Muskegon Community College

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

June 30, 2023

Muskegon Community College

Muskegon Community College

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Muskegon Community College
Muskegon, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Muskegon Community College and its discretely presented component unit, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Muskegon Community College' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Muskegon Community College and its discretely presented component unit, as of June 30, 2023, and the respective changes in financial position, and, where applicable, 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 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 Muskegon Community College 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.

Change in Accounting Principle

As described in Note M to the financial statements, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

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.

Report on the Audit of the Financial Statements—Continued

Responsibilities of Management for the Financial Statements—Continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Muskegon Community College'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 Muskegon Community College'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.

Report on the Audit of the Financial Statements—Continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muskegon Community College's basic financial statements. The accompanying consolidating fund financial statements are presented for purposes 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 consolidating fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023, on our consideration of Muskegon Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Muskegon Community College'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 Muskegon Community College's internal control over financial reporting and compliance.

Brickley DeLong, P.C.

Muskegon, Michigan
November 3, 2023

Management's Discussion and Analysis

The discussion and analysis of Muskegon Community College's financial statements provide an overview of the College's financial activities for the year ended June 30, 2023. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

The financial statements have been prepared in accordance with generally accepted accounting principles.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements in the above-referred format and notes to the financial statements along with supplemental information.

The financial statements include not only Muskegon Community College itself (known as the primary government), but also a discretely presented component unit. Component units are separate legal entities for which the College has some level of accountability. The College has one component unit, the Foundation for Muskegon Community College (Foundation). The Foundation's sole purpose is to support the mission of the College through fund development. As part of this purpose, it is responsible for managing the fundraising efforts of the College. Separate financial statements are also issued for the Foundation and can be obtained from the College's Finance Department.

Financial Highlights

In the fiscal year ended June 30, 2023, the College's revenues exceeded expenses and other support by $4,322,726, creating an increase in net position.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole. These two statements report the College's net position and changes within net position. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position.

221 S. Quarterline, Muskegon MI 49442 ◆ (231) 773-9131 ◆ muskegoncc.edu

These statements include all assets/deferred outflows of resources and liabilities/deferred inflows of resources 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 and are separated into categories of operating and non-operating.

The following is a net position comparative analysis of the major components of the College as of June 30, 2023, and 2022:

Net Position
As of June 30
(in thousands)

	2023	2022*	Change	Percent Change
Assets				
Current assets	$ 22,562	$ 20,822	$ 1,740	8.36%
Non-current assets				
Receivables	-	48	(48)	-100.00%
Capital assets, net	67,859	67,593	266	0.39%
Total assets	90,421	88,463	1,958	2.21%
Deferred outflows of resources	18,120	10,025	8,095	80.75%
Total assets and deferred outflows of resources	108,541	98,488	10,053	10.21%
Liabilities				
Current liabilities	8,784	7,542	1,242	16.47%
Non-current liabilities				
Bonds	26,103	27,310	(1,207)	-4.42%
Net pension and OPEB liabilities	48,633	34,664	13,969	40.30%
Compensated absences	2,426	2,395	31	1.29%
Total liabilities	85,946	71,911	14,035	19.52%
Deferred inflows of resources	14,188	22,493	(8,305)	-36.92%
Total liabilities and deferred inflows of resources	100,134	94,404	5,730	6.07%
Net Position				
Net investment in capital assets	39,224	38,338	886	2.31%
Restricted	827	763	64	8.39%
Unrestricted	(31,644)	(35,017)	3,373	9.63%
Total net position	**$ 8,407**	**$ 4,084**	**$ 4,323**	

*The 2022 figures have not been updated for the adoption of GASB 96.

Current assets increased by $1,740,000. Cash and investments increased by $1,530,000 due to cash received from the Higher Education Emergency Relief Fund (HEERF) to cover lost revenue related to the COVID-19 pandemic.

Capital assets increased by $266,000, net of accumulated depreciation/amortization, mainly due to the subscription-based software arrangement restatement increase and the amount depreciation exceeded additions for the fiscal year.

Current liabilities increased by $1,242,000 due to the timing of two large construction project invoices that were paid after year end, and the reclassification of subscription-based software resulted in an increase in current amounts due for subscription-based software by $692,000.

Non-current liabilities related to bonds decreased by $1,207,000 due to principal payments made on the bonds in the current fiscal year.

In 2015, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined benefit pensions through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The net pension liability increased by $13,395,000 from 2022 to 2023.

In 2017, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 75, which requires governments providing other postemployment benefits to recognize their unfunded benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The net postemployment benefit liability increased by $574,000 from 2022 to 2023.

In 2023, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 96, which requires recognition of certain assets and liabilities for subscription-based information technology arrangements that previously were classified as expenditures. The College restated beginning balances for the adoption. See Note E, Note G and Note M, in the notes to the financial statements, for more detail.

Summary Operating Results for the Year
(in thousands**)**

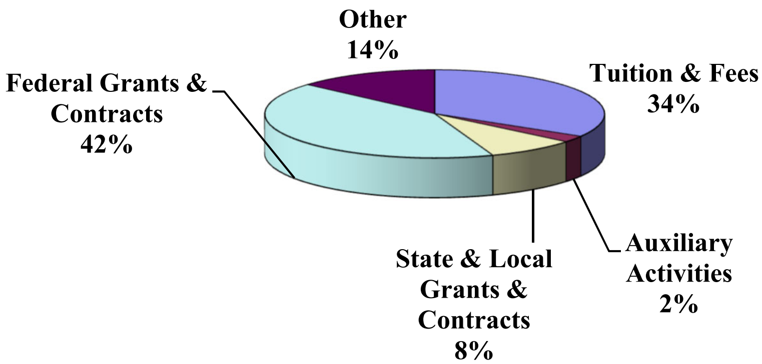
	2023	2022*	Change	Percent Change
Operating revenues				
Tuition and fees	$ 8,326	$ 8,996	$ (670)	-7.45%
Grants and contracts	15,096	17,757	(2,661)	-14.99%
Auxiliary services	599	477	122	25.58%
Other	665	451	214	47.45%
Total operating revenues	24,686	27,681	(2,995)	-10.82%
Total operating expenses	45,632	43,190	2,442	5.65%
Operating loss	(20,946)	(15,509)	(5,437)	-35.06%
Non-operating revenues (expenses)				
State appropriations	12,984	13,025	(41)	-0.31%
Property taxes	13,117	12,365	752	6.08%
Gifts	8	25	(17)	-68.00%
Investment income	303	16	287	1,793.75%
Interest on capital asset - related debt	(1,057)	(1,027)	(30)	-2.92%
Loss on disposal of capital asset	(86)	-	(86)	-100%
Total non-operating revenues	25,269	24,404	865	3.54%
Change in net position	4,323	8,895	(4,572)	-51.40%
Net position - beginning	4,084	(4,811)	8,895	184.89%
Net position - ending	**$ 8,407**	**$ 4,084**	**$ 4,323**	

*The 2022 figures have not been updated for the adoption of GASB 96.

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees and bookstore operations. 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 is a graphic illustration of operating revenues by source:



Most of the College's operating revenue comes from federal and state grants and tuition and fees. Tuition and fees decreased in total by approximately $670,000. While gross tuition and fee revenue was lower than the prior year by $1,030,000, this was offset by a lower scholarship allowance related to that lower enrollment of $360,000. Contact hours decreased by 3,949 or 4.5% compared to the prior year.

Grants and contracts decreased by approximately $2,661,000. The decrease is primarily due to less utilization of several federal COVID-19 HEERF grants compared to 2022. These federal grants were awarded to the College to assist with the economic impact of COVID-19, and a portion of the funds were specifically designated to provide financial relief to students impacted by COVID-19.

Other revenues increased by $213,000 primarily due to the recovery of bad debts using HEERF grant funds for student accounts previously considered uncollectible.

Operating Expenses

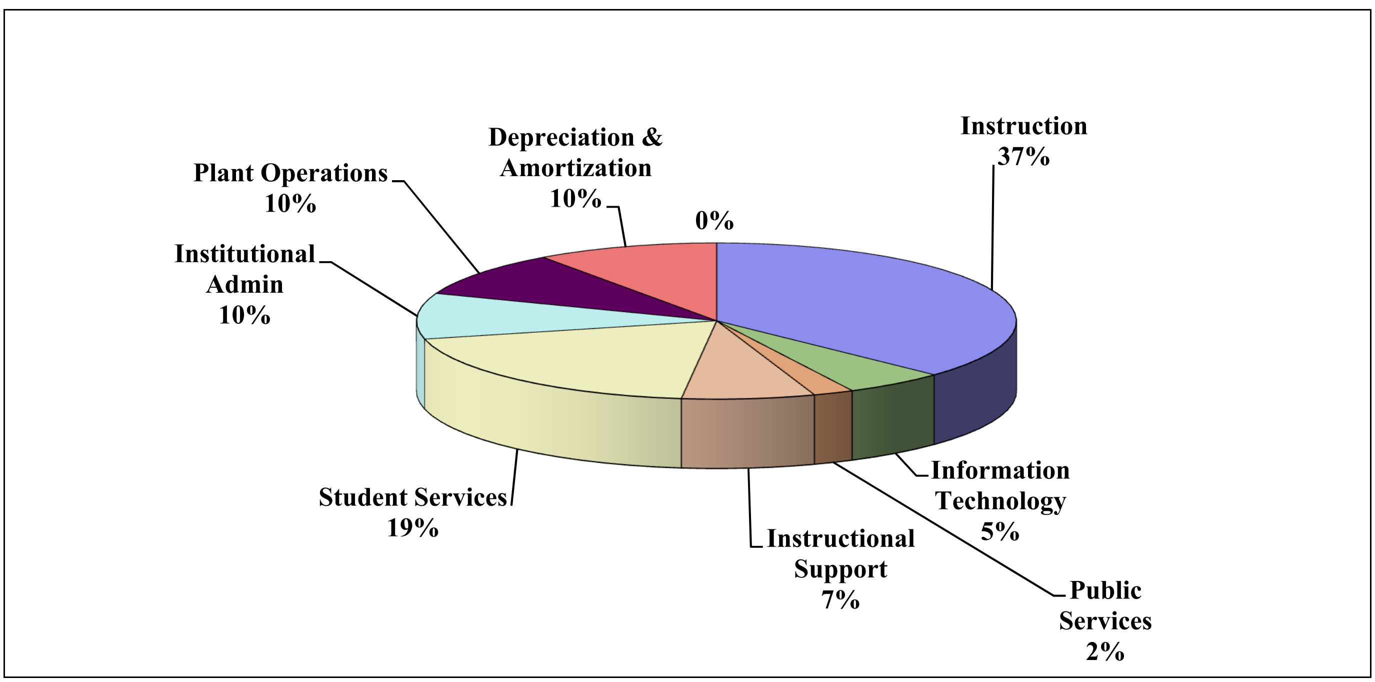
Operating expenses include all the costs necessary to perform and conduct the programs and primary purposes of the College. Operating expenses for the fiscal year ended June 30, 2023 and 2022 consist of the following:

(in thousands)

	2023	2022*	Change	Percent Change
Instruction	$ 17,051	$ 15,902	$ 1,149	7.23%
Information technology	2,479	2,979	(500)	-16.78%
Public services	882	883	(1)	-0.11%
Instructional support	3,260	3,235	25	0.77%
Student services	8,833	8,013	820	10.23%
Institutional administration	4,324	4,180	144	3.44%
Operation and maintenance of plant	4,317	4,428	(111)	-2.51%
Depreciation/amortization	4,486	3,570	916	25.66%
Total	**$ 45,632**	**$ 43,190**	**$ 2,442**	5.65%

*The 2022 figures have not been updated for the adoption of GASB 96.

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



Operating expenses increased by approximately $2,442,000. The increase was primarily related to a one-time stabilization payment of $1,296,000 to the State of Michigan Retirement plan. The stabilization payment was funded by the Michigan Department of Treasury through an additional State Aid appropriation. Depreciation and amortization increased $916,000 mainly due to the adoption of GASB 96. All costs have increased due to the inflationary economy experienced during the fiscal year.

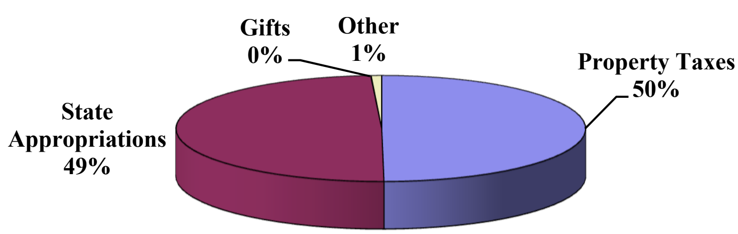
Non-operating Revenues (Expenses)

Non-operating revenues (expenses) include all revenue sources or expenses that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), grants and contracts (that do not require any services to be performed), interest expense on bond issues and gains or losses on the sale of capital assets.

Non-operating revenue (expense) changes were the result of the following factors:

- State appropriations for operations decreased by approximately $41,000. This decrease was primarily due to the overall increase in state aid for FY2023 being less than the supplemental appropriation of $364,000 received in FY2022.
- Property tax revenues increased by approximately $752,000, or 6.1%, primarily due to an increase in taxable values.
- Investment income increased by $287,000 due to the increase in interest rates and more cash available to invest.
- Loss on disposal of capital assets of approximately $86,000 in the current year was due to heating, cooling and ventilation controls being upgraded and replaced. There were no significant assets disposed of in 2022.

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



Note: Graph does not show non-operating expenses.

Other Revenue

Other revenues consist of items that are typically nonrecurring, extraordinary or unusual to the College. Examples would be state and federal capital grants, state capital appropriations, additions to permanent endowments and transfers from related entities.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also may help users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet obligations as they come due.
- Its needs for external financing.

Cash Flows for the Year Ended June 30
(in thousands)

	2023	2022*	Change	Percent Change
Cash provided by (used for)				
Operating activities	$ (18,580)	$ (17,599)	$ (981)	-5.57%
Noncapital financing activities	26,000	25,441	559	2.20%
Capital and related financing activities	(6,012)	(5,133)	(879)	-17.12%
Investing activities	(1,904)	(1,998)	94	4.70%
Net change in cash and cash equivalents	(496)	711	(1,207)	-169.76%
Cash and cash equivalents - beginning of year	3,138	2,427	711	29.30%
Cash and cash equivalents - end of year	**$ 2,642**	**$ 3,138**	**$ (496)**	-15.81%

*The 2022 figures have not been updated for the adoption of GASB 96.

Capital Assets

At June 30, 2023, the College had approximately $108,710,000 invested in capital assets, with accumulated depreciation/amortization of approximately $40,851,000. The net result of capital assets, less accumulated depreciation/amortization, is a net book value of approximately $67,859,000. Depreciation/amortization and amortization charges totaled approximately $4,485,000 for the current fiscal year. Details of these assets, net of depreciation/amortization and amortization at June 30, are shown in the following table.

Fixed Assets for the Year Ended June 30
(in thousands)

	2023	2022 (as Restated)	Change
Land	$ 338	$ 338	$ -
Construction in progress	25	1,361	(1,336)
Land improvements	122	162	(40)
Buildings and improvements	58,854	59,142	(288)
Equipment	6,568	6,518	50
Right to use - equipment	47	72	(25)
Right to use - subscription-based IT	1,905	2,418	(513)
Total	**$ 67,859**	**$ 70,011**	**$ (2,152)**

Building and improvements and equipment decreased primarily due to current year depreciation/amortization charges. Construction in progress decreased primarily due to a HVAC control system upgrade project that started in FY2022 was completed by year-end. See Note E, in the notes to the financial statements, for more detail.

In the next fiscal year, the College has budgeted for equipment and building improvements of approximately $331,000, primarily for technology, instructional equipment, and facility improvements. Only those items with a cost of more than $5,000 will be capitalized.

Debt

The College's long-term debt consists of approximately $28,636,000 in General Obligation – Limited Tax Bonds, issued in 2013, 2014, 2016 and 2017 and lease obligations. This compares to $31,161,000 as of June 30, 2022, as restated. The College's bond debt rating is AA- Standard & Poor's.

The 2016 bond issuance was a refunding of the 2003 bonds which related to the College's liability on the library addition and the 2005 bonds which were issued for the purpose of completing the new library addition and renovating/remodeling vacated space.

The 2013 and 2014 bonds were issued for the purpose of construction and renovation of facilities for the science, arts and health education programs, in addition to the development of the Sturrus Technology Center in downtown Muskegon. The funding source to pay the debt service payments on these bonds is the property tax revenues from the voter approved debt millage.

The 2017 bond was issued for the purpose of providing the necessary funding to complete the remaining building projects.

More detailed information about the College's long-term liabilities is presented in Note F and Note G of the notes to financial statements.

Economic Factors That Will Affect the Future

On Tuesday, March 10, 2020, Governor Gretchen Whitmer declared a state of emergency due to the outbreak of the novel coronavirus (COVID-19). On Thursday, March 12th, 2020, Muskegon Community College suspended on campus activities and transitioned to distance learning. The College's FY2021 enrollment declined in part due to student's not willing or able to take classes remotely and financial hardship. FY2022 classes were conducted approximately 50% remote and 50% in person. This change along with the availability of Michigan Reconnect and Futures for Frontliners dollars helped to boost enrollment by 3.5% over the prior year. However, FY2023 experienced a 4.5% decline in contact hour enrollment over the prior year. Some people are choosing employment instead of higher education however, local employers are still in need of more skilled workers. While the FY2024 budget assumed a 2% decline in contact hour enrollment, the Fall 2023 semester is trending better than anticipated. As part of the State's FY2024 budget, the age of eligibility for the Reconnect program was lowered from 25 to 21 which qualifies approximately 400,000 more individuals for free in-district tuition within the state. It is anticipated that this change will continue to help to increase student enrollment. The College continues to forecast future implications of enrollment challenges as well as continues to work with local employers to structure programs to help meet their needs.

The economic position of the College is closely tied to that of the State. In FY2021, the State of Michigan approved state appropriations back to the original FY2020 level after an 11% reduction in the prior year. The FY2022 state budget had only a 0.7% increase to the College however the State later approved a supplemental appropriation of $364,000. The State budget included an increase in appropriation of 3.6% for both FY2023 and FY2024. Property tax revenue is projected to increase as the county taxable values continue to rise due to increased home sales, new construction and inflation. While these non-operating revenue increases are beneficial, the College's ability to attract and retain students will play a significant role in the College's future. The College addresses this area in a number of ways, including the continued execution of the new Enrollment Management Plan as well as the priorities of the College's overall Strategic Plan.

Requests for Information

This financial report is designed to provide a general overview of Muskegon Community College's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Muskegon Community College Finance Department, 221 S. Quarterline Rd., Muskegon, Michigan 49442, or telephone (231) 777-0317.

Muskegon Community College
STATEMENT OF NET POSITION
June 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,642,400
Investments	11,317,686
Receivables	
Property taxes	99,232
State appropriation	2,213,903
Accounts	5,944,411
Leases	51,816
Prepaid expenses and other assets	292,785
Total current assets	22,562,233
Noncurrent assets	
Property and equipment, net	67,859,124
Total assets	90,421,357
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	3,688,484
Related to pensions	14,431,268
Total deferred outflows of resources	18,119,752
Total assets and deferred outflows of resources	108,541,109
LIABILITIES	
Current liabilities	
Accounts payable	2,080,439
Accrued interest payable	165,037
Accrued payroll and other compensation	2,890,283
Unearned revenues	307,616
Bonds and other obligations, due within one year	2,532,298
Compensated absences, due within one year	808,527
Total current liabilities	8,784,200
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	26,103,299
Compensated absences, less amounts due within one year	2,425,582
Net other postemployment benefits liability	2,592,429
Net pension liability	46,040,515
Total noncurrent liabilities	77,161,825
Total liabilities	85,946,025
DEFERRED INFLOWS OF RESOURCES	
Related to leases	51,816
Related to other postemployment benefits	6,254,966
Related to pensions	7,880,996
Total deferred inflows of resources	14,187,778
Total liabilities and deferred inflows of resources	100,133,803
NET POSITION	
Net investment in capital assets	39,223,527
Restricted	
Expendable	
Scholarships	228,385
Instructional department uses	301,581
Instructional administration	101,042
Debt service	197,015
Unrestricted	(31,644,244)
Total net position	**$ 8,407,306**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year ended June 30, 2023

REVENUES	
Operating revenues	
Tuition and fees (net of scholarship allowances of $7,495,572)	$ 8,326,328
Federal grants and contracts	10,474,868
State and local grants and contracts	1,923,322
Nongovernmental grants	2,697,572
Auxiliary activities	599,466
Miscellaneous	664,454
Total operating revenue	24,686,010
EXPENSES	
Operating expenses	
Instruction	17,050,916
Information technology	2,479,133
Public services	881,930
Instructional support	3,260,143
Student services	8,833,000
Institutional administration	4,324,171
Operation and maintenance of plant	4,317,281
Depreciation and amortization	4,485,421
Total operating expenses	45,631,995
Operating loss	(20,945,985)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	12,984,255
Property taxes	13,116,768
Gifts	7,544
Investment income	303,340
Interest on capital asset - related debt	(1,057,396)
Gain (loss) on disposal of capital asset	(85,800)
Total nonoperating revenues (expenses)	25,268,711
Change in net position	4,322,726
Net position at beginning of year	4,084,580
Net position at end of year	**$ 8,407,306**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	7,694,726
Grants and contracts		15,095,762
Payments to suppliers		(9,019,420)
Payments for employees		(33,614,605)
Auxiliary enterprise charges		599,466
Other		664,454
Net cash provided by (used for) operating activities		(18,579,617)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes		13,096,637
Gifts		7,544
State appropriations		12,896,159
Net cash provided by (used for) noncapital financing activities		26,000,340
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets		(2,419,414)
Principal paid on capital debt		(2,675,824)
Interest paid on capital debt		(1,134,555)
Proceeds from SBITA		218,042
Net cash provided by (used for) capital and related financing activities		(6,011,751)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments		(2,207,690)
Interest on investments		303,340
Net cash provided by (used for) investing activities		(1,904,350)
Net change in cash and cash equivalents		(495,378)
Cash and cash equivalents at beginning of year		3,137,778
Cash and cash equivalents at end of year	**$**	**2,642,400**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	$	(20,945,985)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization expense		4,485,421
(Increases) decreases in assets		
Accounts receivable		(735,464)
Prepaid expenses and other assets		278,876
Increases (decreases) in liabilities		
Accounts payable		694,243
Accrued payroll and other compensation		(2,460,570)
Unearned revenues		103,862
Net cash provided by (used for) operating activities	**$**	**(18,579,617)**

The accompanying notes are an integral part of this statement.

Muskegon Community College
COMPONENT UNIT STATEMENT OF FINANCIAL POSITION
FOR FOUNDATION FOR MUSKEGON COMMUNITY COLLEGE
June 30, 2023

ASSETS	
Cash	$ 19,185
Investments	930,115
Pledges receivable	1,000
Beneficial interest in assets held by others	447,154
Total assets	1,397,454
NET ASSETS	
Without donor restrictions	274,100
With donor restrictions	1,123,354
Total net assets	**$ 1,397,454**

The accompanying notes are an integral part of this statement.

Muskegon Community College

COMPONENT UNIT STATEMENT OF ACTIVITIES

FOR FOUNDATION FOR MUSKEGON COMMUNITY COLLEGE

Year ended June 30, 2023

REVENUES AND SUPPORT	
Contributions	
Cash	$ 436,431
In-kind	300,727
Gain (loss) from beneficial interest in assets held by others	31,639
Investment income (loss), net	86,004
Total revenues and support	854,801
EXPENSES	
Program services	331,818
Management and general	277,726
Fundraising	782
Total expenses	610,326
Change in net assets	244,475
Net assets at beginning of year	1,152,979
Net assets at end of year	**$ 1,397,454**

The accompanying notes are an integral part of this statement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Muskegon Community College (College) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and outlined in *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies are described below.

Reporting Entity

Muskegon Community College, established in 1926, is located in Muskegon, Michigan. The College provides educational services to residents of Muskegon County. A seven-member Board, which is elected by residents of Muskegon County, governs the College. The accompanying financial statements present the College and its component units, entities for which the College is considered to be financially accountable.

Discretely Presented Component Unit

The Foundation for Muskegon Community College (Foundation) was established in 1981. The Foundation's sole purpose is to support the mission of Muskegon Community College (College) through fund development. As part of this purpose, it is responsible for managing the fundraising efforts of the College. Foundation Board members are appointed by the College Board. The Foundation is reported in separate statements in the financial statements to emphasize that it is legally separate from the College.

Significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Gifts are recorded when received and pledges are recorded when it is determined that the gift is probable of collection at its net present value.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded at fair value, based on quoted market prices.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Property and Equipment

Property and equipment are defined by the College as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position—Continued

Property and Equipment—Continued
As the College constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. Right to use assets of the College are amortized using the straight-line method over the shorter of the lease period or the estimated useful life. The other property and equipment of the College are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Land improvements	20
Buildings and improvements	15-50
Equipment	5-20
Right to use - equipment	5
Right to use - subscription-based IT	1-6

Unearned Revenues
Revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues. These consist primarily of grants and entitlements received before the eligibility requirements are met.

Defined Benefit Plan
For purposes of measuring the net pension and net other postemployment benefits (OPEB) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, 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. 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 Outflows/Inflows of Resources
In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position—Continued

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Leases Receivable
The College is a lessor for certain noncancelable leases. The College recognizes a lease receivable and a deferred inflow of resources for each lease.

At the commencement of a lease, the College initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the College determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The College uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The College monitors changes in circumstances that would require a remeasurement of a lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases and Subscription Based IT Arrangements (SBITA) Payable
Lessee/subscriber: For noncancellable agreements that qualify as lease agreements/SBITAs, the College recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The College recognizes a lease/SBITA liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements.

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position—Continued

Leases and Subscription Based IT Arrangements (SBITA) Payable—Continued
Key estimates and judgements related to leases included how the College determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.

The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and related liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

Revenues and Expenses

Property Taxes
The College's property tax is levied and liened on December 1 on the taxable valuation of property (as defined by statutes) located in the College's jurisdiction as of the preceding December 31. Local governmental units within the College's jurisdiction collect and remit taxes until March 1, at which time the uncollected real property taxes are turned over to the County of Muskegon for collection. The County advances the College all these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the local governmental units within the College's jurisdiction and are recorded as revenue when received.

The 2022 state taxable value for real/personal property of the College totaled approximately $5,308,000,000. The ad valorem taxes levied consisted of 2.1693 and .34 mills for operating purposes and debt service, respectively.

Compensated Absences
Compensated absences represent the accumulated liability to be paid under the College's current vacation, sick, and banked pay policies. Under the College's policy, employees earn vacation, sick, and banked time based on time of service and/or contract with the College. Employment contracts generally provide for the payment of all accumulated vacation and banked time, as well as, one-half of unused sick leave to a maximum per individual at retirement, or for clerical and custodial staff, at termination.

Internal Service Activities
Both revenue and expenses related to internal service activities including office equipment, maintenance, and copying have been eliminated.

NOTE B—DEPOSITS AND INVESTMENTS

As of June 30, 2023, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating	Percent
Money market mutual fund	$ 11,317,686	30	not rated	100.0 %

Deposit and Investment Risks

Interest Rate Risk
The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk
The College does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the College investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2023, $2,968,205 of the College's bank balance of $3,237,390, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments
The College does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk
The College is not authorized to invest in investments which have this type of risk.

NOTE C—FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The College uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the College measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available.

NOTE C—FAIR VALUE MEASUREMENTS—Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023.

Money market funds: Valued at amortized cost which approximates fair value.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the College's assets at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 11,317,686	$ -	$ 11,317,686

NOTE D—LEASES RECEIVABLE

The College leases certain space on campus to a third party. The lease is for five years, and the College receives monthly rent of $6,350 increasing 2 percent each year. The College recognized $73,511 in lease revenue and $2,689 in interest revenue during the year ended June 30, 2023. The College also has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflows of resources was $51,816.

The future minimum payments to be received for this lease are as follows:

Year Ending June 30,	Principal	Interest
2024	$ 51,816	$ 674

NOTE E—PROPERTY AND EQUIPMENT

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

	Balance July 1, 2022, as restated	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated/amortized:				
Land	$ 338,505	$ -	$ -	$ 338,505
Construction in progress	1,361,013	24,600	1,361,013	24,600
Total capital assets, not being depreciated/amortized	1,699,518	24,600	1,361,013	363,105
Capital assets, being depreciated/amortized:				
Land improvements	1,669,990	-	-	1,669,990
Buildings and improvements	82,480,857	2,103,412	130,000	84,454,269
Equipment	18,055,737	1,353,714	-	19,409,451
Right to use - equipment	96,393	-	-	96,393
Right to use - subscription-based IT	2,418,157	298,701	-	2,716,858
Total capital assets, being depreciated/amortized	104,721,134	3,755,827	130,000	108,346,961
Less accumulated depreciation and amortization:				
Land improvements	1,507,753	40,260	-	1,548,013
Buildings and improvements	23,339,650	2,304,949	44,200	25,600,399
Equipment	11,537,982	1,303,400	-	12,841,382
Right to use - equipment	24,336	24,621	-	48,957
Right to use - subscription-based IT	-	812,191	-	812,191
Total accumulated depreciation and amortization	36,409,721	4,485,421	44,200	40,850,942
Total capital assets, being depreciated/amortized, net	68,311,413	(729,594)	85,800	67,496,019
Capital assets, net	**$ 70,010,931**	**$ (704,994)**	**$ 1,446,813**	**$ 67,859,124**

Depreciation and amortization
Depreciation and amortiztion expense has been charged as unallocated depreciation/amortized.

NOTE F—LONG-TERM OBLIGATIONS

The College issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the College.

The following is a summary of long-term obligations activity for the College for the year ended June 30, 2023.

	Balance July 1, 2022, as restated	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Public placement debt					
General obligation bonds	$ 28,360,000	$ -	$ 1,920,000	$ 26,440,000	$ 1,815,000
Net premium (discount)	822,630	-	67,367	755,263	-
Lease obligations	72,057	-	24,620	47,437	25,497
SBITA	1,906,059	218,042	731,204	1,392,897	691,801
Compensated absences	3,193,736	1,284,466	1,244,093	3,234,109	808,527
	$ 34,354,482	**$ 1,502,508**	**$ 3,987,284**	**$ 31,869,706**	**$ 3,340,825**

The general obligation bonds are secured by future state aid and property tax revenues of the College. If the College defaults the bonds are callable.

NOTE F—LONG-TERM OBLIGATIONS—Continued

Public placement debt consists of the following as of June 30, 2023:

	Interest Rate	Date of Maturity	Balance
Public placement debt:			
General obligation bonds			
2013 Community College Facility Bonds	4-5%	May 2038	$ 7,220,000
2014 Community College Facility Bonds	2.5-4%	May 2039	10,455,000
2016 Refunding Bonds	2-3%	May 2025	1,075,000
2017 College Facility Bonds	3-3.125%	May 2037	7,690,000
			$ 26,440,000

Annual debt service requirements to maturity for debt outstanding as of June 30, 2023 follow:

Year Ending June 30,	Public Placement Debt Principal	Public Placement Debt Interest
2024	$ 1,815,000	$ 990,222
2025	1,865,000	932,222
2026	1,370,000	867,672
2027	1,420,000	817,622
2028	1,475,000	765,722
2029-2033	8,245,000	2,976,925
2034-2038	9,250,000	1,294,868
2039	1,000,000	40,000
	$ 26,440,000	**$ 8,685,253**

NOTE G—LEASES AND SUBSCRIPTION-BASED IT ARRANGEMENTS (SBITA)

The College leases the right to use assets from various third parties. These assets include equipment under lease agreements and IT subscription assets under SBITAs. Payments on leases and SBITAs are generally fixed annual amounts. The lease term 5 years and has a discount rate of 3.5 percent. The SBITA terms vary from 13 months to 5 years and have a discount rate of 5 percent.

Right-to-use leased vehicle assets and right-to-use subscription-based IT assets are included in Note E. Lease and SBITA obligations are included in Note F.

The annual requirements of principal and interest to amortize the lease and SBITA obligations outstanding as of June 30, 2023 follows:

Year Ending	Leases		SBITA	
June 30,	Principal	Interest	Principal	Interest
2024	$ 25,498	$ 1,293	$ 691,801	$ 68,104
2025	21,939	386	609,517	34,474
2026	-	-	30,193	3,970
2027	-	-	31,734	2,429
2028	-	-	29,652	1,009
	$ 47,437	**$ 1,679**	**$ 1,392,897**	**$ 109,986**

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Employee Retirement System—Defined Benefit Plan

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

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at Michigan.gov/ORSschools.

Benefits Provided – Pension
Benefit provisions of the defined benefit pension 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 (DB) pension plan. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010
On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System who became a member after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012
On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional service or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – Pension—Continued

Pension Reform 2012—Continued
Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.

Pension Reform 2017
On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) with similar plan benefit calculations, but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement
The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Post-Retirement Adjustments
A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

Plan Status
The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Benefits Provided – OPEB

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions – Pension and OPEB

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 20, 2038.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Contributions – Pension and OPEB—Continued

The schedules below summarize the contribution rates in effect for the System's fiscal year ended September 30, 2022.

Pension Contribution Rates

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

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund	0.0	7.23

The College's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Pension contributions were approximately $6,171,000, including Section 147c(1) and Section 147c(2) contributions.

For the year ended June 30, 2023, the College and employee defined contribution plan contributions were approximately $174,400 and $397,100, respectively.

The College's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. OPEB contributions were approximately $1,279,900.

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the College reported a liability of $46,040,515 for its proportionate share of the MPSERS net pension liability and a liability of $2,592,429 for its proportionate share of the MPSERS net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2022, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2020. The College's proportion of the net pension and OPEB liabilities was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required from all applicable employers during the measurement period. At September 30, 2022 and 2021, the College's pension proportion was 0.12242 and 0.13789 percent, respectively. At September 30, 2022 and 2021, the College's OPEB proportion was 0.12240 and 0.13221 percent, respectively.

For the year ended June 30, 2023, the College recognized pension expense (benefit) of $4,210,310 and OPEB expense (benefit) of $(1,234,482).

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 460,566	$ 102,942	$ -	$ 5,077,574
Changes of assumptions	7,911,410	-	2,310,715	188,152
Net difference between projected and actual earnings on plan investments	107,965	-	202,619	-
Changes in proportion and differences between College contributions and proportionate share of contributions	77,530	4,568,317	24,024	989,240
State of Michigan Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit state aid payments subsequent to the measurement date	-	3,209,737	-	-
College contributions subsequent to the measurement date	5,873,797	-	1,151,126	-
Total	**$ 14,431,268**	**$ 7,880,996**	**$ 3,688,484**	**$ 6,254,966**

The College's contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB resulting from employer contributions subsequent to the measurement date, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2024. The State of Michigan Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2024.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued
Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year Ending June 30,		**Pension**		**OPEB**
2024	$	908,637	$	(1,208,023)
2025		360,107		(1,101,120)
2026		381,637		(998,173)
2027		2,235,831		(237,732)
2028		-		(151,884)
Thereafter		-		(20,676)
	$	**3,886,212**	**$**	**(3,717,608)**

Actuarial assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Summary of Actuarial Assumptions

Valuation date –	September 30, 2021
Actuarial cost method –	Entry age, Normal
Wage Inflation Rate –	2.75%
Investment rate of return –	6.0% a year for the MIP and Basic plans 6.0% a year for the Pension Plus plan 6.0% a year for the Pension Plus 2 plan 6.0% a year for OPEB
Salary increases –	2.75%-11.55%, including wage inflation at 2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3% Year 120
	Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3% Year 120

Mortality Assumptions
The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial assumptions—Continued

Opt-Out Assumption
21 percent of eligible participants hired before July 1, 2008 and 30 percent of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage
80 percent of male retirees and 67 percent of female retirees are assumed to have coverages continuing after the retiree's death.

Coverage Election at Retirement
75 percent of male and 60 percent of female future retirees are assumed to elect coverage of one or more dependents.

Experience Study
Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022 are based on the results of an actual valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, included the experience study.

Long-Term Expected Rate of Return on Investments
The long-term expected rate of return on 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.

Best estimates of arithmetic real rates of return for each major asset class included in the asset allocation as of September 30, 2022 are summarized in the following table:

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

*Long term rates of return are net of administrative expenses and 2.2% inflation.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Actuarial assumptions—Continued

Rate of return
For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (4.18) percent and (4.99) percent on pension plan and OPEB plan investments, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate
In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.0 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2022 were 6.8 percent (6.8 percent for the Pension Plus Plan and 6.0 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only), and 6.95 percent, respectively. These discount rates for the current year were based on the long-term expected rates of return on pension plan and OPEB investments of 6.0 percent (6.0 percent for the Pension Plus plan, 6.0 percent for the Pension Plus 2 plan) and 6.0 percent respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the net pension liability to changes in the discount rate
The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.0 percent (6.0 percent for the Pension Plus plan and 6.0 percent for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower* (5.0% / 5.0% / 5.0%)	Discount Rate* (6.0% / 6.0% / 6.0%)	1% Higher* (7.0% / 7.0% / 7.0%)
$ 60,756,376	$ 46,040,515	$ 33,913,983

*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

NOTE H—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued

Sensitivity of the net OPEB liability to changes in the discount rate
The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.0 percent, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Lower (5.0%)	Discount Rate (6.0%)	1 %Higher (7.0%)
$ 4,348,550	$ 2,592,429	$ 1,113,557

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

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
$ 1,085,585	$ 2,592,429	$ 4,283,890

Pension and OPEB Plans Fiduciary Net Position
Detailed information about the pension and OPEB plans' fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Annual Comprehensive Financial Report available at www.michigan.gov/orsschools.

Payable to the pension and OPEB plan
At year end the College is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c(1) and Section 147c(2) amounts are not considered payables for this purpose.

Defined Contribution Plans
Effective, July 1, 1999, the Muskegon Community College Board of Trustees approved an Optional Retirement Plan (ORP) to be administered by TIAA-CREF. The ORP is available for all full-time faculty and full-time salaried administrative staff. Upon eligibility to participate in the ORP, employees have 90 days in which to elect participation in either the ORP or the MPSERS plan.

The ORP is a non-voluntary defined-contribution plan in which the College contributes 14.0 percent and the employee contributes 4.0 percent of the participating employee's includible compensation. Participants are immediately 100 percent vested in all ORP contributions. Participating employees elect their own allocation of contributions among the available investment vehicles offered by TIAA-CREF. ORP retirement benefits are based on the accumulation of contributions and the related investment income for each participant. Distributions of retirement benefits are available under the ORP when participants attain age 55. The College's contributions to the ORP were approximately $870,000 and employee contributions were approximately $248,000 for the year ended June 30, 2023.

NOTE I—RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the College carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonable estimated.

The College participates in the Michigan Community College Risk Management Authority (risk pool) for claims relating to general and auto liability, motor vehicle physical damage, and property. Member contributions, which provide for losses incurred, reinsurance premiums, and risk management fees are allocated according to the actual costs incurred for each member. A member stop-loss fund provides for losses exceeding $15,000 per occurrence or $45,000 in the aggregate, on a year-to-year basis from the fund. Reinsurance agreements provide for loss coverage in excess of the amounts to be retained by the members. The Authority provides for withdrawal from membership at the end of any anniversary year.

NOTE J—COMMITMENTS AND CONTINGENCIES

Grant Programs

The College participates in federal student financial aid grant and loan programs which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of grants or expenditures which may be disallowed by the granting agencies cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

NOTE K—SELF-INSURANCE

The College has a self-insured medical reimbursement plan for substantially all employees. In general, the College is liable for benefits up to $80,000 per covered individual per year. Benefit payments in excess of $80,000 per covered individual are payable by an insurance company.

The College utilizes a third party administrator to administer benefits payable under this plan. Reimbursement payments for claims to the third party administrator, which have been charged to expense, approximated $3,283,000 for the year ended June 30, 2023.

NOTE L—TAX ABATEMENTS

The College receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield Redevelopment Agreements (BRA), and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

NOTE L—TAX ABATEMENTS—Continued

The property taxes abated for all fund types by municipality under these programs are as follows:

Municipality	IFT Taxes Abated	BRA Taxes Abated	PILOT Taxes Abated	Total Taxes Abated
City of Montague	$ 1,165	$ -	$ -	$ 1,165
City of Muskegon	21,764	46,802	29,004	97,570
City of Muskegon Heights	1,670	-	-	1,670
City of Norton Shores	18,122	-	-	18,122
City of Whitehall	10,803	22,371	-	33,174
Egelston Township	2,865	-	-	2,865
Fruitport Township	2,328	-	-	2,328
Montague Township	681	-	-	681
Muskegon Township	1,923	-	-	1,923
Ravenna Township	414	-	-	414
Sulivan Township	1,163	-	-	1,163
Whitehall Township	124	1,960	-	2,084
Totals	**$ 63,022**	**$ 71,133**	**$ 29,004**	**$ 163,159**

NOTE M—CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the College implemented the following new pronouncement: GASB Statement No. 96*, Subscription-based Information Technology Arrangements.*

Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-based Information Technology Arrangements was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standard established in Statement No. 87, *Leases,* as amended.

NOTE M—CHANGE IN ACCOUNTING PRINCIPLE—Continued

The restatement of the beginning of year had no impact on net position. The changes for capital assets, long-term obligations, and fund balances are as follows:

	Capital Assets, Net	Long-term Obligations
Balances as of July 1, 2022, as previously stated	$ 67,592,774	$ 32,448,423
Adoption of GASB 96	2,418,157	1,906,059
Balances as of July 1, 2022, as restated	**$ 70,010,931**	**$ 34,354,482**

	General Fund Fund Balance	Plant Fund Fund Balance
Balances as of July 1, 2022, as previously stated	$ 11,594,235	$ 38,433,136
Adoption of GASB 96	(512,098)	512,098
Balances as of July 1, 2022, as restated	**$ 11,082,137**	**$ 38,945,234**

NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The College is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The College is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Proportionate Share of the Net Pension Liability

Michigan Public School Employees Retirement System

Last 9 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability (%)	0.12242%	0.13789%	0.14138%	0.14613%	0.14351%	0.14270%	0.14320%	0.14050%	0.13656%
College's proportionate share of the net pension liability	$ 46,040,515	$ 32,645,737	$ 48,566,763	$ 48,394,995	$ 43,140,657	$ 36,978,854	$ 35,727,595	$ 34,318,140	$ 30,080,234
College's covered payroll	$ 15,728,643	$ 12,209,232	$ 12,037,666	$ 12,245,889	$ 12,798,882	$ 12,123,662	$ 13,864,640	$ 13,419,535	$ 10,608,895
College's proportionate share of the net pension liability as a percentage of its covered payroll	292.72%	267.39%	403.46%	395.19%	337.07%	305.01%	257.69%	255.73%	283.54%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note: For years prior to 2014 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Muskegon Community College
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the College's Pension Contributions
Michigan Public School Employees Retirement System
Last 9 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,961,508	$ 2,705,834	$ 2,090,680	$ 2,348,470	$ 2,186,098	$ 2,150,913	$ 2,343,851	$ 3,199,630	$ 2,969,529
Contributions in relation to the statutorily required contributions	2,961,508	2,705,834	2,090,680	2,348,470	2,186,098	2,150,913	2,343,851	3,199,630	2,969,529
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,610,751	$ 15,374,108	$ 11,271,900	$ 12,245,512	$ 12,146,108	$ 12,320,982	$ 12,218,226	$ 14,691,726	$ 11,290,051
Contributions as a percentage of covered payroll	17.83%	17.60%	18.55%	19.18%	18.00%	17.46%	19.18%	21.78%	26.30%

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement System

Last 6 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability (%)	0.12240%	0.13221%	0.13850%	0.14154%	0.14336%	0.14248%
College's proportionate share of the net OPEB liability	$ 2,592,429	$ 2,018,099	$ 7,419,999	$ 10,159,723	$ 11,395,644	$ 12,617,601
College's covered payroll	$ 15,728,643	$ 12,209,232	$ 12,037,666	$ 12,245,889	$ 12,798,882	$ 12,123,662
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.48%	16.53%	61.64%	82.96%	89.04%	104.07%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Note: For years prior to 2017 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's OPEB Contributions

Michigan Public School Employees Retirement System

Last 6 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 1,279,939	$ 1,172,780	$ 915,161	$ 1,012,918	$ 948,450	$ 921,019
Contributions in relation to the statutorily required contributions	1,279,939	1,172,780	915,161	1,012,918	948,450	921,019
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,610,751	$ 15,374,108	$ 11,271,900	$ 12,245,512	$ 12,146,108	$ 12,320,982
Contributions as a percentage of covered payroll	7.71%	7.63%	8.12%	8.27%	7.81%	7.48%

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Pension Information

Benefit changes – there were no changes of benefit terms in 2022.

Changes of assumptions – there were no changes of assumptions in 2022.

OPEB Information

Benefit changes – there were no changes in benefit terms in 2022.

Changes of assumptions – there were no changes of benefit assumptions in 2022.

SUPPLEMENTAL INFORMATION

Muskegon Community College
CONSOLIDATING BALANCE SHEET
June 30, 2023

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
ASSETS							
Current assets							
Cash and cash equivalents	$ 2,642,400	$ 2,410,219	$ -	$ -	$ 232,181	$ -	$ -
Investments	11,317,686	11,317,686	-	-	-	-	-
Receivables							
Property taxes	99,232	99,232	-	-	-	-	-
State appropriation	2,213,903	2,213,903	-	-	-	-	-
Accounts	5,944,411	5,944,411	-	-	-	-	-
Leases	51,816	-	-	-	51,816	-	-
Prepaid expenses and other assets	292,785	292,785	-	-	-	-	-
Due from (due to) other funds	-	(1,683,870)	187,806	1,040,626	380,052	-	75,386
Total current assets	22,562,233	20,594,366	187,806	1,040,626	664,049	-	75,386
Noncurrent assets							
Property and equipment							
Land and improvements	2,008,495	-	-	-	2,008,495	-	-
Buildings and improvements	84,454,269	-	-	-	84,454,269	-	-
Equipment	19,409,451	-	-	-	19,409,451	-	-
Right to use assets- leases	96,393	-	-	-	96,393	-	-
Right to use assets- SBITA	2,716,858	-	-	-	2,716,858	-	-
Construction in progress	24,600	-	-	-	24,600	-	-
Allowance for depreciation/amortization	(40,850,942)	-	-	-	(40,850,942)	-	-
Total noncurrent assets	67,859,124	-	-	-	67,859,124	-	-
Total assets	90,421,357	20,594,366	187,806	1,040,626	68,523,173	-	75,386
DEFERRED OUTFLOWS OF RESOURCES							
Related to other postemployment benefits	3,688,484	-	-	-	-	3,688,484	-
Related to pensions	14,431,268	-	-	-	-	14,431,268	-
Total deferred outflows of resources	18,119,752	-	-	-	-	18,119,752	-
Total assets and deferred outflows of resources	108,541,109	20,594,366	187,806	1,040,626	68,523,173	18,119,752	75,386

Muskegon Community College
CONSOLIDATING BALANCE SHEET—CONTINUED
June 30, 2023

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
LIABILITIES							
Current liabilities							
Accounts payable	$ 2,080,439	$ 2,080,439	$ -	$ -	$ -	$ -	$ -
Accrued interest payable	165,037	-	-	-	165,037	-	-
Accrued payrolls and other compensation	2,890,283	2,890,283	-	-	-	-	-
Unearned revenues	307,616	307,616	-	-	-	-	-
Bonds and other obligations, due within one year	2,532,298	-	-	-	2,532,298	-	-
Compensated absences, due within one year	808,527	808,527	-	-	-	-	-
Total current liabilities	8,784,200	6,086,865	-	-	2,697,335	-	-
Noncurrent liabilities							
Bonds and other obligations, less amounts due within one year	26,103,299	-	-	-	26,103,299	-	-
Compensated absences, less amounts due within one year	2,425,582	2,425,582	-	-	-	-	-
Net other postemployment benefits liability	2,592,429	-	-	-	-	2,592,429	-
Net pension liability	46,040,515	-	-	-	-	46,040,515	-
Total noncurrent liabilities	77,161,825	2,425,582	-	-	26,103,299	48,632,944	-
Total liabilities	85,946,025	8,512,447	-	-	28,800,634	48,632,944	-
DEFERRED INFLOWS OF RESOURCES							
Related to leases receivable	51,816	-	-	-	51,816	-	-
Related to other postemployment benefits	6,254,966	-	-	-	-	6,254,966	-
Related to pensions	7,880,996	-	-	-	-	7,880,996	-
Total deferred inflows of resources	14,187,778	-	-	-	51,816	14,135,962	-
Total liabilities and deferred inflows of resources	100,133,803	8,512,447	-	-	28,852,450	62,768,906	-
NET POSITION							
Net investment in capital assets	39,223,527	-	-	-	39,223,527	-	-
Restricted							
Expendable							
Scholarships	228,385	-	-	228,385	-	-	-
Instructional department uses	301,581	-	-	301,581	-	-	-
Instructional administration	101,042	-	-	101,042	-	-	-
Debt service	197,015	-	-	-	197,015	-	-
Unrestricted	(31,644,244)	12,081,919	187,806	409,618	250,181	(44,649,154)	75,386
Total net position	**$ 8,407,306**	**$ 12,081,919**	**$ 187,806**	**$ 1,040,626**	**$ 39,670,723**	**$ (44,649,154)**	**$ 75,386**

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
For the year ended June 30, 2023

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
REVENUES								
Operating revenues								
Tuition and fees (net of scholarship allowances of $7,495,572)	$ 8,326,328	$ (7,495,572)	$ 15,821,900	$ -	$ -	$ -	$ -	$ -
Federal grants and contracts	10,474,868	-	-	-	10,474,868	-	-	-
State and local grants and contracts	1,923,322	-	-	-	1,923,322	-	-	-
Nongovernmental grants	2,697,572	-	-	-	2,697,572	-	-	-
Auxiliary activities	599,466	-	-	599,466	-	-	-	-
Miscellaneous	664,454	(78,870)	642,199	-	-	-	-	101,125
Total operating revenue	24,686,010	(7,574,442)	16,464,099	599,466	15,095,762	-	-	101,125
EXPENSES								
Operating expenses								
Instruction	17,050,916	(78,870)	17,220,465	-	2,004,329	-	(2,095,008)	-
Information technology	2,479,133	-	2,479,499	-	-	-	(366)	-
Public services	881,930	-	735,505	195,865	7,923	-	(57,363)	-
Instructional support	3,260,143	-	3,621,396	-	22,017	-	(383,270)	-
Student services	8,833,000	(7,495,572)	4,781,607	164,434	11,716,579	-	(442,824)	108,776
Institutional administration	4,324,171	-	4,469,358	253,792	-	-	(398,979)	-
Operation and maintenance of plant	4,317,281	-	4,340,759	216,400	35,973	-	(275,851)	-
Depreciation and amortization	4,485,421	-	-	-	-	4,485,421	-	-
Total operating expenses	45,631,995	(7,574,442)	37,648,589	830,491	13,786,821	4,485,421	(3,653,661)	108,776
OPERATING INCOME (LOSS)	(20,945,985)	-	(21,184,490)	(231,025)	1,308,941	(4,485,421)	3,653,661	(7,651)

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION—CONTINUED
For the year ended June 30, 2023

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
NONOPERATING REVENUES (EXPENSES)								
State appropriations	$ 12,984,255	$ -	$ 14,280,369	$ -	$ -	$ -	$ (1,296,114)	$ -
Property taxes	13,116,768	-	11,379,260	-	-	1,737,508	-	-
Gifts	7,544	-	-	122	-	4,426	-	2,996
Investment income (loss), net	303,340	-	300,372	-	-	2,968	-	-
Interest on capital asset - related debt	(1,057,396)	-	-	-	-	(1,057,396)	-	-
Gain (loss) on disposal of capital asset	(85,800)	-	-	-	-	(85,800)	-	-
Total nonoperating revenues (expenses)	25,268,711	-	25,960,001	122	-	601,706	(1,296,114)	2,996
Change in net position	4,322,726	-	4,775,511	(230,903)	1,308,941	(3,883,715)	2,357,547	(4,655)
Transfers in (out)	-	-	(3,775,729)	273,965	(1,106,584)	4,609,204	-	(856)
Net change in net position	4,322,726	-	999,782	43,062	202,357	725,489	2,357,547	(5,511)
Net position at beginning of year, as restated	4,084,580	-	11,082,137	144,744	838,269	38,945,234	(47,006,701)	80,897
Net position at end of year	**$ 8,407,306**	**$ -**	**$ 12,081,919**	**$ 187,806**	**$ 1,040,626**	**$ 39,670,723**	**$ (44,649,154)**	**$ 75,386**