



# **CENTRAL MICHIGAN UNIVERSITY**

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## **State of Michigan ACFR Financial Schedules**

June 30, 2025



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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

January 12, 2026

Board of Trustees  
Central Michigan University  
Mount Pleasant, Michigan

We have audited the financial statements of **Central Michigan University** (the "University") as of and for the year ended June 30, 2025, and have issued our report thereon dated October 31, 2025, which expressed unmodified opinions on those financial statements. As stated in our report, we did not audit the financial statements of Saginaw Cooperative Hospitals, Inc. d/b/a CMU Medical Education Partners, a discretely presented component unit of **Central Michigan University**, which statements were audited by other auditors whose report thereon was furnished to us, and our opinions, insofar as they relate to the amounts included for Saginaw Cooperative Hospitals, Inc. d/b/a CMU Medical Education Partners, were based solely on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying financial information (as listed in the table of contents) supplements the basic financial statements noted above, and is presented solely for the purposes of conforming the University's financial statements with the State of Michigan Annual Comprehensive Financial Report format. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of **Central Michigan University**, the State of Michigan Department of Management and Budget, and the State of Michigan Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Rehmann Johnson LLC*



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**STATE OF MICHIGAN**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNIT**  
June 30, 2025

CENTRAL  
MICHIGAN  
UNIVERSITY

<b>ASSETS</b>		
Current Assets:		
Cash	\$	61,874,075
Equity in common cash (Note 5)		
Amounts due from component units		
Amounts due from primary government		66,717,901
Amounts due from federal government		3,706,186
Amounts due from local units		
Inventories		2,445,688
Investments (Note 8)		3,081,555
Other current assets*		33,824,054
		<hr/>
Total Current Assets		171,649,459
Noncurrent Assets:		
Restricted Assets:		87
Cash and cash equivalents		
Investments		
Mortgages and loans receivable		
Advances to primary government		
Amounts due from local units		
Mortgages and loans receivable		
Investments (Note 8)		567,603,616
Land and property held for resale		
Capital and Lease Assets (Note 9):		
Land and other non-depreciable assets		14,826,132
Buildings, equipment, and other depreciable assets		1,108,048,485
Less accumulated depreciation		(618,574,450)
Infrastructure		
Construction in progress		12,395,094
Total capital and lease assets		516,695,261
Other noncurrent assets*		79,812,176
Total Noncurrent assets		<hr/> 1,164,111,140
		<hr/> 1,335,760,599
Total Assets		<hr/> 1,519,684
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 28)</b>		
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and other liabilities		79,779,033
Amounts due to component units		
Amounts due to primary government		118,549
Bonds and notes payable (Note 14)		8,316,371
Interest payable		1,315,838
Unearned revenue		34,327,320
Vendor financing obligations (Note 12)**		6,117,000
Current portion of other long-term obligations		1,429,395
Total Current Liabilities		<hr/> 131,403,506
Long-Term Liabilities:		
Unearned revenue		128,539,528
Bonds and notes payable (Note 14)		9,038,910
Vendor financing obligations (Note 12)**		18,826,636
Noncurrent portion of other long-term obligations		<hr/> 156,405,074
Total Long-Term Liabilities		<hr/> 287,808,580
Total Liabilities		<hr/> 40,311,901
<b>DEFERRED INFLOWS OF RESOURCES (Note 28)</b>		
<b>NET POSITION</b>		
Net investment in capital assets		354,510,051
Restricted For:		
Education		27,766,064
Construction and debt service		26,049,750
Other purposes		56,164,542
Funds Held as Permanent Investments:		
Expendable		85,189,985
Nonexpendable		86,522,221
Unrestricted		372,957,189
Total Net Position	\$	<hr/> 1,009,159,802

\*Includes lease receivables.

\*\*To report the current and long-term portions of lease liabilities and financed purchase liabilities

See notes to State of Michigan ACFR.

## STATE OF MICHIGAN

## RECLASSIFIED STATEMENT OF NET POSITION

## COMPONENT UNIT-CENTRAL MICHIGAN UNIVERSITY

June 30, 2025

EXHIBIT I

	University	Discrete	Total	Adjustments and			SOMACFR	
				Financial	Component	Eliminations		
<b>ASSETS</b>								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 60,641,352	\$ 1,232,723	\$ 61,874,075			\$ 61,874,075	1	
Investments		3,081,555	3,081,555			3,081,555	1	
Accounts receivable, net	30,830,089	2,622,348	\$ (169,060)	33,283,377		33,283,377	2	
State appropriations receivable, SBA							2	
State appropriations receivable, operations	17,776,702		17,776,702			17,776,702	2	
State appropriations receivable, Charter Schools	48,785,950		48,785,950			48,785,950	2	
Inventories	2,445,688		2,445,688			2,445,688	1	
Other assets	3,192,957	1,209,155	4,402,112			4,402,112	2	
Total current assets	163,672,738	8,145,781	(169,060)	171,649,459				
CURRENT ASSETS								
Cash				\$ 61,874,075	1		\$ 61,874,075	
Amounts due from primary government				66,717,901	2		66,717,901	
Amounts due from federal government				3,706,186	2		3,706,186	
Amounts due from local units								
Inventories				2,445,688	1		2,445,688	
Investments (Note 8)				3,081,555	1		3,081,555	
Securities lending collateral								
Other Current Assets				33,824,054	2		33,824,054	
Total Current Assets	163,672,738	8,145,781	(169,060)	171,649,459	171,649,459		171,649,459	
NONCURRENT ASSETS:								
Restricted cash and cash equivalents	87		87			87	1	
Pledges receivable, net	17,146,563		17,146,563			17,146,563	1	
Leases receivable, net	6,487,531		6,487,531			6,487,531	1	
Endowment investments	282,660,234		282,660,234			282,660,234	3	
Other assets		13,540	13,540			13,540	1	
Other long-term investments	276,632,475	8,310,907	284,943,382			284,943,382	3	
Net Pension & OPEB asset	56,164,542		56,164,542			56,164,542	1	
Lease and SBITA assets, net	11,500,317	4,624,177	16,124,494			16,124,494	4	
Capital assets, net	498,180,087	2,390,680	500,570,767			500,570,767	4	
RESTRICTED ASSETS								
Cash and cash equivalents				87	1		87	
INVESTMENTS				567,603,616	3		567,603,616	
CAPITAL AND LEASE ASSETS:								
Land and other non depreciable assets				14,826,132	4		14,826,132	
Buildings, equipment and other depreciable assets				1,108,048,485	4		1,108,048,485	
Less accumulated depreciation						618,574,450	4	
Construction in progress				12,395,094	4		(618,574,450)	
Net capital and lease assets							12,395,094	
Other noncurrent assets							516,695,261	
Total noncurrent assets	1,148,771,836	15,339,304		1,164,111,140	1,782,685,590		1,164,111,140	
<b>TOTAL ASSETS</b>	<b>1,312,444,574</b>	<b>23,485,085</b>	<b>(169,060)</b>	<b>1,335,760,599</b>	<b>1,954,335,049</b>	<b>1,954,335,049</b>	<b>1,335,760,599</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Accumulated change in fair value of hedging derivatives and deferred on bond refunding	1,035,549		1,035,549				1,035,549	
Deferred outflow related to CMU's proportionate share of the MPSERS net pension & OPEB liability	1,805,623		1,805,623			1,321,488	9	
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,841,172</b>			<b>2,841,172</b>		<b>1,321,488</b>	<b>1,519,684</b>	

See notes to State of Michigan ACFR.

STATE OF MICHIGAN  
 RECLASSIFIED STATEMENT OF NET POSITION  
 COMPONENT UNIT-CENTRAL MICHIGAN UNIVERSITY  
 June 30, 2025

EXHIBIT I

	University Financial Report	Discrete Component Units	Total Eliminations	University	Adjustments and Reclassifications			SOMACFR Format
					Debit	Credit		
<b>LIABILITIES:</b>								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	\$ 75,611,598	\$ 4,516,901	\$ (169,060)	\$ 79,959,439	\$ 79,959,439	5		
Unearned revenue	34,317,320	10,000		34,327,320	34,327,320	1		
Deposits	1,253,981			1,253,981	1,253,981	5		
Long term liabilities - current portion	14,915,474	947,292		15,862,766	15,862,766	6		
Total Current Liabilities	126,098,373	5,474,193	(169,060)	131,403,506				
CURRENT LIABILITIES								
Accounts payable and other liabilities					\$ 79,779,033	5	\$ 79,779,033	
Amounts due to primary government					118,549	5	118,549	
Bond and notes payable					8,316,371	6	8,316,371	
Lease & SBITA obligations					6,117,000	6	6,117,000	
Interest payable					1,315,838	5	1,315,838	
Unearned revenue					34,327,320	1	34,327,320	
Other long term obligations - current portion					1,429,395	6	1,429,395	
Total Current Liabilities	126,098,373	5,474,193	(169,060)	131,403,506	131,403,506		131,403,506	
Amounts due to CMU								
NONCURRENT LIABILITIES:								
Long-term debt, hedging instruments and other obligations	145,416,162	3,676,885		149,093,047	149,093,047	7		
Net Pension Liability					7			
Net OPEB Liability					7			
Unearned Revenue								
Bonds and notes payable					128,539,528	7	128,539,528	
Lease & SBITA obligations					9,038,910	7	9,038,910	
Noncurrent portion of other long-term obligations		7,312,027		7,312,027			11,514,609	7
TOTAL LIABILITIES	271,514,535	16,463,105	(169,060)	287,808,580	280,496,553		280,496,553	
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflow on bond refunding	2,334,721			2,334,721				2,334,721
Deferred inflow related to CMU's proportionate share of the MPERS net pension & OPEB liability	25,040,044			25,040,044	1,321,488	9		23,718,556
Deferred inflow related to Split Interest Agreements	6,502,878			6,502,878				6,502,878
Deferred inflow related to Lease Agreements	7,755,746			7,755,746				7,755,746
TOTAL DEFERRED INFLOWS OF RESOURCES	41,633,389			41,633,389	1,321,488			40,311,901
<b>NET POSITION</b>								
Net investment in capital assets	354,510,051			354,510,051	354,510,051	1		
Restricted for:								
Expendable								
Scholarships, fellowships, research and other	92,233,105			92,233,105	92,233,105	8		
Instructional department uses	20,722,944			20,722,944	20,722,944	8		
Capital projects and debt service	26,049,750			26,049,750	26,049,750	1		
Pension & OPEB	56,164,542			56,164,542	56,164,542	1		
Nonexpendable								
Scholarships, fellowships, and research	86,522,221			86,522,221	86,522,221	8		
Unrestricted	365,935,209	7,021,980		372,957,189	372,957,189	1		
Total net position	1,002,137,822	7,021,980		1,009,159,802	1,009,159,802			
NET POSITION								
Net investment in capital assets							354,510,051	1
Restricted for:								
Education							27,766,064	8
Construction and debt service							26,049,750	1
Other Purposes							56,164,542	1
Funds Held as Permanent Investments								
Expendable							85,189,985	8
Nonexpendable							86,522,221	8
Unrestricted Net Position							372,957,189	1
<b>TOTAL NET POSITION</b>	<b>\$ 1,002,137,822</b>	<b>\$ 7,021,980</b>		<b>\$ 1,009,159,802</b>	<b>\$ 1,009,159,802</b>		<b>\$ 1,009,159,802</b>	<b>\$ 1,009,159,802</b>

See notes to State of Michigan ACFR.

STATE OF MICHIGAN  
 RECLASSIFYING ENTRIES FOR STATEMENT OF NET POSITION  
 COMPONENT UNIT - CENTRAL MICHIGAN UNIVERSITY  
 JUNE 30, 2025

EXHIBIT I

1) Reclassify financial data into the specified format to be used in the State's ACFR Statement.

2) Reclassify current receivables

	Other Receivables	Due from Primary Government	Due from Federal Government
Accounts receivable, net	\$ 33,283,377		
State appropriations receivable, SBA		17,776,702	
State appropriations receivable, operations		48,785,950	
State appropriations receivable, Charter Schools			
State Appropriations - SBA		(17,776,702)	\$ 17,776,702
State Appropriations - operations		(48,785,950)	48,785,950
State Appropriations - Charter Schools			
State Grants		(155,249)	155,249
Federal Agencies		(3,706,186)	
		29,421,942	\$ 66,717,901
Other current assets		4,402,112	
			\$ 33,824,054

3) Reclassify investments

	Investments
Endowment investments	\$ 282,660,234
Other long-term investments (includes component units)	284,943,382

Investments

4) Reclassify capital assets

	University Capital Assets	Discrete CU Capital Assets	Total Capital Assets
Land and other nondepreciable assets	\$ 14,826,132		\$ 14,826,132
Buildings, equipment, and other depreciable assets	1,092,825,161	\$ 15,223,324	1,108,048,485
Construction in progress	12,395,094		12,395,094
Total	1,120,046,387	15,223,324	1,135,269,711
Less accumulated depreciation	610,365,983	8,208,467	618,574,450
Capital Assets, net	\$ 509,680,404	\$ 7,014,857	\$ 516,695,261

5) Reclassify current liabilities

	Accounts Payable and Other Liabilities	Due to Primary Government	Interest Payable
Accounts payable and accrued liabilities			
Deposits	\$ 79,959,439		
Mich income tax	1,253,981		
Payroll Floor UAAL Payment	(57,653)	\$ 57,653	
Sec 236(4) UAAL Payment	4,724	(4,724)	
MPSERS Member Payments on Accrued Payroll			
Mich sales tax owed	(48,542)	48,542	
Interest	(17,078)	17,078	
	(1,315,838)		
	\$ 79,779,033	\$ 118,549	\$ 1,315,838

6) Reclassify current portion of debt obligation

	Long Term Liab Current portion	Bonds & Notes Payable	Lease Obligations
Current portions of long term obligations	\$ 15,862,766		
Bonds and notes payable	(8,316,371)	\$ 8,316,371	
Lease & SBITA obligations	(6,117,000)		\$ 6,117,000
	\$ 1,429,395	\$ 8,316,371	\$ 6,117,000

7) Reclassify noncurrent liabilities

	Other Long-Term Liabilities	Bonds & Notes Payable	Lease Obligations
Long-term debt and other obligations	\$ 149,093,047		
Long-term bonds and notes payable	(128,539,528)	\$ 128,539,528	
Long-term lease & SBITA obligations	(9,038,910)		\$ 9,038,910
Net Pension Liability			
Net OPEB Liability			
	\$ 11,514,609	\$ 128,539,528	\$ 9,038,910

8) Combine restricted net position

Restricted for:

	Restricted for Endowments	Restricted for Education
Nonexpendable-scholarships, fellowships, research	\$ 86,522,221	
Expendable-scholarships, fellowships, research	85,189,985	\$ 7,043,120
Instructional department uses		20,722,944
	\$ 171,712,206	\$ 27,766,064

9) Reclassify Pension Related State Apps Deferred Inflows

	Deferred Outflow	Deferred Inflow
Pension & OPEB Related Deferreds	\$ 1,805,623	\$ 25,040,044
Def Inflows-State Apps Contributions Subsq to Msrmnt Date	(1,321,488)	(1,321,488)
	\$ 484,135	\$ 23,718,556

See notes to State of Michigan ACFR.

STATE OF MICHIGAN  
 STATEMENT OF ACTIVITIES  
 COMPONENT UNIT  
 June 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				GENERAL REVENUES				CHANGE IN NET POSITION	NET POSITION BEGINNING OF YEAR	RESTATEMENTS AND ADJUSTMENTS	NET POSITION END OF YEAR
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE	INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	EXTRAORDINARY ITEMS				
Central Michigan University	\$ 483,120,567	\$ 334,412,760	\$ 56,380,609	\$ 29,319,926	\$ (63,007,272)	\$ 26,246,542	\$ 99,783,233	\$ 24,457,881	\$ -	\$ 87,480,384	\$ 921,679,418	\$ -	\$ 1,009,159,802
Total	<u>\$ 483,120,567</u>	<u>\$ 334,412,760</u>	<u>\$ 56,380,609</u>	<u>\$ 29,319,926</u>	<u>\$ (63,007,272)</u>	<u>\$ 26,246,542</u>	<u>\$ 99,783,233</u>	<u>\$ 24,457,881</u>	<u>\$ -</u>	<u>\$ 87,480,384</u>	<u>\$ 921,679,418</u>	<u>\$ -</u>	<u>\$ 1,009,159,802</u>

See notes to State of Michigan ACFR.

STATE OF MICHIGAN  
RECLASSIFIED STATEMENT OF ACTIVITIES  
COMPONENT UNIT - CENTRAL MICHIGAN UNIVERSITY  
June 30, 2025

EXHIBIT II

	University Financial Report	Discrete Component Units	Eliminations	Total University	Adjustments and Reclassifications			SOMACFR Format
					Debit	Credit		
OPERATING REVENUES								
Tuition and fees	\$ 157,521,658			\$ 157,521,658	\$ 157,521,658	1		
Federal grants and contracts	12,506,270	\$		12,506,270	12,506,270	2		
State and local grants and contracts	2,038,262			2,038,262	2,038,262	2		
Private grants and contracts	8,520,309			8,520,309	8,520,309	2		
Sales and services of educational activities	35,206,500			34,739,949	34,739,949	1		
Auxiliary enterprises	77,539,537	64,611,616	\$ (466,551)	142,151,153	142,151,153	1		
Total operating revenues	293,332,536	64,611,616	(466,551)	357,477,601	357,477,601			
OPERATING EXPENSES	412,067,495	66,586,746	(466,551)	478,187,690		\$ 478,187,690	3	
NONOPERATING REVENUES (EXPENSES)								
State appropriations	99,783,233			99,783,233	99,783,233	4		
Gifts and pledges net of allowance	7,599,888			7,599,888	7,599,888	2		
Investment income net of expense	47,985,427	449,249		48,434,676	48,434,676	2,5		
Interest on capital assets related debt	(4,932,877)			(4,932,877)				
Federal Pell grant program	22,062,177			22,062,177	22,062,177	6		
Governmental Coronavirus Support programs	754,237			754,237	754,237	6		
Other nonoperating revenue (expense)	1,649,255	(7,788)		1,641,467	1,641,467	6		
Net nonoperating revenues	174,901,340	441,461		175,342,801	180,275,678		4,932,877	
OTHER								
Capital appropriations								
Capital grants and gifts	29,319,926			29,319,926	29,319,926	4		
Additions to permanent endowments	3,527,746			3,527,746	3,527,746	7		
Total other revenues	32,847,672			32,847,672	32,847,672			
Increase in net position	89,014,053	(1,533,669)		87,480,384	570,600,951		483,120,567	
EXPENSES					483,120,567	3		3 \$ 483,120,567
PROGRAM REVENUES								
Charges for services							334,412,760	1 334,412,760
Operating grants/contributions							56,380,609	2 56,380,609
Capital grants/contributions							29,319,926	7 29,319,926
TOTAL PROGRAM REVENUES							420,113,295	420,113,295
NET (EXPENSE) REVENUE								(63,007,272)
GENERAL REVENUES								
Interest and investment earnings							26,246,542	5 26,246,542
Payments from State of Michigan							99,783,233	4 99,783,233
Other							24,457,881	6 24,457,881
TOTAL GENERAL REVENUES							150,487,656	150,487,656
Change in net position	89,014,053	(1,533,669)		87,480,384				87,480,384
Prior Year Ending Net Position:	913,123,769	8,555,649		921,679,418				921,679,418
Beginning Net Position:	913,123,769	8,555,649		921,679,418				921,679,418
Ending Net Position	\$ 1,002,137,822	\$ 7,021,980	\$	\$ 1,009,159,802	\$	\$	\$	\$ 1,009,159,802

See notes to State of Michigan ACFR.

STATE OF MICHIGAN  
 RECLASSIFYING ENTRIES FOR STATEMENT OF ACTIVITIES  
 COMPONENT UNIT - CENTRAL MICHIGAN UNIVERSITY  
 JUNE 30, 2025

EXHIBIT II

1) Charges for services	Charges for Services
Tuition and fees	\$ 157,521,658
Sales and services of educational activities	34,739,949
Auxiliary enterprises	142,151,153
	\$ <u>334,412,760</u>
2) Operating grants/contributions	Operating Grants/Contributions
Federal grants and contracts	\$ 12,506,270
State and local grants and contracts	2,038,262
Private grants and contracts	8,520,309
Gifts and pledges net of allowance	7,599,888
Additions to permanent endowments	3,527,746
Investment Income - Exp Rest Fund	251
Investment Income - Endowment Fund	\$ <u>22,187,883</u>
	\$ <u>56,380,609</u>
3) Expenses	Expenses
Operating expenses - CMU	\$ 412,067,495
Operating expenses - CMU to component unit	(466,551)
Operating expenses - component unit (CMEP)	66,586,746
Interest on capital assets, net of related debt	4,932,877
	\$ <u>483,120,567</u>
4) Revenue from State of Michigan	Revenue from State of Michigan
State appropriations	\$ 97,675,429
Capital appropriations	
Section 236(4) retirement contribution	\$ <u>2,107,804</u>
	\$ <u>99,783,233</u>
5) Interest and investment earnings	Investment Income
Investment Income - Exp Rest Fund	\$ 48,434,676
Investment Income - Endowment Fund	(251)
	\$ <u>(22,187,883)</u>
	\$ <u>26,246,542</u>
6) Other Revenues	Other Revenues
Federal Pell Grant Program	\$ 22,062,177
Governmental Coronavirus Support Programs	754,237
Other nonoperating revenues	1,641,467
	\$ <u>24,457,881</u>
7) Reclassify financial data into the specified format to be used in the State's ACFR Statement.	

See notes to State of Michigan ACFR.

## **NOTES TO THE STATE OF MICHIGAN ACFR**

### **Central Michigan University**

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#### **NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Presentation**

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

CMU College of Medicine Campus, Inc. (CMC) was formed as a separate 509(a)(3) nonprofit corporation on July 19, 2024. CMC is organized on a non-stock directorship basis and is governed by a three-member board of directors, two of whom are appointed by the CMU Board of Trustees. The sole purpose for which the corporation was formed is to carry out the purposes of the Board of Trustees of Central Michigan University through the construction and development of a medical school campus in the "Medical Diamond" located in Saginaw, Michigan. In accordance with the provisions of GASB Standard No. 61, CMC is blended into the university's financial statements, because CMC provides services entirely to the university.

The university has one discretely presented component unit, Central Health Advancement Solutions (CHAS). The sole purpose of CHAS is to hold a 90% membership interest in CMU Medical Education Partners (CMEP). The financial activity for CMEP on behalf of CHAS is discretely presented in the university's financial statements. The financial statements of CMEP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For this financial report the aggregated total of the university and CMEP is presented.

##### **Cash and Cash Equivalents**

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

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

Both cash and cash equivalents and restricted cash and cash equivalents are included in cash and cash equivalents on the statements of cash flows.

##### **Inventories**

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

##### **Investments**

All investments are stated at fair value.

##### **Capital Assets**

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

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

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

Asset Classification	Useful Life
Buildings and Improvements more than \$100,000	40 years
Buildings and Improvements \$50,000 to \$100,000	10 years
Infrastructure	20 years
Technology Infrastructure	7 years
Leasehold Improvements	10 years
Land Improvements	8 years
Intangible Assets	40 years or indefinite
Equipment – Digital TV	20 years
Equipment	8 years
Library books	8 years
Vehicles	4 years
Software	Lesser of 5 years or actual

For CMEP leasehold improvements, furniture, and equipment are stated at cost. Leasehold improvements, furniture, and equipment purchases in excess of \$1,000 are depreciated over their estimated useful lives using the straight-line method. Assets under capital lease obligations are amortized on the straight-line method over the estimated useful lives of the related assets. Such amortization is included in depreciation in the financial statements.

### Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and as such, is not recognized interest rate swap agreements that are stated at fair value based on the zero coupon valuation method as an outflow of resources (expense/expenditure) until that time. Deferred outflows of resources consist of interest rate swap agreements that are stated at fair value based on the zero coupon valuation method, gains or losses on the defeasance of debt and deferred resources related to the university's proportionate share of the net pension (asset) liability and other post-employment benefit asset for the Michigan Public School Employee's Retirement System (MPSERS) plan. The university recorded no deferred outflows for hedging instruments, noncurrent liabilities, at June 30, 2025. Included in deferred outflows is the gain or loss on the defeasance of three General Revenue Bonds Series: Series 2005 valued at \$148,745, net of amortization, at June 30, 2025; Series 2006 valued at \$120,457, net of amortization, at June 30, 2025 and Series 2012 valued at \$766,347, net of amortization, at June 30, 2025. The value of deferred outflows related to the MPSERS plan for pensions was \$1,733,882 as of June 30, 2025, and for other post-employment benefits (OPEB) was \$71,741 as of June 30, 2025. See Note 28 for additional information on deferred outflows related to the MPSERS plan.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and as such, is not recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of future revenue streams related to the defeasance of debt, split-interest agreements and lease agreements, deferred inflows of resources related to state appropriations received after the measurement date, and deferred inflows of resources related to the university's proportionate share of the net pension (asset) liability and net OPEB asset for the MPSERS plan. The university recorded deferred inflows of resources related to the gain or loss on the defeasance of the General Revenue Bonds Series 2009 valued at \$196,894, net of amortization, at June 30, 2025. Additionally, deferred inflows of \$2,137,827, net of amortization, were recorded as of June 30, 2025 related to defeasance of the General Revenue Bond 2008 and Series 2014. Deferred inflows of resources applicable to split-interest agreements include \$6,502,878 at June 30, 2025. See Note 28 for additional information on deferred inflows related to split-interest agreements. At June 30, 2025, deferred inflows related to leasing agreements was \$7,755,746. See Note 12 for additional information on leases.

## **NOTES TO THE STATE OF MICHIGAN ACFR (continued)**

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**Central Michigan University**

### **Deferred Outflows and Deferred Inflows (continued)**

At June 30, 2025, the value related to changes in the pension portion of the MPSERS plan was \$21,357,430, of which \$1,321,488 is directly related to the special allocation 236(15) payment and \$20,035,942 was a result of the net difference between projected and actual plan investment earnings for the plan. The value related to changes in the OPEB portion of the MPSERS plan was \$3,682,614 at June 30, 2025. See Note 28 for additional information on deferred inflows related to the MPSERS plan.

### **Operating and Non-operating Revenues**

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

### **NOTE 4--ACCOUNTING CHANGES AND RESTATEMENTS**

During the current year, the university adopted GASB Statement No. 101, *Compensated Absences*. As a result, the university's financial statements now include a liability for the present value of expected future payments for unused leave, including both leave that has been earned but not yet used, and leave that has been earned but not yet paid in cash or settled through non-cash means. The provisions of this statement were effective for the fiscal year ended June 30, 2025 to be applied on a retrospective basis. The resulting impact of adoption was determined to be insignificant to both current and prior year financial statements. As such, the university recognized any additional liability required under the provisions of this statement during fiscal year 2025.

Also, during the current year, the university adopted National Association of College and University Business Officers (NACUBO) Advisory Report 2023-01, Tuition Discounting and Related Topics. The university elected to implement methodology B for student year level estimation of tuition discounts. Under this method, financial aid applied directly to student accounts is allocated at the individual student level across the academic year. Aid is first applied to tuition and fees, unless specifically designated otherwise, and any remaining amounts are applied to auxiliary charges. This approach provides a reasonable balance between accuracy and data availability.

The adoption of these standards did not result in a restatement of prior year balances but enhanced the transparency and consistency of university disclosures.

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## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### NOTE 8--DEPOSITS AND INVESTMENTS

The university and its component units had the following investments as of June 30, 2025:

	Fair Market Value	Investment Maturities (in Years)					N/A
		Less Than or Equal To 1		Greater Than 1 to 5		6-10	
		1 to 5	6-10	6-10	10		
Time deposits	\$ 78,002,759	\$ 78,002,759					
Money market accounts	79,274		79,274				
Commercial paper							
Repurchase agreements							
Government securities							
Insured mortgage backed securities							
Government backed securities							
Investment agreements							
Corporate bonds and notes							
Equities	115,379,016		115,379,016				
Real estate							
Venture capital & leveraged buyouts							
Mutual bond/equity funds	328,765,296	12,560,418	\$ 82,116,291	\$ 51,605,657	\$ 23,410,890	\$ 159,072,040	
Guaranteed Investment Contracts							
Pooled investment funds							
Other Investments	110,332,988		104,565,631				5,767,357
Total Investments	\$ 632,559,333	\$ 206,021,467	\$ 186,681,922	\$ 51,605,657	\$ 23,410,890	\$ 164,839,397	
Less Investments Reported as "Cash" on Statement of Net Position		61,874,162					
Total Investments	\$ 570,685,171						
As Reported on the Statement of Net Position							
Current Investments	3,081,555						
Noncurrent Restricted Investments							
Noncurrent Investments	567,603,616						
Total Investments	\$ 570,685,171						

#### Credit Risk

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

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

As of June 30, 2025, the weighted average of all university debt instruments fell within the Standard & Poor's credit rating range of AAA to B.

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The university does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of fixed income investments as of June 30, 2025, are as follows:

Investment Type	June 30, 2025					Total
	Less than 1 year	1-5 years	5-10 years	More than 10 years		
US Treasury/TIPS	\$ 40,291	\$ 8,910,504	\$ 5,076,660	\$ 1,866,814	\$ 15,894,269	
Core Fixed Income	1,450,494	20,934,626	22,833,213	9,805,680	55,024,013	
Short Duration Fixed Income	2,851,741	24,018,759	7,109,424	8,959,134	42,939,058	
Global Multi-Sector Fixed Income	1,566,488	6,162,507	6,458,071	591,127	14,778,193	
Absolute Return Fixed Income	(1,364,560)	22,089,895	10,128,289	2,188,135	33,041,759	
Total	\$ 4,544,454	\$ 82,116,291	\$ 51,605,657	\$ 23,410,890	\$ 161,677,292	

#### Concentration of Credit Risk

Deliberate management of the asset mix among classes of investments is a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political or social developments is a highly desirable objective. The university's general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category. Accordingly, the university did not have investments in any one issuer that represented 13.2% or more of total investments at June 30, 2025.

#### Foreign Currency Risk

All of the university's holdings of foreign investments were in US dollars at June 30, 2025, therefore the university was not subject to foreign currency risk.

#### Custodial Credit Risk

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's name. The carrying amount of deposits, excluding those classified as investments, was \$28,418,157 at June 30, 2025. The deposits were reflected in the accounts of the banks at \$32,587,317 at June 30, 2025. Of the bank balance, \$32,087,317 at June 30, 2025 was uninsured and uncollateralized.

For CMEP deposits reflected in the accounts of the banks were \$1,231,223 at June 30, 2025. Of the bank balance, \$830,935 at June 30, 2025, was uninsured and uncollateralized.

Total deposits as of June 30, 2025 are as follows:

Carrying Amount	Bank Balance	Uninsured, uncollateralized	Insured
\$ 29,650,880	\$ 33,818,540	\$ 32,918,252	\$ 900,288

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the university will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The university had custodial credit risk of \$220.9 million at June 30, 2025, in its investment portfolios held by various investment managers as the counterparty.

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### NOTE 9--CAPITAL AND LEASE ASSETS

Capital and lease assets, net of depreciation and amortization, for the university and its component units consist of the following as of June 30, 2025:

	6/30/2025	Ending	Balance
<b>Capital assets, not being depreciated:</b>			
Land	\$ 12,927,599		
Land improvements and other assets	1,898,533		
Construction in progress	12,395,094		
<b>Total capital assets, not being depreciated</b>	<b>\$ 27,221,226</b>		
 <b>Capital assets, being depreciated:</b>			
Land improvements and other assets	\$ 128,369,029		
Equipment, furniture, leasehold improvements	85,236,663		
Buildings	856,560,975		
Infrastructure			
Right-to-use leased buildings	12,508,159		
Right-to-use leased equipment and vehicles	1,428,548		
Right-to-use leased land	354,429		
Right-to-use subscriptions	23,590,682		
<b>Total capital assets, being depreciated</b>	<b>\$ 1,108,048,485</b>		
 Less accumulated depreciation for:			
Land improvements and other assets	\$ 99,057,571		
Equipment, furniture, leasehold improvements	71,123,783		
Buildings	426,635,772		
Infrastructure			
Right-to-use leased buildings	6,439,930		
Right-to-use leased equipment and vehicles	816,978		
Right-to-use leased land	67,040		
Right-to-use subscriptions	14,433,376		
<b>Total accumulated depreciation</b>	<b>\$ 618,574,450</b>		
 Total capital assets, being depreciated, net	<b>\$ 489,474,035</b>		
 Capital assets, net	<b>\$ 516,695,261</b>		
 <u>As Reported on the Statement of Activities</u>			
Lease revenue	\$ 577,876		
Interest revenue	317,623		
Other lease-related revenue	(2,849)		
 Total Lease-Related Revenue	<b>\$ 892,650</b>		

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### NOTE 10--RETIREMENT PLANS

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

Contributions and covered payroll under all plans in fiscal year 2025 are summarized as follows:

	All Other			
	Non-TIAA or Fidelity	Fidelity	TIAA-CREF	Covered
	Contributions	Contributions	Contributions	Payroll
Pension Contributions	\$ 899,446		\$ 17,102,777	\$ 175,104,429

The university also sponsors the Retirement Service Award program covering certain employees hired before a specific date in 1976 and certain maintenance and food service employees. The plan provides for distributions to qualifying employees at retirement based principally on length of service and salary at retirement. Liabilities of \$174,252 for fiscal year 2025 related to this program are included in the university Statements of Net Position. The assets are included with the university's cash and cash equivalents. The corresponding liabilities have been included with long-term debt, hedging instruments and other long-term obligations in the Statements of Net Position.

#### Michigan Public School Employees' Retirement System (MPSERS)

The university participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit and defined contribution public employee retirement system governed by the State of Michigan that covers some employees of the university. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they previously were enrolled in the plan at Central Michigan University, or one of the other six universities that are part of MPSERS.

#### Contributions

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

The university's contributions are determined based on employee elections. There are four different benefit options included in the plan available to employees based on date of hire. The university also contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries, for the unfunded actuarial accrued liability (UAAL) portion of future pensions and health benefits. Public Act 136 of 2016 sets a rate cap of 25.73 percent for university employer UAAL contributions. In addition, the law establishes a requirement for a payroll floor. In a given fiscal year, each university owes UAAL contributions based on the greater of its payroll floor or its actual payroll. The payroll floor was \$59,193,785 for fiscal year 2025. Contribution rates are adjusted annually by the ORS.

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

The rates for the defined benefit plan are as follows:

	Normal Pension Rate	Unfunded Pension Rate	Normal Health Rate	Unfunded Health Rate
10/01/24 – 06/30/25	8.70%	0.00%	1.53%	0.00%
10/01/23 – 09/30/24	8.67%	2.27%	1.53%	0.00%
10/01/22 – 09/30/23	6.52%	10.00%	0.92%	0.00%

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

The university's required defined benefit contributions to MPSERS normal pension costs, totaled \$558,252 in fiscal year 2025. Required employee contributions were \$251,353 in fiscal year 2025. The university's contributions to the unfunded MPSERS defined benefit pensions totaled \$334,335 in fiscal year 2025. The university also recorded no stabilization rate revenue from the State of Michigan to assist in funding the MPSERS pension UAAL for the year ended June 30, 2025. The university's contributions toward the MPSERS defined contribution plan totaled \$6,859 in fiscal year 2025.

#### **Net Pension (Asset) Liability, Deferrals, and Pension Expense**

At June 30, 2025, the university reported a net pension asset of \$21,859,149 for its proportionate share of the net pension liability as calculated for the universities reporting unit of MPSERS. The net pension asset for fiscal year 2025 was measured as of September 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The university's proportion of the net pension liability was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2024, the university's proportion was 24.94 percent of the universities reporting unit.

For the year ended June 30, 2025, the university recognized pension recovery of \$6,102,189.

At June 30, 2025, the university reported deferred outflows of resources and deferred inflows of resources related to pensions, a portion of which includes the difference in required contributions. See Note 28 for additional information on deferred resources.

#### **Net OPEB Asset, Deferrals, and OPEB Expense**

At June 30, 2025, the university reported net OPEB asset of \$34,305,393 for its proportionate share of the net OPEB asset calculated for the universities reporting unit of MPSERS. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, that used update procedures to roll forward the estimated liability to September 30, 2024. The university's proportion of the net OPEB asset was based on statutorily required contributions relative to all participating universities' contributions for the measurement period. At September 30, 2024, the university's proportion was 24.58 percent of the universities reporting unit.

For the year ended June 30, 2025, the university recognized OPEB recovery of \$9,692,543.

At June 30, 2025, the university reported deferred outflows of resources and deferred inflows of resources related to OPEB a portion of which includes the difference in required contributions. See Note 28 for additional information on deferred resources.

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### NOTE 12--VENDOR FINANCING

#### Lessee Agreements and Subscription-Based Information Technology Arrangements

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

Lease and SBITA assets, net of amortization, consist of the following as of June 30, 2025:

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025
<b>Lease and SBITA Assets</b>				
Land	\$ 252,549	101,880	\$ 354,429	
Buildings	12,722,316	376,720	\$ 590,877	12,508,159
Equipment	1,138,283	159,910	28,366	1,269,827
Vehicles	158,721			158,721
SBITA	19,661,754	5,742,819	1,813,891	23,590,682
Less accumulated amortization:				
Land	45,482	21,558		67,040
Buildings	5,384,324	1,646,483	\$ 590,877	6,439,930
Equipment	506,835	222,022	28,366	700,491
Vehicles	72,682	43,805		116,487
SBITA	10,814,504	5,702,107	2,083,235	14,433,376
Lease and SBITA Assets, Net	<u>\$ 17,109,796</u>	<u>\$ (1,254,646)</u>	<u>\$ (269,344)</u>	<u>\$ 16,124,494</u>

Future principal and interest payments related to the for the university and its component unit's lease liability at June 30, 2025 are as follows:

	Principal	Interest	Total
2026	\$ 1,817,978	\$ 100,721	\$ 1,918,699
2027	1,328,466	99,011	1,427,477
2028	611,901	85,299	697,200
2029	498,902	85,618	584,520
2030	449,620	85,575	535,195
2031-2035	1,494,008	413,893	1,907,901
2036-2040	610,029	284,132	894,161
2041-2045	188,505	74,480	262,985
2046-2050	231,706	33,282	264,988
Thereafter	37,709	581	38,290
Total	<u>\$ 7,268,824</u>	<u>\$ 1,262,592</u>	<u>\$ 8,531,416</u>

As of June 30, 2025, the university had no commitments related to leases for which the lease term had not commenced.

## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

At June 30, 2025, the university recognized the following outflows as a result of certain items that were properly excluded from the initial measurement of the SBITA liability:

	June 30, 2025
Variable Payments	\$ 145,310

Future principal and interest payments related to the university's SBITA liability at June 30, 2025 are as follows:

	Principal	Interest	Total
2026	\$ 4,299,022	\$ 219,092	\$ 4,518,114
2027	2,237,851	81,211	2,319,062
2028	994,196	27,021	1,021,217
2029	336,906	6,166	343,072
2030	19,111	280	19,391
Total	<u>\$ 7,887,086</u>	<u>\$ 333,770</u>	<u>\$ 8,220,856</u>

As of June 30, 2025, the university has \$1,473,863 in commitments related to subscription-based information technology arrangements for which the term has not commenced.

### Lessor Agreements

The university leases certain assets to various third parties. The assets leased include land, buildings and equipment. Payments are generally fixed monthly.

At June 30, 2025, the university recognized the following lease revenue, lease interest revenue, and inflows related to its lessor agreements:

	June 30, 2025
Lease Revenue	\$ 577,876
Lease Interest Revenue	\$ 317,623
Variable Revenue	\$ (2,849)

### Public-Private and Public-Public Partnerships

As of June 30, 2025, the university had no Public-Private or Public-Public Partnership agreement arrangements.

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## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### NOTE 14--LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt and other obligations consist of the following as of June 30, 2025:

	Beginning Balance July 1, 2024	Additions	Reductions	Ending Balance June 30, 2025	Current Portion
General Revenue Bonds:					
Series 2008A Series Bonds	\$ 18,055,000		\$ 18,055,000		
Series 2014:					
Series Bonds	30,725,000		30,725,000		
Term Bonds	22,105,000		9,820,000	\$ 12,285,000	
Series 2014 Unamortized Premium	5,508,000		4,076,351	1,431,649	\$ 74,371
Series 2016 Series Bonds	14,615,000		925,000	13,690,000	965,000
Series 2016 Unamortized Premium	1,755,000		156,000	1,599,000	156,000
Series 2019 Series Bonds	16,005,000		2,510,000	13,495,000	2,825,000
Series 2019 Unamortized Premium	2,993,000		292,000	2,701,000	292,000
Series 2021 Series Bonds	28,680,000		685,000	27,995,000	580,000
Series 2021 Unamortized Premium	6,758,000		248,000	6,510,000	248,000
Series 2024 Series Bond		\$ 52,575,000		52,575,000	2,855,000
Series 2024 Unamortized Premium		4,897,610	323,360	4,574,250	321,000
Total Long-Term Debt	147,199,000	57,472,610	67,815,711	136,855,899	8,316,371
Other Obligations:					
Lease Obligations	8,585,754	538,052	1,854,982	7,268,824	1,817,978
SBITA Obligations	7,818,600	5,968,330	5,899,844	7,887,086	4,299,022
Compensated Absences	6,100,279	48,924		6,149,203	72,959
Retirement Service Programs	366,044		114,518	251,526	
Installment Purchases		7,780,259	1,296,710	6,483,549	1,296,710
Other Obligations	5,971	53,755		59,726	59,726
Total	\$ 170,075,648	\$ 71,861,930	\$ 76,981,765	\$ 164,955,813	\$ 15,862,766

The principal and interest on notes and bonds are payable only from certain general revenues. The obligations are generally callable. The principal and interest (using June 30, 2025 rates) amounts due in each of the succeeding five years ending June 30 and thereafter are as follows:

	BONDS PAYABLE					
	Direct Placement Debt		All Other Debt		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2026			\$ 7,225,000	\$ 5,545,475	\$ 7,225,000	\$ 5,545,475
2027			7,595,000	5,187,525	7,595,000	5,187,525
2028			6,680,000	4,830,650	6,680,000	4,830,650
2029			7,045,000	4,487,525	7,045,000	4,487,525
2030			7,420,000	4,125,900	7,420,000	4,125,900
Five Year Total			35,965,000	24,177,075	35,965,000	24,177,075
2031-2035			41,960,000	14,584,400	41,960,000	14,584,400
2036-2040			21,810,000	5,744,500	21,810,000	5,744,500
2041-2045			15,235,000	2,454,250	15,235,000	2,454,250
2046-2050			3,480,000	662,700	3,480,000	662,700
2051-2052			1,590,000	64,200	1,590,000	64,200
2031 - Thereafter						
Total			84,075,000	23,510,050	84,075,000	23,510,050
Total			\$ 120,040,000	\$ 47,687,125	\$ 120,040,000	\$ 47,687,125
			Unamortized Premium Plus / (Less) \$ 16,815,899			
			Total Debt Principal Plus/(Less) Items Listed Above \$ 136,855,899			
			Current Portion of Unamortized \$ 1,091,371			

## **NOTES TO THE STATE OF MICHIGAN ACFR (continued)**

### **Central Michigan University**

#### **Installment Purchase**

In July 2024, the university entered into a general revenue note payable over 75 months in the amount of \$7,780,259 at a 0% interest rate to finance purchase network equipment.

Required annual payments for the notes payable for the fiscal years ending June 30 are as follows:

	<b>Principal</b>
2026	\$ 1,296,710
2027	1,296,710
2028	1,296,710
2029	1,296,710
2030	1,296,709
<b>Total</b>	<b><u>6,483,549</u></b>

#### **NOTE 15--OTHER LONG-TERM OBLIGATIONS**

##### **Net Pension & OPEB Liabilities**

The university reported a net pension asset of \$21,859,149 and a net OPEB asset of \$34,305,393 related to participating in the Michigan Public Schools Employees Retirement System (MPSERS). See Note 10 for additional information on retirement plans

##### **Credit Limit**

The university entered into a commercial card services agreement as of January 28, 2011 and amended as of July 16, 2013 and December 21, 2017, which supports the university business card program. As part of the agreement, the university has an available credit limit in the amount of \$8 million as of June 30, 2025. The outstanding balance is due monthly. Due to the timing of the monthly close for the credit card statements, the university had an outstanding balance of \$1,374,114 leaving an unused line of credit of \$6,625,886 as of June 30, 2025.

##### **Letter of Credit**

In June 2019, the university signed a new stand by Letter of Credit agreement with a new counter party in the amount of outstanding bond principal plus 35 days interest equal to \$18,228,130 to provide credit enhancement and liquidity support for certain General Revenue Refunding Bonds, Series 2008A. In June of 2024, the letter of credit agreement was amended to extend the expiration date to July 3, 2025, and was not renewed thereafter.

##### **Lease and SBITA Obligations**

The university leases certain assets from various third parties. The assets leased include land, buildings, equipment, and vehicles. The university also has subscription-based information technology arrangements (SBITA) for the right-to-use various information technology software. See Note 12 for additional information on lease and SBITA obligations.

##### **Other Obligations**

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

## **NOTES TO THE STATE OF MICHIGAN ACFR (continued)**

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**Central Michigan University**

### **NOTE 25--COMMITMENTS AND CONTINGENCIES**

One of the critical factors in continuing the quality of the university's academic programs, research programs and residential life is the development and renewal of its capital assets. Construction in progress at June 30, 2025, primarily consists of the construction costs for Northwest Apartment Demolition project of \$3.5 million, the Merrill Hall Dining Renovation project of \$1.3 million, the Public Broadcasting Atlanta project of \$1.4 million, and the Wightman Hall & Woldt Hall Roof Projects of \$1.1 million and other projects including maintenance and remodeling of approximately \$5 million.

Funds needed to complete construction projects will be provided by current unrestricted university net assets or by future state appropriations, gifts, grants, State Building Authority (SBA) monies or bond funds. Funds required to complete the projects in process approximately \$14.6 million as of June 30, 2025.

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

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

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

### **NOTE 26--RISK MANAGEMENT**

The university participates with other Michigan public universities in the Michigan Universities Self-Insurance Corporation (MUSIC) which provides indemnity to its members against comprehensive general liability, educators' legal liability, and property damage losses commonly covered by insurance. Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses. MUSIC retains the first layer of coverage for losses exceeding retention levels in a group risk-sharing pool, and they purchase additional layers of excess insurance through commercial carriers for the aforementioned coverages. The payments made to MUSIC and premiums to excess carriers reflect the liability risk exposures and claims experience of each university.

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

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

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## NOTES TO THE STATE OF MICHIGAN ACFR (continued)

### Central Michigan University

#### Professional Liability Insurance

CMEP was self-insured for professional medical malpractice through December 31, 2010 for claims based on occurrences on or before December 31, 2010. In connection with the self-insurance program, CMEP has:

- Determined aggregate limits of \$100,000/\$300,000 for residents and \$200,000/\$600,000 for doctors.
- Established a trust fund and placed the management of the fund in the hands of an independent fiduciary who has legal title to it and is responsible for its proper administration and control.

	June 30, 2025
Estimated professional liability under self-insurance	\$ 200,000
Less: Investments under professional liability funding arrangement – held by the trustee, at fair value	<u>(1,198,880)</u>
Estimated over funding of liability	<u><u>\$ (998,880)</u></u>

Claim losses based upon occurrences prior to July 1, 1986 remain insured under prior insurance policies subject to the policy limits.

Effective November 1, 2012, CMEP purchased commercial insurance coverage for professional medical malpractice. Coverage consists of \$2,000,000 per occurrence with an annual aggregate of \$12,000,000.

Malpractice and other claims have been asserted against CMEP by various claimants. Such claims are in various stages of processing, and some may be litigated. Accordingly, management and counsel cannot determine the ultimate outcome of the actions commenced. In the opinion of management, all such matters are adequately covered by prior and existing insurance policies and the Self-Insurance Trust Fund.

#### NOTE 28--DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

For the year ended June 30, 2025, the university reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Gain or Loss on Defeasance of Debt	\$ 1,035,549	\$ 2,334,721
Split Interest Agreements		6,502,878
Lease Agreements		7,755,746
Pension Related:		
Net difference between projected and actual earnings on pension plan assets		20,035,942
Contributions subsequent to the measurement date	412,394	
OPEB Related:		
Net difference between projected and actual earnings on OPEB plan assets		3,682,614
Contributions subsequent to the measurement date	71,741	
Total	<u><u>\$ 1,519,684</u></u>	<u><u>\$ 40,311,901</u></u>

Deferred outflows of resources and deferred inflows of resources do not include \$1,321,488 of the UAAL stabilization received through state appropriations for contributions to the MPSERS pension plan after the measurement date.

#### NOTE 29--SUBSEQUENT EVENTS

None