Michigan South Central Power Agency

Financial Statements and
Supplementary information

June 30, 2024 and 2023

Table of Contents
June 30, 2024 and 2023

Independent Auditors' Report

To the Board of Directors of
Michigan South Central Power Agency

Opinion

We have audited the accompanying financial statements of the Michigan South Central Power Agency (Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 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, 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 Agency'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 Agency'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 required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 3, 2024

The management of the Michigan South Central Power Agency (the Agency) offers all persons interested in the Agency’s financial position this narrative overview and analysis of the Agency’s financial performance during the years ending June 30, 2024 and 2023. Please read this narrative in conjunction with the accompanying financial statements and the accompanying notes to financial statements.

Overview of the Financial Statements

Michigan South Central Power Agency is a public body politic and corporate of the State of Michigan. The Agency was organized on March 21, 1978, under the authority of Michigan Public Act 448 of 1976, to supply electricity to member municipalities in South Central Michigan. The Agency has four members: the Cities of Coldwater, Hillsdale and Marshall and the Village of Clinton.

This annual report consists of two parts: Management’s Discussion and Analysis (this section) and the basic financial statements. These statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Agency uses the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

The Statement of Net Position reports year end assets, deferred outflows, liabilities, deferred inflows and net position balances based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Agency’s net position changed due to the Agency’s business activity. The Statement of Cash Flows reports the cash provided and used for operating activities, as well as other cash sources such as investment income and cash payments for capital additions.

Agency Financial Analysis

Fiscal year 2024 was another busy year, operationally and financially. This year marked the nineteenth full year of Agency operations as a Market Participant in the Midcontinent Independent System Operator (MISO) Midwest Market Initiative energy market. This market, which commenced on April 1, 2005, is meant to coordinate the provision of reliable, cost-effective energy.

Late in fiscal year 2004, the Agency began a relationship with American Municipal Power (AMP) in order to facilitate the Agency’s MISO market participation. For approximately $215,000 in fiscal year 2024 annual fees, the Agency is able to utilize the services of AMP’s energy control center. This arrangement has allowed the Agency to avoid creating and staffing its own control center.

The relationship with AMP has broadened to include the acceptance of the Agency's members as full AMP members in July of 2006 and services such as power supply planning and resource management, including the Agency's members participation with a 44.9 MW share of the American Municipal Power Fremont Energy Center (AFEC), a 11.9 MW share of the Prairie State Energy Campus, 19.2 MW of two AMP Hydro projects consisting of five hydro generation locations on existing lock and dam facilities located on the Ohio River and 1.2 MW of power from an AMP Solar Project that was completed during Fiscal 2020. Also, with deliveries starting in October 2022 and through September 2025, the Agency is receiving a 15.9% share or up to 15.9 MW of wind power from a purchase power agreement from the Locust Ridge II Project in Schuylkill County PA. And most recently, the BTM MI RICE project consists of 22.5 MW of behind the meter (BTM) diesel generation located in Coldwater (one 7.5 MW site) and Hillsdale (two 7.5 MW sites). Two of the three sites (15 MW total) achieved commercial operation on June 1, 2024. The remaining site (7.5 MW) in Hillsdale plans to be commercial in Q4 2024.

The Agency has entered into multiple fixed price purchase power agreements through AMP. The Agency has secured contracts for 5 MW on-peak starting January 1, 2018 through December 31, 2030, 10 MW on-peak starting January 1, 2018 through December 31, 2025, 4 MW around the clock (7x24) starting January 1, 2022 through December 31, 2029, 10 MW around the clock (7x24) starting January 1, 2023 through December 31, 2027 and 7 MW around the clock (7x24) that started January 1, 2021 and ended December 31, 2023.

Beginning in fiscal 2014, the Agency entered into purchase power agreements with N.E.W. Hydro, LLC to secure long-term hydro power supply for a twenty-year term. The agreements are for 5.75 MW from two hydro units located on the Menominee River and another 3.64 MW from two hydro units located in Oconto Falls on the Oconto River in Wisconsin.

On February 10, 2014, the Agency entered into Project IV, consisting of agreements to purchase and install three natural gas generators and facilities capable of producing 13 MW of power. The purchase and installation cost was $16.6 million dollars and was completed the summer of 2016. $16 million was funded with a floating rate bond with an option to fix the rate if desired in the future.

On April 17, 2019, the Agency submitted a Generator Interconnection Application to MISO to obtain the right to gain the ability to potentially build a 50 MW generating facility (Project V). The application went through several milestones before the Agency considered if it wanted to pursue this facility. During the time, the Agency recorded these costs in a preliminary survey account until the final status of the project was determined.

On June 1, 2020, the City of Coldwater purchased Project IV from the Agency. The purchase price, $11.5 million, was the remaining balance on the Power Supply Revenue Bonds on the purchase date. Project IV had a net book value of $14.8 million. This resulted in a net loss of $3.3 million being recorded in June 2020.

Effective June 1, 2022, the Village of Union City withdrew membership from the Agency. The MSCPA board approved a withdrawal & allocation adjustment agreement outlining the assignment of Union City's share of existing assets and liabilities at the Agency to the City of Coldwater and the City of Marshall as transferring Members. The Village of Clinton and the City of Hillsdale were consenting Members to the agreement. The Village of Union City represented approximately 2% in terms to total Agency load in fiscal year 2022.

During the MSCPA Board of Commissioners regular meeting on December 1, 2022, the decision was made to not move forward with Project V because of market conditions and supply chain issues. At June 30, 2023, the remaining cost balance to be recovered in the preliminary survey Statement of Net Position account was $61,879. All remaining costs associated with the development of this project were recovered from Members during the first quarter of fiscal year 2024.

An analysis of the Agency's financial position begins with the review of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows report information. A summary of the Agency's Statement of Net Position is presented in Table 1. The Statement of Revenues, Expenses and Changes in Net Position are summarized in Table 2 and Table 3 presents a summary of the Statement of Cash Flows.

Table 1
Condensed Statement of Net Position

	2024	2023	2022
Assets			
Current assets	$ 25,196,319	$ 23,566,824	$ 23,883,791
Noncurrent assets	688,716	196,854	3,517,247
Utility plant	4,097,939	4,234,524	4,381,852
Total assets	29,982,974	27,998,202	31,782,890
Deferred Outflows of Resources	928,492	1,541,916	41,670
Total assets and deferred outflows of resources	$ 30,911,466	$ 29,540,118	$ 31,824,560
Liabilities			
Current liabilities	$ 4,337,882	$ 3,970,642	$ 4,155,020
Total liabilities	4,337,882	3,970,642	4,155,020
Deferred Inflows of Resources	6,775,058	6,291,869	8,357,669
Net Position			
Net investment in capital assets	4,097,939	4,234,524	4,381,851
Restricted for pensions	688,716	134,975	3,217,150
Unrestricted	15,011,871	14,908,108	11,712,870
Total net position	19,798,526	19,277,607	19,311,871
Total liabilities, deferred inflows of resources and net position	$ 30,911,466	$ 29,540,118	$ 31,824,560

Table 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	2022
Operating Revenues	$ 55,208,918	$ 59,058,129	$ 54,899,924
Operating Expenses			
Depreciation expense	136,584	147,328	138,369
Other operating expenses	55,199,526	59,068,564	54,387,591
Total operating expenses	55,336,110	59,215,892	54,525,960
Operating income	(127,192)	(157,763)	373,964
Nonoperating Revenue (Expenses)			
Investment and miscellaneous income	648,111	255,099	19,047
Net increase (decrease) in fair value of investments	-	-	(6,099)
Member equity refund	-	(131,600)	(300,000)
Other income and (expense)		-	-
Total nonoperating revenue (expenses)	648,111	123,499	(287,052)
Change in net position	520,919	(34,264)	86,912
Net Position, Beginning	19,277,607	19,311,871	19,224,959
Net Position, Ending	$ 19,798,526	$ 19,277,607	$ 19,311,871

Table 3
Condensed Statements of Cash Flows

	2024	2023	2022
Cash Flows From Operating Activities			
Received sales to members and others	$ 55,556,174	$ 59,728,303	$ 53,855,195
Paid to suppliers for goods and services	(53,868,540)	(57,671,270)	(57,235,966)
Net cash flows from operating activities	1,687,634	2,057,033	(3,380,771)
Cah Flow From Non-Capital Financing Activities	-	(1,000,000)	-
Cash Flow From Capital and Related Financing Activities			
Capital expenditures for utility plant	61,879	238,221	(82,620)
Cash flows from capital and related financing activities	61,879	238,221	(82,620)
Cash Flow From Investing Activities			
Marketable Securities Sold	-	-	1,079,879
Interest income	648,111	255,099	19,047
Cash flows from noncapital financial activities	648,111	255,099	1,098,926
Net change in cash and cash equivalents	2,397,624	1,550,353	(2,364,465)
Cash and Cash Equivalents, Beginning	14,727,044	13,176,691	15,541,156
Cash and Cash Equivalents, Ending	$ 17,124,668	$ 14,727,044	$ 13,176,691
Noncash Investing Activities			
Unrealized gains (losses) on investments	$ -	$ -	$ (6,099)
Noncash Capital and Related Financing Activities			
Member equity (draw) to rate stabilization	$ -	$ 68,400	$ (300,000)

Statement of Net Position

Current assets increased $ 1.6 million during fiscal year 2024 with unrestricted cash increasing by $ 2.4 million due to an increase in rate stabilization funding, increased interest income and lower withdrawals from member rate stabilization. Accounts receivable increased by $ .1 million and prepaid items and other current assets decreasing by $ .9 million. Current assets decreased $ .3 million during fiscal year 2023.

Noncurrent assets increased by $ .5 million in total during fiscal 2024 due to pension assets increasing by $ .6 million offset by a decrease of $ .06 million in preliminary survey and investigation. Noncurrent assets decreased by $3.3 million in total during fiscal 2023 due to pension assets decreasing by $3 million.

The decrease in fiscal 2024's utility plant number of $ .1 million is due to depreciation recorded for the year. The decrease in fiscal 2023's utility plant number of $.1 million is also due to depreciation recorded for the year.

Deferred Outflows of Resources decreased by $.6 million during fiscal 2024 due to the current year impact of GASB 68 on pension activities.

Total current Liabilities increased by $.4 million during fiscal 2024 due to an increase of $ .4 million in accounts payable. Total current Liabilities decreased by $.2 million during fiscal 2023 due to a decrease of $ .2 million in accounts payable.

Deferred Inflows of Resources increased by $ .5 million during fiscal 2024, due to an increase in deferred rate stabilization. Deferred Inflows of Resources decreased by $2 million during fiscal 2023, primarily due to a decrease of $1.2 million in deferred inflows related to pensions and a decrease of $ .8 million in deferred rate stabilization.

Statements of Revenues, Expenses and Changes in Net Position

Fiscal 2024 operating revenues decreased by 7% and expenses also decreased by 7% versus fiscal 2023. fiscal 2024 operating revenues and expenses were lower than fiscal 2023 primarily due to lower purchased power costs.

Operating income increased slightly by $ .03 million in fiscal 2024. Operating income decreased slightly by $.5 million in fiscal 2023.

Investment and miscellaneous income increased by $.4 million in fiscal 2024 as interest rates increased.

Net increase/decrease in the fair market of investments was zero in fiscal 2024. There were no investments at the end of fiscal 2024.

There were no Member equity draws in fiscal 2024. There was Member equity draw of $.13 million in fiscal 2023 associated with Union City withdrawing from the Agency.

Statements of Cash Flows

Cash and cash equivalents are defined as investments which mature in 90 days or less, plus immediately accessible bank accounts for fiscal 2024. The Cash and cash equivalents amount increased by $2.4 million primarily due to an increase in rate stabilization funding, increased interest income and lower withdrawals from member rate stabilization. For fiscal 2023, The Cash and cash equivalents amount increased by $1.6 million primarily due net cash flow from operating activities.

Contacting Agency Management

This financial report is designed to provide our members, investors and creditors with a general overview of Michigan South Central Power Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Michigan South Central Power Agency, 168 Division Street, Coldwater, MI 49036.

Michigan South Central Power Agency

Statement of Net Position
June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	$ 17,124,668	$ 14,727,044
Accounts receivable	4,679,761	4,543,828
Prepayments and other current assets	3,391,890	4,295,952
Total current assets	25,196,319	23,566,824
Noncurrent Assets		
Preliminary survey and investigation	-	61,879
Net pension asset, restricted	688,716	134,975
Total noncurrent assets	688,716	196,854
Capital Assets		
Utility plant (including construction work in progress)	8,677,409	8,677,409
Accumulated depreciation	(4,579,470)	(4,442,885)
Total net capital assets	4,097,939	4,234,524
Total assets	29,982,974	27,998,202
Deferred Outflows of Resources		
Related to pensions	928,492	1,541,916
Total assets and deferred outflows of resources	$ 30,911,466	$ 29,540,118

See notes to financial statements

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 4,337,882	$ 3,970,642
Total current liabilities	4,337,882	3,970,642
Deferred Inflows of Resources		
Deferred rate stabilization	6,775,058	6,291,869
Total deferred inflows of resources	6,775,058	6,291,869
Net Position		
Net investment in capital assets	4,097,939	4,234,524
Restricted for pensions	688,716	134,975
Unrestricted	15,011,871	14,908,108
Total net position	19,798,526	19,277,607
Total liabilities, deferred inflows of resources and net position	$ 30,911,466	$ 29,540,118

See notes to financial statements

Michigan South Central Power Agency

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Sales to members	$ 54,725,728	$ 58,245,731
Net rate stabilization application	483,190	812,398
Total operating revenues	55,208,918	59,058,129
Operating Expenses		
Depreciation	136,584	147,328
Administration and general	1,145,500	1,211,100
Other operating expenses	54,054,026	57,857,464
Total operating expenses	55,336,110	59,215,892
Operating income	(127,192)	(157,763)
Nonoperating Revenues (Expenses)		
Investment and miscellaneous income	648,111	255,099
Member equity refund	-	(131,600)
Total nonoperating expenses	648,111	123,499
Change in net position	520,919	(34,264)
Net Position, Beginning	19,277,607	19,311,871
Net Position, Ending	$ 19,798,526	$ 19,277,607

See notes to financial statements

Michigan South Central Power Agency

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Received from sales to members and others	$ 55,556,174	$ 59,728,303
Paid to suppliers for goods and services	(53,868,540)	(57,671,270)
Net cash flows from operating activities	1,687,634	2,057,033
Cash Flows From Noncapital Financing Activities		
Deferred rate stabilization withdrawal	-	(1,000,000)
Cash flows from noncapital financing activities	-	(1,000,000)
Cash Flows From Capital and Related Financing Activities		
Project deposits reimbursed	61,879	238,221
Cash flows from capital and related financing activities	61,879	238,221
Cash Flows From Investing Activities		
Interest received	648,111	255,099
Cash flows from investing activities	648,111	255,099
Net change in cash and cash equivalents	2,397,624	1,550,353
Cash and Cash Equivalents, Beginning	14,727,044	13,176,691
Cash and Cash Equivalents, Ending	$ 17,124,668	$ 14,727,044
Noncash Capital and Related Financing Activities		
Member equity (draw) refund to rate stabilization	$ -	$ 68,400

See notes to financial statements

Michigan South Central Power Agency

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ (127,192)	$ (157,763)
Nonoperating income (loss)		
Noncash items included in operating income:		
Depreciation	136,584	147,328
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	(135,933)	614,173
Prepayments and other current assets	904,062	1,253,146
Pension related deferrals and liabilities	59,683	328,528
Accounts payable	367,241	(184,380)
Deferred rate stabilization	483,189	56,001
Net cash flows from operating activities	1,687,634	2,057,033
Cash and cash equivalents	$ 17,124,668	$ 14,727,044

See notes to financial statements

1. Summary of Significant Accounting Policies and Nature of Operations

The financial statements of Michigan South Central Power Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Agency are described below.

Reporting Entity

The Agency is a public body politic and corporate of the State of Michigan, organized on March 21, 1978, under the authority of Michigan Public Act 448 of 1976 (the Act), to supply electricity to member municipalities in south central Michigan. The Act provides that the Agency will establish rates and charges so as to produce revenues sufficient to cover costs (excluding depreciation) including debt service, but it may not operate its projects for profit, except insofar as any such profit will insure to the benefit of the public.

The Agency's member municipalities are the Cities of Coldwater, Hillsdale and Marshall and the Village of Clinton. Each member is a municipal corporation, organized under the laws of the State of Michigan, which owns and operates a municipal electric system. The member municipalities presently supply their customers with power purchased from the Agency. The Agency's power supply comes with multiple sources including Project IV generators, power purchased from the MISO Market, power purchase agreements from other utility companies and from the individual members existing generation facilities. Project IV consists of three natural gas fired peaking units capable of producing 13 megawatts of power. Coldwater is the only participant in Project IV. During June 2020, the Agency transferred the net book value of the Project IV assets to the City of Coldwater. In addition, the City of Coldwater issued revenue bonds for the purposes of paying off the outstanding 2014 Agency revenue bonds. After the transaction, the Agency no longer has any ownership or operation requirements for the project or any outstanding financial obligations related to the project.

Each member municipality has entered into the following agreements with the Agency:

- Economic Dispatch Agreement, which provides for the dispatch by the Agency of power and energy from certain existing generating facilities of the member municipalities on an economic basis and the member municipalities are required to sell to the Agency power generated by their facilities, defined as dedicated capacity.

- The Power Sales Contract, which requires the Agency to provide and the member municipalities to purchase from the Agency, all of the members' bulk power supply, as defined in the contracts.

- The Substation Agreement requires the Agency to provide and the municipalities to purchase, services of the municipalities' substation facilities for transmission, transformation and delivery of electric power and energy from the Agency to the municipalities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Agency's accounts are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission, as required by the Power Sales Contracts with the member municipalities and in conformity with accounting principles generally accepted in the United States of America. A separate set of plant accounts is maintained for each of the Agency's projects.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include checking accounts, savings accounts and institutional liquid assets, with initial maturities of three months or less from the date of acquisition.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Current liabilities payable from these restricted assets are so classified.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivables are stated at the amount billed to members and nonmembers. Allowance for doubtful accounts is not considered necessary as the Agency has not historically experienced delays in payments for service rendered.

Prepayments and Other Current Assets

These balances represent payments in the current year that will benefit future periods, renewable energy credits and deposits made to MISO. The balance of the deposit made to MISO as of June 30, 2024 and 2023 was $3,271,783.27 and $4,183,749, respectively.

Preliminary Survey and Investigation

Prior year balances represented initial exploration costs related to purchasing additional capacity. As of June 30, 2023, the balance in the preliminary survey statement of net position account was $61,879. With the project not moving forward, all remaining costs associated with the development of this project were recovered from Members during the first quarter of Fiscal Year 2024.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. Deferred outflows relate to the net pension liability (asset). Details of the account are included in Note 7.

Capital Assets, Utility Plant

The Agency capitalizes assets with an original cost of $5,000 or more and a useful life of at least two years. The cost of utility plant includes direct and overhead costs.

When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost, together with the cost of removal, less salvage, is charged to accumulated depreciation.

The cost of maintenance, repairs and replacements of minor items of property is charged to maintenance expense. The cost of replacements of property is charged to utility plant accounts.

Utility plant in service is depreciated using the straight-line method over the following useful lives:

	Years
Transmission facilities (composite)	55
Buildings	10-50
Transportation equipment	3-5
Furniture and fixtures	5-10
Menominee/Oconto equipment	5

Pensions

For purposes of measuring the net pension (asset) liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System of Michigan (MERS) and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. See Notes 5 and 7 for details.

Regulatory Assets

The Agency has adopted the provisions for regulatory accounting as outlined in GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre - November 30, 1989 FASB and other AICPA Pronouncements. This statement provides for the deferral of costs and revenues which will be recognized through future rate adjustments. See Note 5 for details.

Revenues and Expenses

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering electric service in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are charges to members for sales and services. Operating expenses for the Agency include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency billings are rendered and recorded monthly based on month end metered usage. No accrual for unbilled service is necessary. As all payments are received from Agency members for current service, no allowance for doubtful accounts is considered necessary.

Taxes

The Agency is exempt from State and Federal income taxes.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved the following statements:

- Statement No. 100, *Accounting changes and error correction—an amendment of GASB Statement No. 62.*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

2. Cash and Investments

The Agency may make investments in U.S. Government and Federal Agency obligations, investment grade bonds, commercial paper rated at the highest classification established by at least two standard rating services, money market mutual funds, repurchase agreements and pooled investment funds. The Agency's investment policy follows Michigan Public Act 20.

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including NOW accounts) and $250,000 for demand deposit accounts (interest and noninterest bearing accounts). The difference between the bank balance and carrying amount is due to outstanding checks, deposits in transit and/or fair value adjustments.

Michigan Cooperative Liquid Assets Securities System (MI CLASS) reports the fair value of its underlying assets annually. Participants in the MI CLASS have the right to withdraw their funds in total upon notice. At June 30, the fair value of the MI CLASS' assets were substantially equal to the Agency's share. As of June 30, 2024 and 2023, the Agency held a balance of $9,787,401 and $7,496,596 in MI CLASS, respectively. MI CLASS is rated AAAm by Standard and Poor's.

There are no investments held at June 30, 2024 that are subject to fair value, custodial credit risk or interest rate risk disclosures.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Agency's deposits may not be returned to the Agency.

Of the Agency's total bank balances, $7,338,951 and $7,233,392 as of June 30, 2024 and 2023, $7,088,951 and $6,983,392, respectively, were known to be individually exposed to custodial credit risk.

To minimize risk, the Agency's investment policy states, the Agency may only utilize depositories that have been authorized in the Banking and Depository Resolution.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2024 and 2023, the Agency's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's
Michigan CLASS	AAAm	N/R

The Agency's investment policy limits investing to security types that have been authorized by the Board and in compliance with the Michigan Public Act 20 as amended.

3. Restricted Assets

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Restricted Net Position

The following calculation supports the restricted net position:

	2024	2023
Restricted assets:		
Net pension asset	$ 688,716	$ 134,975
Total restricted net position	$ 688,716	$ 134,975

4. Changes in Capital Assets

A summary of changes in capital assets for 2024 and 2023 follows:

	2024			
	Balance July 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	$ 979,296	$ -	$ -	$ 979,296
Capital assets being depreciated:				
Transmission facilities	7,477,454	-	-	7,477,454
General plant	207,500	-	-	207,500
Menominee/Oconto	13,159	-	-	13,159
Total capital assets being depreciated	7,698,113	-	-	7,698,113
Total capital assets	8,677,409	-	-	8,677,409
Less accumulated depreciation:				
Transmission facilities	4,243,860	136,585	-	4,380,445
General plant	185,866	-	-	185,866
Menominee/Oconto	13,159	-	-	13,159
Total accumulated depreciation	4,442,885	136,585	-	4,579,470
Net capital assets	$ 4,234,524			$ 4,097,939

	2023			
	Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$ 979,296	$ -	$ -	$ 979,296
Capital assets being depreciated:				
Transmission facilities	7,477,454	-	-	7,477,454
General plant	207,500	-	-	207,500
Menominee/Oconto	13,159	-	-	13,159
Total capital assets being depreciated	7,698,113	-	-	7,698,113
Total capital assets	8,677,409	-	-	8,677,409
Less accumulated depreciation:				
Transmission facilities	4,096,533	147,327	-	4,243,860
General plant	185,866	-	-	185,866
Menominee/Oconto	13,159	-	-	13,159
Total accumulated depreciation	4,295,558	147,327	-	4,442,885
Net capital assets	$ 4,381,851			$ 4,234,524

5. Deferred Rate Stabilization

Management of the Agency has implemented a rate stabilization plan to provide its members with rate relief in future periods, through the withdrawal of members' accumulated resources. The balance is shown as a deferred inflow of resources on the statement of net position.

During fiscal 2024, Members requested distributions from accumulated resources of $147,521 and made contributions totaling $274,521.

The Agency anticipates the member contributions will be distributed to its members in an indeterminable period in the future out of currently available unrestricted funds. Accordingly, the Agency has established a deferred inflow of resources as follows:

Fiscal Year	Balance July 1	Contributions	Interest Accrued	Distributions	Balance June 30
2024	$ 6,291,869	$ 274,521	$ 356,189	$ 147,521	$ 6,775,058
2023	7,104,267	136,586	251,015	1,200,000	6,291,869

6. Net Position

GASB No. 34 requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net investment in capital assets:

	2024	2023
Capital Assets		
Utility plant in service and work in progress	$ 8,677,409	$ 8,677,409
Allowance for depreciation	(4,579,470)	(4,442,885)
Total net investment in capital assets	$ 4,097,939	$ 4,234,524

7. Employee Retirement Plan

Municipal Employees Retirement System of Michigan (MERS)

The Agency contributes to two pension plans administered by the Municipal Employees Retirement System of Michigan (MERS), a public employee retirement system that acts as a common investment and administrative agent for municipalities. Employees hired prior to January 1, 2014 are enrolled in the Agency's defined benefit multiple-employer plan. Employees hired after January 1, 2014 are enrolled in the Agency's defined contribution plan.

Agent Defined Benefit Multiple-Employer Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the MERS. MERS is an agent multiple employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits Provided. Benefits provided include plans with a multiplier of 2.0%. Vesting periods are 10 years for all divisions. Normal retirement age is 60 with reduced early retirement options at 50 with 25 years of service or at age 55 with 15 years of service. The union also has an unreduced early retirement option at age 55 with 30 years of service. Final average compensation is calculated based on 5 years. Members do not contribute to the plan.

Employees Covered by Benefit Terms. At the December 31, 2023 and 2022 valuation date, the following employees were covered by the benefit terms:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	46	44
Inactive employees entitled to but not yet receiving benefits	18	20
Active employees	-	-
Total	64	64

The pension plan is closed to new employees.

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Net Pension Liability (Asset). The employer's Net Pension Liability (Asset) was measured as of December 31, 2023 and 2022. The total pension liability used to calculate the Net Pension Liability (Asset) was determined by an annual actuarial valuation as of those dates.

Actuarial Assumptions. The total pension liability (asset) in the December 31, 2023 and 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.5% 2023: 2.5% 2022

Salary Increases: 3.0% in the long-term and projected to remain constant.

Investment rate of return: 6.93% 2023: 7% 2022, net of investment expense, including inflation. Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

The mortality table used to project the mortality experience of nondisabled plan members is a 50% Male - 50% Female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP- 2014 Employee Mortality Tables

The Mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

These Mortality Tables were first used for the December 31, 2015 actuarial valuations.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2015. The actuarial experience study covered the period from January 1, 2009, through December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	60 %	2.7 %
Global fixed income	20	0.4
Private Investments	20	1.4
Total	100 %	4.5 %

Discount Rate. The discount rate used to measure the total pension liability is 6.90% and 6.85% as of the December 31, 2023 and 2022 actuarial reports. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

Calculating Net Pension Liability (Asset):

	Fiscal Year 2024 Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balances at December 31, 2022	$ 14,800,048	$ 14,935,023	$ (134,975)
Changes for the year:			
Interest on total pension liability	986,056	-	986,056
Difference between expected and actual experience	29,839	-	29,839
Changes in assumptions	98,055	-	98,055
Employer contributions		100,008	(100,008)
Net investment income		1,615,714	(1,615,714)
Benefit payments, including employee refunds	(1,142,481)	(1,142,481)	-
Administrative expense		(34,292)	34,292
Other changes	45,533	31,794	13,739
Net changes	17,002	570,743	(533,741)
Balance as of December 31, 2023	$ 14,817,050	$ 15,505,766	$ (688,716)

	Fiscal Year 2023 Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balances at December 31, 2021	$ 14,730,349	$ 17,947,499	$ (3,217,150)
Changes for the year:			
Interest on total pension liability	992,459	-	992,459
Difference between expected and actual experience	146,522	-	146,522
Employer contributions	-	100,008	(100,008)
Net investment income	-	(1,971,639)	1,971,639
Benefit payments, including employee refunds	(1,104,728)	(1,104,728)	-
Administrative expense	-	(32,200)	32,200
Other changes	35,446	(3,917)	39,363
Net changes	69,699	(3,012,476)	3,082,175
Balance as of December 31, 2022	$ 14,800,048	$ 14,935,023	$ (134,975)

Note: Immaterial differences may occur due to rounding.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.18%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

Sensitivity to Changes in Discount Rate 2024:

	2024		
	1% Decrease	Current Discount Rate	1% Increase
Total pension liability (a)	$ 16,355,788	$ 14,817,050	$ 13,519,282
Fiduciary net position (b)	15,505,766	15,505,766	15,505,766
Net pension liability (asset) (a-b)	$ 850,022	$ (688,716)	$ (1,986,484)

The following presents the Net Pension Liability (Asset) of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability (Asset) would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

Sensitivity to Changes in Discount Rate 2023:

	2023		
	1% Decrease	Current Discount Rate	1% Increase
Total pension liability (a)	$ 16,344,023	$ 14,800,048	$ 13,407,346
Fiduciary net position (b)	14,935,023	14,935,023	14,935,023
Net pension liability (asset) (a-b)	$ 1,409,000	$ (134,975)	$ (1,527,677)

Note: The discount rate shown for GASB 68 purposes differs from the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

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

The employer recognized pension expense of $159,690 and $428,535 as of June 30, 2024 and 2023, respectively. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	$ -	$ -	$ -	$ -
Differences in assumptions	-	-	-	-
Net difference between projected and actual investment earnings	878,488	-	1,491,912	-
Contributions subsequent to the measurement date*	50,004	-	50,004	-
Total	$ 928,492	$ -	$ 1,541,916	$ -

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as reduction (increase) in the Net Pension Liability (Asset) for the subsequent fiscal year.

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

Years Ending June 30	Net Deferred Outflows and Inflows of Resources
2024	$ 160,623
2025	326,741
2026	514,729
2027	(123,605)
2028	-
Total	$ 878,488

For calendar years 2023 and 2022, the Agency's annual pension cost of $100,008 and $100,008, respectively, for the MERS was equal to the Agency's required and actual contributions.

The 2024 required contribution was determined as part of the December 31, 2023 actuarial valuation using the entry age normal cost method. This method seeks to provide a level pattern of cost as a percentage of salary throughout an employee's working lifetime. The actuarial assumptions included: (a) 6.93% investment rate of return in 2023; (b) projected salary increases of 3% in 2023; and (c) additional projected salary increases ranging from 0% to 0% in 2023 depending on age, attributable to seniority and merit. A level percentage of payroll amortization is used, with an amortization period not to exceed 30 years.

The 2023 required contribution was determined as part of the December 31, 2022 actuarial valuation using the entry age normal cost method. This method seeks to provide a level pattern of cost as a percentage of salary throughout an employee's working lifetime. The actuarial assumptions included: (a) 7% investment rate of return in 2021; (b) projected salary increases of 3.0% in 2022; and (c) additional projected salary increases ranging from 0% to 10% in 2022 depending on age, attributable to seniority and merit. A level percentage of payroll amortization is used, with an amortization period not to exceed 30 years.

8. Long-Term Supply Agreements

The Agency and its Members have entered into multiple development agreements with AMP to secure long-term power supply for the future.

The Prairie State Energy Campus is a 1,600 MW coal power plant and adjacent mine in southern Illinois. AMP is the largest owner at 368 MW or 23.26%. Unit 1 of the Prairie State coal facility became operational in June 2012; unit 2 became operational near the end of 2012. The Agency acquired 11.942 MW from this project.

The AMP Fremont Energy Center is a nominal 700 MW natural gas combined cycle facility in Fremont, Ohio. The plant reached full commercial operation in January 2012. The Agency originally acquired 42.59 MW of this project. The Agency secured an additional .58 MW in June 2016, .37MW in September 2018, 1.32MW in January 2024, bringing the cumulative total to 44.86 MW from this project.

The hydro generation projects consist of five hydro generation facilities on existing lock and dam facilities located on the Ohio River, with the last facility achieving commercial operation in 2018. The first phase hydro project consists of the Cannelton, Willow Island and Smithland plants. The second phase project consists of the Meldahl and Greenup plants. The Agency acquired 19.2MW from these hydro projects.

AMP entered into a joint development agreement with DG AMP Solar, a wholly owned subsidiary of NextEra Energy Resources, for the development, construction and operation new solar electric generation facilities. There are 16 systems with a rated capacity of approximately 58.325 MW located in Delaware, Michigan, Ohio and Virginia. The Agency acquired 1.2 MW of this project.

AMP has contracted with Avangrid Renewables for 100 MW of the Locust Ridge Wind Farm that is delivered from 50 turbines in north central Pennsylvania. The Agency and its Members receive a 15.9% share or up to 15.9 MW of wind power from this purchase power agreement.

The BTM MI RICE project consists of 22.5MW of behind the meter diesel generation located in Coldwater (one 7.5MW site) and Hillsdale (two 7.5MW sites). Two of the three sites (15MW total) achieved commercial operation on June 1, 2024. The remaining site (7.5MW) in Hillsdale plans to be commercial in Q4 2024.

The Agency has entered into several fixed price purchase power agreements to meet increasing load demands. Currently, the Agency has secured the following fixed-priced contracts:

- 10 MW on-peak (5x16) starting in January 2018 and ending in December 2025,
- 5 MW on-peak (5x16) starting in January 2018 and ending in December 2030,
- 4 MW around the clock (7x24) starting January 2022 and ending in December 2029, and
- 10 MW around the clock (7x24) starting January 2023 and ending in December 2027.

The Agency purchased a 7 MW around the clock (7x24) contract that started in January 2020 and ended in December 2023.

The Agency has also entered into purchase power agreements with N.E.W. Hydro, LLC to secure long-term hydro power supply for a twenty-year term beginning in fiscal 2014. The agreements are for 5.75 MW from two hydro units located on the Menominee River and another 3.64 MW from two hydro units located in Oconto Falls on the Oconto River in Wisconsin.

9. Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, workers compensation and health care of its employees. These risks are covered through the purchase of commercial insurance with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

10. Commitments and Contingencies

From time to time, the Agency is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Agency's legal counsel that the likelihood of a material adverse effect on the Agency's financial position or results of operations is remote.

11. Significant Customers

The Agency has three members who are considered significant customers. These members accounted for 97% and 95% of operating revenues for years ended June 30, 2024 and 2023, respectively.

12. Subsequent Events

MSCPA has negotiated a purchase agreement with Michigan Electric Transmission Company, LLC (METC) to invest in an 8% undivided interest in a Project Transmission Facility located in Coldwater, Michigan. A filing was submitted to FERC for a revision to the Michigan Joint Pricing Zone Agreement. After FERC issues their order, which is expected in the fourth quarter 2024, MSCPA plans to finalize the purchase agreement with METC.

MSCPA Members Clinton, Coldwater and Marshall are participating in an AMP Project that consists of 20MW of behind the meter natural gas generation located in Clinton (2.5MW), Coldwater (7.5MW) and Marshall (10.0MW). All sites are currently under construction and anticipate that all sites will be operational throughout fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Michigan South Central Power Agency

Schedule of Changes in the Net Pension Liability (Asset), GASB Statement No. 68
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ -	$ -	$ -	$ -	$ -	$ 43,663	$ 40,721	$ 49,447	$ 215,708	$ 251,719
Interest	986,056	992,459	981,310	1,030,263	989,924	1,030,977	1,011,978	1,118,827	1,113,807	1,048,428
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	29,839	146,522	(306,160)	(305,292)	(75,425)	3,410	(20,360)	(2,240,529)	(359,251)	-
Changes of assumptions	98,055	-	488,649	294,348	544,240	-	-	-	559,563	-
Benefit payments including employee refunds	(1,142,481)	(1,104,728)	(1,072,549)	(1,033,135)	(961,750)	(886,362)	(756,243)	(1,388,901)	(546,321)	(449,023)
Other	45,533	35,446	105,340	13,816	87,544	33,259	32,645	770,492	34,805	32,764
Net change in total pension liability	17,002	69,699	196,590	-	584,533	224,947	308,741	(1,690,664)	1,018,311	883,888
Total pension liability, beginning	14,800,048	14,730,349	14,533,759	14,533,759	13,949,226	13,724,279	13,415,538	15,106,202	14,087,891	13,204,003
Total pension Liability, ending	$ 14,817,050	$ 14,800,048	$ 14,730,349	$ 14,533,759	$ 14,533,759	$ 13,949,226	$ 13,724,279	$ 13,415,538	$ 15,106,202	$ 14,087,891
Plan Fiduciary Net Position										
Contributions-employer	$ 100,008	$ 100,008	$ 275,004	$ 730,356	$ 732,784	$ 518,926	$ 664,832	$ 758,929	$ 716,430	$ 715,363
Contributions-employee	-	-	-	-	-	-	-	-	-	-
Net Investment income	1,615,714	(1,971,639)	2,071,197	1,905,879	1,791,503	(550,778)	1,681,314	1,345,778	(185,247)	707,308
Benefit payments including employee refunds	(1,142,481)	(1,104,728)	(1,072,549)	(1,033,135)	(961,750)	(886,362)	(756,243)	(1,388,901)	(546,321)	(449,023)
Administrative & Other expense	(2,498)	(36,117)	101,229	173,445	(30,829)	(27,436)	(26,590)	(26,517)	(26,658)	(26,134)
Net change in plan fiduciary net position	570,743	(3,012,476)	1,374,881	1,776,545	1,531,708	(945,650)	1,563,313	689,289	(41,796)	947,514
Plan fiduciary net position, beginning	14,935,023	17,947,499	16,572,618	14,796,073	13,264,365	14,210,015	12,646,702	11,957,413	11,999,209	11,051,695
Plan fiduciary net position, ending	$ 15,505,766	$ 14,935,023	$ 17,947,499	$ 16,572,618	$ 14,796,073	$ 13,264,365	$ 14,210,015	$ 12,646,702	$ 11,957,413	$ 11,999,209
Employer net pension liability (asset)	$ (688,716)	$ (134,975)	$ (3,217,150)	$ (2,038,859)	$ (262,314)	$ 684,861	$ (485,736)	$ 768,836	$ 3,148,789	$ 2,088,682
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.6%	100.9%	121.8%	114.0%	101.8%	95.1%	103.5%	94.3%	79.2%	85.2%
Covered Employee Payroll	$ -	$ -	$ -	$ -	$ 403,455	$ 545,546	$ 694,398	$ 1,909,529	$ 3,347,364	$ 3,582,831
Employer's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	n/a	n/a	n/a	n/a	-65.0%	125.5%	-70.0%	40.3%	94.1%	58.3%

Notes to Schedule:

Above data is based on measurement date of December 31, which does not tie to the fiscal year.

Michigan South Central Power Agency

Schedule of Employer Contributions, Municipal Employees' Retirement System of Michigan
Year Ended June 30, 2024

Fiscal Year Ending	Actuarially Required Contributions*	Contributions in Relation to the Actuarially Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	$ 355,363	$ 704,740	$ (349,377)	$ 3,437,851	20%
6/30/2016	356,430	733,197	(376,767)	3,160,330	23%
6/30/2017	373,847	763,138	(389,291)	870,444	88%
6/30/2018	291,139	588,657	(297,518)	592,631	99%
6/30/2019	135,641	415,138	(279,497)	517,539	80%
6/30/2020	50,489	1,012,893	(962,404)	134,690	752%
6/30/2021	50,790	459,226	(408,436)	-	n/a
6/30/2022	42,534	100,008	(57,474)	-	n/a
6/30/2023	11,796	100,008	(88,212)	-	n/a
6/30/2024	-	100,008	(100,008)	-	n/a

Notes to Required Supplementary Information
Year Ended June 30, 2024

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary Increases	3.00%
Investment rate of return	6.93%
Retirement age	60
Mortality	MP-2019 applied from the Pub- 2010 base year of 2010 Annuity Mortality Table

Above dates are on measurement date of December 31, which do not tie to the fiscal year.

* Actuarially Determined Contribution is found in the actuarial valuation in Table 5 for the plan year ended December 31 during the fiscal year.

Change in assumptions.

Amounts reported in 2023 reflect a change in the discount rate from 6.85% to 6.90%.
Amortization of the Unfunded Accrued Actuarial Liability changed from a period of 16 years to 15 years in 2023.

Amounts reported in 2020 reflect an adjustment of inflation to 2.50%, salary increases of 3.0%, an adjustment of investment rate of return to 7.35% and use of the MP-2019 applied fully generationally from the Pub-2010 base year of 2010 mortality tables

For amounts reported in 2016 and later, the asset valuation method used is 5 years rather than the 10 years used to determine amounts reported prior to 2016.

For amounts reported in 2015 and later, the expectation of retired life mortality was based on RP-2014 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used to determine amounts reported prior to 2015.

Amounts reported in 2015 reflect an adjustment of investment rate of return to more closely reflect actual experience.