Financial Report

Ferris State University

Years ended June 30, 2023 and 2022
with Report of Independent Auditors

Ferris State University

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Independent Auditor's Report

To the Board of Trustees
Ferris State University

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Ferris State University (the "University"), a component unit of the State of Michigan, 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, as listed in the table of contents.

In our opinion, the accompanying financial statements 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 the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 Audit 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 audit. 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 Ferris Foundation were not audited under *Government Auditing Standards*.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the University had a change in reporting entity for reporting a component unit. The Ferris Foundation is now presented as a discretely presented component unit and has been applied retrospectively; in the prior year, it was blended. Our opinion is not modified with respect to this matter.

As described in Note 1 to the financial statements, the University adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Report on Prior Year Financial Statements

The basic financial statements of Ferris State University as of and for the year ended June 30, 2022 were audited by other auditors, who expressed an unmodified opinion on those statements on October 4, 2022.

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.

To the Board of Trustees
Ferris State University

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 Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 audit 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.

To the Board of Trustees
Ferris State University

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ferris State University's basic financial statements. The combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position, including comparative totals for 2022, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the accompanying list of board of trustees, executive officers and finance unit staff, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023 on our consideration of Ferris State 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 Ferris State 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 Ferris State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 2, 2023

Ferris State University
Management's Discussion and Analysis

The following discussion and analysis of Ferris State University's (the "University") financial statements provides an overview of the University's financial activities for the year ended June 30, 2023 with selected comparative information as of and for the years ended June 30, 2022 and 2021. The University includes all site locations, including the main campus in Big Rapids, Kendall College of Art and Design, Urban Institute of Contemporary Art, and numerous sites across the State. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University's administration.

Using this Report

This annual financial report includes the report of independent auditors, the management's discussion and analysis, the financial statements, including the notes to the financial statements, required supplementary information, and other supplementary information. The financial statements included in this report are the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) accounting principles, which establish standards for public colleges and universities.

Financial Highlights

The University's operating revenues decreased by ($3.8) million or 2.7% compared to prior year. Operating expenses increased $5.1 million or 2.3% during the fiscal year ended June 30, 2023. The University's total assets decreased $5.3 million to $506.5 million at year end. The University revitalized the investment in the physical properties as of July 1, 2022 and capital assets increased $24.3 million to $360.5 million net of depreciation for the fiscal year ended June 30, 2023.

The largest component of operating revenues is tuition and fees, net of scholarships. Tuition and fees revenue decreased $8.0 million. This is a result from a decrease in enrollment offset by a 2.6% increase in undergraduate tuition rate and an increase of tuition discounts of $8.0 million. Investment gains for the University were $6.5 million. This reflects investment returns of 6.9 percent.

Operating expenses increased $5.1 million. The largest increase in operating expenses was $11.8 million for instruction, largely as a result of Multi-employer pension and OPEB changes, $5.9 million operations and maintenance of plant, $5 million public service and academic support, and $3.9 million in other expenses. These increases were offset by ($5.9) million of institutional support due to the ending of CARES Act for students and ($14.8) million in student aid as fiscal year 2022 was the end of the HEERF and ($0.8) million in other expenses.

Financial Highlights (continued)

For the year ended June 30, 2022, the University's operating revenues increased by $0.5 million. The University's total assets grew $14.2 million to $511.8 million at year end. The University maintained minimal investments in the physical properties as of June 30, 2022, and capital assets increased $11.5 million to $336.2 million net of depreciation for the fiscal year ended June 30, 2022. Operating expenses increased $5.7 million. Multi-employer pension and OPEB expense decreased $7.2 million due to a change in the University's proportionate share of the net position and OPEB liability and pension and OPEB system investment returns. All other operating expense increased $12.9 million.

These financial 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 taken into account regardless of when cash is received or paid.

Net Position

For the year ended June 30, 2023, total net position increased by $68.1 million to $307.3 million. Unrestricted net position increased by $50.2 million to $41.8 million. This total is comprised of ($46.1) million net unfunded pension liability; $6.6 million net unfunded OPEB liability; $89.6 million identified for departmental use, maintenance and replacement of facilities, debt service and $257.2 million net investment in capital assets.

For the year ended June 30, 2022, total net position increased by $29.9 million to $239.2 million. Unrestricted net position increased by $21.6 million to (8.4) million. This total is comprised of ($100.3) million net unfunded pension liability; $4.0 million net unfunded OPEB liability; $101.7 million identified for departmental use, maintenance and replacement of facilities, debt service and $234.0 million net investment in capital assets.

Operating Results

The following page is a comparison of the operating results of the University for the years ended June 30:

	(in millions) 2023	2022	2021
Assets			
Current assets	$ 45.8	$ 69.0	$ 95.7
Non-current assets:			
Capital assets - Net of depreciation	360.5	336.2	324.7
Other	100.2	106.7	77.3
Total assets	**506.5**	**511.9**	**497.7**
Deferred Outflows of Resources			
Net pension liability	5.9	19.3	5.5
Net OPEB liability	0.5	1.0	1.2
Refunding of debt	2.9	3.1	3.3
Total deferred outflows of resources	**9.3**	**23.4**	**10.0**
Liabilities			
Current liabilities	40.4	48.9	45.3
Long-term liabilities	168.0	214.9	251.1
Total liabilities	**208.4**	**263.8**	**296.4**
Deferred Inflows of Resources			
Net pension liability	-	28.1	1.9
Net OPEB liability	-	4.0	0.2
Total deferred inflows of resources	**-**	**32.1**	**2.1**
Net Position			
Invested in capital assets	257.2	233.8	225.8
Restricted - Expendable	8.3	13.8	13.3
Unrestricted	41.8	(8.4)	(29.9)
Total net position	**$ 307.3**	**$ 239.3**	**$ 209.2**

	(in millions)		
	2023	2022	2021
Operating Revenues			
Tuition and fees - Net	$ 95.8	$ 103.8	$ 110.6
Grants and contracts	7.1	6.7	5.3
Departmental activities	12.6	10.0	7.7
Auxiliary activities - Net	24.3	22.8	19.1
Other operating revenues	(0.1)	0.3	0.3
Total operating revenues	139.7	143.6	143.0
Operating Expenses			
Instruction	90.4	78.7	83.8
Research	1.8	1.9	0.9
Public service	5.1	2.6	2.5
Academic support	24.5	22.0	23.8
Student services	20.6	18.8	16.1
Institutional support	17.4	23.4	17.7
Operation and maintenance of plant	23.2	17.3	16.8
Depreciation	10.4	11.0	11.1
Student aid	18.5	33.3	25.7
Auxiliary enterprises	20.0	18.0	14.5
Other expenses	0.3	0.2	0.1
Total operating expenses	232.2	227.2	213.0
Operating Loss	(92.5)	(83.6)	(70.0)
Nonoperating Revenues (Expenses)			
State appropriations	121.7	61.4	56.9
Federal appropriations	-	-	0.1
Federal Pell Grants	16.4	16.3	17.1
HEERF Funds	-	41.4	10.2
Gifts	8.3	10.5	0.3
Investment gain (loss)	6.5	(11.8)	13.7
Interest on capital assets - Related debt	(3.9)	(4.2)	(4.3)
Total nonoperating revenues (expenses)	149.0	113.6	94.0
Income/(Loss) - Before other revenues	56.5	30.0	24.0
Other Revenues			
State capital appropriations	11.6	-	-
Total other revenues	11.6	-	-
Increase (Decrease) in Net Position	68.1	30.0	29.7
Net Position - Beginning of year	239.2	209.2	179.5
Net Position - End of year	**$ 307.3**	**$ 239.2**	**$ 209.2**

Operating Revenues

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

The following major factors significantly impacted operating revenue during the year ended June 30, 2023.

- Student tuition and fees revenue decreased $8.0 million mainly due to an increase in tuition discounts of $8.0 million. There was also a decrease in enrollment which was offset by an increase in tuition rates.

- Auxiliary enterprises operating revenue increased by $4.7 million. Housing and dining revenues before eliminations increased $4.3 million and other auxiliary operations increased by $0.4 million The increase is attributable to a 3.0% increased to the board rate and an increased on campus Housing occupancy over the prior year.

For the year ended June 30, 2022, the significant operating revenue factors were as follows:

- Student tuition and fees revenue decreased $6.8 million due to the net effect of the following: a decrease in enrollment totaling $10.4 million, reduction of tuition discounts totaling $1 million, partially offset by a 3.4 percent increase in the undergraduate tuition rate generating $2.6 million.

- Auxiliary enterprises operating revenue decreased by $3.7 million. Housing and dining revenues before eliminations increased $2.6 million and other auxiliary operations increased by $1.1 million. The decrease is attributable to an offsetting 3.0% increased to the board rate and a decreased on campus Housing occupancy over the prior year.

Non-operating/Other Revenues (Expenses)

Non-operating revenues (expenses) are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Federal Pell Grants, gifts, and investment gain (loss), (including realized and unrealized gains and losses). Also included in this category is interest on capital debt.

Non-operating revenues (expenses) was significantly impacted by the following factors during the year ended June 30, 2023:

- The State appropriation of $121.7 million is an increase of $60.4 million from the 2022 level. Of which $64.8 is for the UAAL reimbursement for MPSERS pension liability.

- State capital appropriations of $11.6 million were received from the State of Michigan for use towards the completion of the Center for Virtual Learning. No state capital appropriations were received for the Center for Virtual Learning in 2022.

Non-operating/Other Revenues (Expenses) (continued)

- Investment gain increased by $18.4 million from an investment loss of ($11.8) million in 2022 to $6.5 million gain in 2023. The $6.5 million investment gain includes $3.6 million realized gains and $2.9 million of unrealized gain.

- Pell Grants increased $0.1 million from $16.3 million in 2022 to $16.4 million in 2023.

- Gift and in-kind contributions income decreased by $0.5 million from $0.7 million in 2022 to $0.2 million in 2023. This includes new pledges receivable.

For the year ended June 30, 2022, significant non-operating revenues (expenses) factors were as follows:

- The State appropriation of $61.4 million is an increase of $4.5 million from the 2021 level.

- Investment gain (loss) decreased by $56.2 million from $40.0 million gain in 2021 to $11.8 million loss in 2022. The $11.8 million investment loss includes $3.9 million realized gains and $15.7 million of unrealized loss.

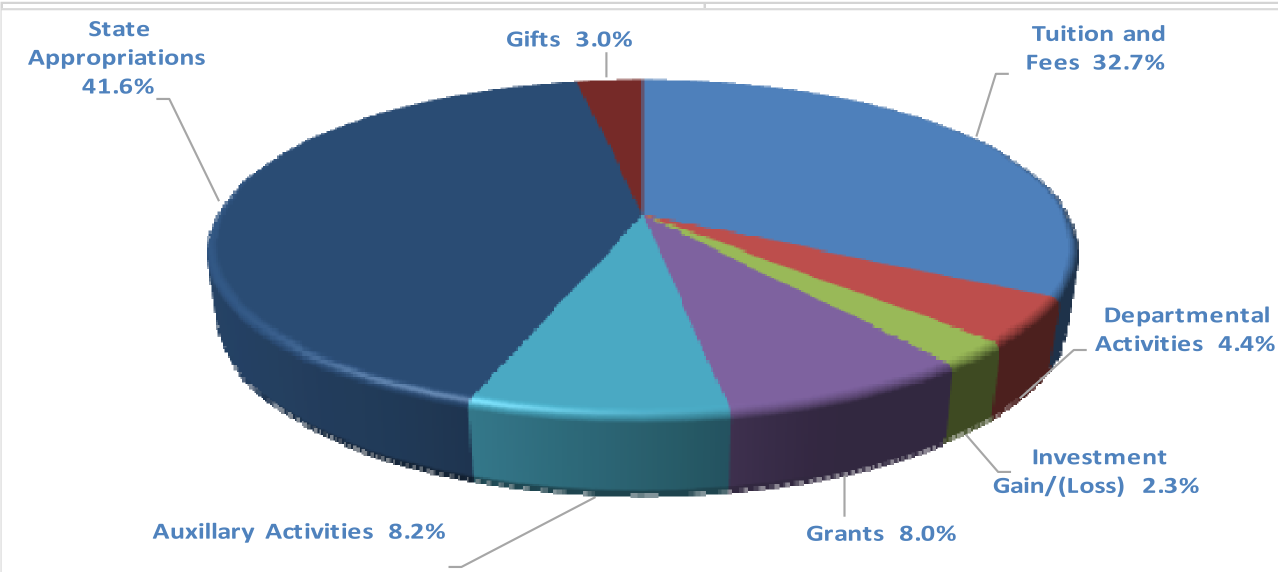
- Pell Grants decreased $0.8 million from $17.1 million in 2021 to $16.3 million in 2022.

- HEERF grants were $41.4 million in 2022 and $10.2 million in 2021. The HEERF grants were expended in 2022. CRF revenue was $6.2 million in 2021 compared to zero in 2022. No HEERF funds were received for 2023.

- Gift and in-kind contributions income increased by $0.7 million from zero in 2021 to $0.7 million in 2022. This includes new pledges receivable.

Total Revenues

The following is a graphic illustration of total revenues by source for June 30, 2023:



Operating Expenses

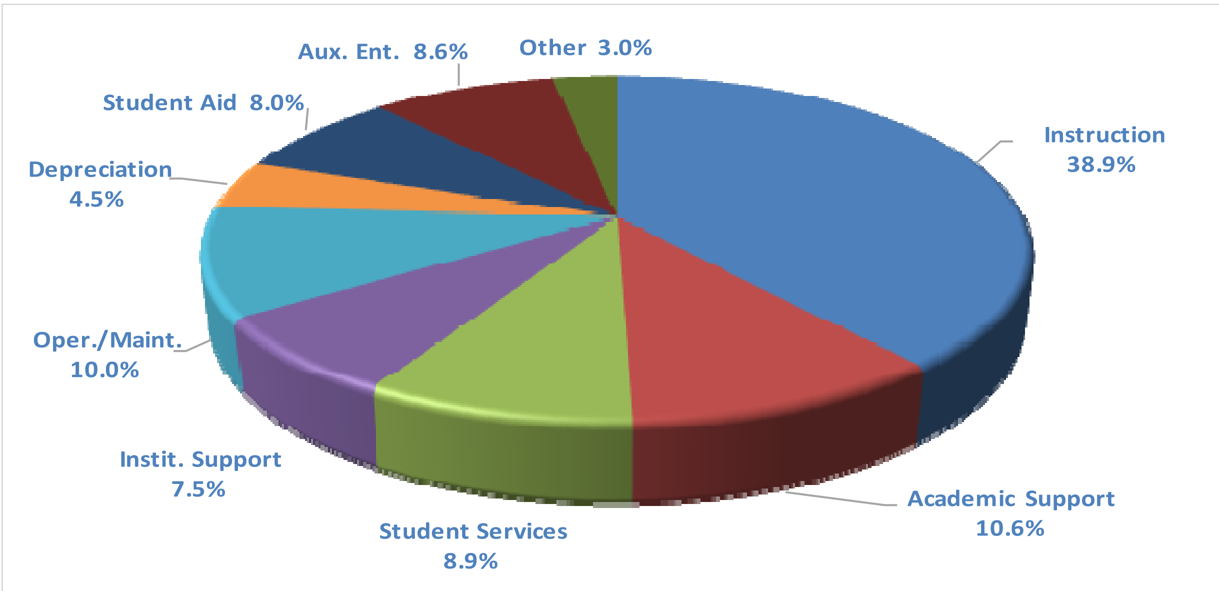
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the University. These expenses increased by $5.1 million from 2022 levels to $232.3 million. Instruction, student services, and student aid represent $129.5 million, or 55.7%, of the total. Operations and maintenance of plant and depreciation total $33.5 million, or 14.5%, and auxiliary enterprises total $20.0 million, or 8.6%. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses of $49.2 million or 21.2%.

Operating expenses increased $5.1 million. The largest increase in operating expenses was $11.8 million for instruction, largely as a result of Multi-employer pension and OPEB changes, $5.9 million operations and maintenance of plant, $5 million public service and academic support, and $3.9 million in other expenses. These increases were offset by ($5.9) million of institutional support due to the ending of CARES Act for students and ($14.8) million in student aid as fiscal year 2022 was the end of the HEERF and ($0.8) million in other expenses.

During the 2022 fiscal year, expenses increased by $14.2 million from 2021 levels to $227.2 million. Instruction, student services, and student aid represent $130.8 million, or 57.6%, of the total. Operations and maintenance of plant and depreciation total $17.3 million, or 7.6%, and auxiliary enterprises total $18.0 million, or 7.9%. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses of $61.1 or 27.0%

Operating Expenses (continued)

The following is a graphic illustration of operating expenses by function for June 30, 2023:



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 an entity during a period. The statement of cash flows also helps users assess an entity's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the University had $336.2 million invested in capital assets, net of accumulated depreciation of $250.8 million.

Capital Assets and Debt Administration (continued)

Details of these assets at June 30 are shown below (in millions):

	2023	2022	2021
Land, land improvements, and infrastructure	$ 32.0	$ 32.0	$ 32.1
Buildings and improvements	439.9	439.9	441.7
Furniture, fixtures, and equipment	88.5	87.9	87.0
Construction in progress	60.8	27.2	5.8
Total	**$ 621.2**	**$ 587.0**	**$ 566.6**

There was an increase in investment of capital assets during fiscal year 2022 and 2023. Many projects that were put on hold during the COVID-19 pandemic were revitalized and the majority of those are reflected in construction in progress at year end.

Expenditures totaling $33.6 million for the following projects, Center for Virtual Learning, Center for Athletic Performance, Early Learning Center, IT Replacement Space and other small projects were included in construction in progress at June 30, 2023.

Debt Administration

At year end, the University had $96.6 million in debt outstanding compared to $102.8 million at 2022 and $108.7 million at 2021.

Economic Factors Affecting the Future

The landscape of higher education continues to evolve, and a mixture of dynamics impact the future of our University. Michigan's challenges with declining graduation rates persist even though a slight bump was seen during the COVID pandemic however, this isn't projected to remain. These decreases in high school graduates, due to declining birthrate in the state, is a growing challenge for not only higher education but also for business and industry looking for talented individuals to fuel economic growth and prosperity.

Additional factors affecting the economic future include inflationary pressures, increasing interest rates along with ever-evolving fed decisions, competitive pressures, continuing spotty supply chain disruptions, resource availability of human resources, and a state and federal economy that could impact lower government spending. Compensation growth is decelerating, pandemic savings are dwindling, and revolving credit utilization is rising. New student loan repayment requirements will begin to impact younger consumers both now and in the future. Overall consumer spending is projected to level off during the remainder of this calendar year, but is anticipated to contract in calendar year 2024. All these situations clearly create headwinds for the University both now and into the future.

Economic Factors Affecting the Future (continued)

As noted in past years, the Tuition Incentive Program (TIP) in significantly important to enrollment here at Ferris State University. With the state budget being in flux, TIP funding is a top legislative priority for the University. This program is radically important in helping students and vital for their futures. Ferris has proven that this program can change the lives of students by helping prepare them for high-paying careers and to continue their growth as productive citizens. Our TIP students graduate with work-ready degrees in careers and industries that are desperately seeking highly skilled employees. Michigan needs our graduates, and Ferris continues to be committed to this mission.

The Ferris Foundation Endowment continues to expand and is currently at $119 million (as of June 30, 2023). This remains an exciting and efficacious program as these assets are dedicated to supporting students and the educational mission of the University. The impact of these sources of revenue continue to position the University positively for recruitment, retention, state funding, and degree affordability.

As Ferris continues to look forward, the University's educational offerings and career-oriented focus will continue to attract students and align with the state's priorities of creating talent for industry and the economy. Ferris has a strong competitive position with a focus on unique career-driven degrees, continued partnerships with community colleges across the state, dual and concurrent agreements with high schools across the state, and online education. While the University is in a good position, there is more work to be done. We must continue to align state and University resources to promote the distinctive and effective programs of this University, continue investment in new programs in high demand areas, and provide short-term certificates and opportunities for adult learners to retrain for employment. As noted in the Strategic Plan and the related progress towards this plan, Ferris State University remains steadfast in pursuit of this educational mission, the needs of industry, and deep support of students.

Ferris State University
Statement of Financial Position

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	University	**Foundation**	**University**	**Foundation**
Assets				
Current Assets				
Cash and cash equivalents (Note 2)	$ 7,074,864	$ 562,150	$ 7,715,884	$ 502,375
Short-term investments (Note 2)	20,460,402	3,938,415	38,802,719	3,354,523
Accounts receivable - Net (Note 3)	16,344,177	2,880,212	20,523,163	2,744,410
Inventories	1,474,990	-	982,563	-
Prepaid expenses and other assets	474,333	-	943,741	-
Total current assets	**45,828,765**	**7,380,777**	**68,968,070**	**6,601,308**
Non-current Assets				
Restricted cash and cash equivalents (Note 2)	-	-	15,273,557	-
Other long-term investments (Note 2)	83,789,400	116,038,303	75,009,717	111,587,372
Student loans receivable - Net (Note 3)	8,590,823	-	9,209,925	-
Other non-current assets	1,745,834	-	104,440	-
Net OPEB asset	6,056,141	-	7,019,272	-
Capital assets - Net (Note 4)	360,505,761	-	336,240,727	-
Total non-current assets	**460,687,959**	**116,038,303**	**442,857,638**	**111,587,372**
Total assets	**506,516,724**	**123,419,080**	**511,825,708**	**118,188,680**
Deferred Outflows of Resources				
Net pension liability (Note 6)	5,886,759	-	19,306,539	-
Net OPEB liability (Note 6)	529,685	-	985,347	-
Refunding of debt	2,850,448	-	3,076,916	-
Total deferred outflows of resources	**9,266,892**	-	**23,368,802**	-
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	27,194,915	131,028	32,771,824	146,985
Unearned revenue	6,186,337	-	7,936,256	-
Long-term liabilities - Current portion (Note 5)	7,022,249	-	8,215,401	-
Total current liabilities	**40,403,501**	**131,028**	**48,923,482**	**146,985**
Non-current Liabilities				
Deposits	793,281	-	484,050	-
Federal student loan payable	2,960,396	-	4,875,739	-
Long-term liabilities (Note 5)	111,005,683	-	118,058,437	-
Subscription liabilities (Note 8)	1,337,969	-		-
Net pension liability (Note 6)	51,939,759	-	91,480,811	-
Total non-current liabilities	**168,037,087**	-	214,899,036	-
Total liabilities	**208,440,588**	**131,028**	**263,822,518**	**146,985**
Deferred Inflows of Resources				
Net pension liability (Note 6)	10,790	-	28,142,909	-
Net OPEB liability (Note 6)	-	-	4,015,552	-
Total deferred inflows of resources	**10,790**	-	**32,158,461**	-
Net Position				
Net investment in capital assets	257,227,595	-	233,795,020	-
Restricted for (Note 1):				
Non-expendable:				
Scholarships	-	68,699,331	-	62,214,623
Expendable:				
Scholarships	3,576,495	21,664,307	4,848,812	20,247,430
Research	360,354	-	94,360	-
Instructional department uses	2,810	5,999,411	22,578	5,815,238
Loans	8,302,522	410,121	7,858,632	401,653
Other	1,631,208	3,086,959	989,634	4,530,217
Unrestricted (Note 1)	36,231,252	23,427,922	(8,395,504)	24,832,534
Total net position	**$ 307,332,237**	**$ 123,288,051**	**$ 239,213,532**	**$ 118,041,695**

See accompanying notes.

Ferris State University
Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30, 2023		Year Ended June 30, 2022	
	University	Foundation	University	Foundation
Operating Revenues				
Tuition and fees - Net of scholarship allowances of $37,756,776				
for 2023 and $30,760,071 for 2022	$ 95,762,902	$ -	$ 103,757,239	$ -
Federal grants and contracts	4,080,338	-	4,621,639	-
State and local grants and contracts - Net of refunds	2,142,427	-	1,437,241	-
Non-governmental grants	961,921	-	593,521	-
Departmental activities	12,602,562	-	10,021,372	-
Auxiliary enterprises - Net of scholarship allowances of $7,563,691		-		-
for 2023 and $4,529,879 for 2022	24,300,163	-	22,791,412	-
Other operating revenues	(127,357)	-	327,556	-
Total operating revenues	**139,722,957**	**-**	**143,549,980**	**-**
Operating Expenses				
Instruction	90,444,348	-	78,666,660	-
Research	1,827,002	-	1,928,375	-
Public service	5,083,470	-	2,618,171	-
Academic support	24,534,016	-	22,033,040	-
Student services	20,584,144	-	18,793,931	-
Institutional support	17,425,386	8,583,443	23,372,160	9,761,452
Operation and maintenance of plant	23,169,739	-	17,256,135	-
Depreciation	10,395,120	-	10,960,455	-
Student aid	18,462,922	-	33,281,884	-
Auxiliary enterprises	20,003,380	-	18,026,582	-
Other expenses	349,268	-	198,336	-
Total operating expenses	**232,278,794**	**8,583,443**	**227,135,728**	**9,761,452**
Operating Loss	**(92,555,837)**	**(8,583,443)**	**(83,585,748)**	**(9,761,452)**
Non-operating Revenues (Expenses)				
State appropriations	121,716,850	-	61,361,240	-
Federal appropriations	-	-	358	-
Federal Pell Grants	16,419,229	-	16,316,355	-
HEERF Funds	-	-	41,351,879	-
Gifts & In-Kind Contributions	8,315,783	7,183,734	10,537,442	8,987,150
Investment gain	6,538,721	6,450,763	(11,816,818)	(3,725,351)
Interest on capital asset - Related debt	(3,893,197)	-	(4,169,500)	-
Net non-operating revenues (expenses)	**149,097,386**	**13,634,497**	**113,580,956**	**5,261,799**
Income (Loss) - Before other revenues	**56,541,549**	**5,051,054**	**29,995,208**	**(4,499,653)**
Other Revenues				
State capital appropriations	11,577,156	-	-	-
Additions to permanent endowments	-	195,302	-	8,661
Increase (Decrease) in Net Position	**68,118,706**	**5,246,356**	**29,995,208**	**(4,490,992)**
Net Position				
Beginning of year	239,213,532	118,041,695	209,218,324	122,532,687
End of year	**$ 307,332,237**	**$ 123,288,051**	**$ 239,213,532**	**$ 118,041,695**

See accompanying notes.

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Ferris State University
Statement of Cash Flows

	Year Ended June 30 2023	2022
Cash Flows from Operating Activities		
Tuition and fees	**$ 95,317,083**	$ 102,719,090
Grants and contracts	**5,148,646**	4,237,122
Payments to suppliers	**(133,758,880)**	(149,485,272)
Payments to employees	**(101,564,589)**	(97,236,196)
Interest collected on student loans	**979,584**	308,377
Loans issued to students	**(780,435)**	(1,127,291)
Collection of loans from students	**545,185**	3,014,128
Auxiliary enterprise charges	**24,300,163**	22,791,412
Federal direct loan lending receipts	**51,279,393**	59,208,711
Federal direct loan lending disbursements	**(51,404,625)**	(59,460,403)
Other receipts	**13,509,092**	12,707,412
Net cash used in operating activities	**(96,429,383)**	(102,322,910)
Cash Flows from Noncapital Financing Activities		
State appropriations	**78,315,560**	75,115,436
Federal appropriations	**-**	358
Pell Grant receipts	**16,419,229**	16,316,355
HEERF/ CRF Funds	**-**	41,351,879
Gifts and grants for other than capital purposes	**8,306,031**	10,311,046
Private gifts for endowment purposes	**-**	3,724,866
Net cash from non-capital financing activities	**103,040,820**	146,819,940
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	**11,577,156**	-
Capital grants and gifts received	**-**	139,567
Subscription Liability	**1,337,969**	-
Purchase of capital assets and construction	**(34,900,577)**	(22,550,966)
Proceeds from sale of capital assets	**-**	48,500
Principal paid on capital debt	**(6,210,000)**	(5,930,000)
Interest paid on capital debt	**(3,893,197)**	(4,827,182)
Net cash used in capital and related financing activities	**(32,088,649)**	(33,120,081)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	**3,023,913**	40,940
Investment income	**6,538,717**	3,802,872
Purchase of investments	**-**	(42,985,713)
Net cash used in investing activities	**9,562,630**	(39,141,901)
Change in Cash and Cash Equivalents and Restricted Cash	**(15,914,582)**	(27,764,952)
Cash and Cash Equivalents and Restricted Cash - Beginning of year	**22,989,446**	50,754,398
Cash and Cash Equivalents and Restricted Cash - End of year	**$ 7,074,864**	$ 22,989,446

See accompanying notes.

Ferris State University
Statement of Cash Flows

A reconciliation of operating loss to net cash from operating activities is as follows:

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	Year Ended June 30 2023	2022
Operating loss	**$ (92,555,837)**	$ (83,585,748)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	**10,395,120**	10,960,455
Amortization of bond insurance costs	**104,441**	3,846
Loss on disposal of capital assets	**240,423**	58,805
Changes in assets and liabilities		
Accounts receivable	**4,178,986**	(776,364)
Student loans receivable	**744,334**	169,943
Inventories, prepaid expenses, and other assets	**(294,276)**	(601,972)
Federal direct loan lending	**(125,232)**	(251,692)
Accounts payable and accrued liabilities	**(2,900,971)**	2,884,571
Deposits and unearned revenue	**(1,440,689)**	360,508
Accrued sick leave	**(30,511)**	(534,341)
Net pension/OPEB liability	**(12,069,234)**	(31,010,922)
Net cash from operating activities	**$ (96,429,383)**	$ (102,322,910)

See accompanying notes.

1. Summary of Significant Accounting Policies

Ferris State University (University) is an institution of higher education created on September 1, 1884 as Big Rapids Industrial School. In 1885, the school name was changed to Ferris Industrial School; in 1898 to Ferris Institute; in 1950 became a component unit of the State of Michigan (State); in 1963 Ferris State College; and in 1987 to its current structure of Ferris State University. On December 31, 2000, Kendall College of Art and Design (Kendall) located in Grand Rapids, Michigan officially merged with the University. On August 28, 2013, the Urban Institute of Contemporary Art (UICA) located in Grand Rapids officially merged with Kendall.

The University's Board of Trustee members are appointed by the Governor of the State. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

Adoption of Accounting Pronouncement
During the current year, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. As a result, the statement of net position of the University now include a liability for the present value of payments expected to be made and subscription assets which totaled $1,255,891 as of the implementation date of July 1, 2022. The subscription liabilities and assets have been added to non-current liabilities and non-current assets, respectively, as of the beginning of the year. Subscription activity is further described in Note 8. Due to the immaterial nature of the adoption, the financial statements for the year ended June 30, 2022 have not been restated and University implemented beginning July 1, 2022 in order to adopt GASB Statement No. 96.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 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 financial statements include the Ferris Foundation (Foundation). The Foundation was established as a separate non-profit corporation which exists for the sole purpose of soliciting, collecting, and investing donations for the benefit of the University. The Foundation's Board of Directors' FSU membership includes a member of the University's Board of Trustees, certain officers of the University as set forth in the Foundation bylaws, and other representatives elected by the Foundation's Board. The Foundation provides financial support for the objectives, purposes, and programs of the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University. In prior years, the Foundation was considered a blended component unit. However, due significance to the University and as outlined above, the Foundation is now discretely presented in the University's financial statements. The June 30, 2023 audited financial statements for the Ferris Foundation can be found at: www.ferris.edu/giving/ferris-foundation/policies.htm.

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financials statements in conformity with U.S. GAAP 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.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board of Trustees (Board), including amounts that the Board has agreed to set aside under contractual agreements with third parties. It is the University's policy to apply restricted resources first when an expense is incurred for purposes for with both restricted and unrestricted net position are available.

Unrestricted Net Balance

The University has designated the use of unrestricted net position (deficit) as follows at June 30:

	(in millions) 2023	2022
Designated for general fund division use	$ 8,549,722	$ 7,904,437
Designated for encumbrances	1,773,997	1,993,477
Designated for maintenance and replacement	27,445,510	48,540,594
Designated for unfunded pension and OPEB liability	(39,477,964)	(96,328,114)
Unrestricted and undesignated	43,510,854	29,494,102
Total unrestricted net assets (deficits)	$ 41,802,120	$ (8,395,504)

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less. Restricted cash and cash equivalents are unspent bond funds.

Investments

Investments are recorded at fair value, based on quoted market prices or most recent valuation adjusted for capital calls and distributions.

Inventories

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

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance

Accounts receivable are recorded net of an allowance for uncollectible amounts. The allowance is based on management's judgement of potential uncollectible amounts, which includes such factors as historical experience and type of receivable. The allowance for uncollectible accounts receivable is $6,921,033 at June 30, 2023 and $4,169,702 at June 30, 2022.

Bond Issuance Costs

The bond issuance costs consist of bond insurance amortized over the life of the bonds using the straight-line method. Bond issuance costs amortized are included in other non-current assets on the statements of net position.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life. Library books are recorded using a historically-based estimated value where volumes with publication dates within five years of purchase are depreciated over the remaining years until the volume reaches five years old.

Subscriptions

The University obtains the right to use vendors' information technology software through various long-term contracts. The University recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The University recognizes subscription assets and liabilities with an initial value of $0 or more.

At the commencement of a subscription, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the University determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The University uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the non-cancelable period of the subscription.

1. Summary of Significant Accounting Policies (continued)

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

Deferred Inflows and Outflows of Resources

Deferred outflows of resources consist of gain/loss on the defeasance of the refunding of debt and outflows related to multi-employer net pension and other post employment benefits (OPEB) liabilities. Deferred outflows of resources related to refunding of debt totaled $2,850,448 at June 30, 2023 and $3,076,916 at June 30, 2022. Refunding of debt amounts are amortized over the remaining life of the refunded bond or the life of the new bond, whichever is shorter. Deferred outflows of resources related to net pension liability amounts totaled $5,886,759 at June 30, 2023 and $19,306,539 at June 30, 2022. Deferred outflows of resources related to net OPEB liability amounts totaled $529,685 at June 30, 2023 and $985,347 at June 30, 2022. Net pension and OPEB liability amounts related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liability the following year, while other amounts reported as net pension and OPEB liability will be amortized over the actuarial calculated expected remaining service life of the members or 5 years, in accordance with GASB standards. Deferred inflows of resources relate to multi-employer net pension and OPEB liability. Deferred inflows of resources related to net pension liability amounts totaled $10,790 at June 30, 2023 and $28,142,909 at June 30, 2022. Deferred inflows of resources related to net OPEB liability amounts totaled zero at June 30, 2023 and $4,015,552 at June 30, 2022. Net pension and OPEB liability amounts related to funding received through state appropriations for contributions subsequent to the measurement date will be recognized the following year, while other amounts reported as net pension and OPEB liabilities will be amortized over 5 years.

Unearned Revenue

Tuition and fee revenues received and related to the period after June 30 have been recorded as unearned revenue.

Net Pension and OPEB Liabilities

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized when earned. State appropriation revenue is recognized in the period for which it is appropriated. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the University that are responsible for adhering to any donor restrictions. Student tuition and fee revenues and student residence fee revenues are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. 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.

Operating and Non-operating 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 non-operating 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 non-operating.

Compensated Absences

University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited.

Income Taxes

The University is classified as a political subdivision of the State of Michigan under Internal Revenue Code Section 115(A) and is, therefore, exempt from federal income taxes. Certain activities of the University, to the extent profitable, may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. Any component units are also exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code for activities related to their exempt purpose.

1. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncement

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 non-cash 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.

Subsequent Events

The financial statements and related disclosures include evaluations of events up through and including October 2, 2023, which is the date the financials statements were available to be issued.

2. Cash and Investments

As of June 30, 2023 and 2022 the University had the following cash and investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	$ 7,074,864	$ 7,074,864	$ -	$ -	$ -
Money markets	20,460,402	20,460,402	-	-	-
Mutual bond funds	42,486,943	-	15,016,922	27,470,021	-
Mutual equity funds	28,577,342	-	-	-	28,577,342
International equity funds	11,572,574	-	-	-	11,572,574
Total	110,172,125	27,535,265	15,016,922	27,470,021	40,149,916
Cash surrender value of life insurance	1,152,540				
Balance at June 30, 2023	$ 111,324,665				

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	$ 17,253,799	$ 17,253,799	$ -	$ -	$ -
Money markets	38,802,719	38,802,719	-	-	-
Mutual bond funds	42,348,161	-	14,989,617	27,358,544	-
Mutual equity funds	24,575,947	-	-	-	24,575,947
International equity funds	10,242,864	-	-	-	10,242,864
Total	133,223,490	$ 56,056,518	$ 14,989,617	$ 27,358,544	$ 34,818,811
Cash surrender value of life insurance	1,114,106				
Balance at June 30, 2022	$ 134,337,596				

2. Cash and Investments (continued)

Cash and Short-term Investments

Policies for cash management and investments are set forth by the University's Board of Trustees, who authorize University administrators to invest in a variety of interest-bearing deposit and investment accounts. The primary objective of cash and short-term investments is to provide for the preservation of capital.

Intermediate and Long-term Investments

Intermediate and long-term investment policies have been established by the Board for investments with maturities over one year. The primary objective is to provide more emphasis on maximizing income without undue exposure to risk.

Concentration of Credit Risk

As a means of managing the concentration of credit risk, University investment policy limits the concentration of investments as follows:

No more than 10% of the portfolio, at cost, can be invested in any single issue, except U.S. Government Securities. The minimum acceptable credit quality at the time of purchase for individual investments shall be "AA" for the short-term pool, "BBB" for the intermediate pool and "B" for the long-term investment pool. Asset allocation, as a percent of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges: 55-65% Equity, 30-50% Fixed Income, and 0-5% Cash.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The following investments comprise more than 5% of the total investments as of June 30:

- Western Asset Market value on June 30, 2023 $9,342,027 (9%); June 30, 2022 $9,317,882 (8%)
- Baird Intermediate Market value on June 30, 2023 $9,519,762 (9%); June 30, 2022 $9,499,658 (8%)
- Vanguard Institutional Index Market value on June 30, 2023 $14,930,719 (14%); June 30, 2022 $12,489,147 (11%)
- Baird Core Plus Market value on June 30, 2023 $18,127,994 (18%); June 30, 2022 $18,040,661 (16%)

Interest Rate Risk

In accordance with Board policy, University administrators manage interest rate risk by identifying funds that are needed immediately, those funds that may not be needed for over one year, and funds that may not be needed for over five years. These pools of funds are managed so average maturities for each fund does not exceed one year on the short-term pool and five years on the intermediate pool. This practice limits the overall interest rate risk exposure on the entire pool of funds.

2. Cash and Investments (continued)

Liquidity Risk

In accordance with University Board policy, operating investment holdings will be sufficiently liquid to ensure that cash flow needs are maintained throughout the year. University investments are held in marketable securities that generally can be sold on one day's notice

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. However, Board policy establishes limits on balances held in any one bank or bank account to reduce risk. The carrying amount of the University's deposits was $7,793,302 at June 30, 2023 and $3,603,940 at June 30, 2022. Of these amounts, $750,000 was insured for 2023 and 2022. Of the bank balance, no amount was collateralized for 2023 and 2022. The FDIC insurance limit is $250,000 per depositor.

Credit Risk

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statements of revenues, expenses, and changes in net position.

Investment funds are presented above based on the fund's segmented time distribution maturity as provided by investment advisor, CAPTRUST. Equity funds are considered to be long-term funds and, therefore, are presented as investments with maturities over 10 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by Board policies as described below.

The primary investment objective for the short-term investment pool accounts shall be to provide for the preservation of capital, with a secondary emphasis upon the maximization of investment income without undue exposure to risk. Funds needed for expenditures in less than one year shall be considered short-term. The average weighted maturity for each short-term investment manager shall be between one day and one year. The University identifies credit quality features for the short-term pool such as utilizing banks with well capitalized bank ratios, commercial paper with the highest rating category, and minimum purchase ratings of AA or better for the short-term portfolio.

2. Cash and Investments (continued)

The primary investment objectives for the intermediate-term investment pool accounts shall be the preservation of capital and the maximization of income without undue exposure to risk. Funds needed for expenditures within one to five years shall be considered intermediate-term and may be placed through direct investments, the use of mutual funds, money managers, or a combination. Credit quality features identified include a weighted average credit quality of AA for the intermediate-term pool of funds. In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be BBB for the intermediate-term pool.

At June 30, the University's debt instruments and related ratings consisted of the following:

	2023		2022	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
Western Asset	9,342,027	AA-	9,317,882	AA-
Franklin Templeton Global Bond	5,497,160	A	5,489,959	BBB
Baird Intermediate	9,519,762	AA-	9,499,658	AA-
Baird Core Plus	18,127,994	A+	18,040,661	A+
Total	$ 42,486,943		$ 42,348,161	

The nationally recognized securities rating organization (NRSRO) primarily utilized was Moody's Investors Services.

Foreign Currency Risk

The University does not hold any foreign currency investments as of June 30, 2023 or June 30, 2022.

3. Receivables

Accounts receivable-net consisted of the following at June 30:

	2023	2022
Student	$ 10,728,946	$ 11,723,812
Grants and contracts	828,720	708,022
State appropriations	10,357,030	10,680,567
Other	1,350,514	1,541,473
Total accounts receivable	23,265,210	24,653,874
Less: allowance for doubtful accounts	6,921,033	4,130,710
Total accounts receivable - net	$ 16,344,177	$ 20,523,164

Student loans receivable of $8,590,823 for the year ended June 30, 2023 and $9,209,922 for the year ended June 30, 2022 are recorded net of an allowance for doubtful accounts of $684,869 at June 30, 2023 and 3,400,000 for 2022.

3. Receivables (continued)

The following shows the balance due of unconditional promises to give to the Foundation as of June 30:

	2023	2022
Pledges receivable in less than one year	**$ 1,444,338**	$ 797,598
Pledges receivable in one to five years	**1,559,026**	2,127,924
Pledges receivable in more than five years	**35,714**	731
Present value discount	**(158,866)**	(181,843)
Total	**$ 2,880,212**	$ 2,744,410

The Federal Perkins loan program expired on September 30, 2017, which ended the issuance of new loans under this program, and disallowed any new disbursements after June 30, 2018. The University continues to service outstanding loans in accordance with program specifications as permitted by the Federal government.

For the year ended June 30, 2023 and 2022, the University distributed $51.2 million and $62.3 million, respectively, for student loans through the U.S. Department of Education William D. Ford Direct Loan Program. These distributions and related funding sources are not included as expenses and revenues in the accompanying financial statements.

4. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	$ 14,236,660	$ -	$ -	$ -	$ 14,236,660
Infrastructure	11,213,141	-	-	-	11,213,141
Building and building improvements	439,868,456	-		-	439,868,456
Furniture, fixtures, and equipment	87,919,865	1,293,411	(763,184)	-	88,450,092
Subtotal - Depreciable assets	553,238,123	1,293,411	(763,184)	-	553,768,350
Land	6,596,623	-	-	-	6,596,623
Construction in progress	27,182,683	33,607,166	-		60,789,849
Subtotal - Nondepreciable assets	33,779,306	33,607,166	-	-	67,386,472
Total	587,017,428	34,900,577	(763,184)	-	621,154,821
Less accumulated depreciation:					
Land improvements	8,934,224	440,226	-	-	9,374,450
Infrastructure	10,041,817	283,814	-	-	10,325,630
Building and building improvements	180,045,055	8,297,022		-	188,342,077
Furniture, fixtures, and equipment	51,755,606	1,374,057	(522,761)	-	52,606,902
Total accumulated depreciation	250,776,702	10,395,120	(522,761)	-	260,649,060
Capital assets - Net	$ 336,240,727	$ 24,505,458	$ (240,423)	$ -	$ 360,505,761

4. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	$ 14,236,660	$ -	$ -	$ -	$ 14,236,660
Infrastructure	11,213,141	-	-	-	11,213,141
Building and building improvements	441,715,330	-	(1,846,874)	-	439,868,456
Furniture, fixtures, and equipment	87,036,586	1,135,371	(252,091)	-	87,919,866
Subtotal - Depreciable assets	554,201,717	1,135,371	(2,098,965)	-	553,238,123
Land	6,596,622	-	-	-	6,596,622
Construction in progress	5,767,087	21,431,220	-	(15,625)	27,182,682
Subtotal - Nondepreciable assets	12,363,709	21,431,220	-	(15,625)	33,779,304
Total	566,565,426	22,566,591	(2,098,965)	(15,625)	587,017,428
Less accumulated depreciation:					
Land improvements	8,492,804	441,420	-	-	8,934,224
Infrastructure	9,741,743	694,479	-	-	10,436,222
Building and building improvements	173,541,282	7,902,615	(1,793,248)	-	179,650,649
Furniture, fixtures, and equipment	50,032,077	1,921,940	(198,411)	-	51,755,606
Total accumulated depreciation	241,807,906	10,960,455	(1,991,660)	-	250,776,701
Capital assets - Net	$ 324,757,520	$ 11,606,138	$ (107,305)	$ (15,625)	$ 336,240,727

The following estimated useful life for each asset class are used to compute depreciation:

Buildings	50 years
Library books (included in furniture, fixtures, and equipment)	0 to 5 years
Land improvements and infrastructure	20 years
Furniture, fixtures, and equipment	5 to 20 years

Certain institution facilities 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.

5. Long-term Liabilities

Long-term obligation activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Refunding Bonds, Series 2020A	$ 4,600,000	$ -	$ -	$ 4,600,000	$ -
Unamortized bond premium	758,907	-	58,377	700,530	58,378
General Revenue Refunding Bonds, Series 2019A	31,005,000	-	2,420,000	28,585,000	2,540,000
Unamortized bond premium	5,253,910	-	309,053	4,944,857	309,054
General Revenue Refunding Bonds, Series 2016	49,865,000	-	2,495,000	47,370,000	2,310,000
Unamortized bond premium	6,841,714	-	360,090	6,481,624	360,091
General Revenue Refunding Bonds, Series 2014B	2,110,000	-	410,000	1,700,000	430,000
Unamortized bond premium	301,948	-	60,390	241,558	60,390
General Revenue Bonds, Series 2014A	9,920,000	-	420,000	9,500,000	435,000
Unamortized bond premium	289,913	-	17,053	272,860	17,053
General Revenue Refunding Bonds, Series 2012	5,315,000	-	465,000	4,850,000	475,000
Unamortized bond premium	272,829	-	27,282	245,547	27,283
Total bonds and notes payable	116,534,221	-	7,042,245	109,491,976	7,022,249
Other liabilities:					
Accrued sick leave	8,566,466	-	30,511	8,535,955	-
Accrued interest payable (bonds)	1,173,152	-	65,538	1,107,614	1,107,614
Total	$ 126,273,839	$ -	$ 7,138,294	$ 119,135,545	$ 8,129,863

Long-term obligation activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Refunding Bonds, Series 2020A	$ 4,600,000	$ -	$ -	$ 4,600,000	$ -
Unamortized bond premium	817,285	-	58,377	758,907	58,378
General Revenue Refunding Bonds, Series 2019A	33,305,000	-	2,300,000	31,005,000	2,420,000
Unamortized bond premium	5,562,964	-	309,053	5,253,910	309,054
General Revenue Refunding Bonds, Series 2016	52,240,000	-	2,375,000	49,865,000	2,495,000
Unamortized bond premium	7,201,805	-	360,090	6,841,714	360,091
General Revenue Refunding Bonds, Series 2014B	2,505,000	-	395,000	2,110,000	410,000
Unamortized bond premium	362,338	-	60,389	301,948	60,390
General Revenue Bonds, Series 2014A	10,330,000	-	410,000	9,920,000	420,000
Unamortized bond premium	306,966	-	17,053	289,913	17,053
General Revenue Refunding Bonds, Series 2012	5,765,000	-	450,000	5,315,000	465,000
Unamortized bond premium	300,112	-	27,282	272,829	27,283
Total bonds and notes payable	123,296,470	-	6,762,249	116,534,221	7,042,249
Other liabilities:					
Accrued sick leave	9,100,807	-	534,341	8,566,466	-
Accrued interest payable (bonds)	1,240,439	-	67,287	1,173,152	1,173,151
Total	$ 133,637,716	$ -	$ 7,363,877	$ 126,273,839	$ 8,215,400

5. Long-term Liabilities (continued)

General Revenue Refunding Bonds, Series 2020A

The University issued $4,600,000 of General Revenue Refunding Bonds. The outstanding balance carries an interest rate of 5.00 percent. A rating of "A1" was assigned by Moody's and "A+" by Standards and Poors. The bonds are payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2035. Proceeds from the issuance along with University fundraising reserves of $4,290,853 were used to refund the Federal Building Capital Lease, Series 2010A of $9,845,000. The refunding decreased the University's total debt service payments by approximately $3,460,000. The refunding results in net present value savings of $1,833,000 over the life of the bonds.

General Revenue Refunding Bonds, Series 2019A

The University issued $34,655,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 4.00 percent to 5.00 percent. A rating of "A1" was assigned to these bonds by Moody's and an "A+" rating by Standard and Poors. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2040. Proceeds from the issuance were used to advance refund a portion of General Revenue Refunding Bonds, Series 2008 and for construction projects on campus. Projects include the construction of the Center for Athletic Performance; upgraded housing for information technology staff and equipment; upgraded Kendall College of Art and Design heating and ventilation system; renovation of Miller Residence Hall; and other miscellaneous projects. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of $1,330,000 over the life of the bonds; a deferred outflow of resources of approximately $1,420,000; and a total cash flow savings of $1,327,000.

General Revenue Refunding Bonds, Series 2016

The University issued $56,150,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 3.00 percent to 5.00 percent. A rating of "A1" was assigned to these bonds by Moody's and an "A" rating by Standard and Poors. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2042. Proceeds from the issuance were used to advance refund a portion of General Revenue Refunding Bonds, Series 2009 and for construction projects on campus. Projects include the construction and furnishing of the North Hall, a new 402 bed residence hall; renovation of the Student Recreational Center; and other miscellaneous projects. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of $4,236,000 over the life of the bonds; a deferred outflow of resources of approximately $3,400,000; and a total cash flow savings of $5,622,000.

5. Long-term Liabilities (continued)

General Revenue Refunding Bonds, Series 2014B

The University issued $12,880,000 of General Revenue Refunding Bonds. The outstanding balance carries an interest rate of 4.00 percent. A rating of “A1” was assigned to these bonds by Moody’s. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2027. Proceeds from the issuance were used to refund General Revenue Refunding Bonds, Series 2005. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of $1,746,000 over the life of the bonds; a deferred outflow of resources of approximately $560,000; and a total cash flow savings of $2,000,000.

General Revenue Bonds, Series 2014A

The University issued $12,570,000 of General Revenue Bonds. The outstanding balance carries interest rates of 3.00 percent to 4.00 percent. A rating of “A1” was assigned to these bonds by Moody’s. The bonds are payable from general revenues of the University, callable at par, and mature in varying amounts through 2039. Proceeds from the issuance were used to finance a portion of the University Center project. The University Center located in the center of campus, serves as a gathering place for the campus community and a home for its commuter students. The center includes dining options, the Ferris Bookstore, the University Center Art Gallery, community areas, meeting rooms, and offices.

General Revenue Refunding Bonds, Series 2012

The University issued $13,750,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 2.500 percent to 3.375 percent. A rating of “A” was assigned to these bonds by Standard & Poor’s. The bonds are payable from general revenues of the University, callable at par, and mature in varying amounts through 2032. Proceeds from the issuance were used to refund General Revenue Bonds, Series 2001 of $8,940,000 and General Revenue Bonds, Series 2002 in the amount of $4,810,000. The refunding was done in order to reduce debt payments. The refunding decreased the University’s total debt service payments by approximately $2,800,000. The refunding resulted in a net present value benefit of $2,218,000 over the life of the bonds; a deferred outflow of resources of approximately $80,000; and a total cash flow savings of $3,451,000.

5. Long-term Liabilities (continued)

Principal and Interest Maturities and Interest Expense

Total principal and interest maturities on all bonds as of June 30, 2023 are as follows:

	Bonds	
Year	Principal	Interest
2024	6,190,000	4,262,745
2025	7,205,000	3,949,039
2026	6,515,000	3,625,063
2027	6,705,000	3,313,464
2028-2032	26,520,000	12,668,317
2033-2037	24,965,000	7,093,725
2038-2042	18,505,000	1,674,325
Total	96,605,000	$ 36,586,679
Unamortized premium	12,886,976	
Total	$ 109,491,976	

Bond interest expense was approximately $3,900,000 for the year ended June 30, 2023 and approximately $4,200,000 for the year ended June 30, 2022. Since the University adopted GASB Statement No. 89, there was no construction period interest capitalized for the year ended June 30, 2023 and 2022.

Accrued Sick Leave

The University provides termination benefits upon retirement resulting from unused sick days which are defined by each respective labor contract and administrative policy. The liability, which is calculated based on eligible service requirements and earned sick leave hours, is recorded using the vesting method and based on those employees currently eligible. Effective July 1, 2001, all non-represented employees hired on or after July 1, 2001 are no longer eligible for the sick leave payout upon retirement.

6. Retirement Plans

Michigan Public School Employees' Retirement System

Plan Description

The University participates in the Michigan Public School Employees' Retirement System (the "System" or "MPSERS"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they were previously enrolled in the plan at the University, or one of the other six universities that are part of MPSERS. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

6. Retirement Plans (continued)

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 health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

In July 2015, ORS determined that MPSERS had two reporting units: universities and non-universities. ORS provided the universities a separate net pension liability and net other postemployment benefits (OPEB) liability. Separate pension and OPEB information related to universities reporting unit included in this plan is not available.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 health care 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 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.

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

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.

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.

6. Retirement Plans (continued)

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care 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 participants in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 403B account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 403B accounts.

The University's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. The University also contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries for the unfunded portion of future pensions and health benefits. Public Act 136 of 2016 sets a rate cap of 25.73 percent for the University employer contributions for the unfunded portion. In addition, the law establishes a requirement for a payroll floor. In a given fiscal year, each university owes contributions based on the greater of its payroll floor or its actual payroll. The payroll floor was $36,856,000 and $36,134,000 for fiscal year 2022 and 2021, respectively. Contribution rates are adjusted annually by the ORS. The ranges of rates are as follows:

	Normal Pension Rate	Unfunded Pension Rate	Normal Health Rate	Unfunded Health Rate
10/1/22 – 9/30/23	6.52%	10.00%	0.92%	0.00%
10/1/21 – 9/30/22	6.52%	19.86%	0.92%	5.87%
7/1/21 – 9/30/21	6.52%	19.74%	0.92%	5.99%

Employees starting between January 1, 1990 and December 31, 1995, are required to contribute between 3.0 percent and 6.29 percent. 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 $5,089,238 and $9,405,453, 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 $48,948,852 and $15,825,888 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 year ended June 30, 2023 and 2022 were $592,758 and $2,233,062, respectively, which include the University's contributions required for those members with a defined contribution benefit.

6. Retirement Plans (continued)

Net Pension Liability

At June 30, 2023 and 2022, the University reported a liability of $51,939,759 and $91,480,811, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 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 reporting units, actuarially determined. At September 30, 2022, 2021 and 2020, the University's proportion was 16.25 percent, 16.28 percent, and 16.28 percent, respectively.

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

At June 30, 2023 and 2022, the University reported an asset of $6,056,141 and $7,019,272, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The net OPEB asset for fiscal year 2022 was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2020, which used update procedures to roll forward the estimated liability to September 30, 2021. The University’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022, 2021 and 2020, the University’s proportion was 16.18 percent, 16.37 percent, and 16.30 percent, respectively.

6. Retirement Plans (continued)

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

For 2023 and 2022, the University recognized pension expense of $18,017,198 and $2,133,141, 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:

	2023		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	$2,778,721			$12,317,021
The University's contributions to the plan subsequent to the measurement date	$3,108,038		$19,306,539	
Total	$5,886,759		$19,306,539	$12,317,021

The $15,825,888 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment was recognized as state appropriations revenue for the year ending June 30, 2023. 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	Amount
2024	$258,437
2025	$(71,739)
2026	$(354,797)
2027	$2,946,820
2028	$ -
Thereafter	$ -

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

6. Retirement Plans (continued)

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

For the year ended June 30, 2023 and 2022, the University recognized an OPEB recovery of $1,342,697 and $7,674,642, respectively. 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
Difference between expected and actual experience				$4,015,552
Net difference between projected and actual earnings on pension plan investments	$496,433			
The University's contributions to the plan subsequent to the measurement date	$33,252		$985,347	
Total	$529,685		$985,347	$4,015,552

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

Years Ending	Amount
2024	$(38,164)
2025	$(117,157)
2026	$(206,804)
2027	$858,558
2028	$ -
Thereafter	$ -

6. Retirement Plans (continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 and 2021 are based on the results of an actuarial valuation as of September 30, 2021 and 2020, respectively, and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

	2023		2022	
Actuarial cost method		Entry age normal		Entry age normal
Investment rate of return - Pension	6.0%	Net of investment expenses based on the groups	6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.0%	Net of investment expenses based on the groups	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5%, in year 15, 3.0%, in year 120	5.25% - 7.75%	Year 1 graded to 3.5%, in year 15, 3.0%, in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members	3.00%	Annual non-compounded for MIP members

6. Retirement Plans (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 reduction in the investment rate of return and discount rate to 6.0 percent. 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 and2021, 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:

	2022		2021	
Asset Class	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%	25.00%	5.40%
Private equity pools	16.0	8.7	16.00	9.10
International equity pools	15.0	6.7	15.00	7.50
Fixed-income pools	13.0	(0.2)	10.50	(0.70)
Real estate and infrastructure pools	10.0	5.3	10.00	5.40
Absolute return pools	9.0	2.7	9.00	2.60
Short-term investment pools	10.0	5.8	2.00	(1.30)
Real return/opportunistic pools	2.0	(0.5)	12.50	6.10
Total	100%		100%	

6. Retirement Plans (continued)

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

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:

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net pension liability	$72,356,197	$51,939,759	$34,608,686

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net pension liability	$109,914,454	$91,480,811	$75,743,831

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. It 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:

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net OPEB asset	($3,239,840)	($6,056,141)	($8,448,541)

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net OPEB asset	($4,295,198)	($7,019,272)	($9,351,031)

6. Retirement Plans (continued)

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

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

	1 percentage point decrease	Current health care cost trend rate	1 percentage point increase
Net OPEB asset	($8,598,710)	($6,056,141)	($3,139,973)

	1 percentage point decrease	Current health care cost trend rate	1 percentage point increase
Net OPEB asset	($9,526,133)	($7,019,272)	($4,160,093)

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

At June 30, 2023 and 2022, the University reported a payable of $1,801,801 and $3,557,000 for the outstanding amount of contributions to the pension plan and $22,023 and $1,051,000 for the OPEB plan, required for the year ended June 30, 2023 and 2022, respectively.

Defined Contribution Plan

The University provides non-contributory retirement plans for all qualified employees. Prior to March 28, 1996, faculty and non-bargaining unit job groups were eligible to participate in the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) plan. TIAA-CREF is a defined contribution plan whereby the University generally contributes 12 percent of employees’ pay for administration and faculty; and 10 percent for all other eligible employee groups to the plan with no liability beyond that contribution. All eligible employees hired after March 28, 1996 have the option to participate in either TIAA-CREF or a second defined contribution plan with Fidelity Investments Tax Exempt Service Company (Fidelity Investments). In May of 2023, the University revised options and we now have a Sole Source Agreement with TIAA-CREF. Individuals who have accounts with Fidelity Investments may maintain those accounts or transfer funds to TIAA-CREF. Kendall staff also participate in a defined contribution plan through TIAA-CREF with contribution rates ranging from 12 percent to 15 percent of base salary. Plan participants maintain individual annuity contracts with TIAA-CREF or Fidelity Investments, which are fully vested. For the year ended June 30, 2023, the University contributed $10,506,522 to the TIAA-CREF and Fidelity Investment plans and $10,424,331 for the year ended June 30, 2022.

7. Insurance

Risk-sharing Facility

The University participates in the Michigan Universities Self-insurance Corporation (MUSIC). This organization provides insurance coverage for losses commonly covered in the areas of general liability, errors and omissions, all risk property insurance, automobile liability, and automobile physical damage. In fiscal year 2022, there were 11 universities that participated in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability, errors and omissions, and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

All of the participating universities are subject to additional assessments if the obligations and expenses (claims) of MUSIC exceed the combined periodic payments and accumulated operational reserves for any given year, after exhaustion of available net equity of MUSIC. The University has not been subjected to additional assessments since the formation of MUSIC in 1987. Historically, the obligations and expenses (claims) have been less than the combined periodic payments and accumulated operational reserves for any given year.

Self-insurance

The University is self-insured for workers' compensation; unemployment compensation; and substantially all non-bargaining units. AFSCME, Police, Police Sergeants, FNTFO, and Nurses union employees' health benefits are not self-insured. Liabilities for estimates of losses retained by the University under self-insurance programs have been established.

7. Insurance

Changes in the estimated liability for self-insurance plans during the past three years are as follows:

Claims activity for the year ended June 30, 2023 is as follows:
Numbers in (000's)

	Liability June 30, 2023	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2022
Medical Claims	1,835.9	(8,614.0)	8,558.2	1,780.0
Workers Comp, Unemployment Comp	315.4	0.0	47.7	363.1
Total	2,151.2	(8,614.0)	8,605.9	2,143.1

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

	Liability June 30, 2022	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2021
Medical Claims	1,780.0	(8,041.4)	8,218.7	1,957.3
Workers Comp, Unemployment Comp	363.1	(249.7)	50.5	163.9
Total	2,143.1	(8,291.1)	8,269.2	2,121.2

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

	Liability June 30, 2021	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2020
Medical Claims	1,957.3	(9,377.9)	8,818.6	1,398.0
Workers Comp, Unemployment Comp	163.9	(264.0)	120.5	20.3
Total	2,121.2	(9,641.9)	8,939.1	1,418.3

8. Subscriptions and Commitments

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually, with certain variable payments not included in the measurement of the subscription liability required based on inflationary increases in the contract.

The University implemented GASB 96 as of July 1, 2022. During 2023, subscription asset additions totaled $2,216,682 and were amortized $470,848 for an ending balance of $1,745,834. Also during 2023, subscription liability additions totaled $2,216,682 and had payments of $878,713 for an ending balance of $1,337,969.

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

Years	Principal
2024	$812,721
2025	390,589
2026	108,421
2027	108,421
Less: Interest	82,183
Total	1,337,969

8. Subscriptions and Commitments (continued)

During the years ended June 30, 2023, the University recognized $878,713 of cash outflows related to subscription liabilities.

As of June 30, 2023, the University has no commitments related to subscriptions for which the subscription term has not commenced and none of the contracts had termination penalties.

In the normal course of its activities, the University is a party to various legal actions. The University is of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

The University has several active construction projects as of June 30, 2023 resulting in the following commitments to vendors:

	Spent to Date	Construction Commitments at Year End
Center Virtual Learning	$ 26,402,495	$ 5,868,157
Center for Athletic Performance	15,659,056	598,819
West/IT Building Replacement Space	8,914,540	5,198,138
KCAD HVACR Project	3,873,327	37,950
Jim Crow Museum	554,106	247,667
Early Learning Center	2,526,475	2,432,394
Wayfinding/Indetify Signage	677,871	839,141
Welcome Center	38,337	-
Total	$ 58,646,208	$ 15,222,267

9. Fair Value Measurement

The following tables present information about the University's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the University to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

9. Fair Value Measurement (continued)

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. The University's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2023 and 2022, there were no transfers between levels of the fair value hierarchy.

Assets measured at fair value on a recurring basis at June 30, 2023 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Mutual bond funds	$ 42,486,943	$ -	$ -	$ 42,486,943
Mutual equity funds	28,577,342	-	-	28,577,342
International equity funds	11,572,574	-	-	11,572,574
Total	$ 82,636,859	$ -	$ -	82,636,859
Cash surrender value of life insurance				1,152,540
Balance at June 30, 2023				$ 83,789,400

9. Fair Value Measurement (continued)

Assets measured at fair value on a recurring basis at June 30, 2022 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Mutual bond funds	$ 42,348,161	$ -	$ -	$ 42,348,161
Mutual equity funds	24,575,947	-	-	24,575,947
International equity funds	10,242,864	-	-	10,242,864
Total	$ 77,166,972	$ -	$ -	77,166,972
Cash surrender value of life insurance				1,114,106
Balance at June 30, 2022				$ 78,281,078

Mutual bond funds, mutual equity funds, real estate funds, marketable securities, and international equity funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The Foundation assets measured at fair value on a recurring basis as of June 30, 2023 include the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Balance as of June 30**
Public equity mutual funds	**$ 32,997,647**	**$ 0**	**$ 0**	**$ 32,997,647**
Fixed-income mutual funds	**17,296,976**			**17,296,976**
Charitable gift annuity funds	**132,782**			**132,782**
Pledges receivable			**2,880,212**	**2,880,212**
Total	**$ 50,427,405**	**$ 0**	**$ 2,880,212**	**53,307,617**
Limited partnerships that calculate net asset value per share				**65,610,897**
Balance as of June 30, 2023				**$118,918,514**

9. Fair Value Measurement (continued)

The Foundation assets measured at fair value on a recurring basis as of June 30, 2022 include the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30
Public equity mutual funds	$ 50,490,116	$ 0	$ 0	$ 50,490,116
Fixed-income mutual funds	16,104,597			16,104,597
Charitable gift annuity funds	136,768			136,768
Pledges receivable			2,744,410	2,744,410
Total	$ 66,731,481	$ 0	$ 2,744,410	69,475,891
Limited partnerships that calculate net asset value per share				44,855,891
Balance as of June 30, 2022				$114,331,782

10. Impact of COVID-19

The following direct grants related to federal COVID funding to address the economic impacts of the COVID pandemic and were received prior to fiscal year 2023. All funds were expended by the University as of June 30, 2022.

	CARES Act	HEERF II	HEERF III	Total
Higher Education Emergency Relief Funding	$ 4,573,407	$ 4,573,407	$ 14,442,305	$ 23,589,119
Institutional Relief Funding	4,573,406	11,596,266	14,071,730	30,241,402
Title III Strengthening the Institutions Relief Funding	453,972	682,086	1,254,338	2,390,396
	$ 9,600,785	$ 16,851,759	$ 29,768,373	$ 56,220,917

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Schedule of the University's Proportionate Share of the Net Pension Liability
(amounts determined as of 9/30 of the fiscal year)

University's proportionate share of the net pension liability:	2022	2021	2020	2019	2018	2017	2016	2015	2014
As a percentage	16.25%	16.28%	16.28%	16.33%	16.55%	16.62%	16.54%	18.19%	17.52%
Amount	$ 51,939,759	$ 91,480,811	$ 111,194,455	$ 109,335,758	$ 105,739,673	$ 95,596,170	$ 92,688,360	$ 99,772,504	$ 65,729,143
University's covered payroll	$ 36,856,000	$ 36,134,000	$ 35,425,000	$ 34,731,000	$ 34,050,000	$ 34,551,000	$ 13,099,319	$ 13,528,532	$ 14,188,130
University's proportionate share of the net pension liability, as a percentage of the University's covered payroll	140.93%	253.17%	313.89%	314.81%	310.54%	276.68%	707.58%	737.50%	737.50%
MPSERS fiduciary net position as a percentage of the University's net pension liability	60.77%	52.26%	43.07%	44.24%	45.87%	47.42%	46.77%	47.45%	63.00%

Schedule of University's Pension Contributions
(amounts determined as of 6/30 of the fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 5,022,056	$ 20,477,841	$ 6,643,105	$ 6,191,021	$ 6,658,134	$ 7,324,888	$ 7,363,777	$ 7,425,452	$ 6,148,573
Contributions in relation to the statutorily required contribution	5,022,056	20,477,841	6,643,105	6,191,021	6,658,134	7,324,888	7,363,777	7,425,452	6,148,573
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 37,408,840	$ 36,676,010	$ 35,956,375	$ 35,251,965	$ 34,560,768	$ 34,175,250	$ 12,519,799	$ 12,641,911	$ 13,728,100
Contributions as a percentage of covered payroll	13.42%	55.83%	18.48%	17.56%	19.27%	21.43%	58.82%	58.74%	44.79%

Notes to Required Pension Supplementary Information

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

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

2022 – The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80% percentage points.
2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points
2018 - 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.
2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

Schedule of the University's Proportionate Share of the Net OPEB Liability (amounts determined as of 9/30 of the fiscal year)

University's proportionate share of the net OPEB liability:	2022	2021	2020	2019	2018	2017
As a percentage	16.18%	16.37%	16.30%	16.29%	16.32%	16.58%
Amount	$ (6,056,141)	$ (7,019,272)	$ 6,888,809	$ 14,953,741	$ 19,365,447	$ 23,590,353
University's covered payroll	$ 36,856,000	$ 36,134,000	$ 35,425,000	$ 34,731,000	$ 34,050,070	$ 34,551,000
University's proportionate share of the net OPEB liability, as a percentage of the University's covered payroll	-16.43%	-19.43%	19.45%	43.06%	56.87%	68.28%
MPSERS fiduciary net position as a percentage of the University employers OPEB liability	83.09%	123.91%	80.04%	61.07%	51.90%	44.11%

Schedule of University's OPEB Contributions (amounts determined as of 6/30 of the fiscal year)

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 586,843	$ 1,324,502	$ 1,362,316	$ 1,523,762	$ 1,660,269	$ 1,971,639
Contributions in relation to the statutorily required contribution	586,843	1,324,502	1,362,316	1,523,762	1,660,269	1,971,639
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 37,408,840	$ 36,676,010	$ 35,956,375	$ 35,425,000	$ 34,560,768	$ 34,175,250
Contributions as a percentage of covered payroll	1.57%	3.61%	3.79%	4.30%	4.80%	5.77%

Notes to Required OPEB Supplementary Information

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.

There were no significant changes of assumptions for each of the reported plan years ended September 30,except 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. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

2020 – The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020, including a reduction of $42 million for the university employer portion of the total OPEB liability.

2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20% 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, 2017 actuarial valuation decreased by 0.35% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

Ferris State University
Combining Statement of Financial Position
Year Ended June 30, 2023 (with comparative totals for 2022)

	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Pension	OPEB	2023 Combined Total	2022 Combined Total
Assets											
Current Assets											
Cash and cash equivalents	$ (5,429,764)	$ 537,317	$ 72,411	$ (430,915)	$ 1,676,386	$ (1,569,525)	$ 12,218,953	$ -	$ -	**$ 7,074,864**	$ 7,715,884
Short-term investments	3,744,210	4,887,473	647,149	1,037,038	207,021	9,937,510	-	-	-	**20,460,402**	38,802,719
Accounts receivable - Net	14,249,048	811,569	442,399	828,720	-	-	10,479	1,962	-	**16,344,177**	20,523,163
Inventories	138,731	211,161	1,125,098	-	-	-	-	-	-	**1,474,990**	982,563
Prepaid expenses and other assets	464,364	9,969	-	-	-	-	-	-	-	**474,333**	943,741
Total current assets	13,166,589	6,457,489	2,287,058	1,434,842	1,883,407	8,367,985	12,229,432	1,962	-	**45,828,765**	68,968,070
Noncurrent Assets											
Restricted cash and cash equivalents	-	-	-				-	-	-	**-**	15,273,557
Other long-term investments	16,519,535	18,789,443	2,656,032	4,212,666	788,689	40,823,034	-		-	**83,789,400**	75,009,717
Student loans receivable - Net	-	-	-	-	8,590,823	-	-	-	-	**8,590,823**	9,209,925
Other noncurrent assets	1,248,137	-	497,697	-	-		-	-	-	**1,745,834**	104,440
Net OPEB liability	-	-	-	-	-	-	-	-	6,056,141	**6,056,141**	7,019,272
Capital assets - Net	-	-	-	-	-	360,505,761	-	-	-	**360,505,761**	336,240,727
Total noncurrent assets	17,767,672	18,789,443	3,153,729	4,212,666	9,379,511	401,328,796	-	-	6,056,141	**460,687,959**	442,857,638
Total assets	30,934,261	25,246,932	5,440,787	5,647,508	11,262,918	409,696,781	12,229,432	1,962	6,056,141	**506,516,724**	511,825,708
Deferred Outflows of Resources											
Net pension liability	-	-	-	-	-	-	-	5,886,759	-	**5,886,759**	19,306,539
Net OPEB liability	-	-	-	-	-	-	-	-	529,685	**529,685**	985,347
Refunding of debt	-	-	-	-	-	2,850,448	-	-	-	**2,850,448**	3,076,916
Total deferred outflows of resources	-	-	-	-	-	2,850,448	-	5,886,759	529,685	**9,266,892**	23,368,802
Liabilities											
Current liabilities:											
Accounts payable and accrued liabilities	4,878,022	161,727	896,276	76,641	-	9,369,092	11,811,196	1,962	-	**27,194,915**	32,771,824
Unearned revenue	5,698,310	104,235	383,792	-	-	-	-	-	-	**6,186,337**	7,936,256
Long-term liabilities - Current portion	-	-	-	-	-	7,022,249	-	-	-	**7,022,249**	8,215,401
Total current liabilities	10,576,332	265,962	1,280,068	76,641	-	16,391,341	11,811,196	1,962	-	**40,403,501**	48,923,482
Noncurrent liabilities:											
Deposits	-	-	375,044	-	-	-	418,237	-	-	**793,281**	484,050
Federal student loan payable	-	-	-	-	2,960,396	-	-	-	-	**2,960,396**	4,875,739
Long-term liabilities	8,325,898	15,825	194,233	-	-	102,469,727	-	-	-	**111,005,683**	118,058,437
Subscription liabilities	949,736		388,233							**1,337,969**	-
Net pension liability	-	-	-	-	-		-	51,939,759	-	**51,939,759**	91,480,811
Total noncurrent liabilities	9,275,634	15,825	957,510	-	2,960,396	102,469,727	418,237	51,939,759	-	**168,037,087**	214,899,036
Total liabilities	19,851,966	281,788	2,237,577	76,641	2,960,396	118,861,068	12,229,432	51,941,721	-	**208,440,588**	263,822,518
Deferred Inflows of Resources											
Net pension liability	-	-	-	-	-	-		10,790	-	**10,790**	28,142,909
Net OPEB liability	-	-	-	-	-	-	-	-	-	**-**	4,015,552
Total deferred inflows of resources	-	-	-	-	-	-	-	10,790	-	**10,790**	32,158,461
Net Position											
Net investment in capital assets	-	-	-	-	-	257,227,595	-	-	-	**257,227,595**	233,795,020
Restricted for:											
Expendable:											
Scholarships	-	-	-	3,576,495	-	-	-	-	-	**3,576,495**	4,848,812
Research	-	-	-	360,354	-	-	-	-	-	**360,354**	94,360
Instructional department uses	-	-	-	2,810	-	-	-	-	-	**2,810**	22,578
Loans	-	-	-	-	8,302,522	-	-	-	-	**8,302,522**	7,858,632
Other	-	-	-	1,631,208	-	-	-	-	-	**1,631,208**	989,634
Unrestricted	11,082,295	24,965,145	3,203,210	-	-	36,458,566	-	(46,063,790)	6,585,826	**36,231,252**	(8,395,504)
Total net position	**$ 11,082,295**	**$ 24,965,145**	**$ 3,203,210**	**$ 5,570,868**	**$ 8,302,522**	**$ 293,686,161**	**$ -**	**$ (46,063,790)**	**$ 6,585,826**	**$ 307,332,237**	**$ 239,213,532**

Ferris State University
Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position
Year Ended June 30, 2023 (with comparative totals for 2022)

	Eliminations	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Pension	OPEB	2023 Combined Total	2022 Combined Total
Operating Revenues											
Tuition and fees - Net	$ (37,756,776)	$ 133,519,679	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 95,762,902**	$ 103,757,239
Federal grants and contracts		-	-	13,234	4,067,104	-	-	-	-	**4,080,338**	4,621,639
State and local grants and contracts - Net		-	-	-	2,142,427	-	-	-	-	**2,142,427**	1,437,241
Nongovernmental grants		-	40,007	-	921,914	-	-	-	-	**961,921**	593,521
Departmental activities	(1,245,932)	3,336,671	9,965,003	-	732,615	-	(185,795)	-	-	**12,602,562**	10,021,372
Auxiliary enterprises - Net	(10,978,122)	-	-	35,278,285	-	-	-	-	-	**24,300,163**	22,791,412
Other operating revenues	(1,106,941)	-	-	-	-	979,584	-	-	-	**(127,357)**	327,556
Total operating revenues	(51,087,771)	136,856,350	10,005,011	35,291,519	7,864,060	979,584	(185,795)	-	-	**139,722,957**	143,549,980
Operating Expenses											
Instruction	(34,992)	84,519,605	2,742,792	-	19,768	-	-	4,246,266	(1,049,091)	**90,444,348**	78,666,660
Research	(87,941)	193,881	77,036	-	1,644,026	-	-	-	-	**1,827,002**	1,928,375
Public service	(87,894)	46,469	3,220,257	-	1,778,017		-	168,169	(41,548)	**5,083,470**	2,618,171
Academic support	(124,569)	22,037,834	1,262,273	-	400,909	-	-	1,271,778	(314,208)	**24,534,016**	22,033,040
Student services	(46,472)	16,853,331	2,114,467	-	1,219,646	-	-	588,591	(145,419)	**20,584,144**	18,793,931
Institutional support	(1,929,164)	13,708,151	3,865,769	-	549,578	-	408,018	1,093,098	(270,063)	**17,425,386**	23,372,160
Operations and maintenance of plant	-	13,304,364	43,989	-	367	-	9,013,812	1,072,077	(264,869)	**23,169,739**	17,256,135
Depreciation		-	-	-	-	-	10,395,120	-	-	**10,395,120**	10,960,455
Student aid	(37,756,776)	30,906,835	5,911	4,700	25,250,487	51,766	-	-	-	**18,462,922**	33,281,884
Auxiliary enterprises	(11,019,962)	-	5,160	29,459,164		-	-	2,070,580	(511,562)	**20,003,380**	18,026,582
Other expenses		-	-	-	-	248,615	100,653	-	-	**349,268**	198,336
Total operating expenses	(51,087,772)	181,570,467	13,337,654	29,463,864	30,862,797	300,381	19,917,602	10,510,559	(2,596,759)	**232,278,793**	227,135,728
Operating (Loss) Income	-	(44,714,118)	(3,332,643)	5,827,656	(22,998,737)	679,203	(20,103,397)	(10,510,559)	2,596,759	**(92,555,837)**	(83,585,748)
Nonoperating Revenues (Expenses)											
State appropriations	-	56,952,900	-	-	-	-	-	64,763,950	-	**121,716,850**	61,361,240
Federal appropriations	-	-	-	-	-	-	-	-	-	**-**	358
Federal Pell Grants	-	-	-	-	16,419,229	-	-	-	-	**16,419,229**	16,316,355
HEERF Funds	-	-	-	-	-	-	-	-	-	**-**	41,351,879
Gifts & In-Kind Contributions	-	17,890	2,387,835	150	5,791,252	42,003	76,653	-	-	**8,315,783**	10,546,103
Investment gain	-	1,731,396	2,611,281	239,564	147,886	70,244	1,738,349	-	-	**6,538,721**	(11,816,818)
Interest on capital asset - Related debt	-	-	-	-	-	-	(3,893,197)	-	-	**(3,893,197)**	(4,169,500)
Net nonoperating revenues (expenses)	-	58,702,186	4,999,116	239,714	22,358,367	112,247	(2,078,195)	64,763,950	-	**149,097,386**	113,589,617
Income (Loss) - Before other revenues	-	13,988,069	1,666,473	6,067,369	(640,369)	791,450	(22,181,592)	54,253,391	2,596,759	**56,541,549**	30,003,869
Other Revenues											
State capital appropriations	-	-	-	-	-	-	11,577,156	-	-	**11,577,156**	-
Increase (Decrease) in Net Position - Before transfers	-	13,988,069	1,666,473	6,067,369	(640,369)	791,450	(10,604,436)	54,253,391	2,596,759	**68,118,706**	30,003,869
Transfers In (Out)		(13,030,867)	1,172,428	(5,194,442)	255,854	(347,561)	17,144,588	-	-	**-**	(8,662)
Net Increase (Decrease) in Net Position	-	957,202	2,838,901	872,927	(384,516)	443,890	6,540,152	54,253,391	2,596,759	**68,118,706**	29,995,207
Net Position - Beginning of year	-	10,125,093	22,126,244	2,330,283	5,955,384	7,858,632	287,146,010	(100,317,181)	3,989,067	**239,213,532**	209,218,324
Net Position - End of year	$ -	**$ 11,082,295**	**$ 24,965,145**	**$ 3,203,210**	**$ 5,570,868**	**$ 8,302,522**	**$ 293,686,162**	**$ (46,063,790)**	**$ 6,585,826**	**$ 307,332,237**	$ 239,213,532