)	15,161,353
Capital assets being depreciated/amortized:				
Land improvement	7,014,336	-	-	7,014,336
Building and improvements	434,729,556	9,458,960	131,199	444,319,715
Infrastructure	26,540,147	-	-	26,540,147
Furniture, fixtures, and equipment	84,447,032	8,490,580	(736,334)	92,201,278
Library materials	2,445,199	14,019	-	2,459,218
Subscription assets	7,995,939	2,649,667	(2,723,513)	7,922,093
Total depreciable capital assets	563,172,209	20,613,226	(3,328,648)	580,456,787
Less accumulated depreciation/amortization				
Land improvement	6,956,493	57,077	-	7,013,570
Building and improvements	261,617,466	22,737,201	(105,762)	284,248,905
Infrastructure	17,685,453	1,331,684	-	19,017,137
Furniture, fixtures, and equipment	70,672,935	6,061,719	(736,334)	75,998,320
Library materials	1,959,910	117,292	-	2,077,202
Subscription assets	4,840,566	2,511,238	(2,723,513)	4,628,291
Total accumulated depreciation/amortization	363,732,823	32,816,211	(3,565,609)	392,983,425
Capital assets being depreciated/amortized, net	199,439,386	(12,202,986)	236,962	187,473,362
Total capital assets, net	**$ 207,543,284**	**$ (4,908,569)**	**$ -**	**$ 202,634,715**

Five buildings on campus were partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College. The cost and accumulated depreciation for these facilities is included in the accompanying statements of net position.

Notes to Financial Statements

The College has various renovation and capital improvement projects in process at June 30, 2026. Total future Plant Fund commitments related to these projects approximates $20.0 million.

4. RETIREMENT PLANS

Defined Benefit Pension Plan

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 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.

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.

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, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2026, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 10.58% - 15.02% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	26.08% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	26.08% - 30.11%
Pension Plus	3.00% - 6.40%	21.34% - 26.27%
Pension Plus 2	6.00% - 6.20%	21.41% - 27.16%
Defined Contribution	0.00%	15.21% - 20.96%

The College's required contributions to the pension plans were approximately $32,287,474, $29,169,000, and $25,876,000 for the years ended June 30, 2026, 2025, and 2024 respectively.

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	0.00% - 3.00%	1.25% - 3.83%
Personal Healthcare Fund (PHF)	0.00%	0.00%

Required contributions to the OPEB plan from the College were approximately $712,000, $1,718,000, and $5,439,000 for the years ended June 30, 2026, 2025, and 2024 respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2026:

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, 2026, 2025 and 2024, required and actual contributions for the College for those members with a defined contribution benefit were $1,216,165, $960,872, and $572,999 respectively.

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

At June 30, 2026 and 2025, the College reported a liability of $139,204,052 and $156,255,219, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2024 and 2023. 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, 2025, the College's proportion was 0.69487%, which was an increase of 0.05663% points from its proportion measured as of September 30, 2024 of 0.63824%.

Notes to Financial Statements

For the year ended June 30, 2026, the College recognized pension expense of approximately $7,862,000. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2026	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 5,391,773	$ 1,239,879	$ 4,151,894
Changes in assumptions	4,996,432	7,357,269	(2,360,837)
Net difference between projected and actual earnings on pension plan investments	-	33,266,788	(33,266,788)
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,315,229	2,078,536	12,236,693
	24,703,434	43,942,472	(19,239,038)
College contributions subsequent to the measurement date	27,269,331	-	27,269,331
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	11,269,105	(11,269,105)
Total	$ 51,972,765	$ 55,211,577	$ (3,238,812)

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, 2027. 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, 2027. 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,	Amounts
2027	$ 1,199,641
2028	(10,899,448)
2029	(7,664,428)
2030	(1,874,803)
Total	$ (19,239,038)

Notes to Financial Statements

For the year ended June 30, 2025, the College recognized pension expense of approximately $9,646,000. 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	$ 4,239,314	$ 1,697,734	$ 2,541,580
Changes in assumptions	16,290,533	11,448,566	4,841,967
Net difference between projected and actual earnings on pension plan investments	-	29,820,119	(29,820,119)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,847,029	4,424,128	(1,577,099)
	23,376,876	47,390,547	(24,013,671)
College contributions subsequent to the measurement date	25,798,036	-	25,798,036
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	9,124,032	(9,124,032)
Total	$ 49,174,912	$ 56,514,579	$ (7,339,667)

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

At June 30, 2026 and 2025, the College reported an asset of $41,100,486 and $28,419,200, respectively, for its proportionate share of the MPSERS net OPEB (asset) liability. The net OPEB (asset) liability was measured as of September 30, 2025 and 2024, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation rolled forward from September 30, 2024 and 2023. The College's proportion of the net OPEB (asset) liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the College's proportion was 0.67609%, which was an increase of 0.01585% points from its proportion measured as of September 30, 2024 of 0.66024%.

Notes to Financial Statements

For the year ended June 30, 2026, the College recognized a reduction to OPEB expense of approximately $13,554,000. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2026	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 28,139,341	$ (28,139,341)
Changes in assumptions	5,485,300	435,907	5,049,393
Net difference between projected and actual earnings on OPEB plan investments	-	5,775,515	(5,775,515)
Changes in proportion and differences between employer contributions and proportionate share of contributions	685,105	681,405	3,700
	6,170,405	35,032,168	(28,861,763)
College contributions subsequent to the measurement date	561,526	-	561,526
Total	$ 6,731,931	$ 35,032,168	$ (28,300,237)

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 adjustment to the net OPEB asset in the year ending June 30, 2027. 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,	Amounts
2027	$ (7,894,120)
2028	(7,458,011)
2029	(6,930,911)
2030	(4,504,750)
2031	(1,582,128)
Thereafter	(491,843)
Total	$ (28,861,763)

Notes to Financial Statements

For the year ended June 30, 2025, the College recognized a reduction to OPEB expense of approximately $10,836,000. 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	$ -	$ 30,115,673	$ (30,115,673)
Changes in assumptions	6,207,162	713,462	5,493,700
Net difference between projected and actual earnings on OPEB plan investments	-	5,380,080	(5,380,080)
Changes in proportion and differences between employer contributions and proportionate share of contributions	870,126	1,215,626	(345,500)
	7,077,288	37,424,841	(30,347,553)
College contributions subsequent to the measurement date	447,921	-	447,921
Total	$ 7,525,209	$ 37,424,841	$ (29,899,632)

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.

Notes to Financial Statements

The total pension and OPEB liabilities in the September 30, 2024 and 2023 actuarial valuations (for the fiscal years ended June 30, 2026 and 2025) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustment	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 (7.25% Year 1 graded to 3.5% Year 15 in 2023) Post-65: 6.50% Year 1 graded to 3.5% Year 15 (6.50% Year 1 graded to 3.5% Year 15 in 2023)
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 electing two-person coverage are assumed to have coverages continuing after the retiree's death.
Coverage elections at retirement	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes to Financial Statements

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, 2025, are based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4524 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.4654 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, 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.

Changes in assumptions - September 30, 2024 Valuation. Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.

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%.

Notes to Financial Statements

Long-Term Expected Return on Pension 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 plan's target asset allocation as of September 30, 2025 and 2024, are summarized in the following tables:

Pension	2025			2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	21.00%	5.48%	1.15%	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.78%	1.40%	16.00%	8.53%	1.36%
International equity pools	14.00%	5.29%	0.74%	15.00%	6.16%	0.92%
Fixed income pools	15.00%	2.36%	0.35%	13.00%	2.08%	0.27%
Real estate and infrastructure pools	8.00%	6.61%	0.53%	10.00%	6.73%	0.67%
Absolute return pools	13.00%	4.15%	0.54%	9.00%	4.93%	0.44%
Real return/ opportunistic pools	9.00%	6.61%	0.59%	10.00%	6.54%	0.65%
Short-term investment pools	4.00%	1.23%	0.05%	2.00%	1.33%	0.03%
	100.00%		5.35%	100.00%		5.60%
Inflation			2.40%			2.30%
Risk adjustment			-1.75%			-1.90%
Investment rate of return			6.00%			6.00%

Notes to Financial Statements

Long-term Expected Return on OPEB Plan Assets

OPEB	2025			2024		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	16.00%	5.48%	0.88%	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.78%	1.40%	16.00%	8.53%	1.36%
International equity pools	11.00%	5.29%	0.58%	15.00%	6.16%	0.92%
Fixed income pools	26.00%	2.36%	0.61%	13.00%	1.88%	0.24%
Real estate and infrastructure pools	5.00%	6.61%	0.33%	10.00%	6.73%	0.67%
Absolute return pools	15.00%	4.15%	0.62%	9.00%	4.93%	0.44%
Real return/ opportunistic pools	7.00%	6.61%	0.46%	10.00%	6.54%	0.65%
Short-term investment pools	4.00%	1.23%	0.05%	2.00%	1.33%	0.03%
	100.00%		4.93%	100.00%		5.57%
Inflation			2.40%			2.30%
Risk adjustment			-1.33%			-1.87%
Investment rate of return			6.00%			6.00%

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, respectively. 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. 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, 2025 and 2024, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 219,671,672	$ 139,204,052	$ 72,184,825

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	$ 229,071,829	$ 156,255,219	$ 95,621,380

Notes to Financial Statements

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

The following presents the College's proportionate share of the net OPEB (asset) liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB (asset) liability	$ (35,410,669)	$ (41,100,486)	$ (46,080,309)

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB (asset) liability	$ (21,962,592)	$ (28,419,200)	$ (34,001,620)

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

The following presents the College's proportionate share of the net OPEB (asset) liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB (asset) liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB (asset) liability	$ (46,034,868)	$ (41,100,486)	$ (35,919,548)

Notes to Financial Statements

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB (asset) liability	$ (34,001,680)	$ (28,419,200)	$ (22,432,020)

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, 2026, the College reported a payable of $2,613,563 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2026. At June 30, 2025, the College reported a payable of $1,976,348 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2026, the College reported a payable of $20,187 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2026. At June 30, 2025, the College reported a payable of $20,467 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

Optional Defined Contribution Plan

Professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under the ORP, the College contributes 11.5 percent, and the participant contributes 3.9 percent of the participant's compensation. Total covered payroll and College contributions for the years ended June 30, 2026 and 2025 were approximately $8,924,000 and $1,026,000 and $8,710,000 and $1,002,000, respectively.

Notes to Financial Statements

In addition to the MPSERS and ORP plans, the College also provides deferred compensation plans to all of its full-time employees under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. The College contributes varying amounts up to 7 percent of salary for certain employee groups. Employees may make elective deferrals up to amounts allowable by current tax law. In accordance with these requirements, the College contributed approximately $1,809,000 and $1,724,000 and the employees contributed approximately $3,120,000 and $3,150,000 for the years ended June 30, 2026 and 2025, respectively.

5. FEDERAL DIRECT LENDING PROGRAM

The College distributed $4,452,325 and $7,154,818 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2026 and 2025, respectively. These distributions and related funding source are not included as revenues or expenses in the accompanying financial statements.

6. COMPENSATED ABSENCES

Compensated absences liability activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 6,091,726	$ 1,432,648	$ 492,941	$ 7,031,433	$ 332,310

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

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 5,482,771	$ 931,006	$ 322,051	$ 6,091,726	$ 308,795

* The College implemented the provisions of GASB No. 101, *Compensated Absences,* in fiscal 2025. In accordance with this Statement, an additional liability of $1,953,009 has been added to the beginning balance shown above.

7. SELF INSURANCE

The College is partially self-insured for vision and healthcare benefits. The self-insured healthcare plan covers approximately 588 employees and their dependents. Claims are funded by the College and paid by the plan administrator; actual payments are based on claims filed. An insurance policy covers claims in excess of $225,000 per covered employee and/or their dependent. The College pays the administrative costs of the plan.

Self-insured employee benefit liability at June 30 are as follows:

	2026	2025	2024
Balance, beginning of year	$ 682,000	$ 1,345,000	$ 862,000
Claims incurred and changes in estimates	12,215,777	9,754,832	10,424,888
Claim and premium payments	(11,737,777)	(10,417,832)	(9,941,888)
Balance, end of year	**$ 1,160,000**	**$ 682,000**	**$ 1,345,000**

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, workers' compensation, as well as medical benefits provided to employees.

The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Community College Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. 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. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College is involved in 67 agreements that qualify as long-term subscription-based information technology ("SBITA") agreements as of June 30, 2026, and 53 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 incremental borrowing interest rates ranging from 0.5600 percent to 3.378 percent.

Asset Type	Remaining Term of Agreements
Subscription assets	2 -4 years

Notes to Financial Statements

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

	2026	2025
Subscription assets	$ 7,830,656	$ 7,922,093
Less accumulated amortization	(3,197,479)	(4,628,291)
Net book value	$ 4,633,177	$ 3,293,802

The net present value of future minimum payments as of June 30, 2026, were as follows:

Year Ended June 30	Principal	Interest
2027	$ 1,727,791	$ 94,386
2028	1,331,305	47,910
2029	326,225	15,763
2030	278,971	7,129
Total	$ 3,664,292	$ 165,188

Subscription liability activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Subscription payable	$ 2,266,860	$ 4,107,997	$ 2,710,565	$ 3,664,292	$ 1,727,791

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	$ 2,457,569	$ 2,649,667	$ 2,840,376	$ 2,266,860	$ 1,373,232

Notes to Financial Statements

10. LEASES

The College is a lessor in an agreement that qualifies as a long-term lease agreement of a building. The agreement qualifies as a long-term lease agreement as the College will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. The present value is discounted using the stated interest rate in the lease agreement of 4 percent. Total lease revenue for the years ended June 30, 2026 and 2025 was $370,944. The lease agreement expires in June 2030. Payments applied to the receivable in 2026 and 2025 totaled $309,437 and $297,373, respectively.

11. COMMITMENTS AND CONTINGENCIES

The College may be subject to various legal proceedings and claims which arise in the ordinary course of its business. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be immaterial or will be covered by insurance.

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 audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these audits is not believed to be material.

12. MACOMB COMMUNITY COLLEGE FOUNDATION

All investments of the Foundation are either donor-restricted endowments, donor-restricted grants, Foundation designated endowments or College designated endowments. The Foundation's investments are stated at fair value based on quoted market prices for active market assets using Level 1 inputs.

The fair value of the Foundation investments in mutual funds at June 30 are as follows:

Mutual Fund Type	2026	2025
Equity	$ 30,900,026	$ 25,210,128
Fixed income	13,956,666	11,177,126
Total	**$ 44,856,692**	**$ 36,387,254**

The net position and all activity of the Foundation are reported as a discretely presented component unit in the College's financial statements. The net position of the Foundation totaled $45,641,278 and $39,738,721 at June 30, 2026 and 2025, respectively.

Notes to Financial Statements

Unrestricted net position, expendable endowments, scholarships and grants and nonexpendable endowments are available for the following purposes at June 30:

	Unrestricted Net Position	Expendable Endowments, Scholarships and Grants	Nonexpendable Endowments	Total June 30, 2026
College designated	$ 7,325,392	$ -	$ -	$ 7,325,392
Center for Performing Arts	-	3,212,605	2,403,972	5,616,577
Scholarship and financial aid	-	5,950,895	6,707,529	12,658,424
Foundation designated	16,705,235	-	-	16,705,235
Library and other programs	-	1,565,984	1,769,666	3,335,650
Total	**$ 24,030,627**	**$ 10,729,484**	**$ 10,881,167**	**$ 45,641,278**

	Unrestricted Net Position	Expendable Endowments, Scholarships and Grants	Nonexpendable Endowments	Total June 30, 2025
College designated	$ 6,302,789	$ -	$ -	$ 6,302,789
Center for Performing Arts	-	2,597,125	2,447,102	5,044,227
Scholarship and financial aid	-	4,505,809	6,687,931	11,193,740
Foundation designated	14,434,486	-	-	14,434,486
Library and other programs	-	1,159,821	1,603,658	2,763,479
Total	**$ 20,737,275**	**$ 8,262,755**	**$ 10,738,691**	**$ 39,738,721**

Through a resolution by the Foundation's Board of Directors, the Foundation distributes four percent of the three-year average fair market value of the investment total to the College for purposes specified by donors not to exceed the Foundation's net assets with donor restrictions for expendable endowments, scholarships and grants. In addition, the Foundation distributes all donations and grant awards received by the Foundation on behalf of the College for educational and cultural activities. The College provided approximately $764,200 and $686,200 in personnel support, supplies, equipment, software, and office space to the Foundation in 2026 and 2025, respectively.

Included in "accounts payable" in the accompanying statements of net position is approximately $82,000 and $92,000 at June 30, 2026 and 2025, respectively, due to the Foundation from the College for recurring transactions including costs paid with the Foundation's advancement fee and contributions from the College.

Notes to Financial Statements

13. RISKS AND ECONOMIC UNCERTAINTIES

The College has experienced an increase in enrollment since Fall 2024. However, 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.

14. RELATED PARTY TRANSACTIONS

Aside from those transactions described herein with the Foundation, the College has entered into no related party transactions.

REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

MACOMB COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net pension liability										
As a percentage	0.69487%	0.63824%	0.62612%	0.62842%	0.66122%	0.67838%	0.69065%	0.70173%	0.71078%	0.71142%
Amount	$ 139,204,052	$ 156,255,219	$ 202,651,534	$ 236,340,623	$ 156,545,383	$ 233,029,930	$ 228,719,483	$ 210,953,866	$ 184,192,399	$ 177,493,906
College's covered payroll	$ 77,923,769	$ 69,983,381	$ 64,497,233	$ 62,779,980	$ 57,488,099	$ 59,176,221	$ 59,604,395	$ 59,109,357	$ 59,740,411	$ 62,468,744
College's proportionate share of the net pension liability as a percentage of its covered payroll	178.64%	223.27%	314.20%	376.46%	272.31%	393.79%	383.76%	356.89%	308.32%	284.13%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

Schedule of College Pension Contributions

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 32,287,474	$ 27,513,337	$ 25,876,439	$ 28,954,786	$ 20,772,082	$ 19,719,412	$ 20,131,279	$ 18,299,875	$ 18,986,085	$ 17,387,065
Contributions in relation to the contractually required contributions	(32,287,474)	(27,513,337)	(25,876,439)	(28,954,786)	(20,772,082)	(19,719,412)	(20,131,279)	(18,299,875)	(18,986,085)	(17,387,065)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 82,087,753	$ 74,576,527	$ 69,717,825	$ 63,941,001	$ 59,849,278	$ 56,756,046	$ 60,098,953	$ 60,452,401	$ 59,064,225	$ 60,170,241
Contributions as a percentage of covered payroll	39.33%	36.89%	37.12%	45.28%	34.71%	34.74%	33.50%	30.27%	32.14%	28.90%

See notes to required supplementary information.

MACOMB COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
College's proportion of the net OPEB (asset) liability									
Amount	$ (41,100,486)	$ (28,419,200)	$ (3,639,357)	$ 13,655,079	$ 9,681,002	$ 35,645,229	$ 48,803,271	$ 55,036,439	$ 63,099,138
As a percentage	0.67609%	0.66024%	0.64334%	0.64470%	0.63425%	0.66536%	0.67992%	0.69237%	0.71254%
College's covered payroll	$ 77,923,769	$ 69,983,381	$ 64,497,233	$ 62,779,980	$ 57,488,099	$ 59,176,221	$ 59,604,395	$ 59,109,357	$ 59,740,411
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-52.74%	-40.61%	-5.64%	21.75%	16.84%	60.24%	81.88%	93.11%	105.62%
Plan fiduciary net position as a percentage of the total OPEB liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Schedule of College Other Postemployment Benefits Contributions

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 712,280	$ 1,718,207	$ 5,438,862	$ 4,771,950	$ 4,722,220	$ 4,637,830	$ 4,752,527	$ 4,620,999	$ 3,368,794
Contributions in relation to the contractually required contribution	(712,280)	(1,718,207)	(5,438,862)	(4,771,950)	(4,722,220)	(4,637,830)	(4,752,527)	(4,620,999)	(3,368,794)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 82,087,753	$ 74,576,527	$ 69,717,825	$ 63,941,001	$ 59,849,278	$ 56,756,046	$ 60,098,953	$ 60,452,401	$ 59,064,225
Contributions as a percentage of covered payroll	0.87%	2.30%	7.80%	7.46%	7.89%	8.17%	7.91%	7.64%	5.70%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

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

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

- 2026 - There have been no material changes in the valuation assumptions.
- 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.

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:

- 2026 - Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.
- 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%.

Notes to Required Supplementary Information

- 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%.

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2026 (UNAUDITED)

MACOMB COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)

June 30, 2026

	Combined Total	General Fund	Pension and OPEB Liability Fund *	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund
Assets							
Current assets							
Cash and cash equivalents	$ 16,443,108	$ 16,443,108	$ -	$ -	$ -	$ -	$ -
Short-term investments	43,242,607	43,242,607	-	-	-	-	-
Property taxes receivable, net	77,940	77,940	-	-	-	-	-
State appropriation receivable	9,973,450	7,153,116	2,820,334	-	-	-	-
Accounts receivable, net	25,461,759	25,461,759	-	-	-	-	-
Federal and state grants receivable	5,138,355	-	-	5,138,355	-	-	-
Student loans receivable	49,082	-	-	-	49,082	-	-
Current portion of lease receivable	322,044	-	-	-	-	322,044	-
Inventories	169,632	169,632	-	-	-	-	-
Prepaid expenses and other assets	4,828,278	4,745,354	-	82,924	-	-	-
Total current assets	**105,706,255**	**97,293,516**	**2,820,334**	**5,221,279**	**49,082**	**322,044**	**-**
Long-term investments	139,046,700	139,046,700	-	-	-	-	-
Capital assets not being depreciated							
Land	7,866,937	-	-	-	-	7,866,937	-
Construction in progress	1,639,255	-	-	-	-	1,639,255	-
Total capital assets not being depreciated	**9,506,192**	**-**	**-**	**-**	**-**	**9,506,192**	**-**
Capital assets being depreciated/amortized, net							
Infrastructure	13,196,124	-	-	-	-	13,196,124	-
Buildings and improvements	162,489,602	-	-	-	-	162,489,602	-
Equipment and library materials	18,297,563	-	-	-	-	18,297,563	-
Subscription assets	4,633,177	-	-	-	-	4,633,177	-
Total capital assets being depreciated/amortized, net	**198,616,466**	**-**	**-**	**-**	**-**	**198,616,466**	**-**
Lease receivable, net of current portion	1,046,864	-	-	-	-	1,046,864	-
Net OPEB asset	41,100,486	-	41,100,486	-	-	-	-
Total assets	**495,022,963**	**236,340,216**	**43,920,820**	**5,221,279**	**49,082**	**209,491,566**	**-**
Deferred outflows of resources							
Deferred pension amounts	51,972,765	-	51,972,765	-	-	-	-
Deferred OPEB amounts	6,731,931	-	6,731,931	-	-	-	-
Total deferred outflows of resources	**58,704,696**	**-**	**58,704,696**	**-**	**-**	**-**	**-**
Liabilities							
Current liabilities							
Accounts payable	11,785,226	8,711,834	3,073,392	-	-	-	-
Accrued payroll and other compensation	4,952,363	4,824,155	-	121,952	-	6,256	-
Accrued compensated absences	332,310	332,310					
Other accrued liabilities	5,257,906	3,828,363	-	45,435	-	1,384,108	-
Deposits	1,968,629	1,826,324	-	-	-	-	142,305
Unearned revenue	27,607,163	27,569,205	-	7,989	-	-	29,969
Current portion of subscription based IT agreements liabilities	1,727,791	-	-	-	-	1,727,791	-
Due to (from) other funds	-	122,797,426	2,986,859	(2,137,602)	49,082	(123,523,491)	(172,274)
Total current liabilities	**53,631,388**	**169,889,617**	**6,060,251**	**(1,962,226)**	**49,082**	**(120,405,336)**	**-**
Subscription based IT agreements liabilities, net of current portion	1,936,501	-	-	-	-	1,936,501	-
Accrued compensated absences, net of current portion	6,699,123	6,699,123	-	-	-	-	-
Net pension liability	139,204,052	-	139,204,052	-	-	-	-
Total liabilities	**201,471,064**	**176,588,740**	**145,264,303**	**(1,962,226)**	**49,082**	**(118,468,835)**	**-**
Deferred inflows of resources							
Deferred lease amounts	1,248,485	-	-	-	-	1,248,485	-
Deferred pension amounts	55,211,576	-	55,211,576	-	-	-	-
Deferred OPEB amounts	35,032,168	-	35,032,168	-	-	-	-
Total deferred inflows of resources	**91,492,229**	**-**	**90,243,744**	**-**	**-**	**1,248,485**	**-**
Net position (deficit)							
Net investment in capital assets	204,458,366	-	-	-	-	204,458,366	-
Restricted for							
Expendable endowments, scholarships and grants	7,183,505	-	-	7,183,505	-		-
Net other postemployment benefit asset	41,100,486	-	41,100,486	-	-		-
Unrestricted (deficit)	8,022,009	59,751,476	(173,983,017)	-	-	122,253,550	-
Total net position (deficit)	**$ 260,764,366**	**$ 59,751,476**	**$ (132,882,531)**	**$ 7,183,505**	**$ -**	**$ 326,711,916**	**$ -**

* The Pension and OPEB Liability Fund reflects GASB 68 and 75 adjustments.

MACOMB COMMUNITY COLLEGE

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

Year Ended June 30, 2026

	Combined Total	Elimination	General Fund	Pension and OPEB Liability Fund *	Expendable Restricted Fund	Plant Fund
Operating revenues						
Tuition and fees (net of scholarship allowance of $32,400,000)	$ 28,884,060	$ (32,400,000)	$ 61,284,060	$ -	$ -	$ -
Federal Pell grants	33,378,140	-	-	-	33,378,140	-
Federal grants and contracts	10,836,280	-	7,872	-	10,828,408	
State and local grants and contracts	18,741,915	-	59,730	-	16,682,185	2,000,000
Nongovernmental grants	40,125	-	35,000	-	5,125	-
Center for Performing Arts	1,748,584	-	1,748,584	-	-	-
Indirect cost recoveries	-	(1,181,610)	1,181,610	-	-	-
Miscellaneous	3,641,892	-	3,175,669	-	84,067	382,156
Total operating revenues	**97,270,996**	**(33,581,610)**	**67,492,525**	**-**	**60,977,925**	**2,382,156**
Operating expenses						
Instruction	52,030,342	(157,137)	64,755,767	(17,477,003)	4,908,715	-
Information technology	8,368,350	-	9,785,284	(1,620,504)	203,570	-
Public services	4,861,106	(913)	5,749,840	(895,496)	7,675	-
Instructional support	15,182,034	(891,408)	15,232,264	(3,795,669)	4,636,847	-
Student services	37,036,634	(32,532,152)	22,009,309	(5,233,114)	52,792,591	-
Institutional administration	19,978,527	-	21,979,343	(3,730,970)	1,730,154	-
Operation and maintenance of plant	19,917,555	-	18,824,045	(2,679,948)	23,111	3,750,347
Depreciation	31,539,739	-	-	-	-	31,539,739
Amortization	2,768,621	-	-	-	-	2,768,621
Total operating expenses	**191,682,908**	**(33,581,610)**	**158,335,852**	**(35,432,704)**	**64,302,663**	**38,058,707**
Operating (loss) income	**(94,411,912)**	**-**	**(90,843,327)**	**35,432,704**	**(3,324,738)**	**(35,676,551)**
Noncapital subsidies						
State appropriations	40,510,390	-	40,510,390	-	-	-
State appropriations for UAAL	4,401,826	-	-	4,401,826	-	-
Local community stabilization	4,779,047	-	4,779,047	-	-	-
Property tax levy	54,770,416	-	54,770,416	-	-	-
Gifts between college and foundation	2,991,355	-	561,426	-	2,429,929	-
Total noncapital subsidies	**107,453,034**	**-**	**100,621,279**	**4,401,826**	**2,429,929**	**-**
Operating loss and noncapital subsidies	**$ 13,041,122**	**$ -**	**$ 9,777,952**	**$ 39,834,530**	**$ (894,809)**	**$ (35,676,551)**
Other nonoperating revenues						
Investment income	5,989,636	-	5,269,826	-	-	719,810
Net realized and unrealized gain on investments	570,256	-	570,256	-	-	-
Capital gifts and grants	37,762	-	-	-	-	37,762
Total other nonoperating revenues	**6,597,654**	**-**	**5,840,082**	**-**	**-**	**757,572**
Transfers in (out)	-	-	(14,008,160)	(15,378,964)	400,533	28,986,591
Change in net position	**19,638,776**	**-**	**1,609,874**	**24,455,566**	**(494,276)**	**(5,932,388)**
Net Position (deficit) - beginning of year	241,125,590	-	58,141,602	(157,338,097)	7,677,781	332,644,304
Net position (deficit) - end of year	**$ 260,764,366**	**$ -**	**$ 59,751,476**	**$ (132,882,531)**	**$ 7,183,505**	**$ 326,711,916**

* The Pension and OPEB Liability Fund reflects GASB 68 and 75 adjustments.