EASTERN
MICHIGAN UNIVERSITY

Financial Statements and Supplemental Information as of June 30, 2023 and 2022 Together with Auditor's Reports

EASTERN
MICHIGAN UNIVERSITY

Eastern Michigan University

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Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Eastern Michigan University (the "University"), a component unit of the State of Michigan, as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2023 and 2022 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audits of the Financial Statements

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

To the Board of Regents
Eastern Michigan University

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the list of administrative officers but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

To the Board of Regents
Eastern Michigan University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 19, 2023

As of June 30, 2023

Board of Regents

Name	Position
Ms. Eunice Jeffries	Chair
Mr. Michael Hawks	Vice Chair
Mr. Marques Thomey	Board Member
Ms. Anupam Chugh Sidhu	Board Member
Mr. Nathan K. Ford	Board Member
Dr. Jessie Kimbrough Marshall	Board Member
Mr. Alexander Simpson	Board Member
Mr. Chad Newton	Board Member

Executive Officers

Name	Position
Dr. James M. Smith	President
Dr. Rhonda Longworth	Provost
Mr. Leigh Greden	Chief of Staff
Mr. Michael Valdes	Chief Financial Officer and Treasurer to the Board of Regents
Ms. Lauren London	General Counsel and University Attorney
Mr. Walter Kraft	Vice President, Communications & Advancement
Mr. Scott Wetherbee	Vice President and Director of Athletics
Dr. James Carroll	Associate Provost and Vice President for Administration
Mr. Ron Woody	Chief Information Officer
Ms. Katie Condon	Vice President, Enrollment Management
Ms. Vicki Reaume	Interim Vice President of Government Relations and Secretary to the Board of Regents
Mr. Matthew Lige	Executive Director and Chief of Police
Ms. Doris Fields	Associate Provost and Interim Vice President for Academic Programming and Initiatives
Mr. Brett Last	Chief Human Resources Officer

Financial Administration

Name	Position
Ms. Erin Green	Controller
Mr. Todd Ohmer	Executive Director, Financial Planning and Budgets

The following discussion and analysis of Eastern Michigan University's ("University") financial statements provides an overview of the University's financial activities for the years ended June 30, 2023, 2022, and 2021. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

The University's financial report was prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental entities to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships. Based on the application of the criteria, the University has one component unit -- the Eastern Michigan University Foundation. The Foundation's statements are discretely presented as part of the University's reporting entity in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB).

Eastern Michigan University offers a supportive, accessible, affordable, and quality learning and living environment. The University's distinct mix of comprehensive academic resources, strong community initiatives, focus on education first, and nationally recognized undergraduate research achievements set it apart.

Founded in historic Ypsilanti in 1849, the University occupies 880 acres on the main campus with 122 buildings and a student body of approximately 12,000 students. In addition, the EMU Parsons Center in Traverse City provides opportunities for the study of the Arts and Sciences in Northern Michigan.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments took preventative or protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. As a result, the global economy was negatively affected, and the University's operations were also impacted, including shifting to a remote online learning environment, sending students off campus, eliminating non-essential travel, and cancelling or postponing certain athletic and other auxiliary events. Throughout 2021 and 2022, the University began to return to in-person operations. In 2023, the University returned to normal operations. On May 5, 2023, the World Health Organization declared that COVID-19 no longer fit the definition of a Public Health Emergency of International Concern (which caused the original declaration of a pandemic). The following sections will discuss further the specific impacts related in the financial statements for the years ending June 30, 2023 and 2022.

Financial Highlights for the Year Ended June 30, 2023

• Total net position	$ 181,485,129
• Change in total net position	19,150,540
• Capital assets - Net	627,481,237
• Change in capital assets - Net	(4,945,121)
• Total long-term debt	341,759,377
• Change in total long-term debt	2,007,183

Financial Statements

The University's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. Net position is one indicator of the current financial condition of the University and is measured by assets plus deferred outflows minus liabilities and deferred inflows.

Following is a summary of the major components of the net position and operating results of the University for the years ended June 30, 2023, 2022, and 2021:

Net Position as of June 30	2023	2022	2021
Assets			
Current assets	$ 58,944,166	$ 75,379,950	$ 69,088,224
Noncurrent assets:			
Capital assets - net of depreciation	627,481,237	632,426,358	642,676,586
Other	146,396,940	49,598,635	32,466,505
Total Assets	832,822,343	757,404,943	744,231,315
Deferred Outflows	15,003,490	34,322,276	47,808,441
Liabilities			
Current liabilities	65,958,909	69,351,067	68,908,144
Noncurrent liabilities	540,383,959	475,416,812	539,796,235
Total Liabilities	606,342,869	544,767,879	608,704,379
Deferred Inflows	59,997,836	84,624,752	56,549,037
Net Position			
Net investment in capital assets	262,228,651	268,160,973	275,446,001
Restricted	32,592,208	33,143,050	26,488,565
Unrestricted (deficit)	(113,335,730)	(138,969,435)	(175,148,225)
Total Net Position	$ 181,485,129	$ 162,334,588	$ 126,786,341

The University saw a decrease in current assets for fiscal year 2023 primarily due to an outflow of cash used to purchase long-term investments. The increase in noncurrent assets was due to an increase in the amount of investment holdings. The University saw an increase in current assets for fiscal year 2022 primarily due to an inflow of cash from Coronavirus federal grants and aid. The increase in noncurrent assets was due to an increase in the amount of investment holdings and OPEB net assets. This was offset by the retirement/disposal of capital assets.

For fiscal year 2023, the increase in non-current liabilities is a combination of the increase in long-term unearned fees and deposits due to the closing payment associated with the University's new energy concession agreement, offset with the reduction of pension liability, and with the increase in the fair market value of the University's derivative instruments. Deferred inflows decreased mainly due to the lower amount of State support for MPSERS received between year ended June 30, 2022 and the year ended June 30, 2023 as well as valuation changes in MPSERS. For fiscal year 2022, the decrease in non-current liabilities is a combination of the reduction of pension and OPEB liability and the decrease in the fair market value of the University's swap investments. Deferred inflows increased due to State support for MPSERS and valuation changes in MPSERS and OPEB.

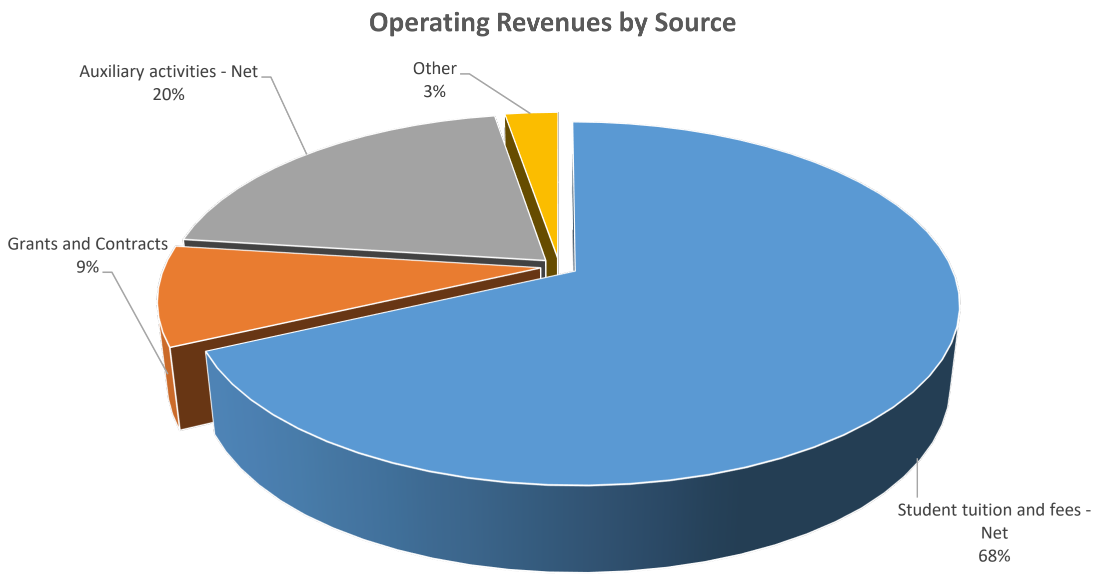
Following is a summary of the major components of the revenue, expenses, and changes in net position of the University for the years ended June 30, 2023, 2022, and 2021:

	Year Ended June 30		
	2023	2022	2021
Operating Revenue			
Student tuition and fees - Net	$ 160,503,605	$ 161,050,211	$ 149,350,937
Grants and Contracts	21,053,994	15,935,702	14,646,058
Auxiliary activities - Net	47,911,300	39,217,134	26,142,729
Other	6,294,699	5,418,501	4,756,593
Total operating revenue	235,763,598	221,621,548	194,896,317
Operating Expenses			
Instruction	101,328,163	107,047,879	104,634,355
Research	5,752,778	6,967,333	6,402,699
Public service	14,358,189	13,041,678	13,490,477
Academic support	31,185,771	31,067,008	34,906,671
Student services	17,544,737	36,615,162	30,754,802
Institutional support	35,658,244	28,382,292	25,294,454
Scholarships and fellowships	35,500,120	26,632,476	27,550,863
Operations and maintenance of plant	36,465,331	29,597,635	26,039,690
Auxiliary activities - Net	61,961,713	41,833,050	37,393,453
Depreciation	21,546,229	21,532,148	20,390,238
Total operating expenses	361,301,275	342,716,661	326,857,702
Net Operating Loss	**(125,537,677)**	**(121,095,113)**	**(131,961,385)**
Nonoperating Revenue (Expenses)			
State appropriations	129,076,585	83,285,397	78,648,627
Gifts	13,225,675	12,430,588	10,297,434
Pell grants	20,561,964	22,512,609	20,999,461
Investment income	2,324,562	3,650,014	5,463,457
Coronavirus federal grants and aid	-	42,389,150	44,369,399
Other nonoperating revenue (expenses)	(21,520,441)	(8,644,271)	(8,262,609)
Net nonoperating revenue	143,668,345	155,623,487	151,515,769
Capital Contributions	1,019,873	1,019,873	1,071,541
Increase in net position	19,150,540	35,548,247	20,625,925
Net Position - Beginning of year	162,334,588	126,786,341	106,160,416
Net Position - End of year	$ 181,485,128	$ 162,334,588	$ 126,786,341

Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees, housing, and other auxiliary units. In addition, certain federal, state, and private grants are considered operating if they are a contract for services and not for capital purposes.

The following is a graphic illustration of operating revenues by source:



Operating revenue for fiscal year 2023 increased by approximately $14.1 million over the prior year, primarily due to increased Auxiliary activity. The University also experienced increases in Federal Grants and Contracts, along with increased State Financial Aid.

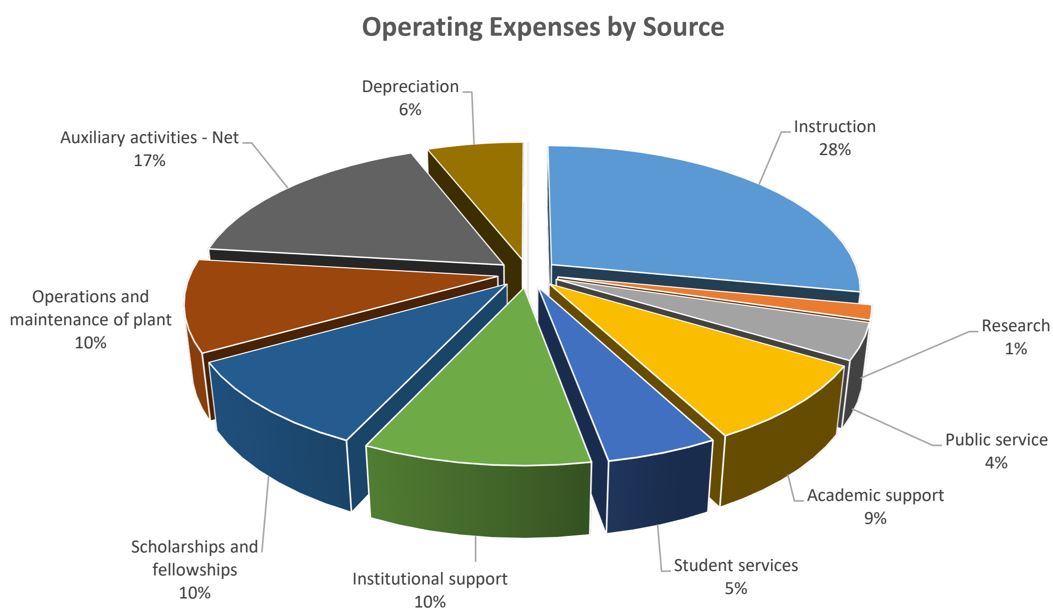
Operating revenue for fiscal year 2022 increased by approximately $26.7 million over the prior year, primarily due to transitioning to a block tuition pricing model. The University also experienced increases in auxiliary revenue with some operations resuming after the shutdown due to COVID-19.

Operating Expenses

Operating expenses are all costs necessary to perform and conduct the programs and primary purposes of the University.

The University is committed to providing financial support to students. The University has long sponsored its prestigious National Scholars program, which attracts some of the brightest and most promising students.

The following is a graphic illustration of operating expenses by source:



Operating expenses for fiscal year 2023 increased by $18.6 million from the prior year primarily due to inreased Auxiliary activity, schoalrships awarded and increased in person operations.

Operating expenses for fiscal year 2022 increased by $15.9 million from the prior year primarily due to resuming inperson operations after the University lifted restrictions placed due to the COVID-19 pandemic.

Nonoperating Revenues

Nonoperating revenues are all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, Pell grant reimbursements, investment income (including realized and unrealized gains and losses), and restricted development funds that do not require any services to be performed. Nonoperating revenue was significantly impacted by the following factors:

- State operating appropriations increased $45.8 million to $129.0 million in 2023. The majority of this increase ($37 million) was due to a one-time MPSERS support payment appropriated by the State. State operating appropriations increased $4.6 million to $83.2 million in 2022. The majority of this increase ($3 million) was due to a one-time operational support payment appropriated by the State.

- Interest expense for fiscal year 2023 increased $2.5 million due to an increase in bond interest expense and changes in the valuation of interest expense on the swaps. Interest expense for fiscal year 2022 increased $1.3 million due to an increase in bond interest expense and changes in the valuation of interest expense on the swaps.

- Investment income from operations decreased by $1.3 million in fiscal year 2023. This is primarily due to rising interest rate which results in market volatility. Investment income from operations decreased by $1.8 million in fiscal year 2022. This is primarily due to unrealized losses on investments resulting from market volatility.

- Pell grants decreased $1.9 million to $20.6 million in 2023. The dereased is due to the lower amount of undergraduate students who received the grant. Pell grants increased $1.5 million to $22.5 million in 2022. The increase is due to the resumption of in-person instruction.

- Coronavirus grants and aid decreased $42.3 million in fiscal year 2023 as no additional aid for coronavirus grants were granted in 2023.

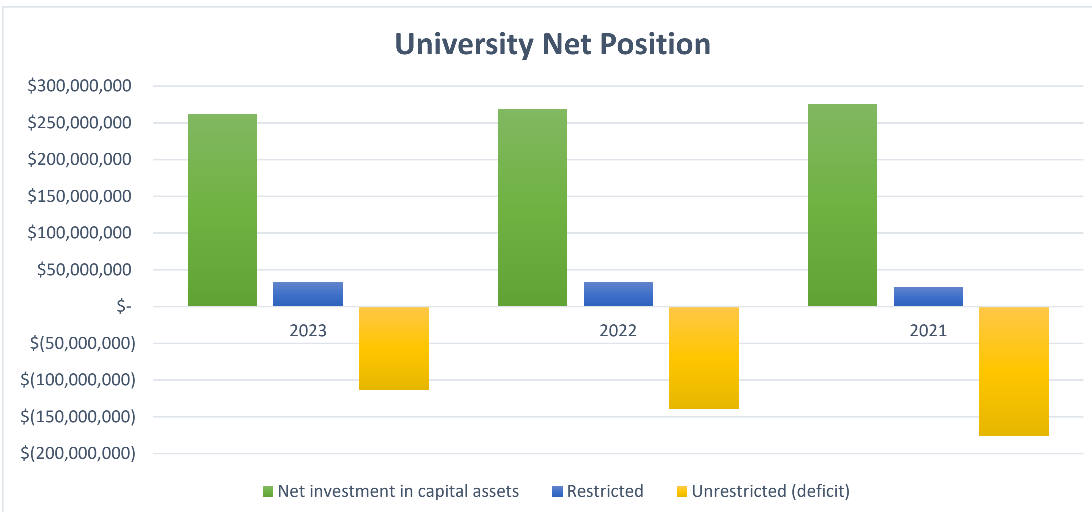
Capital Contributions

Capital contributions consist of items that are typically nonrecurring, extraordinary, or unusual to the University. Examples would be capital gifts, capital appropriations from the state or federal government, and transfers from related entities. Capital contributions amounted to $1.0 million in 2023 and 2022. This was associated with PPP contractual capital improvements.

University Net Position

The University's financial position at June 30, 2023 reflected assets and deferred outflows of $847.8 million, and liabilities and deferred inflows of $666.3 million. The University's assets and deferred outflows increased primarialy due to State appropriations to pay down MPSERS obligations. The liabilities and deferred inflows increased due to the implementation for new Public Private Partnership accounting standards, the closing payment associated with the University's new energy concession agreement, and reductions in net pension liabilities.

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2023, 2022, and 2021.



The University's net pension liability was $39.5 million, $69.4 million and $84.4 million at June 30, 2023, 2022 and 2021, respectively. The University's net OPEB liabilities were $18.5 million, $18.8 million and $28.8 million at June 30, 2023, 2022 and 2021, respectively. The University also has a net OPEB asset of $4.6 million at June 30, 2023. The University had a deficit in unrestricted net position of $105.5 million, $139.0 million and $175.1 million at June 30, 2023, 2022 and 2021, respectively. The difference between net investment in capital assets and unrestricted net position of $32.9 million at June 30, 2023 is restricted for identified future needs including contractual obligations, debt service, student loans, capital outlay and insurance reserves.

Statement of Cash Flows

Another way to assess the financial health of the University is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the University during a period. The statement of cash flows also helps users assess:

- The University's ability to generate future net cash flows
- The University's ability to meet obligations as they come due
- The University's need for external financing

	Year Ended June 30		
	2023	2022	2021
Cash Provided by (Used in):			
Operating activities	$ (52,949,781)	$ (105,958,048)	$ (141,592,810)
Noncapital financing activities	164,337,412	161,501,127	147,002,832
Capital and related financing activities	(37,045,198)	(25,449,453)	(40,941,010)
Investing activities	(96,374,390)	(12,309,505)	16,087,475
Net Increase (Decrease) in Cash	(22,031,957)	17,784,121	(19,443,512)
Cash and Cash Equivalents - Beginning of year	35,177,901	17,393,780	36,837,292
Cash and Cash Equivalents - End of year	$ 13,145,944	$ 35,177,901	$ 17,393,780

For fiscal year 2023, the most significant components of cash flows provided by and used in operating activities were tuition and fees, auxiliary activities, grants and contracts, payments to suppliers and employees, and financial aid. Net cash used in operating activities was $52.9 million. To offset this, the net cash provided by noncapital financing activities was $164.3 million, which consisted primarily of State appropriations and Federal Pell grants. Cash used in capital and related financing activities increased primarily due to more capital asset purchases. Cash used in investing activities increased as the University purchased more long-term investments to bolster its investment position.

Cash and cash equivalents decreased by $22.0 million during fiscal year 2023, primarily due to the purchasing of investments and captial assets. Cash and cash equivalents increased by $17.8 million during fiscal year 2022, primarily due to the reimbursement of COVID-19 expenses by the Coronavirus relief grant programs.

Funding for a Successful Future

Eastern Michigan University ("Eastern") enriches lives in a supportive, intellectually dynamic, and diverse community. Its dedicated faculty balance teaching and research to prepare students with relevant skills and real-world awareness. Eastern is an institution of opportunity where students learn in and beyond the classroom to benefit the local and global communities.

The University’s vision is to be a premier public university recognized for student-centered learning, high quality academic programs, and community impact. Eastern’s focus remains on investing in its students and faculty, in academic quality, and in maintaining and improving facilities that enhance the learning environment for its approximately 12,000 students.

In December 2022, the Board approved an $12.75 million capital budget for fiscal year 2024. The budget includes investment for the renovation of the 3D Arts Complex, continued progression of the College of Business relocation to central campus, and necessary infrastructure improvements to indoor practice facilites, investments in Title IX facilities, infrustructure improvements and asset preservation.

In June 2023, the Board approved a flat tuition charge of $7,600 for the Fall and Winter semester for undergraduate students taking between 12 and 16 credit hours per semester and a $637 per credit hour charge for undergraduate students taking below 12 credit hours or above 16 credit hours per semester. Eastern will continue to invest in strong and high-demand academic programs while maintaining its commitment to provide students with a high-quality education at an affordable price.

The Board also approved a $316 million general fund operating expenditure budget for fiscal year 2024. The budget reflects a one-time increase of $10.4 million in State Appropriations and a .96% increase in tuition and fees. The budget also includes projected personnel costs of $175.4 million, revenue from departmental activities and other sources of $5.0 million, and University-sponsored financial aid of $55.7 million.

Eastern Michigan University’s successful future depends on the collective efforts of its stakeholders. These efforts build on a solid foundation of exceptional academic programs that prepare students for real-world experience.

EASTERN MICHIGAN UNIVERSITY

Eastern Michigan University

Statement of Net Position

	Year Ended June 30 2023	Year Ended June 30 2022
Assets		
Current Assets:		
Cash and cash equivalents - unrestricted (Note 2)	$ 13,145,944	$ 35,177,901
Accounts receivable, net (Note 3)	24,803,012	19,427,475
Appropriation receivable	14,391,341	14,237,433
Inventories	274,308	249,732
Deposits and prepaid expenses	5,874,854	4,481,804
Accrued interest receivable	454,707	1,805,605
Total current assets	58,944,166	75,379,950
Noncurrent Assets:		
Student loans receivable, net (Note 3)	1,304,553	2,715,952
Long-term investments - unrestricted (Notes 2 & 4)	139,013,933	37,357,316
Long-term investments - restricted (Notes 2 & 4)	121,554	3,035,986
Long-term investments - real estate (Notes 2 & 4)	1,200,000	1,200,000
Fair value of derivative instruments (Note 6)	115,916	-
Capital assets, net (Note 5)	627,481,237	632,426,358
Net OPEB asset (Note 9)	4,640,984	5,289,381
Total noncurrent assets	773,878,177	682,024,993
Total Assets	**832,822,343**	**757,404,943**
Deferred Outflows	15,003,490	34,322,276
Liabilities		
Current liabilities:		
Current portion of long-term debt (Note 6)	3,705,981	4,159,076
Current portion of interest rate swaps (Note 6)	1,775,115	1,868,158
Accounts payable and accrued liabilities	25,772,902	18,099,915
Accrued payroll	7,573,723	7,409,354
Payroll taxes and accrued fringe benefits	10,476,516	17,823,738
Unearned fees and deposits	13,747,744	16,631,157
Insurance and other claims payable (Note 8)	2,906,928	3,359,669
Total current liabilities	65,958,909	69,351,067
Noncurrent liabilities:		
Accrued compensated absences (Note 7)	1,321,055	1,436,944
Long-term debt (Note 6)	338,053,396	335,593,118
Long-term unearned fees and deposits	122,418,672	12,844,146
Long-term accrued benefits	95,784	5,421,539
Interest rate swaps (Note 6)	20,391,728	22,073,801
Fair value of derivative instruments (Note 6)	-	7,677,252
Net OPEB liabilities (Notes 9 & 10)	18,559,514	18,836,587
Net Pension liability (Note 9)	39,543,810	69,469,782
Federal Perkins	-	2,063,643
Total noncurrent liabilities	540,383,959	475,416,812
Total Liabilities	**606,342,868**	**544,767,879**
Deferred Inflows	59,997,836	84,624,752
Net Position		
Net Investment in capital assets	262,228,651	268,160,973
Restricted grants and contributions	32,592,208	33,143,050
Unrestricted (deficit)	(113,335,730)	(138,969,435)
Total Net Position	**$ 181,485,129**	**$ 162,334,588**

EASTERN
MICHIGAN UNIVERSITY

Eastern Michigan University

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2023	2022
Operating Revenues		
Student tuition and fees	$ 212,365,207	$ 222,975,407
Scholarship allowances	(51,861,602)	(61,925,196)
Net student tuition and fees	160,503,605	161,050,211
Federal grants and contracts	13,492,940	10,614,559
Federal financial aid	1,980,010	1,706,442
State grants and contracts	558,800	1,770,211
State financial aid	3,658,790	963,049
Nongovernmental grants & contracts	1,363,454	881,441
Departmental activities	6,150,033	5,290,543
Auxiliary activities revenue - net	47,911,300	39,217,134
Other operating	144,666	127,958
Total Operating Revenues	235,763,598	221,621,548
Operating Expenses		
Instruction	101,328,163	107,047,879
Research	5,752,778	6,967,333
Public service	14,358,189	13,041,678
Academic support	31,185,771	31,067,008
Student services	17,544,737	36,615,162
Institutional support	35,658,244	28,382,292
Scholarships and fellowships	35,500,120	26,632,476
Operation and maintenance of plant	36,465,331	29,597,635
Auxiliary activities expenses - net	61,961,713	41,833,050
Depreciation	21,546,229	21,532,148
Total Operating Expenses	361,301,275	342,716,661
Operating Loss	(125,537,677)	(121,095,113)
Non-Operating Revenues (Expenses)		
State appropriations	129,076,585	83,285,397
Gifts	13,225,675	12,430,588
Investment income	2,324,562	3,650,014
Interest expense	(12,648,004)	(10,130,259)
Pell grants	20,561,964	22,512,609
Other non operating	3,874,124	2,037,065
Coronavirus federal grants and aid	-	42,389,150
Gain (loss) on sale of assets	(12,746,561)	(551,077)
Total Non-Operating Revenues (Expenses)	143,668,345	155,623,487
Capital Contributions		
Capital gifts	1,019,873	1,019,873
Total Capital Contributions	1,019,873	1,019,873
Increase in net position	19,150,541	35,548,247
Net Position - Beginning of Year	162,334,588	126,786,341
Net Position - End of Year	**$ 181,485,129**	**$ 162,334,588**

EASTERN
MICHIGAN UNIVERSITY

Eastern Michigan University

Statement Cash Flows

	Year Ended June 30 2023	Year Ended June 30 2022
Cash Flows from Operating Activities		
Cash received from students for tuition and fees	$ 213,966,068	$ 223,396,560
Cash (used in) received from auxiliary activities	160,331,704	38,572,212
Cash received from (paid to) other sources	919,162	(1,164,919)
Grants and contracts	15,415,194	13,266,211
Student loans granted - net of repayments	(2,253,105)	(822,177)
Scholarship allowances	(50,895,281)	(61,280,274)
Cash paid to suppliers and employees	(319,797,426)	(222,578,981)
Cash paid for financial aid	(70,636,097)	(95,346,680)
Federal direct lending receipts	83,623,260	86,724,126
Federal direct lending disbursements	(83,623,260)	(86,724,126)
Net cash (used in) operating activities	(52,949,781)	(105,958,048)
Cash Flows from Noncapital Financing Activities		
Cash received from State appropriations	128,922,677	83,148,907
Federal Pell grants	20,561,964	22,512,609
Gifts received from EMU Foundation	14,852,771	13,450,461
Cash received from Coronavirus federal grants and aid	-	42,389,150
Net cash from noncapital financing activities	164,337,412	161,501,127
Cash Flows from Capital and Related Financing Activities		
Principal payments under debt obligations	(4,159,077)	(3,439,239)
Interest paid	(12,537,154)	(12,843,475)
Purchases of Capital Assets	(23,459,724)	(10,768,613)
Lease & Subscription obligations	6,267,910	1,601,874
GASB 94 Activity	(3,157,153)	-
Net cash (used in) capital and related financing activities	(37,045,198)	(25,449,453)
Cash Flows from Investing Activities		
Purchases of investments	(168,496,725)	(25,900,000)
Proceeds from sales and maturities of investments	70,376,576	10,390,654
Interest received	1,745,759	3,199,841
Net cash (used in) investing activities	(96,374,390)	(12,309,505)
Net (decrease) increase in cash and cash equivalents	(22,031,957)	17,784,121
Cash and Cash Equivalents - Beginning of year	35,177,901	17,393,780
Cash and Cash Equivalents - End of year	**$ 13,145,944**	**$ 35,177,901**
Supplemental Disclosure of Noncash Items		
Disposal of capital assets, net of depreciation	$ 15,385,344	$ 6,302,200
Capital gifts received in-kind	$ 1,385,827	$ 109,079

	Year Ended June 30	
	2023	2022
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	$ (125,537,677)	$ (121,095,113)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation expense	21,546,229	21,532,148
Changes in assets and liabilities:		
Accounts receivable - Net	(5,375,537)	9,748,410
Inventories	(24,576)	41,512
Deposits and prepaid expenses	(1,393,050)	1,472,830
Student loans receivable	(652,244)	(401,023)
Net OPEB Asset	648,397	(5,289,381)
Accounts payable and accrued liabilities	7,672,987	1,873,799
Accrued payroll	164,370	(1,283,736)
Payroll taxes and accrued fringe benefits	(12,672,977)	(610,073)
Unearned fees and deposits	106,691,113	(4,921,387)
Net pension liability	(29,925,972)	(9,937,554)
Net OPEB liabilities	(277,073)	(14,897,097)
Deferred resources - Pension	(12,227,336)	9,191,138
Deferred resources - OPEB	(1,017,805)	8,605,026
Insurance and other claims payable	(452,741)	169,186
Accrued compensated absences	(115,889)	(156,733)
Total change in assets and liabilities	51,041,667	(6,395,083)
Net cash (used in) operating activities	$ (52,949,781)	$ (105,958,048)

EASTERN MICHIGAN UNIVERSITY

Eastern Michigan University Foundation

Statement of Financial Position

	Year Ended June 30	
	2023	2022
Assets		
Cash and cash equivalents	$ 4,930,764	$ 4,342,543
Investments	96,541,019	89,930,199
Contributions receivable	3,833,084	3,891,263
Other Assets	176,701	168,637
Investments held under split-interest agreements	656,486	663,848
Property and equipment - Net	38,154	30,254
Total Assets	$ 106,176,208	$ 99,026,744
Liabilities		
Accounts payable	$ 904,808	$ 1,429,587
Split-interest obligations	454,494	473,904
Total Liabilities	1,359,302	1,903,491
Net Assets		
Net assets without donor restrictions	$ 1,228,653	$ 1,110,599
Net assets with donor restrictions	103,588,253	96,012,654
Total Net Assets	104,816,906	97,123,253
Total Liabilities and Net Assets	$ 106,176,208	$ 99,026,744

EASTERN
MICHIGAN UNIVERSITY

Eastern Michigan University Foundation

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2023	2022
Revenue, Gains and Other Support		
Contributions	$ 16,303,072	$ 16,312,673
Net Investment income (loss)	6,750,022	(3,978,457)
Support from EMU	1,732,638	1,278,567
Other revenue	63,001	38,702
Total revenue, gains and other support	24,848,733	13,651,485
Expenses		
Contributions to EMU:		
Expendable contributions	11,282,860	11,063,976
Contributions from endowment income	2,177,617	2,123,389
General and administrative - Foundation management	657,945	521,203
Fundraising	3,052,980	2,534,466
Total Operating Expenses	17,171,402	16,243,034
(Decrease) Increase in Net Assets Before Other Changes in Net Assets	7,677,331	(2,591,549)
Other Changes in Net Assets		
Funds transferred from EMU	64,236	217,315
Change in value of split-interest agreements	(47,914)	36,836
Increase in Net Assets	7,693,653	(2,337,398)
Net Assets - Beginning of Year	97,123,253	99,460,651
Net Assets - End of Year	$ 104,816,906	$ 97,123,253

EASTERN
MICHIGAN UNIVERSITY

Eastern Michigan University Foundation

Statement Cash Flows

		Year Ended June 30
	2023	2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 7,693,653	$ (2,337,398)
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	15,544	15,888
Net realized and unrealized (gain) loss on investments	(6,758,675)	4,179,554
Change in cash surrender value of life insurance	7,494	18,302
Change in value of split-interest agreements	47,914	(36,836)
Contributions restricted for long-term purposes	(2,643,994)	(3,273,429)
Changes in assets and liabilities that (used) provided cash and cash equivalents:		
Contributions receivable	58,179	(1,274,845)
Accounts receivable	(15,558)	(1,926)
Accounts payable	(524,779)	394,121
Net cash and cash equivalents used in operating activities	(2,120,222)	(2,316,569)
Cash Flows from Investing Activities		
Purchase of property and equipment	(23,444)	(6,950)
Purchases of investments	(22,134,000)	(55,179,645)
Proceeds from the sale and maturities of investments	22,289,217	54,934,343
Net cash and cash equivalents provided by (used in) investing activities	131,773	(252,252)
Cash Flows from Financing Activities		
Payments on split-interest agreements	(67,324)	(70,738)
Proceeds from contributions restricted for long-term purposes	2,643,994	3,273,429
Net cash and cash equivalents provided by financing activities	2,576,670	3,202,691
Net Increase in Cash and Cash Equivalents	588,221	633,870
Cash and Cash Equivalents - Beginning of year	4,342,543	3,708,673
Cash and Cash Equivalents - End of year	**$ 4,930,764**	**$ 4,342,543**

Footnote 1 - Basis of Presentation and Significant Accounting Policies

University - The University is an institution of higher education located in Ypsilanti, Michigan, and is considered to be a component unit of the State of Michigan (the "State") because its Board of Regents is appointed by the Governor of the State of Michigan. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, and payments to state retirement programs for the benefit of University employees.

Basis of Presentation

The financial statements of Eastern Michigan University (the "University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University reports as a special purpose government engaged primarily in business type activities (BTA), as defined by the GASB using the economic resources measurement focus, on the accrual basis. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The University follows the "business-type" activities reporting requirements of GASB Statement No. 34. GASB 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following categories:

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

- **Restricted, expendable -** Net position subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.
- **Unrestricted -** Net position not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents (the "Board") or may otherwise be limited by contractual agreements with outside parties. The University has committed the unrestricted net position to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and postemployment benefits.

These statements have also been prepared in accordance with criteria established by GASB for determining the various governmental organizations to be included in the reporting entity GASB Statement No. 61, *Financial Reporting Entity: Omnibus.* These criteria include significant operational or financial relationships with the University. Based on application of the criteria, the University has one component unit.

Component Unit of the University - The Eastern Michigan University Foundation financial statements are discretely presented as part of the University's reporting entity. These statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). The officers of Eastern Michigan University Foundation include certain University administrative officials and the University has controlling interest in the Foundation's board.

The Internal Revenue Service has determined that the Foundation is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Footnote 1 - Basis of Presentation and Significant Accounting Policies (continued)

The Eastern Michigan University Foundation exists for the sole purpose of soliciting, collecting, and investing donations for the benefit of Eastern Michigan University. No modifications have been made to the Foundation financial statements included in the University's financial report. A complete copy of the audited financial statements of Eastern Michigan University Foundation is available at the Foundation offices located on the campus of the University.

Summary of Significant Accounting Policies

Cash and Investments - The University invests substantially all of its cash in interest-bearing instruments. Investments are reported at fair value, based on quoted market prices, with changes in fair value reported as investment income in the statement of revenue, expenses, and changes in net position. Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

Inventories - Inventories consist primarily of supplies and natural gas and are stated at the lower of cost or market with cost determined by the retail method.

Capital Assets - Capital assets are stated at cost if purchased or at acquisition value at the date of the gift for donated property. Physical properties, with the exception of land, are depreciated on the straight-line method over the estimated useful service lives of the respective assets. Estimated service lives are as follows:

Leasehold improvements	12 to 20 years
Buildings	40 to 60 years
Equipment	5 to 10 years
Library Holdings	5 to 10 years

Unearned Fees and Deposits - Unearned fees and deposits primarily include unearned tuition and fee revenue for future semesters, exclusivity contract unearned revenue, and agency balances held in custody for others.

Interest Rate Swaps – The fair value of interest rate swaps deemed liabilities as of the date of termination of the related debt have been recorded as a liability that is being amortized over the life of the swap contracts using the effective interest method. Amortization for the years ended June 30, 2023 and 2022 was $1,983,016 and $2,076,513, respectively, and is recorded as a reduction to interest expense.

Accrued Compensated Absences - Accrued compensated absences are comprised of the portion of unused sick leave accrued as of June 30 but not expected to be paid within one year. The portion of sick leave expected to be paid within one year and all accrued vacation leave are included in accrued payroll, taxes, and fringe benefits.

Deferred Outflows – 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows consist of accumulated changes in the fair value of hedging derivative instruments, pension, and OPEB obligations described in Note 6 and Note 9, respectively. Deferred outflows also include the deferred gain or loss on refunding of debt and interest rate swaps.

Footnote 1 - Basis of Presentation and Significant Accounting Policies (continued)

Deferred Inflows – 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University reports deferred inflows for funding received through state appropriations for contributions to the MPSERS pension and OPEB plan after the measurement date and for other deferrals related to the pension plan as described in Note 9. The University also reports deferred inflows for the deferred gain on refunding of interest rate swaps, and housing and parking PPP arrangements received that is attributable to future periods.

The University's deferred outflows/inflows for the year ended June 30, 2023 were:

	Deferred outflows	Deferred inflows
MPSERS pension plan		
Contributions subsequent to measurement date	$ 4,945,395	$ -
Deferred Section 236 state aid payments	-	6,820
Net difference between projected and actual earnings	2,115,551	-
MPSERS OPEB plan		
Contributions subsequent to measurement date	25,817	-
Net difference between projected and actual earnings	380,430	
Single employer OPEB plan		
Changes in assumptions	1,009,332	4,274,975
Differences between expected and actual experience	2,364,419	15,000
Deferred loss on refunding of debt	1,625,803	-
Deferred gain/loss on refunding of interest rate swaps	2,536,743	4,185,943
Lease Activities	-	1,924,260
Public Private Partnership Capital Improvements		2,740,441
Public Private Partnership upfront proceeds	-	46,850,397
	$ 15,003,490	$ 59,997,836

Footnote 1 - Basis of Presentation and Significant Accounting Policies (continued)

The University's deferred outflows/inflows for the year ended June 30, 2022 were:

	Deferred outflows	Deferred inflows
MPSERS pension plan		
Contributions subsequent to measurement date	$ 16,305,365	$ -
Deferred Section 264 state aid payments	-	12,125,131
Net difference between projected and actual earnings	-	9,353,445
MPSERS OPEB plan		
Net difference between projected and actual earnings	-	3,025,924
Changes in proportionate share of contributions	1,206,052	-
Single employer OPEB plan		
Changes in assumptions	1,730,047	4,961,548
Differences between expected and actual experience	3,554,590	31,000
Deferred loss on refunding of debt	1,736,653	-
Deferred gain/loss on refunding of interest rate swaps	9,789,569	4,590,696
Lease Activities	-	2,115,183
Unamortized proceeds from parking service agreement	-	48,421,825
	$ 34,322,276	$ 84,624,752

Pensions – 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. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Other Postemployment Benefit Costs – For purposes of measuring the net other postemployment benefit (OPEB) asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, MPSERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. For the University's single employer OPEB plan, deferred outflows and inflows of resources, and the net OPEB liability for the plan were determined based on the report prepared by the University's actuary. There are no assets held in trust for the plan, and expense is recognized in accordance with full accrual accounting.

Footnote 1 - Basis of Presentation and Significant Accounting Policies (continued)

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

Auxiliary Activities - Auxiliary activities consist of the following as of June 30, 2023 and 2022:

	2023	2022
Operating Revenues:		
Auxiliary activities; gross	$ 55,869,791	$ 47,881,165
Less: Internal sales	(1,310,556)	(1,104,972)
Less: Scholarship allowances	(6,647,935)	(7,559,059)
Auxiliary activities revenue - net	$ 47,911,300	$ 39,217,134

	2023	2022
Operating Expenses:		
Auxiliary activities; gross	$ 69,920,204	$ 50,497,081
Less: Internal sales	(1,310,556)	(1,104,972)
Less: Scholarship allowances	(6,647,935)	(7,559,059)
Auxiliary activities expenses - net	$ 61,961,713	$ 41,833,050

Operating and Nonoperating Revenues - The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues due to their non-exchange nature, which include state appropriations and investment income. Restricted and unrestricted resources are spent and tracked within donor guidelines, if any, by the awarded University department. Federal Pell grant revenue is also classified as nonoperating. The amounts received for 2023 and 2022 are $20.6 million and $22.5 million, respectively.

Scholarship allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students or third parties on behalf of the students, where the University has discretion over such expenses.

Public-Private Partnerships (PPP) - The University is a transferor for noncancelable PPP arrangements related to parking and housing. The University recognizes a PPP receivable and a deferred inflow of resources in the financial statements.

At the commencement of a PPP, the University initially measures a PPP receivable at the present value of payments expected to be received during the term. Subsequently, the PPP receivable is reduced by the principal portion of PPP payments received. The deferred inflow of resources is initially measured as the present value of the initial amount of the PPP receivable, adjusted for PPP payments received at or before the commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the term. Both of the above arrangements include improvements to existing assets or construction of net assets. These assets will be capitalized when placed into service and amortized over the life of the contract.

Key estimates and judgments include the discount rate used to value the expected PPP receipts. This would then be used to calculetate the present value including variables such as the arrangement term and PPP receipts. The University monitors changes in circumstances that would require a remeasurement of its PPPs and will remeasure the PPP receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the PPP receivable.

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

Footnote 1 - Basis of Presentation and Significant Accounting Policies (continued)

COVID-19 Impact: On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions to reduce physical human interactions, including the temporary suspension of community events and other activities, broad travel restrictions, and the temporary closing of many businesses. Throughout 2022 and 2021, the University began to return to some in-person operation as after taking measures in response to the pandemic, including transitioning instruction to remote learning to the fullest extent possible, limiting on-campus residence, eliminating all non-essential travel, and cancelling or postponing athletic and performing arts events, all of which resulted in lost revenues for the University, primarily for the years ended June 30, 2022 and prior. To offset the financial impact to students and the losses incurred by the University due to the disruption caused by COVID-19, the University received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). The University was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling approximately $77 million, of which a portion was required to be given directly to students. The University also received Coronavirus Relief Funds from the State of Michigan totaling approximately $8.6 million to spend on necessary expenditures incurred due to the public health emergency with respect to COVID-19. For the years ended June 30, 2023 and 2022, the University recognized grant revenue totaling approximately $0 and $42.3 million, respectively, under these programs. In addition, the University also received other emergency relief under the CARES Act through the Strengthening Institutions Program totaling approximately $3.5 million and also elected to utilize payroll tax deferrals as allowed under the CARES Act. On May 5, 2023, the World Health Organization declared that COVID-19 no longer fit the definition of a Public Health Emergency of International Concern (which drove the original declaration of a pandemic). No further government funding or assistance has been received in the year ended June 30, 2023.

GASB Pronouncements Adopted

As of July 1, 2022, EMU adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), which requires the recognition of certain SBITA assets and liabilities that previously were classified as operating expenses. The Statement establishes a single model for SBITA accounting based on the foundational principle that SBITAs are the right to use an underlying IT asset. Under this Statement, the University is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. As a result, the Statement of Net Position of the University now includes a receivable and inflow for the present value of payments expected to be made on the subscription assets. Subscription activity is further described in Footnote 13. As of June 30, 2023, the University had $5.9 million in right-to-use assets and $6.2 million in subscription liabilities related to these arrangements.

As of July 1, 2022, EMU adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, which provides uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. The Statement of Net Position now includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the arrangement. PPP activity is further described in Footnote 1. At June 30, 2023, the University had $50 million in deferred inflows as a result of PPP capital improvements and closing contract payments.

Upcoming GASB Statements

In April 2022, the Governmental Accounting Standards Board issued GASB Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The standard has various effective dates. the University does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Footnote 1 - Basis of Presentation and Significant Accounting Policies (concluded)

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

Footnote 2 - Cash and Investments

The University utilizes the pooled cash method of accounting for substantially all of its cash and cash equivalents. The University's investment policy, as set forth by the Board, authorizes investment in securities of the U.S. Treasury and agencies, corporate bonds and notes, commercial paper, time savings deposits, Eurodollars and certain external mutual funds, separately managed funds and other pooled funds. Restricted investments represents the fund balance dedicated to a student investment training program. The University's investment objective is to preserve investment principal while deriving a reasonable return consistent with the prevailing market and economic conditions. Investment decisions are based on specific guidelines which incorporate quality, safety, diversity, and liquidity of funds.

Cash and investments consisted of the following as of June 30, 2023:

	Fair Market Value	Less than 1 year	1-5 Years	6-10 Years
Cash and cash equivalents:				
Unrestricted:				
Time deposits	$ 13,145,944	$ 13,145,944	$ -	$ -
Total unrestricted cash and cash equivalents	13,145,944	13,145,944	-	-
Long-term investments:				
Unrestricted:				
Trust cash equivalents	130,014,622	130,014,622	-	-
Alternative investments - equity funds	919,663	919,663	-	-
Mutual funds - balanced	541,865	541,865	-	-
Mutual funds - fixed income	2,790,797	173,575	-	2,617,222
Mutual funds - equity	1,899,470	1,899,470	-	-
Exchange traded equity funds	2,847,516	2,847,516	-	-
Real estate	1,200,000	-	1,200,000	-
Total long-term unrestricted investments	140,213,933	136,396,711	1,200,000	2,617,222
Restricted:				
Common Stock Equity	121,554	121,554	-	-
Total long-term restricted investments	121,554	121,554	-	-
Total Cash and Investments	$ 153,481,432	$ 149,664,210	$ 1,200,000	$ 2,617,222

Footnote 2 - Cash and Investments (continued)

Cash and investments consisted of the following as of June 30, 2022:

	Fair Market Value	Less than 1 year	1-5 Years	6-10 Years
Cash and cash equivalents:				
Unrestricted:				
Time deposits	$ 35,177,901	$ 35,177,901	$ -	$ -
Total unrestricted cash and cash equivalents	35,177,901	35,177,901	-	-
Long-term investments:				
Unrestricted:				
Trust cash equivalents	28,777,839	28,777,839	-	-
Government bonds	98,582	-	98,582	-
Alternative investments - equity funds	988,458	988,458	-	-
Mutual funds - balanced	517,659	517,659	-	-
Mutual funds - fixed income	2,782,415	175,932	-	2,606,484
Mutual funds - Equity	1,631,834	1,631,834	-	-
Exchange traded equity funds	2,560,527	2,560,527	-	-
Real estate	1,200,000	-	1,200,000	-
Total long-term unrestricted investments	38,557,314	34,652,249	1,298,582	2,606,484
Restricted:				
Trust cash equivalents	3,035,986	3,035,986	-	-
Total long-term restricted investments	3,035,986	3,035,986	-	-
Total Cash and Investments	$ 76,771,201	$ 72,866,136	$ 1,298,582	$ 2,606,484

Footnote 2 - Cash and Investments (continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses due to rising interest rates, the University's operating investment policy provides for a diversified portfolio comprised of short, intermediate, and long-term investments. Short-term investments are restricted to at least 50% of the portfolio in U.S. Government Securities and/or U.S. Government Agency issues. The asset allocation, as a percentage of the total market value of the investment pool, is targeted as follows:

Asset Class	Permissible Range %
Total Equity	**20% - 60%**
Fixed Income:	**20% - 80%**
High Quality	0% - 80%
Return Seeking	0% - 50%
Global Asset Allocation / Risk Parity	**0% - 25%**
Alternatives:	**0% - 25%**
Hedge Funds	0% - 20%
Real Assets	0% - 15%

The University is also exposed to risk indirectly since its mutual fund investees hold investments such as futures, options, and collateralized mortgage obligations (generally referred to as "derivatives"). This risk is considered to be minimal.

Credit Risk - Investment policies for cash and investments as set forth by the Board shall be to preserve investment principal while deriving a reasonable return consistent with the prevailing market and economic conditions. The weighted average credit quality is restricted to be no less than "AAA" (or its equivalent rating by two national rating agencies) for the short-term investment pool. There is no credit quality restriction for the long-term investment pool. At June 30, 2023 and 2022, the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	2023		2022	
	Market Value	S&P Rating	Market Value	S&P Rating
Bond Mutual Funds:				
Mutual funds - fixed income	2,790,797	N/A	2,782,415	N/A
U.S. Government agency bonds	-			
United States Treasury	-	N/A	98,582	N/A
Total	$ 2,790,797		$ 2,880,998	

Footnote 2 - Cash and Investments (continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the University will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The University's cash investment policy does not limit the value of deposits or investments that may be held by an outside party. Investments in external investment pools and in open-ended mutual funds are not exposed to custodial credit risks because their existence is not evidenced by securities that exist in physical or book entry form. All cash and cash equivalents are held in the University's name as of June 30, 2023 and 2022. As of June 30, 2023, the reported bank balance in depository accounts was $12,919,255. Of these balances, $500,005 was covered by federal depository insurance and $12,419,249 was uninsured and uncollateralized. As of June 30, 2022, the reported bank balance in depository accounts was $35,484,842. Of these balances, $533,621 was covered by federal depository insurance and $34,951,221 was uninsured and uncollateralized.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's investment policy provides that investments will be diversified within equity and fixed income securities as well as alternative investments so as to provide a balance that will enhance total return while avoiding undue risk concentrations in any single asset class or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

The following investments comprise more than 5% of the total investments portfolio as of June 30, 2023 and 2022:

June 30, 2023:	
Northern Inst U.S. Govt Fund	$ 130,014,622
	$ 130,014,622
June 30, 2022:	
Northern Inst U.S. Govt Fund	$ 31,813,825
Vanguard Index Participation Equities	2,560,528
	$ 34,374,353

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At June 30, 2023 and 2022, the University had $1,917,891 and $1,008,667 respectively, invested in mutual funds that have funds invested in various countries throughout the world and, therefore, exposes the University to foreign currency risk indirectly. The University did not have any direct investments or deposits denominated in foreign currencies at June 30, 2023 and 2022.

Footnote 2 - Cash and Investments (concluded)

Investments at the Eastern Michigan University Foundation are as follows:

	2023	2022
Corporate stocks	$ -	$ 56,270
Certificates of deposit (long-term)	400,000	400,000
Real estate	55,000	667,334
Mutual funds - Equity	441,985	394,006
Mutual funds - Fixed income	416,109	5,257,351
Mutual funds - Balanced	3,033,980	3,560,257
Commingled funds - Equity	49,258,105	37,013,176
Commingled funds - Fixed income	15,505,181	16,652,340
Commingled funds - Real assets	7,726,443	7,602,929
Hedge funds	7,619,810	7,990,413
Private equity funds	12,740,892	10,999,971
Total	$ 97,197,505	$ 90,594,047

Net gains/losses from security transactions for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Investment income:		
Dividend and interest income	$ 452,980	$ 670,478
Unrealized gain	1,746,386	14,610,032
Realized gain (loss)	5,012,289	(18,789,586)
Investment fees	(461,633)	(469,381)
Total investment income	$ 6,750,022	$ (3,978,457)

Footnote 3 - Receivables

University accounts receivable consist of the following as of June 30, 2023 and 2022:

	2023	2022
Sponsor accounts	$ 5,120,070	$ 2,510,442
Student accounts	8,070,316	6,629,825
Charter school appropriations	5,740,835	4,993,088
Third party tuition	1,003,776	982,769
Other	7,250,059	6,162,205
Subtotal	27,185,056	21,278,329
Less: Allowances for uncollectibles	(2,382,044)	(1,850,854)
Accounts receivable - net	$ 24,803,012	$ 19,427,475

University student loans receivable consist of the following as of June 30, 2023 and 2022:

	2023	2022
Student loans receivable	$ 1,410,317	$ 3,244,061
Less: allowance for uncollectibles	(105,764)	(528,109)
Student loans receivable - net	$ 1,304,553	$ 2,715,952

Included in contributions receivable for the Foundation are the following unconditional promises to give at June 30, 2023 and 2022:

	2023	2022
Contributions receivable:		
Gross contributions promised	$ 4,487,313	$ 4,557,188
Less: allowance for uncollectibles	(458,847)	(455,719)
Subtotal	4,028,466	4,101,469
Less: unamortized discount	(195,382)	(210,206)
Net unconditional promises to give:	3,833,084	3,891,263

	2023	2022
Amounts due in:		
Less than one year	$ 2,054,253	$ 1,693,794
One to five years	1,725,091	1,977,424
More than five years	707,969	885,970
Total:	4,487,313	4,557,188

Footnote 4 - Fair Value Measurements

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

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

The University had the following recurring fair value measurements as of June 30, 2023:

		Fair Market Value Measurements Using		
	Balance at June 30, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Cash and cash equivalents				
Trust cash equivalents	130,014,622	130,014,622	-	-
Debt securities				
Mutual funds - fixed [B]	2,790,797	2,790,797	-	
Real estate funds				
Real estate [F]	1,200,000	-	-	1,200,000
Equity securities [A]				
Mutual funds - Balanced	541,865	541,865	-	-
Mutual funds - Equity	-	-	-	-
Exchange traded equity funds	2,847,516	2,847,516	-	-
Total investments by fair value level	137,394,800	136,194,800	-	1,200,000
Investments measured at the net asset value (NAV)				
Equity funds [A]	2,819,133			
Common Stock Equity	121,554			
Total investments measured at fair value	$ 140,335,487			
Investment derivative instruments				
Fair value of derivative instruments [E]	$ 115,916		$ 115,916	

Footnote 4 - Fair Value Measurements (continued)

The University had the following recurring fair value measurements as of June 30, 2022:

		Fair Market Value Measurements Using		
	Balance at June 30, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Cash and cash equivalents				
Trust cash equivalents	31,813,825	31,813,825	-	-
Debt securities				
Government bonds	98,582	-	98,582	-
Mutual funds - fixed [B]	2,782,415	2,782,415	-	
Real estate funds				
Real estate [F]	1,200,000	-	-	1,200,000
Equity securities [A]				
Mutual funds - Balanced	517,659	517,659	-	-
Mutual funds - Equity	1,631,834	1,631,834	-	-
Exchange traded equity funds	2,560,528	2,560,528	-	-
Total investments by fair value level	40,604,844	39,306,262	98,582	1,200,000
Investments measured at the net asset value (NAV)				
Equity funds [A]	988,458			
Total investments measured at fair value	$ 41,593,302			
Investment derivative instruments				
Fair value of derivative instruments [E]	$ (7,677,252)		$ (7,677,252)	

Footnote 4 - Fair Value Measurements (continued)

The Foundation had the following recurring fair value measurements as of June 30, 2023:

	Balance at June 30, 2023	Fair Market Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Investments - Including investments held under split-interest agreements:				
Certificates of deposit (long term)	$ 400,000	$ 400,000	$ -	$ -
Mutual funds - Fixed income	416,109	416,109	-	-
Mutual funds - Equity	441,985	441,985	-	-
Mutual funds - Balanced	3,033,980	3,033,980	-	-
Beneficial investment in charitable lead trust	835,719			835,719
Total investments by fair value level	5,127,793	4,292,074	-	835,719
Investments measured at the net asset value (NAV)				
Equity funds [A]	49,258,105			
Fixed income [B]	15,505,181			
Real assets [G]	7,726,443			
Hedge fund of funds [C]	7,619,810			
Private equity funds [D]	12,740,892			
Total investments measured at Net Asset Value	92,850,431			
Total investments measured at fair value	$ 97,978,224			

Footnote 4 - Fair Value Measurements (continued)

The Foundation had the following recurring fair value measurements as of June 30, 2022:

		Fair Market Value Measurements Using		
	Balance at June 30, 2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Investments - Including investments held under split-interest agreements:				
Certificates of deposit (long term)	$ 400,000	$ 400,000	$ -	$ -
Corporate stock securities	56,270	56,270	-	-
Mutual funds - Fixed income	5,257,351	5,257,351	-	-
Mutual funds - Equity	394,006	394,006	-	-
Mutual funds - Balanced	3,560,257	3,560,257	-	-
Beneficial investment in charitable lead trust	885,719			885,719
Total investments by fair value level	10,553,603	9,667,884	-	885,719
Investments measured at the net asset value (NAV)				
Equity funds [A]	37,013,176			
Fixed income [B]	16,652,340			
Real assets [G]	7,602,929			
Hedge fund of funds [C]	7,990,413			
Private equity funds [D]	10,999,971			
Total investments measured at Net Asset Value	80,258,829			
Total investments measured at fair value	$ 90,812,432			

Footnote 4 - Fair Value Measurements (continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. Treasury Securities at June 30, 2022 was determined primarily based on level 2 inputs. The University estimates the fair value of these using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

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

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

University Investments Held at the Net Asset Value as of June 30, 2023

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds [A]	$ 2,819,133	$ -	Daily	30 days

University Investments Held at the Net Asset Value as of June 30, 2022

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds [A]	$ 988,458	$ -	Daily	30 days

Footnote 4 - Fair Value Measurements (continued)

Foundation Investments Held at the Net Asset Value as of June 30, 2023

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds [A]	$ 49,258,105	$ -	Daily, Weekly, Monthly	1-30 days
Fixed-income funds [B]	15,505,181	-	Daily	2-3 days
Hedge fund of funds [C]	7,619,810	-	Monthly, Quarterly	60-90 days
Real assets funds [G]	7,726,443	1,297,079	Daily	2 days
Private equity [D]	12,740,892	5,417,589	N/A	N/A
Total	$ 92,850,431	$ 6,714,668		

Foundation Investments Held at the Net Asset Value as of June 30, 2022

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity funds [A]	$ 37,013,176	$ -	Daily, Weekly, Monthly	1-30 days
Fixed-income funds [B]	16,652,340	-	Daily	2-3 days
Hedge fund of funds [C]	7,990,413	-	Monthly, Quarterly	60-90 days
Real assets funds [G]	7,602,929	1,855,063	Daily	2 days
Private equity [D]	10,999,971	4,869,341	N/A	N/A
Total	$ 80,258,829	$ 6,724,404		

Description of Asset Classes for Fair Value Measurement

[A] Equity funds invest in publicly traded securities listed in domestic, international, and/or emerging markets. This segment of the portfolio is intended to provide global growth exposure. Investments are diversified across market capitalization and geographic region.

[B] Fixed-income funds are invested in debt instruments of sovereign and/or corporate issuers. This segment of the portfolio is primarily focused on income generation. Investments are diversified across credit quality, market sector, and geographic region.

Footnote 4 - Fair Value Measurements (concluded)

[C] Hedge fund of funds - A fund of hedge funds is an investment vehicle whose portfolio consists of shares in a number of hedge funds. These strategies are typically diversified by manager and investment style and may include allocations to styles such as relative value, event-driven, hedged equity, and global macro, among others. Fund of hedge funds typically target an absolute return that is independent of market returns. Investments in this asset class are meant to provide a diversified alpha source. Holdings in hedge funds are recognized to be less liquid than public market securities and may include a lockup for initial investments. Risk in this asset class is specific to the strategy being utilized. The volatility of hedge funds of funds typically is similar to that of fixed income.

[D] Private equity – Private equity is an ownership interest in a non-publicly traded limited liability company (LLC) or limited partnership (LP). The segment is primarily focused on providing global growth exposure. The segment may be diversified across a spectrum of markets, geographies, and investment styles. Investments in this asset class are illiquid and typically include multi-year investment horizons. Risk is specific to the strategy being utilized and may be above that of the general market.

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

[F] For those assets with fair value measured using Level 3 inputs, the University determines fair value measurement policies and procedures in consultation with the real estate appraiser. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the observable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. The Income Capitalization method was used for determining the appraised value of the real estate.

[G] Real Asset Funds- Public segment is focused primarily on providing inflation-adjusted dividend yield, collateral return from Commodities, and can be a function of Net Operating Income within the Real Estate space. The segment may be diversified across a spectrum of markets, geographies, and investment styles. Private Real Assets is an ownership interest in a privately held limited liability company (LLC) or limited partnership (LP). The segment is focused primarily on providing inflation adjusted dividend yield, collateral return from Commodities, and can be a function of Net Operating Income within the Real Estate space. The segment may be diversified across a spectrum of markets, geographies, and investment styles. Investments in this asset class are illiquid and typically include multiyear investment horizons. Risk is specific to the strategy being utilized and may be above that of the general market.

Footnote 5 - Capital Assets

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

	2022	Additions/ Transfers	Retirements/ Transfers	2023
Non-depreciable:				
Land	$ 14,035,202	$ -	$ (2,554,073)	$ 11,481,129
Construction in process	12,132,420	23,975,098	(12,552,455)	23,555,063
Total non-depreciable capital assets	26,167,622	23,975,098	(15,106,528)	35,036,192
Depreciable:				
Infrastructure	76,651,355	7,307,196	(9,793,319)	74,165,232
Leasehold improvements	375,996	-	-	375,996
Buildings	810,589,996	4,918,129	(29,841,084)	785,667,041
Library holdings	52,015,998	480,147	-	52,496,145
Equipment	79,743,445	1,970,392	(13,195,482)	68,518,355
Total depreciable capital assets	1,019,376,790	14,675,864	(52,829,885)	981,222,769
Right to Use Asset	914,513	10,048,223	(311,829)	10,650,907
Total cost of capital assets	1,046,458,925	48,699,185	(68,248,242)	1,026,909,868
Less: Accumulated depreciation				
Infrastructure	47,156,267	4,341,850	(9,793,318)	41,704,799
Leasehold improvements	375,996	-	-	375,996
Buildings	250,296,974	13,001,058	(17,033,943)	246,264,089
Library holdings	50,528,559	455,745	-	50,984,304
Equipment	65,273,566	3,747,576	(13,171,353)	55,849,789
Total accumulated depreciation	413,631,362	21,546,229	(39,998,614)	395,178,977
Less: Accumulated amortization				
Right to use asset	401,205	4,160,278	(311,829)	4,249,654
Capital assets - Net	$ 632,426,358	$ 22,992,678	$ (27,937,799)	$ 627,481,237

Footnote 5 - Capital Assets (continued)

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

	2021	Additions/ Transfers	Retirements/ Transfers	2022
Non-depreciable:				
Land	$ 14,035,202	$ -	$ -	$ 14,035,202
Construction in process	12,519,327	8,771,632	(9,158,539)	12,132,420
Total non-depreciable capital assets	26,554,529	8,771,632	(9,158,539)	26,167,622
Depreciable:				
Infrastructure	72,876,715	3,921,011	(146,371)	76,651,355
Leasehold improvements	375,996	-	-	375,996
Buildings	807,394,955	5,346,917	(2,151,876)	810,589,996
Library holdings	51,605,740	410,258	-	52,015,998
Equipment	78,189,797	2,028,412	(474,764)	79,743,445
Total depreciable capital assets	1,010,443,203	11,706,598	(2,773,011)	1,019,376,790
Right to Use Asset	-	914,513	-	914,513
Total cost of capital assets	1,036,997,732	21,392,742	(11,931,550)	1,046,458,924
Less: Accumulated depreciation				
Infrastructure	43,402,638	3,867,949	(114,320)	47,156,267
Leasehold improvements	375,996	-	-	375,996
Buildings	238,821,749	13,132,344	(1,657,121)	250,296,972
Library holdings	50,055,933	472,626	-	50,528,559
Equipment	61,664,830	4,059,229	(450,493)	65,273,566
Total accumulated depreciation	394,321,146	21,532,148	(2,221,934)	413,631,360
Less: Accumulated amortization				
Right to use asset	-	401,205	-	401,205
Capital assets - Net	$ 642,676,586	$ (540,610)	$ (9,709,616)	$ 632,426,360

Footnote 5 - Capital Assets (continued)

Certain university facilities, including John W. Porter College of Education, Everett L. Marshall College of Health and Human Services Building, the Pray-Harrold Building and Strong Hall have been financed in part by State Building Authority (SBA) bond issuances, which are secured by a pledge of rentals to be received by the State of Michigan pursuant to an arrangement between the SBA, the State of Michigan, and the Institution. While the SBA bonds are outstanding, the SBA will hold title to the respective building, although the University has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the building to the institution.

The following table presents the University's commitments for major construction projects for the year ended June 30, 2023:

Project	Amount
Golf Facility	4,487,865
REC IM Renovations	1,271,565
Gervin GameAbove Center Renovations	598,085
Waterline Infrastructure	552,425
Indoor Practice Facility	519,299
2019 Housing Project	516,760
Campus Flooding Repairs	414,584
Energy Center Systems	413,294
Other	2,790,600
	$ 11,564,477

The following table presents the University's commitments for major construction projects for the year ended June 30, 2022:

Project	Amount
Campus Flooding Repairs	$ 2,098,353
Rec IM Renovations	1,975,884
Waterline Infrastructure	1,077,135
King Hall Renovations	866,736
Title IX Facility Improvements	740,136
Soccer / Lacrosse Field	608,074
Network Servers	507,354
Gervin GameAbove Center Renovations	470,631
Other Projects	3,861,076
	$ 12,205,379

Footnote 6 - Long-term Debt

Long-term debt consists of the following as of June 30, 2023 and 2022:

	Interest Rates	Maturity	2022	Additions	Retirements/ Defeasance	2023	Current Portion
General Revenue Bonds:							
Series 2018A	4.00%	2038 - 2047	$ 78,270,000	$ -	$ -	$ 78,270,000	$ -
General Revenue Refunding Bonds:							
Series 2018B	5.00%	2047 - 2058	155,000,000	-	-	155,000,000	-
Series 2017A	3.00 - 5.00%	2020 - 2038	64,375,000	-	(3,065,000)	61,310,000	3,240,000
Series 2016	3.375 - 4.125%	2028 - 2047	24,060,000	-	-	24,060,000	-
Refunding Bonds:							
Series 2014	2.00 - 4.00%	2017 - 2029	9,725,000	-	(20,000)	9,705,000	20,000
Direct Borrowing - Installment Financing Agreement							
	3.98%	2019 - 2023	628,094	-	(628,094)	-	-
			332,058,094	-	(3,713,094)	328,345,000	3,260,000
Unamortized Bond Premium:							
Series 2018A			621,411	-	(28,682)	592,729	28,680
Series 2017A			6,537,739	-	(417,302)	6,120,437	417,301
			7,159,150	$ -	$ (445,984)	6,713,166	$ 445,981
Less current portion of long-term debt			3,713,094			3,260,000	
Less current portion of bond premium			445,982			445,981	
Lease Obligations and Other			534,950	93,432	(107,360)	521,022	
SBITA Obligations			-	9,702,010	(3,521,821)	6,180,189	
Long-term debt			$ 335,593,118			$ 338,053,396	

Long-term debt consists of the following as of June 30, 2022 and 2021:

	Interest Rates	Maturity	2021	Additions	Retirements/ Defeasance	2022	Current Portion
General Revenue Bonds:							
Series 2018A	4.00%	2038 - 2047	$ 78,270,000	$ -	$ -	$ 78,270,000	$ -
General Revenue Refunding Bonds:							
Series 2018B	5.00%	2047 - 2058	155,000,000	-	-	155,000,000	-
Series 2017A	3.00 - 5.00%	2020 - 2038	67,280,000	-	(2,905,000)	64,375,000	3,065,000
Series 2016	3.375 - 4.125%	2028 - 2047	24,060,000	-	-	24,060,000	-
Refunding Bonds:							
Series 2014	2.00 - 4.00%	2017 - 2029	9,745,000	-	(20,000)	9,725,000	20,000
Direct Borrowing - Installment Financing Agreement							
	3.98%	2019 - 2023	1,231,300	-	(603,207)	628,094	628,094
			335,586,300	-	(3,528,207)	332,058,094	3,713,094
Unamortized Bond Premium:							
Series 2018A			650,091	-	(28,680)	621,411	28,680
Series 2017A			6,955,041	-	(417,302)	6,537,739	417,302
			7,605,132	$ -	$ (445,982)	7,159,150	$ 445,982
Less current portion of long-term debt			3,528,206			3,713,094	
Less current portion of bond premium			445,982			445,982	
Lease Obligations and Other			-	914,513	(379,563)	534,950	
Long-term debt			339,217,244			335,593,118	

Issuances and Refundings of Long-term Debt

Direct Borrowing - Installment Financing Agreement

On July 20, 2018, EMU signed an installment financing agreement with Key Government Finance to finance the purchase of CISCO hardware, software, and maintenance. The payments of principal and interest will extend over 4 years and will provide for significant upgrades to the University's server systems. The University grants Key Government Finance a first lien to all of the property purchased through the financing agreement, as well as any substitutions or replacements to the property, or insurance proceeds generated by the property. This lien is Key Government Finance's collateral on the financing agreement. The agreement was fully paid during fiscal year 2023.

General Revenue and Refunding Bonds

On May 17, 2018, the University issued $78,270,000 of General Revenue Bonds, Series 2018A. The Series 2018A bonds amortize over 30 years with principal payments beginning in 2038. The proceeds from the issuance will go towards capital projects for the University.

On May 17, 2018, the University issued $155,000,000 of General Revenue and Refunding Bonds, Series 2018B, to redeem the $155,000,000 2017 General Revenue Refunding Bonds which terminated the 2017 Total Return Swap. The 2018 Total Return Swap was issued to further hedge the variable rate on the 2018B Series Bonds. The Series 2018B bonds amortize over 40 years with principal payments beginning in 2047. The refunding resulted in a reduction of total interest payments of $11,700,935 and an economic gain (difference between the present values of the interest payments on the old and new debt) of $8,608,431.

On August 31, 2017, the University issued $73,150,000 of General Revenue and Refunding Bonds, Series 2017A, to redeem the $23,160,000 2009C General Revenue Bonds, and to redeem $55,430,000 of the 2009D Build America Bonds. The Series 2017A bonds amortize over 21 years with principal payments beginning in 2020. The refunding was done for structural purposes, and to wrap around new money bonds.

On May 4, 2017, the University issued $155,000,000 of General Revenue and Refunding Bonds, Series 2017. The Series 2017 refunded the $155,000,000 2015 Term Loan and terminated the 2015 Total Return Swap. The refunding resulted in a reduction of total interest payments of $648,762 and an economic gain (difference between the present values of the interest payments on the old and new debt) of $18,021.

On November 30, 2016, the University issued $24,060,000 of General Revenue and Refunding Bonds, Series 2016, to redeem the $20,000,000 2016 Term Loan and provide $4,060,000 for capital projects. The Series 2016 amortizes over 20 years with principal payments beginning in 2028.

On August 20, 2014, the University issued $9,860,000 of General Revenue Refunding Bonds, Series 2014. These bonds refunded $9,860,000 of General Revenue Build America Bonds, Series 2009D. 2014 Series bonds amortize over 14 years with principal payments beginning June 30, 2016.

Certain bonded debt agreements require student fees to equal or exceed 200% of the related debt service. The University is in compliance with these covenants.

Principal and interest on long-term debt are payable from operating revenues, allocated student fees and the excess of revenues over expenditures of specific auxiliary activities. The obligations are generally callable.

Footnote 6 - Long-term Debt (continued)

On May 17, 2018, the University entered into a 2018B Total Return Swap in order to hedge the variable rate on the 2018B Series Bonds. The 2018B Total Return Swap terminated the 2017 Total Return Swap and wraps around the 2001, 2006 and 2009 swap agreements, which were established at the same time and for the same amount as the issuance of certain variable rate debt with the intent of creating a synthetic fixed rate debt, at an interest rate that is lower than if fixed rate debt were to have been issued directly. As a result, the Series 2015 swap now hedges the 2018B total return swap and reduced the financing element described below by $2,324,223.

On May 4, 2017, the University entered into a 2017 Total Return Swap in order to hedge the variable rate on the 2017 Series Bonds. The 2017 Total Return Swap terminated the 2015 Total Return Swap and wraps around the 2001, 2006 and 2009 swap agreements, which were established at the same time and for the same amount as the issuance of certain variable rate debt with the intent of creating a synthetic fixed rate debt, at an interest rate that is lower than if fixed rate debt were to have been issued directly.

The May 4, 2017 refinancing of the 2015 Term Loan, the June 19, 2015 refinancing of the 2009 swap and the June 25, 2015 refunding of the debt associated with the original swaps created synthetic termination events. Under a synthetic termination event, the fair value of the swap associated with the termination event is deemed an additional borrowing (also referred to as a financing element) to be amortized over the life of the related debt. The synthetic terminated swaps are then revalued and considered new swaps and eligible for consideration as effective or ineffective swaps. Effective swaps are recorded as hedging derivative instrument assets or liabilities, with an offsetting deferred inflow or outflow. Ineffective swaps are recorded as hedging derivative investment assets or liabilities with offsetting changes in fair value running through investment income. Based on regression analysis and/or dollar offset method, all but two of the swap agreements have been determined to be ineffective hedging derivative instruments since June 30, 2016.

On June 25, 2015 the University entered into a Total Return swap transaction with Barclays Bank PLC in the notional amount of the 2015 Term Loan of $155,000,000 plus a premium of $3,569,650. The 2015 Total Return swap agreement wrapped around the 2001, 2006 and 2009 swap agreements, which were established at the same time and for the same amount as the issuance of certain variable rate debt with the intent of creating a synthetic fixed rate debt, at an interest rate that is lower than if fixed rate debt were to have been issued directly. In addition, on June 19, 2015, the University refinanced the 2009 single-mini swap that is used to replace, over time, the amortizing notional amounts of the 2001 and 2006 swaps.

Regression analysis evaluated effectiveness by considering the statistical relationship between the cash flows or fair values of the potential hedging derivative instrument and the hedgeable item. The changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item when certain criteria were met. Under the dollar-offset method, the changes in the fair value of the derivative are divided by the changes in fair value of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. The result of the calculation must fall within 80% to 125% percent in order for the derivative to be considered effective.

In accordance with GASB 53, these swaps are considered hybrid instruments consisting of a financing element of $22,166,843 and $23,941,959 for June 30, 2023 and 2022, respectively - and a fair value of the derivative instrument of $115,916 and ($7,677,252) for June 30, 2023 and 2022, respectively. The financing element is reported as an interest rate swap liability that is being amortized over the remaining life of the original debt. The derivative is reported as a fair value of derivative instrument asset or liability with an offsetting deferred inflow or outflow within the Statement of Net Position. The swaps considered no longer effective are treated as an investment at fair value. The deferred inflow or outflow at time determined ineffective is immediately recognized in investment income.

Footnote 6 - Long-term Debt (continued)

June 30, 2023:

Series	Fixed Rate Paid by EMU	Variable Rate Paid by EMU	Fixed Rate Received by EMU	Variable Rate Received by EMU	Contract Provider	Credit Rating (Moody's)	Scheduled Termination Date	Inception Date
Total Return Swap 2018B		68% of LIBOR + 65 basis points	5.000%	-	Barclays	Baa2	9/1/2023	5/17/2018
Series 2001	4.465%	-	-	68% of LIBOR	JPMorgan	A2	6/1/2027	11/30/2012
Series 2001	4.720%	-	-	68% of LIBOR	JPMorgan	A2	6/1/2027	7/27/2001
Series 2006	3.317%	-	-	62% of LIBOR + 20 basis points	Barclays	Baa2	6/1/2036	1/23/2006
Series 2015	3.141%	-	-	68% of LIBOR	Barclays	Baa2	3/1/2058	6/19/2015

Hedging derivative instruments:

Series	Current Notional Amount	July 1, 2022 Fair Value	Change in Fair Value (reported as deferred)	June 30, 2023 Fair Value	June 30, 2023 Deferred Inflow	June 30, 2023 Deferred Outflow
Receive-fixed, pay-variable interest rate swaps:						
Series 2018B, original notional amount of $155.0 million	$ 155,000,000	$ 279,000	$ (196,850)	$ 82,150	$ 82,150	$ -
Receive-variable, pay-fixed interest rate swaps:						
Series 2015, original notional amount of $2.5 million maturities through 2049	44,440,000	(9,789,569)	7,252,826	(2,536,742)	-	2,536,742
Total hedging instruments				$ (2,454,592)	$ 82,150	$ 2,536,742

Investment derivative instruments:

Series	Current Notional Amount	June 30, 2022 Fair Value	Change in Fair Value (reported as investment income)	June 30, 2023 Fair Value	Reclass to Investment Derivative Included in Investment Income	Total Impact on Investment Income Year ended June 30, 2023
Receive-variable, pay-fixed interest rate swaps:						
Series 2001, original notional amount of $15.7 million	$ 9,246,000	$ 109,924	$ 98,677	$ 208,601	$ -	$ 98,677
Series 2001, original notional amount of $24.8 million	13,869,000	164,067	148,723	312,790	-	148,723
Series 2006, original notional amount of $85.7 million	58,240,000	1,559,326	489,793	2,049,119	-	489,793
Series 2015, original notional amount of $2.5 million maturities 2021-2049	44,440,000	-	-	-	-	-
Total derivative instruments			$ 737,193	$ 2,570,510		$ 737,193

Footnote 6 - Long-term Debt (continued)

June 30, 2022:

Series	Fixed Rate Paid by EMU	Variable Rate Paid by EMU	Fixed Rate Received by EMU	Variable Rate Received by EMU	Contract Provider	Credit Rating (Moody's)	Scheduled Termination Date	Inception Date
Total Return Swap 2018B		68% of LIBOR + 65 basis points	5.000%	-	Barclays	Baa2	9/1/2023	5/10/2018
Series 2001	4.465%	-	-	68% of LIBOR	JPMorgan	A2	6/1/2027	11/30/2012
Series 2001	4.720%	-	-	68% of LIBOR	JPMorgan	A2	6/1/2027	7/27/2001
Series 2006	3.317%	-	-	62% of LIBOR + 20 basis points	Barclays	Baa2	6/1/2036	1/23/2006
Series 2015	3.141%	-	-	68% of LIBOR	Barclays	Baa2	3/1/2058	6/19/2015

Hedging derivative instruments:

Series	Current Notional Amount	July 1, 2021 Fair Value	Change in Fair Value (reported as deferred)	June 30, 2022 Fair Value	June 30, 2022 Deferred Inflow	June 30, 2022 Deferred Outflow
Receive-fixed, pay-variable interest rate swaps:						
Series 2018B, original notional amount of $155.0 million	$ 155,000,000	$ 547,150	$ (268,150)	$ 279,000	$ 279,000	$ -
Receive-variable, pay-fixed interest rate swaps:						
Series 2015, original notional amount of $2.5 million maturities through 2049	44,440,000	(33,377,188)	23,587,619	(9,789,569)	-	9,789,569
Total hedging instruments				$ (9,510,569)	$ 279,000	$ 9,789,569

Investment derivative instruments:

Series	Current Notional Amount	June 30, 2021 Fair Value	Change in Fair Value (reported as investment income)	June 30, 2022 Fair Value	Reclass to Investment Derivative Included in Investment Income	Total Impact on Investment Income Year ended June 30, 2022
Receive-variable, pay-fixed interest rate swaps:						
Series 2001, original notional amount of $15.7 million	$ 9,246,000	$ (315,518)	$ 425,442	$ 109,924	$ -	$ 425,442
Series 2001, original notional amount of $24.8 million	13,869,000	(479,465)	643,532	164,067	-	643,532
Series 2006, original notional amount of $85.7 million	58,240,000	(2,095,563)	3,654,889	1,559,326	-	3,654,889
Series 2015, original notional amount of $2.5 million maturities 2021-2049	44,440,000	-	-	-	-	-
Total derivative instruments			$ 4,723,863	$ 1,833,317		$ 4,723,863

Footnote 6 - Long-term Debt (concluded)

Credit Risk: The University is exposed to credit risk on hedging derivative instruments that are in asset positions. The terms of the swap agreement require collateralization of the fair value of hedging derivative instruments in asset positions based on a scale that evaluates both the market value of the swap and the counterparty's credit rating. The terms of the Total Return Swap of 2018B call for the University to post collateral to the counterparty under certain conditions tied to the prevailing rating of the University and the mark to market valuations of the swaps. There is no exposure to credit risk on the hedging derivative instruments in liability position.

Interest Rate Risk: The University is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR swaps decrease, the University's net payment on the swaps increases.

Basis Risk: The University is exposed to basis risk on its LIBOR–based swaps due to variable-rate payments received by the University on these instruments based on a rate of index other than interest rates the University pays on its variable-rate debt, which is remarketed every 30 days. In December 2012, the University amended a portion of the 2001 fixed payer swap by changing the received rate from Securities Industry and Financial Markets Association (SIFMA) to a percentage of LIBOR. This amendment effectively decreased the swap fixed pay leg from 4.72% to 4.465%. Since the 2001, 2006, and 2015 swap agreements receive a percentage of LIBOR from the counterparty and pay a percentage of LIBOR for bonds, basis risk is mitigated. As of June 30, 2023, the one-month LIBOR rate was 5.26%, whereas 62 percent of one-month LIBOR plus 20 basis points was 3.46%. As of June 30, 2023, the three-month LIBOR rate was 5.53%, whereas 68 percent of the three-month LIBOR was 3.76%. As of June 30, 2022, the one-month LIBOR rate was 1.79%, whereas 62 percent of one-month LIBOR plus 20 basis points was 1.31%. As of June 30, 2022, the three-month LIBOR rate was 2.29%, whereas 68 percent of the three-month LIBOR was 1.56%.

Termination Risk: The University may terminate a derivative instrument on any business day and terminate and cash settle the instrument by providing prior written notice to the counterparty. Additional termination events will apply if either party fails to maintain the appropriate long-term senior debt credit ratings; or if the University fails to post collateral in accordance with the terms and conditions set forth in the ISDA Credit Support Annex.

Using rates as of June 30, 2023, debt service requirements of the variable rate debt associated with the 2001 swap agreement, 2006 swap agreement, and the 2015 swap agreement and net swap payments, assuming current interest rates remain the same for term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Scheduled maturities of long-term liabilities are as follows:

Year	Bond Principal	Bond Interest	Swap Interest	Net Interest	Net Principal and Interest
2024	3,260,000	13,114,394	(806,953)	12,333,356	15,593,356
2025	3,630,000	12,951,794	(921,688)	12,030,106	15,660,106
2026	3,835,000	12,770,494	(1,042,068)	11,728,426	15,563,426
2027	4,050,000	12,578,994	(1,167,722)	11,411,272	15,461,272
2028	5,540,000	12,376,744	(1,297,575)	11,079,169	16,619,169
2029-2033	30,685,000	58,269,578	(7,344,160)	50,925,418	81,610,418
2034-2038	36,900,000	51,421,749	(7,590,399)	43,831,350	80,731,350
2039-2043	43,915,000	43,617,906	(6,023,462)	37,594,444	81,509,444
2044-2048	53,475,000	34,055,049	(2,959,151)	31,095,898	84,570,898
2049-2053	64,795,000	22,737,140	(233,244)	22,503,896	87,298,896
2054-2058	78,260,000	9,266,182	-	9,266,182	87,526,182
2059	-	-	-	-	
	$ 328,345,000	$ 283,160,024	$ (29,386,421)	$ 253,799,518	$ 582,144,518

Footnote 7 - Retirement Benefits

Through December 31, 1995, the University offered participation in one of two retirement plans for all qualified employees: the Michigan Public School Employees' Retirement System ("MPSERS") and a defined contribution plan administered by Teachers Insurance and Annuities Association - College Retirement Equities Fund ("TIAA-CREF"). The MPSERS plan is further discussed in Note 9.

Defined Contribution Plan

The University provides a defined contribution plan administered by TIAA-CREF. Substantially all full-time employees of the University are eligible to participate in the TIAA-CREF plan. Employee contributions vest immediately. Employer contributions vest in accordance with their labor contract as seen in the schedule below. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. Average contribution rates, covered payroll, and University contributions to the plan for the years ended June 30, 2023 and 2022 were as seen below. The University has no liability beyond its own contribution under the TIAA-CREF plan.

	2023	**2022**
Covered payroll	$118,000,000	$118,264,000
Average contribution rate	9.79%	9.84%
University contribution	$11,548,000	$11,636,000

Labor Unit	**Employee Vesting**	
AC, AH, AP, CA	Hired on or before 12/31/12: ***Immediate***	Hired on or after 1/1/13: ***Two Years***
CP	Hired on or before 6/30/16: ***Immediate***	Hired on or after 7/1/16: ***Two Years***
CS	Hired on or before 6/30/16: ***Immediate***	Hired on or after 7/1/16: ***Two Years***
FA	***Immediate***	***Immediate***
FM	***Two years***	***Two years***
LE	Hired on or before 12/31/16: ***Immediate***	Hired on or after 1/1/17: ***Two Years***
PE/PT	***Two Years***	***Two Years***
PS	Hired on or before 6/30/13: ***Immediate***	Hired on or after 7/1/13: ***Two Years***

Accrued Compensated Absences

The University provides benefits upon retirement resulting from unused earned sick days for certain bargaining units. In addition, the University provides benefits upon departure from the University resulting from unused earned vacation time for all employees. The University calculates its compensated absence liability in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences. The current portion of accrued absences is included in payroll taxes and accrued fringe benefits. The remaining portion is included in accrued compensated absences.

		2023	2022
Accrued Sick/Comp Leave:			
	Long-term	$ 1,321,055	$ 1,436,944
	Current portion	820,688	945,821
		$ 2,141,743	$ 2,382,765
Accrued Vacation:			
	Current portion	$ 3,373,592	$ 4,005,615

Footnote 8 - Contingencies and Commitments

In the normal course of its activities, the University is a party to various legal actions. The University intends to vigorously defend itself against any and all claims and is of the opinion that the outcome of current legal actions will not have a material effect on the University's financial position. However, the University is party to certain Title IX lawsuits that were filed against the University during 2021. The University has reviewed the claims and has currently recorded a reserve of $1,175,000 for any potential unfavorable outcome as of June 30, 2023. This amount is an estimate and could change in the future as additional information is known.

The University participates in the Michigan Universities Self-Insurance Corporation (“MUSIC”), which provides indemnity to members against comprehensive general liability, errors and omissions ("E&O"), and property losses commonly covered by insurance. MUSIC also provides risk management and loss control services and programs. Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer and commercial carriers covering the third. Comprehensive general liability coverage is provided on an occurrence basis. Errors and omissions and property coverage are provided on a claims-made basis.

The University is also self-insured for workers' compensation, unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University under MUSIC and reserves for claims incurred but not reported under self-insurance programs have been established.

Claims activity for the year ended June 30, 2023 is as follows:

	Liability June 30, 2022	Claims incurred including changes in estimate	Claim Payments	Liability June 30, 2023
Medical Claims	$ 1,696,950	(24,447,561)	$ 23,989,343	$ 1,238,732
Property, General Liability, E&O	487,719	(1,539,572)	1,545,049	493,196
Workers Comp, Unemployment Comp	1,175,000	(331,097)	331,097	1,175,000
Total	$ 3,359,669	$ (26,318,230)	$ 25,865,489	$ 2,906,928

Claims activity for the year ended June 30, 2022 is as follows:

	Liability June 30, 2021	Claims incurred including changes in estimate	Claim Payments	Liability June 30, 2022
Medical Claims	$ 1,484,585	$ (23,151,163)	$ 23,363,528	$ 1,696,950
Property, General Liability, E&O	530,898	(915,890)	872,711	487,719
Workers Comp, Unemployment Comp	1,175,000	(334,850)	334,850	1,175,000
Total	$ 3,190,483	$ (24,401,903)	$ 24,571,089	$ 3,359,669

Claims activity for the year ended June 30, 2021 is as follows:

	Liability June 30, 2020	Claims incurred including changes in estimate	Claim Payments	Liability June 30, 2021
Medical Claims	$ 1,600,523	$ (19,212,049)	$ 19,096,111	$ 1,484,585
Property, General Liability, E&O	919,558	(1,383,517)	994,857	530,898
Workers Comp, Unemployment Comp	175,000	675,375	324,625	1,175,000
Total	$ 2,695,081	$ (19,920,191)	$ 20,415,593	$ 3,190,483

Footnote 8 - Contingencies and Commitments (Concluded)

The Federal Perkins Loan Program expired on September 30, 2017. As of June 30, 2023, the University has made $2,196,278 in institutional capital contributions, which are reflected as part of the University's net position. Under current guidance issued by the Department of Education, at the time the University liquidates the loan portfolio and assigns the student loans to the Department of Education, the University will be forgoing its institutional capital contribution not yet received back through loan collections. The University is in the process of liquidating the loans that are 24 months past due as of June 30, 2023.

During the year ended June 30, 2023, the University assigned all outstanding loans, in default for more than two years, made under the Federal Perkins Loan Program (Perkins Loan) to the U.S. Department of Education (Department), as required by the Department.

Footnote 9 - Michigan Public School Employees' Retirement System

Plan Description

The University participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the University hired in 1996 or earlier. Certain University employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for non duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

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

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

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

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member’s date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the University to contribute amounts necessary to finance the coverage of pension 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.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The University's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2020 - September 30, 2021	19.74%-26.26%	5.99%-6.91%
October 1, 2021 - September 30, 2022	19.86%-26.38%	5.87%-6.79%
October 1, 2021 - September 30, 2023	10.00%-16.52%	0.00%-.92%

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The University's required and actual pension contributions to the plan for the year ended June 30, 2023 and 2022 were $43,561,508 and $17,704,373, respectively, which include the University's contributions required for those members with a defined contribution benefit. The University's required and actual pension contributions include an allocation of $37,158,900 and $12,125,131 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2023 and 2022, respectively.

The University's required and actual OPEB contributions to the plan for the years ended June 30, 2023 and June 30, 2022, were $447,104, and $1,620,241, respectively. These amounts include the University's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023 and 2022, the University reported a liability of $39,543,810 and $69,469,782, respectively, for its proportionate share of the net pension liability as calculated for the Universities reporting unit of MPSERS. The net pension liability was measured as of September 30, 2022 and 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 and 2021, which used updated procedures to roll forward the estimated liability to September 30, 2022 and 2021. The University's proportion of the net pension liability was based on a projection of its long term share of contributions to the pension plan relative to the projected contributions of all participating Universities, actuarially determined. At September 30, 2022, 2021, and 2020, the University's proportion was 12.37 percent, 12.36 percent, and 12.35 percent respectively, of the Universities reporting unit. Subsequent to the University's year-end on July 20, 2023, Michigan Act No. 106 of Public Acts of 2023 was approved. The Act's Section 236h provides total appropriations of $200 million for all universities to pay MPSERS towards the unfunded pension liability. This additional appropriation and subsequent payment to MPSERS occurred after the September 30, 2022 measurement date and will significantly reduce the net pension liability for the University's June 30, 2024 fiscal year-end.

Net OPEB Asset & Liability

At June 30, 2023 and 2022, the University reported an asset of $4,640,984 and $5,289,381, respectively, for its proportionate share of the net OPEB liability as calculated for the Universities reporting unit of MPSERS. The net OPEB liability was measured as of September 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022 and 2021, which used updated procedures to roll forward the estimated liability to September 30, 2022. The University’s proportion of the net OPEB liability was based on a projection of its long term share of contributions to the OPEB plan relative to the projected contributions of all participating Universities, actuarially determined. At September 30, 2022, 2021, and 2020, the University’s proportion was 12.40 percent, 12.34 percent, and 12.37 percent respectively, of the Universities reporting unit.

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

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

For the year ended 2023 and 2022, the University recognized pension expense of $13,679,976 and $1,666,886 respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	2,115,551	-	-	(9,353,445)
Total amortized deferrals	2,115,551	-	-	(9,353,445)
University contributions subsequent to the measurement date	4,945,395	-	16,305,365	-
Total	$ 7,060,946	$ -	$ 16,305,365	$ (9,353,445)

The $6,820 and $12,125,131 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 236(4) of the State School Aid Act (PA 94 of 1979), will be recognized as net pension expense for the years ended June 30, 2023 and 2022, respectively.

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

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

Years Ending June 30	Amount
2024	$ 196,758
2025	(54,618)
2026	(270,121)
2027	2,243,532
	$ 2,115,551

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

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

For the years ended June 30, 2023 and 2022, respectively, the University recognized OPEB recovery of ($1,093,537) and ($5,826,813). At June 30, 2023 and 2022, respectively, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	380,430	-	-	(3,025,924)
Total amortized deferrals	380,430	-	-	(3,025,924)
University contributions subsequent to the measurement date	25,817	-	1,206,052	-
Total	$ 406,247	$ -	$ 1,206,052	$ (3,025,924)

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB was recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future pension expense):

Years Ending June 30	Amount
2024	$ (29,246)
2025	(89,781)
2026	(158,479)
2027	657,936
	$ 380,430

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

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension and total OPEB liabilities were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial method
Investment rate of return - pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary Increases	2.75 - 11.55%	Including wage inflation of 2.75%
Healthcare Cost Trend Rate	5.25-7.75%	Year 1 graded to 3.5% Year 15, 3.0% in year 120
Mortality basis	Retirees & Active	RP-2014 Male and Female Healthy Annuitant Mortality Tables, 100% for active (retirees scaled by 78% for females and 82% for males) adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

The total pension liability and total OPEB liability as of September 30, 2021 is based on the results of an actuarial valuation as of September 30, 2020 and rolled forward. The total pension and total OPEB liabilities were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial method
Investment rate of return - pension	6.00%-6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary Increases	2.75 - 11.55%	Including wage inflation of 2.75%
Healthcare Cost Trend Rate	5.25-7.75%	Year 1 graded to 3.5% Year 15, 3.0% in Year 120
Mortality basis	Retirees & Active	RP-2014 Male and Female Healthy Annuitant Mortality Tables, 100% for active, retirees scaled by 78% for females and 82% for males, adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2022 actuarial valuation by 0.80% percentage points in the pension plan and 0.95% percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80% percentage points in the pension plan 0.95% percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent and 6.80 percent as of September 30, 2022 and 2021, respectively. The discount rate used to measure the total OPEB liability was 6.00 percent and 6.95 percent as of September 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

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

	September 30, 2022		September 30, 2021	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.1%	25.0%	5.4%
Private equity pools	16.0%	8.7%	16.0%	9.1%
International equity pools	15.0%	6.7%	15.0%	7.5%
Fixed-income pools	13.0%	-0.2%	10.5%	-0.7%
Real estate and infrastructure pools	10.0%	5.3%	10.0%	5.4%
Absolute return pools	9.0%	2.7%	9.0%	2.6%
Real return/opportunities pools	10.0%	5.8%	12.5%	6.1%
Short-term investment pools	2.0%	-0.5%	2.0%	-1.3%
Total	100%		100%	

Footnote 9 - Michigan Public School Employees' Retirement System (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the University, calculated using the discount rate depending on the plan option. The following also reflects what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2023		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
University's proportionate share of the net pension liability - June 30, 2023	$ 55,087,660	$ 39,543,811	$ 26,348,974

	2022		
	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability - June 30, 2022	$ 83,468,139	$ 69,469,782	$ 57,519,247

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB asset and liability of the University, calculated using the current discount rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2023		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
University's proportionate share of the net OPEB asset - June 30, 2023	$ (2,482,777)	$ (4,640,984)	$ (6,474,344)

	2022		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net OPEB liability - June 30, 2022	$ (3,236,652)	$ (5,289,381)	$ (7,046,480)

Footnote 9 - Michigan Public School Employees' Retirement System (concluded)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset and liability of the University, calculated using the current healthcare cost trend rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2023		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
University's proportionate share of the net OPEB asset - June 30, 2023	$ (6,589,423)	$ (4,640,984)	$ (2,406,246)

	2022		
	1% Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
University's proportionate share of the net OPEB liability - June 30, 2022	$ (7,178,429)	$ (5,289,381)	$ (3,134,843)

Pension Plan and OPEB Plan Fiduciary Net Position - Detailed information about the plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan - the University did not have a payable for any outstanding amount of contributions to the pension plan and OPEB plan required for the years ending June 30, 2023 and June 30, 2022.

Footnote 10 - Other Postemployment Benefit Plan

Plan Description

The University provides Other Postemployment Benefits ("OPEB") for all retired employees who meet eligibility requirements. The benefits are provided through the Eastern Michigan University Postretirement Medical and Life Insurance Plan (the "Plan"), a single employer plan administered by the Eastern Michigan University Board of Regents. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Substantially all of the University’s employees may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University sponsored retirement plan, and their years of University service and age total a minimum of 70 - age 55 + 15 years of service or age 60 + 10 years of service. Retiring employees are eligible for life insurance benefits in a University-sponsored plan when service and age total a minimum of 70 - age 55 + 15 years of service or age 60 + 10 years of service for certain employees or 60 - age 50 + 10 years of service for other employees.

Footnote 10 - Other Postemployment Benefit Plan (continued)

Benefits Provided

The Plan provides medical, medigap, dental, and life insurance benefits for retirees and their dependents. Benefits are provided through a third party insurer and the full cost of these benefits is covered by the plan for basic life insurance. The University's medigap, medical, and dental programs are self funded, and the full cost of these benefits is covered by the plan.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of June 30:

	Plan Membership 2023
Inactive plan members or beneficiaries currently receiving benefits	1,154
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	1,315
Total	2,469

Contributions

Retiree healthcare costs are paid by the University on a "pay as you go" basis. The University has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2023 and 2022, the University's projected payments for postemployment health benefit premiums were $1,116,512 and $1,024,227. Currently, active members are not required to contribute to the plan.

Total OPEB Liability

The University's total OPEB liability was measured as of June 30, 2023 and in 2022 and was determined by an actuarial valuation as of June 30, 2023 and in 2022. Changes in the total OPEB liability during the measurement year 2were as follows:

Changes in Total OPEB Liability	Total OPEB Liability 2023	2022
Beginning Balance	$ 18,836,587	$ 23,547,748
Changes for the year:		
Service cost	399,784	424,252
Interest	661,377	506,793
Differences between expected and actual experience	-	1,218,622
Changes of assumptions	(221,722)	(5,836,601)
Benefit payments	(1,116,512)	(1,024,227)
Net changes	(277,073)	(4,711,161)
Ending Balance at June 30:	$ 18,559,514	$ 18,836,587

Footnote 10 - Other Postemployment Benefit Plan (continued)

The primary change in assumptions for the University's single employer plan for the plan year 2023 was the change in discount rate from 3.54 to 3.65 percent. The primary change in assumptions for the University's single employer plan for the plan year 2022 was the change in discount rate from 2.16 to 3.54 percent. The University recorded a deferred outflow for its portion of changes in assumptions for the fiscal year ended June 30, 2023 and a deferred inflow for its portion of changes in assumptions for the fiscal year ended June 30, 2022.

The University also experienced a change in the valuation-year per capita health costs, retiree contribution rates, and the future trend on health costs and retiree contribution rates were updated. New plan options were introduced for some participant classes. The University recorded and amortized a deferred outflow of $221,722 for its portion of changes in assumptions for the fiscal year ended June 30, 2023.

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

For the years ended June 30, 2023 and 2022, respectively, the University recognized OPEB expense of $931,241 and $932,651.

At June 30, 2023 and 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 1,009,332	$ (4,274,975)	$ 1,730,047	$ (4,961,548)
Difference between expected and actual experience	2,364,419	(15,000)	3,554,590	(31,000)
Total amortized deferrals	$ 3,373,751	$ (4,289,975)	$ 5,284,637	$ (4,992,548)

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

Years Ending	Amount
2024	$ 938,591
2025	102,627
2026	(712,464)
2027	(725,593)
2028	(497,115)
Thereafter	(22,272)
	$ (916,224)

Footnote 10 - Other Postemployment Benefit Plan (continued)

Actuarial Assumptions

The June 30, 2023 and 2022 Total OPEB Liability was measured by an actuarial valuation as of June 30, 2023 and June 30, 2022 using the following actuarial assumptions:

Salary increases	3.50%
Discount rate	3.65% for 2023, 3.54% for 2022
Healthcare cost trend rates	
Pre-Medicare Medical & Prescription Drugs	7.00% graded to 4.50% over 10 years (for 2023) and 7.25% graded to 4.50% over 11 years (for 2022)
Medicare Reimbursement	Assumed to increase by $10 per month every three years
Mortality Rates	
Pre-Retirement	Pri.H-2012 Employee Headcount-weighted Mortality Tables, projected generationally with Scale MP-2021 (for 2023) and MP-2019 (for 2022).
Post-Retirement	Pri.H-2012 Healthy Retiree Headcount-weighted Mortality Tables, projected generationally with Scale MP-2021

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2023 and 2022, was 3.65 percent and 3.54 percent, respectively. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of those dates.

Footnote 10 - Other Postemployment Benefit Plan (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the University, calculated using the current discount rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2023		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
University's proportionate share of the net OPEB liability - June 30, 2023	$ 20,737,033	$ 18,559,514	$ 16,720,023

	2022		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
University's proportionate share of the net OPEB liability - June 30, 2022	$ 21,077,451	$ 18,836,587	$ 16,947,045

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the University, calculated using the current healthcare cost trend rate. The following also reflects what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2023		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
University's proportionate share of the net OPEB liability - June 30, 2023	$ 17,212,812	$ 18,559,514	$ 20,194,532

	2022		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
University's proportionate share of the net OPEB liability - June 30, 2022	$ 17,463,671	$ 18,836,587	$ 20,506,038

Footnote 10 - Other Postemployment Benefit Plan (concluded)

Assumption Changes

Certain changes in assumptions contributed to the net change in total OPEB liability from July 1, 2022 through June 30, 2023. The primary change in assumption during the year was a change in the discount rate used to calculate the total OPEB liability from 3.54 to 3.65 percent. For June 30, 2023, the valuation-year per capita health costs, retiree contribution rates, and the future trend on health costs and retiree contribution rates were updated, and the assumed mortality rates were modified.

Certain changes in assumptions contributed to the net change in total OPEB liability from July 1, 2021 through June 30, 2022. The primary change in assumption during the year was a change in the discount rate used to calculate the total OPEB liability from 2.16 to 3.54 percent. For June 30, 2022, the valuation-year per capita health costs, retiree contribution rates, and the future trend on health costs and retiree contribution rates were updated, and the assumed mortality rates were modified.

Footnote 11 - Public Private Partnerships (PPPs)

On January 4, 2018, the University entered into a 35-year lease and concession agreement with Provident Resources. Operations of the agreement began on April 23, 2018. ParkEMU operates the University's parking concession on the concessionaire's behalf. Under the agreement, ParkEMU operates, maintains and retains parking revenues from the University's parking lots and structures. This agreement also regulates the parking rates that may be charged and future increases in these rates. The University received a lump sum payment of $55 million from this agreement and will use the proceeds for University reserves and operations, as necessary.

The lump-sum payment under this service concession agreement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were $46.8 million and $48.4 million at June 30, 2023 and 2022 respectively. The University reported the parking lots and structures as capital assets with a carrying value of $11.2 million and $11.8 million at June 30, 2023 and 2022, respectively.

On November 17, 2022, the University entered into a 35-year lease, development, and concession agreement with EMU Campus Living. Operations of the agreement began on November 17, 2022. EMU Campus Living operates the University's housing concession on the concessionaire's behalf. Under the agreement, EMU Campus Living operates, maintains, and retains tenant revenues from the University's housing and structures. This agreement also regulates the housing rates that may be charged and future increases in these rates. The concession will also lead to the renovation and construction of new housing facilities around campus which will be received and recognized by the University upon completion.

There were no lump-sum payments under the housing concession agreement to be reported as a deferred inflow of resources or to be amortized to operating revenue over the life of the agreement. Renovated and newly constructed buildings will be capitalized and depreciated in accordance with University policy. In addition, these capital developments will be reported as a deferred inflow of resources and will be amortized to operating revenue over the life of the agreement. No assets or improvements were placed into service in fiscal year 2023.

No PPPs had installment payments to be recording as a deferred inflow of resources or to be amortized to operating revenue over the life of the agreement in fiscal year 2023.

PPP deferred inflow activity as of June 30, 2023 and June 30, 2022 was as follows:

Recorded Inflows	2023	2022
Parking closing payment	46,850,397	48,421,825
Parking capital imrpovements	2,740,439	2,834,896
Housing capital improvements	-	-
	49,590,836	51,256,721

Footnote 12 - Leases

Lessee Disclosure

The University leases certain assets from various third parties. The assets leased include machinery, computer equipment and training facilities. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability required based on incremental yearly increases. No leases contain residual value guarantees.

Footnote 12 - Leases (continued)

Other than the assets under lease, the University has not pledged as collateral any security for its lease arrangements.

Lease asset activity of the University was as follows:

Leased Asset Class (Lessee)	2022	Additions	Deletions	2023
Training Facilities	132,493	346,214	116,785	361,922
Machinery & Equipment	126,001	-	74,263	51,738
Computer Equipment	656,019	-	120,782	535,237
	914,513	346,214	311,830	948,897
Accumulated Amortization	**2022**	**Additions**	**Deletions**	**2023**
Training Facilities	254,019	251,645	116,785	388,879
Machinery & Equipment	69,379	52,643	74,263	47,759
Computer Equipment	77,807	51,575	120,782	8,600
	401,205	355,863	311,830	445,238
Right to Use Asset - Net	513,308	(9,649)	-	503,659

Future principal and interest payment requirements related to the University lease liability at June 2023 are as follows:

Year Ending	Principal	Interest	Total
2024	217,450	26,374	243,824
2025	40,731	18,540	59,271
2026	44,985	15,767	60,752
2027	49,563	12,708	62,271
2028	54,486	9,342	63,828
2029-2030	113,807	7,267	121,074
	521,022	89,998	611,020

Lessor Disclosure

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

During the year ended June 30, 2023, the University recognized the following related to its lessor agreements:

	2023
Lease revenue:	412,900
Interest income related to its leases:	144,320
	557,220

Of the University's lease receivables at June 30, 2023, none relate to leases whose revenue is pledged to secure certain outstanding debt obligations of the University. Lease accounts receivable are included in Other AR as outlined in Footnote 3.

Footnote 12 - Leases (concluded)

The University does not lease certain investments measured at fair value in accordance with GASB Statement No. 72.

Regulated Leases (Lessor)

As of June 30, 2023 the University does not have any regulated leases, as defined by GASB Statement No. 87.

Footnote 13 - Subscriptions

EMU obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly.

Future principal and interest payment requirements related to EMU's subscription liability at June 30, 2023 are as follows:

Year Ending	Principal	Interest	Total
2024	3,357,496	297,666	3,655,162
2025	1,307,606	137,418	1,445,024
2026	749,760	74,260	824,020
2027	746,748	26,552	773,300
	6,161,609	535,897	6,697,506

During the years ended June 30, 2023 and 2022, the University did not recognized any outflows related to variable payments. If any were present, they would have been properly excluded from the initial measurement of the subscription liability.

As of June 30, 2023 and 2022, the University did not have any commitments related to subscriptions for which the subscription term has not commenced.

During the years ended June 30, 2023 and 2022, the University did not recognize any impairment loss on its subscription assets. If any were preset it would have resulted in a reduction in the subscription liability.

Footnote 14 - Subsequent Events

In October 2023, the Board of Regents approved a new collective bargaining agreement with EMUFT 9102 (Part-time & Full-time lecturers Union).

In August 2023, under the housing concession described above, the first completed housing development projects were placed into service under the development and concession agreement with EMU Campus Living as discussed in Note 11.

In August 2023, as a part of a newly entered energy concession agreement, Eagle Engery Partners LLC paid to EMU $25.4M to defease portions of the series 2016, 2018A and 2018B bond obligations.

In July 2023, the Board of Regents approved a new collective bargaining agreement with the Local Union 3866 affiliated with Council 25 (Food and Maintenance workers) and went into effect in the same month.

Schedule of the University's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
(Plan Year October 1 - September 30)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
University's proportionate share of the Universities' collective MPSERS net pension liability									
As a percentage -	12.37%	12.36%	12.35%	12.53%	12.60%	12.61%	12.64%	13.76%	13.56%
Total amount -	$ 39,543,811	$ 69,469,782	$ 84,366,879	$ 83,913,363	$ 80,505,916	$ 72,522,686	$ 70,826,130	$ 75,462,865	$ 50,881,674
University's covered payroll	$ 27,979,000	$ 27,430,000	$ 26,892,000	$ 26,365,000	$ 25,847,723	$ 26,228,000	$ 25,341,000	$ 23,597,000	$ 24,244,000
University's proportionate share of the collective pension liability (amount), as a percentage of the University's covered payroll	141.33%	253.26%	313.72%	318.28%	311.46%	276.51%	279.49%	319.80%	209.87%
Fiduciary net position as a percentage of total pension liability (per ORS)	60.77%	72.32%	59.49%	60.08%	62.12%	47.42%	46.77%	47.45%	63.00%

Schedule of Pension Contributions
Michigan Public School Employees' Retirement Plan
(Fiscal Year July 1 - June 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 6,402,608	$ 17,704,373	$ 6,563,400	$ 5,984,850	$ 5,496,721	$ 5,930,902	$ 5,506,014	$ 4,720,008	$ 4,386,720
Contributions in relation to actuarially determined contractually required contribution	6,402,608	17,704,373	6,563,400	5,984,850	5,496,721	5,930,902	5,506,014	4,720,008	4,386,720
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	28,398,685	27,841,450	27,295,380	26,760,475	26,235,681	25,943,000	23,420,000	23,272,000	23,935,000
Contributions as a percentage of covered payroll	22.55%	63.59%	24.05%	22.36%	20.95%	22.86%	23.51%	20.28%	18.33%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively; ultimately, 10 years of data will be presented.

Schedule of the University's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
(Plan Year October 1 - September 30)

	2022	2021	2020	2019	2018	2017
University's proportionate share of the Universities' collective MPSERS net OPEB liability						
As a percentage -	12.40%	12.34%	12.37%	12.41%	12.40%	12.54%
Total amount -	$ (4,640,984)	$ (5,289,381)	$ 5,226,394	$ 11,390,501	$ 14,705,680	$ 17,850,848
University's covered payroll	$ 27,979,000	$ 27,430,000	$ 26,892,000	$ 26,365,000	$ 25,847,723	$ 26,228,000
University's proportionate share of the pension OPEB (amount), as a percentage of the University's covered payroll	-16.59%	-19.28%	19.43%	43.20%	56.89%	68.06%
Fiduciary net position as a percentage of total OPEB liability (per ORS)	83.09%	88.87%	59.76%	48.67%	43.10%	44.11%

Schedule of OPEB Contributions
Michigan Public School Employees' Retirement Plan
(Fiscal Year July 1 - June 30)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 447,104	$ 1,620,241	$ 1,546,832	$ 1,547,235	$ 1,383,060	$ 1,608,321
Contributions in relation to actuarially determined contractually required contribution	447,104	1,620,241	1,546,832	1,547,235	1,383,060	1,608,321
Contributions deficiency (excess)	-	-	-	-	-	-
Covered payroll	28,398,685	27,841,450	27,295,380	26,760,475	26,235,681	25,943,000
Contributions as a percentage of covered payroll	1.57%	5.82%	5.67%	5.78%	5.27%	6.20%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively; ultimately, 10 years of data will be presented.

Schedule of Changes in the University's Total OPEB Liability and Related Ratios
University Single Employer Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 399,784	$ 424,252	$ 459,205	$ 323,554	$ 391,000	$ 360,000
Interest	661,377	506,793	517,310	406,926	422,000	427,000
Differences between expected and actual experience	-	1,218,622	-	5,541,077	(95,000)	-
Changes of assumptions or other inputs	(221,722)	(5,836,601)	144,414	3,280,521	339,000	270,000
Benefit payments	(1,116,512)	(1,024,227)	(1,037,675)	(598,584)	(595,000)	(574,000)
Net change in total OPEB liability	(277,073)	(4,711,161)	83,254	8,953,494	462,000	483,000
Total OPEB liability - beginning	$ 18,836,587	$ 23,547,748	$ 23,464,494	$ 14,511,000	$ 14,049,000	$ 13,566,000
Total OPEB liability - ending	$ 18,559,514	$ 18,836,587	$ 23,547,748	$ 23,464,494	$ 14,511,000	$ 14,049,000
Covered employee payroll	$ 118,000,000	$ 118,264,000	$ 118,264,000	$ 127,327,000	$ 132,106,000	$ 133,694,000
Total OPEB liability as a percentage of covered-employee payroll	15.73%	15.93%	19.91%	18.43%	10.98%	10.51%

Discount rates used in determining the total reported liability for postemployment benefits obligations were 3.65%, 3.54%, 2.16%, 2.21%, 2.79% and 2.98% at the measurement dates of June 30, 2023, 2022, 2021, 2020, 2019, and 2018, respectively. No assets are accumulated in a trust to pay related other postemployment benefits.

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively; ultimately, 10 years of data will be presented.

Cost-Sharing Plan-payroll

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

Changes of benefit terms

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes of assumptions

Pension - There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2022 – The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80% percentage
2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points.
2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

OPEB - There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2022 – The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95% percentage points.
2021 – The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% for members under 65 and decreased by 1.75% for members over 65. In addition, actual per person health benefit costs were lower than projected.
2020 – The healthcare cost trend rate decreased by 0.50% and actual per person health benefit costs were lower than projected for the September 30, 2019 annual actuarial valuation.
2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35% percentage points. This valuation also includes
2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

Single Employer Plan - Certain changes in assumptions contributed to the net change in total OPEB liability from July 1, 2022 through June 30, 2023. The primary change in assumption during the year was a change in the discount rate used to calculate the total OPEB liability from 3.54% to 3.65%. In addition, the valuation-year per capita health costs, retiree contribution rates, and the future trend on health costs and retiree contribution rates were updated, and the assumed mortality rates were modified. The University recorded a deferred outflow for its portion of changes in assumptions for the fiscal year ended June 30, 2023. No assets have been accumulated in a trust to pay related benefits for the Plan.

Changes in Expected and Actual Experience

Single Employer Plan - The University also experienced a change in the valuation-year per capita health costs, retiree contribution rates, and the future trend on health costs and retiree contribution rates were updated. New plan options were introduced for some participant classes.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Regents
Eastern Michigan University

We have audited, in accordance with 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 business-type activities and discretely presented component unit of Eastern Michigan University (the "University") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 19, 2023. The financial statements of Eastern Michigan University Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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 or significant deficiencies may exist that were not identified.

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 University'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Regents
Eastern Michigan University

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 19, 2023