WAYNE COUNTY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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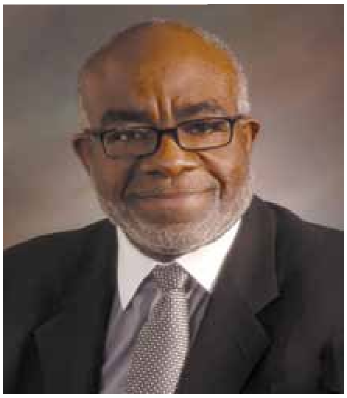
CHANCELLOR'S MESSAGE



Wayne County Community College District, has in spite of its size, remained agile in responding to the pandemic and its brutal aftermath. I am so proud that WCCCD has not only managed to steer through the rough times but is also staying on course with accomplishing its mission to deliver high-quality educational services to the communities it serves.

As with every other community college in the nation, fluctuating student enrollment levels have altered our sources of revenue as an institution. The District's Accountability and Transparency initiatives were launched decades ago and provided a stringent framework for the management of all of its resources, including financial resources. It was the commitment to this framework that has allowed the District to continue to serve while ensuring quality.

The investment in technology for both operational efficiency as well as program delivery has resulted in both cost reduction as well as greater efficacy while facilitating flexible access to faculty, staff and students. Whether it was remote work or remote learning, the transition was smooth and effective and most importantly, ensured continuity.

The District has also been strategically selective in implementing some cost-containment initiatives that have proved to be very helpful in resource management. While trying to manage costs, WCCCD has continued to expand its program offerings in response to evolving business trends. Strengthening workforce pipelines benefits both our students as well as businesses and organizations in our service area, which is why maintaining a current and relevant program offering is critical.

Over the recent decades WCCCD has consistently expanded all of its physical campuses and student facilities. Deferred Maintenance is therefore vital to ensure that our state-of-the-art facilities and equipment are maintained. Every month, resources are allocated and their usage is closely monitored and analyzed to ensure optimization.

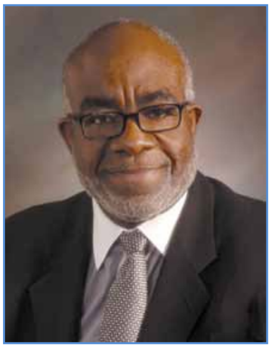
The pandemic was completely unexpected by all and we continue to battle and prepare for several uncertainties in the external environment. We are certain that this is the only way to ensure that our excellence is sustainable. WCCCD has served several generations of students and we know that the generations to come will count on us even more, in more ways. I am grateful and proud that my senior team of talented and committed professionals is doing all they can to ensure that the District will be our students' stepping stone to a better life.

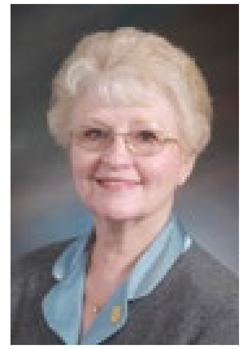
Thank you.

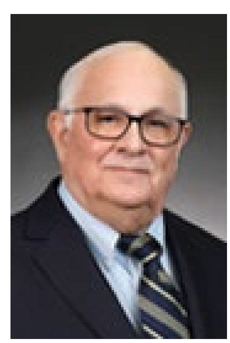
Dr. Curtis L. Ivery
Chancellor, Wayne County Community College District

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT BOARD OF

Trustees







Management's Discussion and Analysis

This discussion and analysis of Wayne County Community College District's financial statements provides an overview of the District's financial activities for the year ended June 30, 2023. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. The financial statements, footnotes and this discussion are the responsibility of management and are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Using the Financial Report

GASB released Statement No. 39 "Determining Whether Certain Organizations are Component Units." Statement No. 39 requires that separate legal entities associated with a primary government that meet certain criteria be blended with the financial statements of the Primary Reporting Unit. In compliance with this Statement, the operations of the WCCCD Scholarship Committee were reviewed to determine if this constituted a "component" of the District. It was determined by independent auditors that the WCCCD Scholarship Committee constitutes a "component" of the District under these guidelines. As such, fiscal activity related to the WCCCD Scholarship Committee has been included in these statements.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, a financial reporting standard replacing the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers. It requires all participants in a multi-employer cost sharing plan to (1) record a proportionate share of the net pension liability on their balance sheet (2) record a proportionate share of pension expense as defined by GASB on their income statement and (3) include additional required note disclosures and supplemental information. The District as a member of the Michigan Public Schools Employees Retirement System (MPSERS) with required reporting to the State of Michigan Office of Retirement Services (ORS) implemented GASB 68 requirements in its financial statements and is in compliance for the year ending June 30, 2023.

The Net Pension Liability is the amount of the total pension benefit that is not funded by investment assets. The net unfunded pension benefit is now a line item in the District's balance sheet. As a MPSERS participating employer, the District will record the actuarial determined proportionate share of the net pension liability. MPSERS has had a net pension liability since the early 2000's, worsened by market losses in 2008-2009. The District achieved our goal of prefunding the Net Pension and OPEB liabilities in FY 2020/2021.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75 to establish new accounting and financial reporting standards that require, for the first time, that the net liability for other postemployment benefits (OPEB) be reported in financial statements for employers with retirement plans across the country, including Michigan Public School Employees Retirement System (MPSERS). It requires participants in a multi-employer cost sharing plan to (1) record a proportionate share of the net OPEB liability on their balance sheet (2) record a proportionate share of OPEB expense as defined by GASB on their income statement and include additional note disclosure and required supplemental information.

For MPSERS, the only other postemployment benefit (OPEB) is retiree healthcare – specifically, the Retiree Healthcare Fund administered by ORS, which funds the premium subsidy benefit that many MPSERS members have as part of their retirement plan. Healthcare contributions that members and employers make into the Retiree Healthcare Fund, fund a guaranteed benefit.

The net OPEB liability is the amount of the total OPEB benefit that is not funded by investment assets. The net liability is calculated as the plan's total OPEB liability minus the market value of the plan's assets. ORS annually determines each reporting unit's proportionate share of the liability and expense by measuring their proportionate share of the prior year net liability. The OPEB expense represents the annual cost of the retiree healthcare benefit for members with premium subsidy.

In May 20, 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. Under GASB 96, a lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. The District adopted GASB 96, as of July 1, 2022, which resulted in the recording of right-to-use subscription assets and related subscription liabilities.

The District is party to various subscription-based information technology arrangements that have been recorded under GASB No. 96 as Subscription Right of Use Assets using a discount rate of 3% and related Subscription Liability. The Subscription Right of Use Assets at June 30, 2023 and 2022 are reported in Financial Statements.

This annual financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements which consist of the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and notes to the financial statements. Following the basic financial statements and footnotes are two supplementary schedules; the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Transfers and Changes in Net Position as of and for the year ended June 30, 2023.

Financial Highlights

The financial statements contained in this report represent the District's fiscal position as of June 30, 2023**.**

In response to the global pandemic, the District responded quickly by establishing plans and guidelines through a partnership with our Michigan Institute for Public Safety (MIPSE) and a newly established HR COVID-19 Taskforce Unit, that led the implementation of the many adjustments and protocols required for a pandemic environment.

Like most academic institutions across the nation, the pandemic forced WCCCD to close campus operations, suspend face-to-face classes and move to complete online instruction. During this time of uncertainty and unprecedented challenges, WCCCD implemented the "New Day, New Way" initiative assuring continued access to our students and the highest quality of educational programs and services. We are proud that our response to the pandemic will have long lasting positive change within our District. It has allowed faculty, staff and students an opportunity to learn new ways to stay innovative, engaged and successful.

While continuing to adhere to health mandates and guidelines, WCCCD resumed all face-to-face classes for the Fall 2021 semester, while continuing to provide alternative methods for instruction. Our top priorities continue to be to assure a healthy and safe environment for students, faculty and staff, provide for the continuity of instructional programs, student services and community engagement, and to align limited resources with strategic planning for long-term sustainability.

The U.S. Department of Education Allocated the Higher Education Emergency Relief Fund (HEERF) in the following three programs: HEERF I – Coronavirus Aid, Relief and Economic Security (CARES); HEERF II – Coronavirus Response and Relief Supplemental Appropriation Act (SRRSAA) and HEERF III – American Rescue Plan (ARP). These three funding allocations have provided the District supplemental revenue used to invest in new and upgraded technology, personal protection supplies equipment, cleaning supplies, and disinfecting supplies needed to maintain the safety and health of our students, staff, and community members. Additionally, HEERF funding provided emergency funding relief to our students whose lives were disrupted and faced financial challenges.

WCCCD received and utilized a total of $51,381,692 in HEERF funding from FY 2020 through FY 2023. As of June 30, 2023 the college has provided a total of $20,856,294 in HEERF Student Aid Funding to eligible WCCCD students from FY 2020 through FY 2023. An additional $30,565,398 in institutional funding was utilized to expand remote learning programs, increase IT capacity, train faculty and staff to operate in a remote work environment, provide online health (mental and physical) access to students, reduce student balances owed to the institution and reimbursement enrollment loss revenue.

Historically low property tax valuations unrecovered from the 2008 economic downturn, increased by 7.0% in 2022/2023. Legislation to phase out and eliminate personal property tax resulted in an increase of approximately $4.3 million in FY 2022/2023 over the prior year personal property tax reimbursement of $3.6 million.

The District's financial position remains stable at June 30, 2023. The Net Position that represents the residual interest in the District's assets after liabilities are deducted for the 2022/2023 fiscal year remains stable. As noted later in this analysis, this can be attributed to continued strong comprehensive financial management.

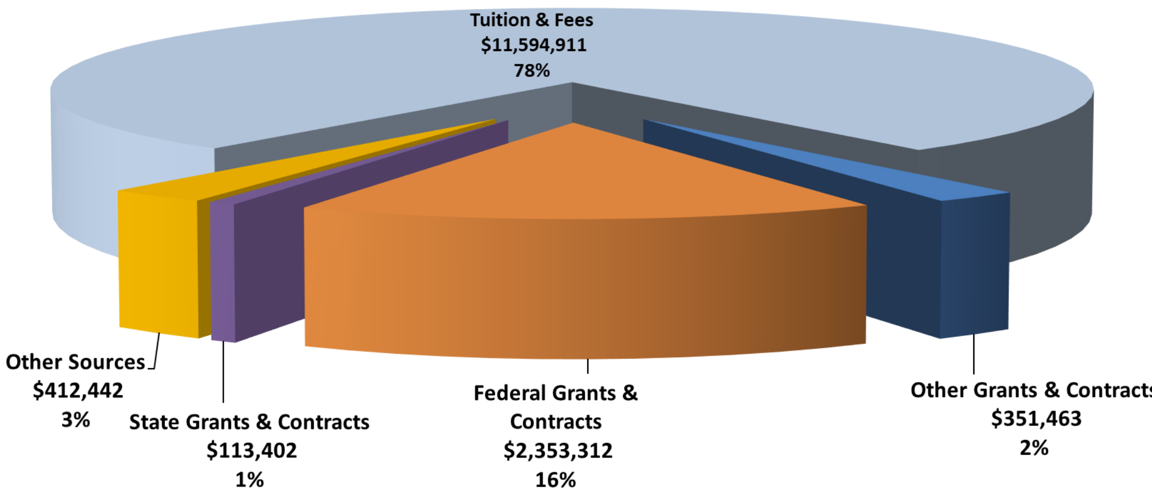
We are working continuously to closely monitor global and local developments associated with the Coronavirus and take proactive steps to assure the health and well-being of our students, faculty and staff and the communities we serve. We are committed to preparing for the unprecedented and urgent situation we continue to face resulting from the pandemic, and address the challenges that lie ahead.

These financial statements report the value of all assets and liabilities utilizing the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All current year revenues are recorded when that revenue has been earned and expenses are recorded when incurred regardless of when cash is received or paid. Revenues and expenses are separated into categories of operating and non-operating.

Operating Revenues

Operating revenues include all transactions that result in revenue from goods and services, such as tuition and fees, facilities, parking lots rentals, bookstore operations and the Curtis L. Ivery Health and Wellness Education Center commissions. In addition, certain federal, state and private grants are considered operating revenue if they are not for capital purposes and are considered a contract for services. Operating revenues resulted from the following activities:

Operating Revenues



- Grant and Contract revenue: Grant and Contract Revenue totaled $2.8 million. Of this figure, the largest source was from Federal Grants and Contracts at approximately $2.4 million.

- Student Tuition and Fee revenue: District 2022/2023 Tuition and Fee rates were unchanged (In –district $ 109.10, Technology fee; $ 7.50 per credit hour, student activity fee, $ 4.00 per credit hour and Facility/infrastructure fee, $2.00 per credit hour). In 2023/2024 year, District tuition rates were changed effective Fall 2023, (In-district $112.00, Other Michigan Residents $121.20, Out-of-State/ International Residents $151.80 and Other fee rates remained unchanged). General fund tuition revenue including financial aid scholarship elimination reported $11.6 million in FY 2022/2023 compared to $13.7 million in FY 2021/2022. Enrollment was stagnant in FY 2022/23 compared to the prior year.

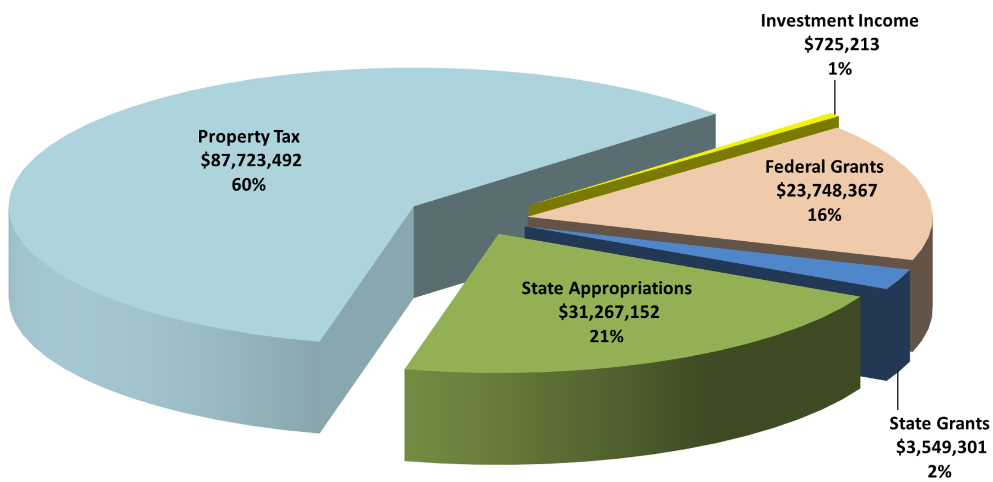
- Operating revenue from other sources includes facility rental, administration cost reimbursement and the Curtis L. Ivery Health and Wellness Education Center commissions. These amounts accounted for $412,442 in operating revenue as miscellaneous revenue.

Non-Operating Revenues

Non-operating revenues are all revenue sources that are not a result of District operations. They consist primarily of State appropriations, Pell and other federal and state grant revenue, property tax revenue, and investment income (including realized and unrealized gains and losses).

Major Sources of non-operating revenue were as follows:

Non-Operating Revenues



- Property taxes: $87,723,492 in Property Tax Revenue is the result of two millage levies. In 1999 the District passed a permanent renewal of a 1.0 operating millage generating approximately $27.0 million for the 2022/2023 fiscal year. A previous two temporary 2.25 mills were approved as a permanent millage in November 6, 2018 election. WCCCD now maintains a permanent millage authorization of 3.25 mills (adjusted as required by the Headlee amendment) taking full effect in January 2020.

- Non Operating Federal and State Grants: Total Federal and State Grant Revenue is $27.3 million. Of this figure, the largest source was from Federal Grants at approximately $23.7 million. The largest sources of these federal dollars was from federal student financial aid programs such as PELL at $16.7 million, HEERF

Institutional portion, at $4.9 million. The District experienced an increase of $1 million in the use of student federal financial aid over the previous year.

- State Appropriations: The District receives State Appropriations consisting of general operations, MPSERS UAAL, MPSERS offset and Renaissance Zone reimbursement funding. The District's general operation State appropriation was $18,384,700 and $18,472,196 in FY 2022/2023 and FY 2021/2022, respectively.

- As the economy declined and interest rates rose, the market value of the District's investments declined by $4.9 million that resulted in an unrealized loss on investments for FY 2022/2023. In FY 2021/2022, $15.3 million recorded as an unrealized loss on investments. The total interest revenue increased from $4.7 million for FY 2021/2022 to $5.7 million in FY 2022/2023. The net result of investment income for FY 2022/2023 reported as gain $725,213 compared to loss of $10,595,723 in FY 2021/2022.

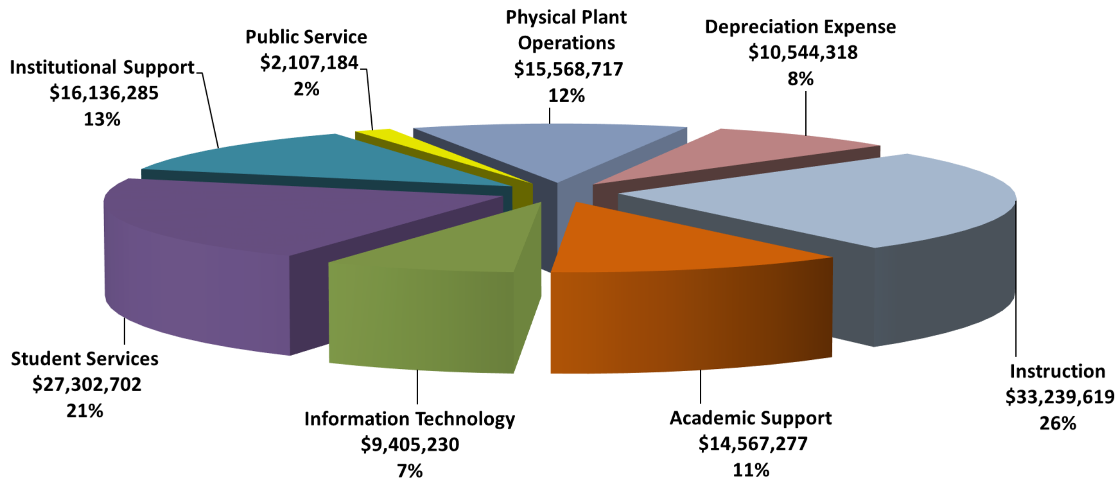
Operating Expenses

Operating Expenses are the related costs incurred in order to generate Operating Revenue. All funds operating expenses for the 2022/2023 fiscal year totaled $128.9 million. The vast majority of operating expenses is attributed to instruction, academic support and student services activity $75,109,598.

Net Pension & OPEB Liability of $160.3 million as of June 30, 2023 is included in the financial statements.

A change in reporting requirements for the Michigan Postsecondary Data Inventory (MPDI) report reinstated the separate reporting of institutional Information Technology (IT) expenditures effective with the 2017/2018 fiscal year.

Operating Expenses



Statement of Cash Flows

The primary purpose of this statement is to provide information to users of these financial statements about the sources or inflow of cash, as well as the uses or outflow of cash during the fiscal year. The Statement of Cash Flows also may help users assess the flow of resources into and out of the organization, providing a better understanding of the business cycle of the District.

Capital Asset and Debt Administration

---Capital Assets

At June 30, 2023, the District had in place approximately $156.8 million invested in capital assets, net of accumulated depreciation of approximately $196.3 million. Depreciation charges as adjusted totaled roughly $10.5 million for the 2022/2023 fiscal year.

Major categories of capital assets for the 2022/2023 fiscal year were as follows:

• Buildings and Improvements	$283,004,553
• Land and Improvements	$10,185,745
• Equipment	$37,816,957
• Infrastructure	$8,178,943
• Library Books	$3,176,284
• Construction In Progress	$10,742,443

Economic Factors that Will Affect the Future

The financial position of the District is closely tied to the State and local economies. Due to the unprecedented pandemic crisis and lingering economic conditions, it is clear that the near future will continue to present obstacles and challenges to overcome.

To achieve long-term financial sustainability and assure enduring excellence while adjusting to a "new normal", District leadership will continue to rely on focused strategic planning and priority setting as it relates to our program offerings, services, staffing and technology commitments, aligned with current and projected financial capacity.

Since the onset of the pandemic, the District has realized a significant decline in student enrollment totals. While enrollment has not recovered to pre-pandemic levels, during the Summer and Fall of 2021 and the Spring 2022 semesters, the District recognized enrollment increases of approximately 14%. This trend proves to be consistent with other recessions as unemployed workers return to school for training in hopes to obtain better jobs when the economy recovers. The District will continue to design, develop and offer programs that will better prepare our students for the emerging needs and possibilities of an ever-changing job market.

The District will continue to focus on long-term sustainability by continuing to function as a smarter, leaner, more efficient institution. We remain committed to expanding virtual services for students, staff, and community partnerships, recognizing and prioritizing the importance of accessibility even beyond the pandemic.

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GREGORY TERRELL & COMPANY

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Trustees
Wayne County Community College District

Opinion

We have audited the accompanying financial statements of Wayne County Community College District (the "District") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance that is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 District'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 District'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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the District adopted new accounting guidance, GASB No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension system schedules of change in the District's net pension and OPEB liability and related ratios and District contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

November 14, 2023

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 34,994,993	$ 24,223,364
Investments	240,368,615	235,454,747
Property Taxes Receivable	3,380,822	1,694,401
State Appropriations Receivable	5,719,317	5,399,391
Accounts Receivable, Net of Allowance for Doubtful Accounts of $3,794,989 and $3,757,378 for 2023 and 2022, respectively	3,204,498	1,620,148
Federal and State Grants Receivable	4,791,947	5,090,528
Prepaid Expenses and Other Assets	3,344,199	3,422,854
Total Current Assets	$ 295,804,391	$ 276,905,433
Property and Equipment, Net	156,821,963	153,662,490
Subscription Right of Use Assets, Net	2,087,120	2,600,693
Total Assets	$ 454,713,474	$ 433,168,616
DEFERRED OUTFLOWS OF RESOURCES	54,311,658	26,815,320
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 509,025,132	$ 459,983,936
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 6,492,983	$ 4,442,875
Accrued Payroll and Other Compensation	5,562,386	4,674,346
Subscription Liabilities - Current Portion	565,870	545,380
Other Liabilities	414,415	567,408
Unearned Revenue	6,024,682	5,312,912
Total Current Liabilities	$ 19,060,336	$ 15,542,921
Net Pension and OPEB Liability	160,285,091	114,407,153
Subscription Liabilities - Long-Term Portion	1,354,890	1,965,492
Accrued Vacation	3,397,988	3,581,574
Total Liabilities	$ 184,098,305	$ 135,497,140
DEFERRED INFLOWS OF RESOURCES	$ 40,443,671	$ 73,254,210
NET POSITION		
Invested in Capital Assets, Net of Related Debt	$ 158,909,083	$ 156,263,183
Restricted for:		
Capital Projects	34,945,954	48,276,182
Unrestricted	90,628,119	46,693,221
Total Net Position	$ 284,483,156	$ 251,232,586
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 509,025,132	$ 459,983,936

The accompanying notes are an integral part of these statements.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUES		
Operating Revenues		
Tuition and Fees (Net of Scholarship		
Allowances of $11,985,947 and $9,906,243, respectively)	$ 11,594,911	$ 13,693,632
Federal Grants and Contracts	2,353,312	1,669,057
State and Local Grants and Contracts	113,402	365,051
Nongovernmental Grants	351,463	505,128
Miscellaneous	412,442	1,371,110
Total Operating Revenues	$ 14,825,530	$ 17,603,978
EXPENSES		
Operating Expenses		
Instruction	$ 33,239,619	$ 26,492,278
Information Technology	9,405,230	6,797,636
Public Service	2,107,184	1,334,150
Academic Support	14,567,277	13,543,411
Student Services	27,302,702	49,394,430
Institutional Support	16,136,285	15,184,213
Physical Plant Operations	15,568,717	15,817,849
Depreciation	10,544,318	10,175,626
Total Operating Expenses	$ 128,871,332	$ 138,739,593
Operating Loss	$ (114,045,802)	$ (121,135,615)
NONOPERATING REVENUES (EXPENSES)		
Federal Grant Revenue	$ 23,748,367	$ 48,038,728
State Grant Revenue	3,549,301	3,629,852
Nongovernmental Grants	241,751	154,810
State Appropriations	31,267,152	27,469,644
Property Tax Levy	87,723,492	80,794,554
Investment Income (Loss)	725,213	(10,595,723)
Gifts and Donations	41,096	469,986
Net Nonoperating Revenues	$ 147,296,372	$ 149,961,851
Increase in Net Position	$ 33,250,570	$ 28,826,236
NET POSITION		
Net Position - Beginning of Year	251,232,586	222,406,350
Net Position - End of Year	$ 284,483,156	$ 251,232,586

The accompanying notes are an integral part of these statements.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 10,809,503	$ 16,145,716
Grants and Contracts	4,408,840	2,442,851
Payments to Employees	(73,752,302)	(74,328,530)
Payments to Suppliers	(56,913,539)	(64,750,776)
Other Sources of Revenue	412,442	1,371,110
Net Cash Used for Operating Activities	$ (115,035,056)	$ (119,119,629)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Grant Revenue	$ 22,666,075	$ 47,327,739
State Grant Revenue	3,555,756	3,034,371
Nongovernmental Grants	241,751	154,810
Local Property Taxes	86,037,071	85,128,634
State Appropriations	30,947,226	26,528,340
Gifts and Donations	41,096	469,986
Net Cash Provided by Noncapital Financing Activities	$ 143,488,975	$ 162,643,880
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	$ (13,190,218)	$ (5,868,337)
Net Cash Used for Capital and Related Financing Activities	$ (13,190,218)	$ (5,868,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	$ 48,480,723	$ 50,669,881
Investment Income	421,796	(10,932,292)
Purchase of Investments	(53,394,591)	(112,662,524)
Net Cash Used for Investing Activities	$ (4,492,072)	$ (72,924,935)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 10,771,629	$ (35,269,021)
CASH AND CASH EQUIVALENTS - Beginning of Year	24,223,364	59,492,385
CASH AND CASH EQUIVALENTS - End of Year	$ 34,994,993	$ 24,223,364

The accompanying notes are an integral part of these statements.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
BALANCE SHEET CLASSIFICATIONS OF CASH EQUIVALENTS		
Cash and Cash Equivalents	$ 34,994,933	$ 24,223,364
TOTAL CASH AND CASH EQUIVALENTS	$ 34,994,933	$ 24,223,364
RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating Loss	$ (114,045,802)	$ (121,135,615)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation	10,544,318	10,175,626
(Increase) Decrease in Assets:		
Accounts and Grants Receivable	93,485	3,218,987
Prepaid Expenses and Other Assets	78,655	(491,808)
Deferred Outflows	(27,496,338)	15,917,276
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	1,897,115	1,553,651
Accrued Payroll and Other Compensation	704,454	(157,002)
Subscription Liability	(590,112)	(545,380)
Unearned Revenue	711,770	409,522
Net Pension Liability	45,877,938	(72,112,077)
Deferred Inflows	(32,810,539)	44,047,191
NET CASH USED FOR OPERATING ACTIVITIES	$ (115,035,056)	$ (119,119,629)

The accompanying notes are an integral part of these statements.

(1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Wayne County Community College District (the "District") is a Michigan community college. The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*.

The District 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 accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the District. Based on application of the criteria, the District has one component unit. A component unit is a separate legal entity that is included in the District's reporting entity because of the significance of its operational financial relationships with the District.

The WCCCD Scholarship Committee (the "Committee") is reported as a blended component unit and is reported as part of the District's reporting entity (although it is legally separate) because it is substantially governed by individuals employed by the District, operated by the District, and was established for the sole purpose of providing support to the District.

Significant accounting policies followed by the District are described below:

Accrual Basis

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

Subscription-Based Information Technology Arrangements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* Under GASB 96, a lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. The District adopted GASB 87, as of July 1, 2022, which resulted in the recording of right-to-use subscription assets and related subscription liabilities.

(1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

WCCCD Scholarship Committee

The Committee is a nonprofit organization that reports under the provisions of Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB recognition and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Committee's financial information included in the District's financial statements.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash and highly liquid investments which mature within a three-month period.

Investments

The District's investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Units of money market funds and municipal bonds are valued at quoted market prices, which represent the net asset value of units held by the District as of the end of the year. The fair value of U.S. government agency bonds is based upon independent pricing services, which generally includes inputs such as expected future cash flows, current market yields, prepayment expectations, reported trades, issuer spreads, bids, offers, credit quality, industry events, and economic events.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Fair Value Measurements

The District uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The District utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the District applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

(1) **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Fair Value Measurements (cont'd)

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the District has the ability to access.
- Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability.
- Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of an observable market date, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Property and Equipment

Property and Equipment are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Depreciation is provided for property and equipment on a straight-line basis over the estimated useful lives of the assets.

(1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. At June 30, 2023 unearned revenue consists of $5,728,063 for the summer and fall semester revenue and $296,619 relating to grants and contracts. At June 30, 2022 unearned revenue consists of $5,029,351 for summer and fall semester revenue and $283,561 relating to grants and contracts.

Accrued Vacation

Accrued vacation represents the accumulated liability to be paid under the District's current vacation pay policy. Under the District's policy, employees earn vacation time based on number of days worked.

Deferred Outflow and Inflow of Resources

Deferred Outflow of Resources represents the consumption or usage of resources applicable to a future reporting period. These types of resources are similar to assets and have a positive effect on the Statement of Net Position. Deferred Inflow of Resources represents the acquisition of net assets applicable to a future reporting period. These types of resources are similar to liabilities and have a negative effect on the Statement of Net Position.

Revenue Recognition

Revenue from state appropriations is recognized in accordance with the accounting method described in the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001,* which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted.

Operating revenues of the District consist of tuition and fees, certain grants and contracts, and other educational services revenues. Transactions related to capital and financing activities, non-capital financing activities, investing activities, state appropriations, property taxes, student financial aid grants, and gifts and donations are components of non-operating revenues.

(1) **BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

Revenue Recognition (cont'd)

Property taxes are recorded and accrued as revenue based on current year collections, which approximates the amounts when levied. Property taxes are levied December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the District from Wayne County based on amounts they receive from municipalities located within the District's boundaries through February 28. Uncollected taxes are turned over by the municipalities to Wayne County for subsequent collection. The District is subsequently paid delinquent real property taxes less uncollectible amounts through Wayne County. These payments are generally received within three to five months of receipt by the County.

During the years ended June 30, 2023 and 2022, $3.2202 and $3.2378 of tax per $1,000 of taxable property value in the District's taxing district was levied for general operating purposes on all property, respectively. Total operating property tax revenue was $87.7 million and $80.8 million for the years ended June 30, 2023 and 2022, respectively. (See Note 13)

Scholarship Allowance

Student tuition and fees revenues are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowance is the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the behalf of students. Certain governmental grants (including student financial aid grants) are recorded as either operating or non-operating revenues in the District's financial statements. To the extent that revenues from such grant programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship allowance.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

(1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

(2) CASH AND INVESTMENTS

The District's cash and investments are included on the Statement of Net Position under the following classifications as of June 30, 2023 and 2022.

	2023	2022
Cash and Cash Equivalents	$ 34,994,993	$ 24,223,364
Investments	240,368,615	235,454,747
Total	$ 275,363,608	$ 259,678,111

The District's cash and cash equivalents, and long-term certificates of deposit (which are included as part of the District's investments) at June 30, 2023 was reflected in the accounts of the financial institutions (without recognition of checks written but not yet cleared, or of deposits in transit) at $44,107,249. Of this amount, an estimated $6,025,440 was covered by the Federal Deposit Insurance Corporation (FDIC) and $38,081,809 was uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District evaluates each institution it deposits District funds with and assesses the level of risk of each institution: only those institutions with an acceptable estimated risk level are used as depositories.

(2) **CASH AND INVESTMENTS** (cont'd)

Investments

The District's Fair Value hierarchy for these assets measured at fair value on a recurring basis as of June 30, 2023 and 2022 is summarized as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2023				
Assets:				
Investments at Fair Value:				
U.S. Government Agency Securities	$ 111,603,637	$ -	$ -	$ 111,603,637
Certificates of Deposit	14,014,886	-	-	14,014,886
Michigan Municipal Bonds	114,750,092	-	-	114,750,092
	$ 240,368,615	$ -	$ -	$ 240,368,615
2022				
Assets:				
Investments at Fair Value:				
U.S. Government Agency Securities	$ 98,794,190	$ -	$ -	$ 98,794,190
Certificates of Deposit	13,215,727	-	-	13,215,727
Michigan Municipal Bonds	123,444,830	-	-	123,444,830
	$ 235,454,747	$ -	$ -	$ 235,454,747

(2) **CASH AND INVESTMENTS** (cont'd)

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District is authorized by Michigan Public Act 331, as amended through 1997, to invest surplus monies in U.S. Treasury bonds, bills and notes, certain commercial paper and investment pools that are composed of authorized investment vehicles. The District has an investment policy that limits its investment choices that excludes some investments authorized by state law.

The District has a policy that places a limit on the amount the District may invest in any one financial institution. The District's investments with financial institutions at June 30, 2023 and 2022 were in compliance with the District's investment policy.

The District's investments are all in the name of the District. The investments are in the custody of each financial institution they were purchased from. Therefore, custodial risk is limited.

The District had the following individual investments that represented 5% or more of the District's investments (excluding US Treasury Securities, mutual funds and external pooled investments) as of June 30, 2023:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal Agency Securities	$ 20,233,971
Federal Home Loan Bank	Federal Agency Securities	48,848,854
Michigan State Finance Authority	Municipal Bonds	15,389,468

The District reported net investment income (loss) of $725,213 and $(10,595,723), which includes net unrealized loss on investments of $(4,942,936) and $(15,298,331) for the years ended June 30, 2023 and 2022, respectively.

(3) PROPERTY AND EQUIPMENT

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2023:

	Beginning Balance	Additions	Transfers / Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable Capital Assets					
Land	$ 6,559,998	$ -	$ -	$ 6,559,998	
Construction in Progress	2,343,431	8,849,151	(450,139)	10,742,443	
Total Nondepreciable Capital Assets	8,903,429	8,849,151	(450,139)	17,302,441	
Depreciable Capital Assets					
Land Improvements	2,870,011	1,216,096	(460,360)	3,625,747	2-25
Building and Improvements	280,214,146	1,513,085	1,277,322	283,004,553	5-40
Infrastructure	8,161,185	17,758	-	8,178,943	5-25
Furniture, Fixtures and Equipment	36,890,082	991,174	(64,300)	37,816,956	3-20
Library	3,176,285	-	-	3,176,285	10
Total Depreciable Capital Assets	331,311,709	3,738,113	752,662	335,802,484	
Total Capital Assets	340,215,138	12,587,264	302,523	353,104,925	
Less: Accumulated Depreciation					
Land Improvements	2,018,171	150,425	-	2,168,596	
Building and Improvements	143,924,723	7,669,317	-	151,594,040	
Infrastructure	6,138,722	518,057	-	6,656,779	
Furniture, Fixture and Equipment	31,330,807	1,441,384	(64,300)	32,707,891	
Library	3,140,225	15,431	-	3,155,656	
Total Accumulated Depreciation	186,552,648	9,794,614	(64,300)	196,282,962	
Total Capital Assets, Net	$ 153,662,490	$ 2,792,650	$ 366,823	$ 156,821,963	

(3) **PROPERTY AND EQUIPMENT** (cont'd)

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2022:

	Beginning Balance	Additions	Transfers / Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable Capital Assets					
Land	$ 6,559,998	$ -	$ -	$ 6,559,998	
Construction in Progress	809,154	2,209,371	(675,094)	2,343,431	
Total Nondepreciable Capital Assets	7,369,152	2,209,371	(675,094)	8,903,429	
Depreciable Capital Assets					
Land Improvements	2,870,011	-	-	2,870,011	2-25
Building and Improvements	277,983,153	1,368,149	862,844	280,214,146	5-40
Infrastructure	8,161,185	-	-	8,161,185	5-25
Furniture, Fixtures and Equipment	36,322,223	998,944	(431,085)	36,890,082	3-20
Library	3,176,285	-	-	3,176,285	10
Total Depreciable Capital Assets	328,512,857	2,367,093	431,759	331,311,709	
Total Capital Assets	335,882,009	4,576,464	(243,335)	340,215,138	
Less: Accumulated Depreciation					
Land Improvements	1,915,716	102,455	-	2,018,171	
Building and Improvements	136,283,505	7,641,218	-	143,924,723	
Infrastructure	5,620,332	518,390	-	6,138,722	
Furniture, Fixture and Equipment	30,262,267	1,330,940	(262,400)	31,330,807	
Library	3,119,123	21,102	-	3,140,225	
Total Accumulated Depreciation	177,200,943	9,614,105	(262,400)	186,552,648	
Total Capital Assets, Net	$ 158,681,066	$ (5,037,641)	$ 19,065	$ 153,662,490	

(4) AGENT DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan that covers most employees of the District. The System provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS that are available at: **www.michigan.gov/orsschools**.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by the 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. Retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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 or Pension Plus plan member who leaves Michigan public school employment may request a refund of their member contributions to the retirement system account. 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.

(4) **AGENT DEFINED BENEFIT PENSION PLAN** (cont'd)

Contributions and Funded Status

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 the 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 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, 2021 valuation will be amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year 2022.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 – 4.0%	20.14%
Member Investment Plan	3.0 – 7.0	20.14
Pension Plus	3.0 – 6.4	17.22
Pension Plus 2	6.2	19.93
Defined Contribution	0.0	13.73

Required contributions to the pension plan from the District were $13,707,098 for the year ended September 30, 2022.

(4) **AGENT DEFINED BENEFIT PENSION PLAN** (cont'd)

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

At June 30, 2023, the District reported a liability of $151,459,752 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021. The District's proportionate share of the net pension liability was determined by dividing each employer's statutorily required contributions by the percent of pension contributions required from all employers during the measurement period. At September 30, 2022, the District's proportion was .4027 percent, which was a decrease of .0687 percent from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized total pension expense of $11,211,459. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,515,126	$ 338,648
Changes of assumptions	26,026,213	-
Net difference between projected and actual earnings on pension plan investments	355,173	-
Changes in proportion and difference between District contributions and proportionate share contributions	-	17,971,330
Employer contributions subsequent to the measurement date	15,567,832	-
Total	**$ 43,464,344**	**$ 18,309,978**

(4) **AGENT DEFINED BENEFIT PENSION PLAN** (cont'd)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2023. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflows) and Deferred Outflows of Resources by Year

(to Be Recognized in Future Pension Expenses)

Plan Year Ended September 30	Amount
2023	$1,305,567
2024	276,522
2025	761,582
2026	7,242,763

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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 plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	**Target Allocation**	**Long Term Expected Real Rate of Return***
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
TOTAL	100.0%	

*Long term rate of return are net of administration expenses and 2.2% inflation

(4) **AGENT DEFINED BENEFIT PENSION PLAN** (cont'd)

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, and 6.0% for the Pension Plus 2 plan). This discount rate was based on the long term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, and 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$199,870,608	$151,459,752	$111,567,029

(4) **AGENT DEFINED BENEFIT PENSION PLAN** (cont'd)

Actuarial Valuations and 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.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
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:	6.00%
Projected Salary Increases	2.75 – 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Mortality: Retirees – RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvement using projection scale MP-2017 from 2006.

Active Members – P-2014 Male and Female employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

(5) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the 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 on the ORS website at: www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of 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.

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

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

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

Contributions

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

Employer OPEB 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, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2023.

OPEB Contribution Rates			
Benefit Structure	**Member**	**Employer**	
Premium Subsidy	3.00%	8.09%	
Personal Healthcare Fund (PHF)	0.00%	7.23%	

Required contributions to the OPEB plan from the District were $3,173,918 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of $8,825,339 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021. The District's proportion of the net OPEB 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, 2022, the District's proportion was .4167 percent, a decrease of .0205 percent from the prior year proportion of .4372.

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

For the year ending June 30, 2023, the District recognized OPEB expense (credit) of $(4,859,848). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	-	$17,285,459
Changes of Assumptions	$7,866,308	$640,520
Net difference between projected and actual earnings on OPEB plan investments	$689,770	$0
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 0	$4,207,714
Employer contributions subsequent to the measurement date	$2,291,236	-
Total	$10,847,314	$22,133,693

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2023	$(4,641,050)
2024	$(4,040,259)
2025	$(3,596.752)
2026	$(789,434)
2027	$(455,106)
Thereafter	$(55,014)

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.

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15: 3% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3% Year 120
Mortality:	Retirees - RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females, adjusted for mortality improvements using projection scale MP-2017 for 2006. Active Members – RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
TOTAL	**100.0%**	

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$14,803,658	$8,825,339	$3,790,854

(5) **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS** (cont'd)

Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$3,695,630	$8,825,339	$14,583,540

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

(6) **LONG-TERM LIABILITIES**

Long-term liabilities as of June 30, 2023 and 2022 are as follows:

	2023	**2022**
Net Pension Liability	$ 151,459,752	$ 107,734,058
Net OPEB Liability	8,825,339	6,673,095
Total Net Pension and OPEB Liability	$ 160,285,091	$ 114,407,153
Accrued Vacation	$ 3,397,988	$ 3,581,574

(7) **SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The District is party to various subscription-based information technology arrangements that have been recorded under GASB No. 96 as Subscription Right of Use Assets using a discount rate of 3% and related Subscription Liability.

The Subscription Right of Use Assets at June 30, 2023 and 2022 are as follows:

	June 30, 2022	**Additions**	**June 30, 2023**
Subscription Right of Use Assets	$ 3,208,262	$ 236,128	$ 3,444,390
Accumulated Amortization	(607,569)	(749,701)	(1,357,270)
Total	$ 2,600,693	$ (513,573)	$ 2,087,120

The District has recorded a related Subscription Liability at June 30, 2023 and 2022, of $1,920,760 and $2,510,872, respectively. The following is a schedule of future subscription liability payments as of June 30, 2023:

Year	Principal	Interest	Total
2024	$ 565,870	$ 50,578	$ 616,448
2025	600,450	32,597	633,047
2026	599,510	15,244	614,754
2027	154,930	1,105	156,035
	$ 1,920,760	$ 99,524	$ 2,020,284

(8) **RISK MANAGEMENT**

The District is exposed to various risk of loss related to property loss, errors and omissions, workers' compensation, as well as medical benefits provided to employees. The District has purchased commercial insurance for medical benefits and workers' compensation claims and participates in the Michigan Community College Risk Management Authority ("the Authority") risk pool for all other types of claims.

(8) RISK MANAGEMENT (Continued)

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

(9) COMMITMENTS AND CONTINGENCIES

Federal and State grant and contract revenues are generally subject to review and audit by grantor agencies or their designees. Such audits could result in a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant or contract. At June 30, 2023, the District does not anticipate any material disallowance of recognized revenues.

The District is party to various lawsuits. It is the opinion of the District's management that potential claims from the lawsuits would not have a material effect on the accompanying financial statements.

The District engages with community partners in classroom space rental for community education, academic, certificate, and General Education Development ("GED") programming, including: Considine Little Rock Life Center ($16,500 monthly or $198,000 annually) and Soul Harvest Ministries ($2,500 monthly or $30,000 annually).The District is also party to a construction management agreement with Comau, LLC for the installation of a robotics automation, best in class, training facility at approximately $1.6 million through June 2024.

(10) WCCCD SCHOLARSHIP COMMITTEE

WCCCD Scholarship Committee (the "Committee") is an independent non-profit corporation exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code formed for the purpose of receiving funds for the sole benefit of students of the District. The assets and all activity of the Committee are reported as a blended component unit in the District's financial statements (See Note 12).

(11) RELATED PARTY TRANSACTIONS

A member of the WCCCD Scholarship Committee's Board of Directors is the principal owner of a law firm that provides services to the District. During the years ended June 30, 2023 and 2022 the District incurred legal costs with this law firm totaling $298,596 and $429,428, respectively. The District also incurred costs with this law firm for project management services totaling $15,487 and $12,029 for the years ended June 30, 2023 and 2022, respectively.

(12) CONDENSED COMBINING FINANCIAL STATEMENTS

Presented below are condensed combining financial statements of the District and the WCCCD Scholarship Committee (the "Committee") as of and for the years ended June 30, 2023 and 2022:

Combining Statements of Net Position

	2023			2022		
	District	**Committee**	**Total**	**District**	**Committee**	**Total**
Assets and Deferred Outflows						
Current Assets	$ 293,771,863	$ 2,032,528	$ 295,804,391	$ 274,964,089	$ 1,941,344	$ 276,905,433
Capital Assets	158,909,083	-	158,909,083	156,263,183	-	156,263,183
Deferred Outflows of Resources	54,311,658	-	54,311,658	26,815,320	-	26,815,320
Total Assets and Deferred Outflows	$ 506,992,604	$ 2,032,528	$ 509,025,132	$ 458,042,592	$ 1,941,344	$ 459,983,936
Liabilities and Deferred Inflows						
Current Liabilities	$ 18,691,146	$ 369,190	$ 19,060,336	$ 15,301,671	$ 241,250	$ 15,542,921
Long-Term Liabilities	165,037,969	-	165,037,969	119,954,219	-	119,954,219
Deferred Inflows of Resources	40,443,671	-	40,443,671	73,254,210	-	73,254,210
Total Liabilities and Deferred Inflows	$ 224,172,786	$ 369,190	$ 224,541,976	$ 208,510,100	$ 241,250	$ 208,751,350
Net Position						
Total Net Position	$ 282,819,818	$ 1,663,338	$ 284,483,156	$ 249,532,492	$ 1,700,094	$ 251,232,586
Total Liabilities and Net Position	$ 506,992,604	$ 2,032,528	$ 509,025,132	$ 458,042,592	$ 1,941,344	$ 459,983,936

(12) CONDENSED COMBINING FINANCIAL STATEMENTS (cont'd)

Combining Statements of Revenues, Expenses and Changes in Net Position

	2023			2022		
	District	Committee	Total	District	Committee	Total
Operating						
Operating Revenues	$ 14,825,530	$ -	$ 14,825,530	$ 17,603,978	$ -	$ 17,603,978
Operating Expenses	128,544,501	326,831	128,871,332	138,543,492	196,101	138,739,593
Operating Income (Loss)	$ (113,718,971)	$ (326,831)	$ (114,045,802)	$ (120,939,514)	$ (196,101)	$ (121,135,615)
Nonoperating Revenues (Expenses)	147,006,297	290,075	147,296,372	149,365,200	596,651	149,961,851
Increase in Net Position	$ 33,287,326	$ (36,756)	$ 33,250,570	$ 28,425,686	$ 400,550	$ 28,826,236
Net Position						
Net Position - Beginning of Year	249,532,492	1,700,094	251,232,586	221,106,806	1,299,544	222,406,350
Net Position - End of Year	$ 282,819,818	$ 1,663,338	$ 284,483,156	$ 249,532,492	$ 1,700,094	$ 251,232,586

(12) CONDENSED COMBINING FINANCIAL STATEMENTS (cont'd)

Combining Statements of Cash Flows

	2023			2022		
	District	**Committee**	**Total**	**District**	**Committee**	**Total**
Net Cash Provided by (Used for)						
Operating Activities	$ (115,126,240)	$ 91,184	$ (115,035,056)	$ (119,697,224)	$ 577,595	$ (119,119,629)
Noncapital Financing Activities	143,488,975	-	143,488,975	162,643,880	-	162,643,880
Capital and Related Financing Activities	(13,190,218)	-	(13,190,218)	(5,868,337)	-	(5,868,337)
Investing Activities	(3,985,010)	(507,062)	(4,492,072)	(72,534,076)	(390,859)	(72,924,935)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 11,187,507	$ (415,878)	$ 10,771,629	$ (35,455,757)	$ 186,736	$ (35,269,021)
Cash and Cash Equivalents - Beginning of Year	23,635,150	588,214	24,223,364	59,090,907	401,478	59,492,385
Cash and Cash Equivalents - End of Year	$ 34,822,657	$ 172,336	$ 34,994,993	$ 23,635,150	$ 588,214	$ 24,223,364

(13) TAX ABATEMENTS

Various municipal taxing authorities within the District's tax district provide tax abatement programs through five programs:

- **Industrial Facility Tax** - When using the Industrial Facility Tax, a community may reduce the property tax millage rate by 50% for up to 12 years where the project involves building new plants, expansion of existing plants, renovation of aging plants, or addition of new machinery and equipment.

- **Brownfield Tax Increment Financing Districts** - Tax increment financing ("TIF") provides a means for an eligible district, area, or property to capture increases in property tax revenue from other taxing authorities to help fund certain eligible activities. This is accomplished by freezing the district's property values at a baseline value at the time the TIF capture is approved. Any increase in property taxes that results from activities such as new construction, property improvements, or a property's increased market valuation remain with the TIF authority to fund eligible costs. A Brownfield is the redevelopment of contaminated, blighted, or functionally obsolete properties using the tax increment financing to fund eligible cleanup and redevelopment activities.

- **Neighborhood Enterprise Zones** - The Neighborhood Enterprise Zone Act ("NEZ"), PA 147 of 1992, as amended, provides for the development and rehabilitation of residential housing located within eligible distressed communities. A community will reduce the taxes on property for up to 15 years in designated areas to promote the revitalization of those neighborhoods. Developers and owners must first seek approval for the NEZ benefits before starting a project. There are two different types of projects that can be undertaken in a NEZ: including a rehabilitation project or a new facility.

- **Obsolete Property Rehabilitation Act** - Under the Obsolete Property Rehabilitation Act, a community may freeze the existing taxable value of a designated facility for up to 12 years where the project involves the development of a functionally obsolete property into a commercial or mixed-use development.

- **Renaissance Zone** - The Renaissance Zone program is a collaborative effort between the City of Detroit, the County of Wayne, and the State of Michigan to give tax incentives to residents and businesses. The City of Detroit has designated eighteen areas as Renaissance Zones. This program works to encourage economic stability and development within the eight designated areas of the City. The resident or business must be physically located within one of the sixteen sub-zones and must be qualified.

Tax Abatement Program	Taxes Abated Amount
Industrial Facility Tax	$ 377,588
Brownfield Tax Increment Financing Districts	708,555
Neighborhood Enterprise Zone	707,823
Obsolete Property Rehabilitation Zone Act	63,649
Renaissance Zone	-
Total	$ 1,857,615

(14) REPORTING CHANGE

During the year ended June 30, 2023, the District adopted GASB No. 96, *Subscription-Based Information Technology Arrangements.* As a result, the financial statements for the year ended June 30, 2022, have been restated to record Subscription Right of Use Assets of $2,600,693 and related Subscription Liabilities of $2,510,872. In addition, an adjustment was made to the June 30, 2022 financial statements to record State Appropriation Receivable and State Appropriations Revenue of $1,272,810 in the correct year.

(15) SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 14, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	General Fund	Restricted Fund	Pension Liability Fund	Plant Fund	Combined Total 2023
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 34,016,082	$ 937,246	$ -	$ 41,665	$ 34,994,993
Investments	200,449,244	1,856,364	-	38,063,007	240,368,615
Property Taxes Receivable	3,380,822	-	-	-	3,380,822
State Appropriations Receivable	4,493,247	-	1,226,070	-	5,719,317
Accounts Receivable, Net	2,964,238	8,935	-	231,325	3,204,498
Federal/State Grants Receivable	-	4,791,947	-	-	4,791,947
Prepaid Expenses and Other Assets	3,344,199	-	-	-	3,344,199
Due from (to) other funds	$ (143,099,831)	$ (4,922,313)	$ 149,089,288	$ (1,067,144)	-
Total Current Assets	$ 105,548,001	$ 2,672,179	$ 150,315,358	$ 37,268,853	$ 295,804,391
Property and Equipment					
Land and Improvements	$ -	$ -	$ -	$ 10,185,745	$ 10,185,745
Infrastructure	-	-	-	8,178,943	8,178,943
Building and Improvements	-	-	-	283,004,553	283,004,553
Equipment	-	-	-	40,993,241	40,993,241
Construction in Progress	-	-	-	10,742,443	10,742,443
Accumulated Depreciation	-	-	-	(196,282,962)	$ (196,282,962)
Total Property and Equipment, Net	$ -	$ -	$ -	$ 156,821,963	$ 156,821,963
Subcription Right of Use Assets	$ -	$ -	$ -	$ 3,444,390	$ 3,444,390
Accumulated Amortization	-	-	-	(1,357,270)	(1,357,270)
Total Subscription Right of Use Assets, Net	$ -	$ -	$ -	$ 2,087,120	$ 2,087,120
DEFERRED OUTFLOWS OF RESOURCES	-	-	54,311,658	-	54,311,658
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 105,548,001	$ 2,672,179	$ 204,627,016	$ 196,177,936	$ 509,025,132

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023
(Continued)

	General Fund	Restricted Fund	Pension Liability Fund	Plant Fund	Combined Total 2023
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 3,430,535	$ 739,549	$ -	$ 2,322,899	$ 6,492,983
Accrued Payroll	5,562,386	-	-	-	5,562,386
Subscription Liabilities - Current Portion	565,870	-	-	-	565,870
Other Liabilities	414,415	-	-	-	414,415
Unearned Revenue	5,764,117	260,565	-	-	6,024,682
Total Current Liabilities	$ 15,737,323	$ 1,000,114	$ -	$ 2,322,899	$ 19,060,336
Net Pension and OPEB Liability	-	-	160,285,091	-	160,285,091
Subscription Liabilities - Long-Term Portion	1,354,890	-	-	-	1,354,890
Accrued Vacation	3,397,988	-	-	-	3,397,988
Total Liabilities	$ 20,490,201	$ 1,000,114	$ 160,285,091	$ 2,322,899	$ 184,098,305
DEFERRED INFLOWS OF RESOURCES	$ -	$ -	$ 40,443,671	$ -	$ 40,443,671
Net Position					
Invested in Capital Assets, Net of Related Debt	$ -	$ -	$ -	$ 156,821,963	$ 156,821,963
Subscription Right of Use Assets, Net	-	-	-	2,087,120	2,087,120
Restricted For					
Capital Projects	-	-	-	34,945,954	34,945,954
Unrestricted	85,057,800	1,672,065	3,898,254	-	90,628,119
Total Net Position	$ 85,057,800	$ 1,672,065	$ 3,898,254	$ 193,855,037	$ 284,483,156
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 105,548,001	$ 2,672,179	$ 204,627,016	$ 196,177,936	$ 509,025,132

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

REVENUES	Combined Total 2023	Elimination	General Fund	Restricted Fund	Pension Liability Fund	Plant Fund
Operating Revenues						
Tuition and Fees (net of scholarship allowances)	$ 11,594,911	$ (11,985,947)	$ 23,580,858	$ -	$ -	$ -
Federal Grants and Contracts	2,353,312	-	-	2,353,312	-	-
State and Local Grants and Contracts	113,402	-	-	113,402	-	-
Nongovernmental Grants	351,463	(222,106)	190,733	382,836	-	-
Miscellaneous	412,442	(140,184)	552,626	-	-	-
Total Operating Revenues	$ 14,825,530	$ (12,348,237)	$ 24,324,217	$ 2,849,550	$ -	$ -
EXPENSES						
Operating Expenses						
Instruction	$ 33,239,619	$ (14,574)	$ 29,140,780	$ 1,825,474	$ 2,287,939	$ -
Information Technology	9,405,230	(406)	4,905,211	4,078,035	313,122	109,268
Public Service	2,107,184	-	2,083,332	-	23,852	-
Academic Support	14,567,277	(30,510)	12,284,255	1,088,122	1,225,410	-
Student Services	27,302,702	(12,254,027)	15,837,376	22,400,632	1,318,721	-
Institutional Support	16,136,285	(491,144)	14,490,931	992,597	1,143,901	-
Physical Plant Operations	15,568,717	-	14,694,514	89,190	700,553	84,460
Depreciation	10,544,318	-	-	-	-	10,544,318
Total Operating Expenses	$ 128,871,332	$ (12,790,661)	$ 93,436,399	$ 30,474,050	$ 7,013,498	$ 10,738,046
Operating Income (Loss)	$ (114,045,802)	$ 442,424	$ (69,112,182)	$ (27,624,500)	$ (7,013,498)	$ (10,738,046)

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

	Combined Total 2023	Elimination	General Fund	Restricted Fund	Pension Liability Fund	Plant Fund
NONOPERATING REVENUES (EXPENSES)						
Federal Grant Revenue	$ 23,748,367	$ -	$ -	$ 23,748,367	$ -	$ -
State Grant Revenue	3,549,301	-	-	3,549,301	-	-
Nongovernmental Grants	241,751	-	-	241,751	-	-
State Appropriations	31,267,152	-	20,355,400	-	10,911,752	-
Property Tax Levy	87,723,492	-	87,723,492	-	-	-
Other Income - HEERF	-	(442,424)	442,424	-	-	-
Investment Income (Loss)	725,213	-	663,768	7,727	-	53,718
Gifts and Donations	41,096	-	-	41,096	-	-
Net Nonoperating Revenues	$ 147,296,372	$ (442,424)	$ 109,185,084	$ 27,588,242	$ 10,911,752	$ 53,718
Net Increase (Decrease) in Net Position	$ 33,250,570	$ -	$ 40,072,902	$ (36,258)	$ 3,898,254	$ (10,684,328)
Net Position - Beginning of Year	251,232,586	-	44,984,898	1,708,323	-	204,539,365
Net Position - End of Year	$ 284,483,156	$ -	$ 85,057,800	$ 1,672,065	$ 3,898,254	$ 193,855,037

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	General Fund	Restricted Fund	Plant Fund	Combined Total 2022
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 23,568,560	$ 648,690	$ 6,114	$ 24,223,364
Investments	187,286,910	1,349,303	46,818,534	235,454,747
Property Taxes Receivable	1,694,401	-	-	1,694,401
State Appropriations Receivable	5,396,667	2,724	-	5,399,391
Accounts Receivable, Net	1,420,565	3,827	195,756	1,620,148
Federal/State Grants Receivable	-	5,090,528	-	5,090,528
Prepaid Expenses and Other Assets	3,374,252	48,602	-	3,422,854
Due from (to) other funds	$ 2,036,147	$ (3,899,820)	$ 1,863,673	$ -
Total Current Assets	$ 224,777,502	$ 3,243,854	$ 48,884,077	$ 276,905,433
Property and Equipment				
Land and Improvements	$ -	$ -	$ 9,430,009	$ 9,430,009
Infrastructure	-	-	8,161,184	8,161,184
Building and Improvements	-	-	280,214,145	280,214,145
Equipment	-	-	40,066,366	40,066,366
Construction in Progress	-	-	2,343,431	2,343,431
Accumulated Depreciation	-	-	(186,552,645)	$ (186,552,645)
Total Property and Equipment, Net	$ -	$ -	$ 153,662,490	$ 153,662,490
Subcription Right of Use Assets	$ -	$ -	$ 3,208,262	$ 3,208,262
Accumulated Amortization	-	-	(607,569)	$ (607,569)
Total Subscription Right of Use Assets, Net	$ -	$ -	2,600,693	$ 2,600,693
DEFERRED OUTFLOWS OF RESOURCES	26,815,320	-	-	26,815,320
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 251,592,822	$ 3,243,854	$ 205,147,260	$ 459,983,936

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022
(Continued)

	General Fund	Restricted Fund	Plant Fund	Combined Total 2022
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 2,513,305	$ 1,321,675	$ 607,895	$ 4,442,875
Accrued Payroll	4,674,346	-	-	4,674,346
Subscription Liabilities - Current Portion	545,380	-	-	545,380
Other Liabilities	567,408	-	-	567,408
Unearned Revenue	5,099,056	213,856	-	5,312,912
Total Current Liabilities	$ 13,399,495	$ 1,535,531	$ 607,895	$ 15,542,921
Net Pension and OPEB Liability	114,407,153	-	-	114,407,153
Subscription Liabilities - Long-Term Portion	1,965,492	-	-	1,965,492
Accrued Vacation	3,581,574	-	-	3,581,574
Total Liabilities	$ 133,353,714	$ 1,535,531	$ 607,895	$ 135,497,140
DEFERRED INFLOWS OF RESOURCES	$ 73,254,210	$ -	$ -	$ 73,254,210
Net Position				
Invested in Capital Assets, Net of Related Debt	$ -	$ -	$ 153,662,490	$ 153,662,490
Subscription Right of Use Assets, Net	-	-	2,600,693	2,600,693
Restricted For				
Capital Projects	-	-	48,276,182	48,276,182
Unrestricted	44,984,898	1,708,323	-	46,693,221
Total Net Position	$ 44,984,898	$ 1,708,323	$ 204,539,365	$ 251,232,586
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 251,592,822	$ 3,243,854	$ 205,147,260	$ 459,983,936

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Combined Total 2022	Elimination	General Fund	Restricted Fund	Plant Fund
REVENUES					
Operating Revenues					
Tuition and Fees (net of scholarship allowances)	$ 13,693,632	$ (9,906,243)	$ 23,599,875	$ -	$ -
Federal Grants and Contracts	1,669,057	-	-	1,669,057	-
State and Local Grants and Contracts	365,051	-	-	365,051	-
Nongovernmental Grants	505,128	(187,576)	505,128	187,576	-
Miscellaneous	1,371,110	(220,594)	1,591,704	-	-
Total Operating Revenues	$ 17,603,978	$ (10,314,413)	$ 25,696,707	$ 2,221,684	$ -
EXPENSES					
Operating Expenses					
Instruction	$ 26,492,278	$ (168,689)	$ 24,989,983	$ 1,670,984	$ -
Information Technology	6,797,636	(151,753)	4,646,550	1,842,176	460,663
Public Service	1,334,150	-	1,334,150	-	-
Academic Support	13,543,411	(340,343)	12,622,890	1,260,864	-
Student Services	49,394,430	(9,994,522)	15,317,484	44,071,468	-
Institutional Support	15,184,213	(3,954,870)	14,864,989	4,274,094	-
Physical Plant Operations	15,817,849	(760,266)	15,604,289	966,779	7,047
Depreciation	10,175,626	-	-	-	10,175,626
Total Operating Expenses	$ 138,739,593	$ (15,370,443)	$ 89,380,335	$ 54,086,365	$ 10,643,336
Operating Income (Loss)	$ (121,135,615)	$ 5,056,030	$ (63,683,628)	$ (51,864,681)	$ (10,643,336)

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

	Combined Total 2022	Elimination	General Fund	Restricted Fund	Plant Fund
NONOPERATING REVENUES (EXPENSES)					
Federal Grant Revenue	$ 48,038,728	$ -	$ -	$ 48,038,728	$ -
State Grant Revenue	3,629,852	-	-	3,629,852	-
Nongovernmental Grants	154,810	-	-	154,810	-
State Appropriations	27,469,644	-	27,469,644	-	-
Property Tax Levy	80,794,554	-	80,794,554	-	-
Other Income - HEERF	-	(5,056,030)	5,056,030	-	-
Investment Income	(10,595,723)	-	(7,151,698)	(27,854)	(3,416,171)
Gifts and Donations	469,986	-	-	469,986	-
Net Nonoperating Revenues	$ 149,961,851	$ (5,056,030)	$ 106,168,530	$ 52,265,522	$ (3,416,171)
Income (Loss) Before Transfers	$ 28,826,236	$ -	$ 42,484,902	$ 400,841	$ (14,059,507)
Transfers In (Out)	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Net Position	$ 28,826,236	$ -	$ 42,484,902	$ 400,841	$ (14,059,507)
Net Position - Beginning of Year	222,406,350	-	2,499,996	1,307,482	218,598,872
Net Position - End of Year	$ 251,232,586	$ -	$ 44,984,898	$ 1,708,323	$ 204,539,365

Schedule of Wayne County Community College District's Proportionate Share of the Net Pension Liability

Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of September 30, of each fiscal year, in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0%	0.40272	0.45505%	0.47140%	0.48979%	0.50121%	0.50770%	0.50057%	0.49019%	0.48388%
District's proportionate share of net pension liability	$-	$ 151,460	$107,734	$161,935	$162,203	$150,675	$131,569	$124,887	$119,228	$106,581
District's covered-employee payroll (gross wages)	$-	$ 40,513	$ 39,629	$ 40,805	$ 42,241	$ 42,157	$ 42,960	$ 41,930	$ 41,723	$ 41,347
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0%	374%	272%	397%	384%	357%	306%	298%	285%	257%
Plan fiduciary net position as a percentage of total pension liability	0%	60.77%	72.60%	59.72%	60.31%	62.12%	64.21%	63%	62.92%	66.20%

Reporting Unit Contributions

Schedule of Wayne County Community District's Contributions
Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit fiscal years (July 1 – June 30, in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$-	$13,707	$13,663	$11,955	$13,012	$13,648	$11,908	$11,240	$ 9,456	$ 7,515
Contributions in relation to statutorily required contributions	$-	$17,410	$12,315	$11,023	$13,537	$13,638	$13,837	$12,878	$16,514	$ 12,241
Contribution deficiency (excess)	$-	$ (3,703)	$ 1,348	$ 932	$ (525)	$ 10	$ (1,929)	$ (1,638)	$ (7,058)	$ (4,726)
Reporting unit's covered-employee payroll	$-	$40,380	$39,227	$39,278	$41,897	$42,089	$42,452	$43,844	$41,723	$ 41,077
Contributions as a percentage of covered-employee payroll	0%	43.1%	31.3%	28.0%	32.3%	32.4%	32.6%	29.4%	39.6%	29.8%

Reporting Unit Contributions

Schedule of Wayne County Community District's Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement Plan
Last 10 Reporting Unit fiscal years (Amounts were determined as of September 30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)	0%	0%	0%	0%	41.67%	0.4372%	0.4589%	0.4820%	0.4934%	0.5080%
District's proportionate share of net OPEB liability	$-	$-	$-	$ -	$ 8,825,339	$ 6,673,095	$ 24,584,224	$34,597,740	$38,218,787	$44,981,811
District's covered-employee payroll (gross wages)	$-	$-	$-	$ -	$ 40,512,857	$ 39,629,220	$ 40,805,192	$42,241,145	$42,157,393	$42,960,528
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	21.78%	16.800%	60.247%	81.905%	93.029%	104.705%
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	87.33%	87.33%	59.44%	48.46%	43.10%	36.39%

WAYNE COUNTY COMMUNITY COLLEGE DISTRICT
REQUIRED SUPPLEMENTAL OPEB INFORMATION
JUNE 30, 2023
(C0ntinued)

Reporting Unit Contributions

Schedule of Wayne County Community District's OPEB Contributions

Michigan Public School Employees Retirement Plan

Last 10 Reporting Unit fiscal years (Amounts were determined as of June 30 of each fiscal year)

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ -	$ -	$ -	$ -	$ 3,173,918	$ 3,245,420	$ 3,242,206	$ 3,309,544	$ 3,202,532	$ 3,954,643
OPEB contributions in relation to statutorily required contributions	$ -	$ -	$ -	$ -	$ 3,099,838	$ 3,108,718	$ 2,995,623	$ 3,440,133	$ 2,451,353	$ 3,052,326
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 74,080	$ 136,702	$ 246,583	$ (130,589)	$ 751,179	$ 902,317
Reporting unit's covered-employee payroll	$ -	$ -	$ -	$ -	$ 40,380,137	$ 39,226,968	$ 39,278,359	$ 41,896,791	$ 42,089,111	$ 42,452,512
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%	7.68%	7.90%	7.63%	8.21%	5.82%	7.19%

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GREGORY TERRELL & COMPANY

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Trustees
Wayne County Community College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Wayne County Community College District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gregory Terrell & Company

GREGORY TERRELL & COMPANY
Certified Public Accountants
Detroit, Michigan

November 14, 2023