Muskegon Community College

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

June 30, 2024

Muskegon Community College

Muskegon Community College

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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, 2024, and the related notes to the financial statements, which collectively comprise Muskegon Community College's 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, 2024, 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.

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 11, 2024, 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 11, 2024

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, 2024. 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, 2024, the College's revenues exceeded expenses and other support by $5,910,552, 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.

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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, 2024, and 2023:

Net Position
As of June 30
(in thousands)

	2024	2023	Change	Percent Change
Assets				
Current assets	$ 25,413	$ 22,562	$ 2,851	12.64%
Non-current assets				
Capital assets, net	64,808	67,859	(3,051)	0.39%
Net OPEB asset	683	-	683	100.00%
Total assets	90,904	90,421	483	0.53%
Deferred outflows of resources	13,631	18,120	(4,489)	-24.77%
Total assets and deferred outflows of resources	104,535	108,541	(4,006)	-3.69%
Liabilities				
Current liabilities	9,315	8,784	531	6.05%
Non-current liabilities				
Bonds	23,749	26,103	(2,354)	-9.02%
Net pension and OPEB liabilities	38,305	48,633	(10,328)	-21.24%
Compensated absences	2,554	2,426	128	5.28%
Total liabilities	73,923	85,946	(12,023)	-13.99%
Deferred inflows of resources	16,294	14,188	2,106	14.84%
Total liabilities and deferred inflows of resources	90,217	100,134	(9,917)	-9.90%
Net Position				
Net investment in capital assets	38,156	39,224	(1,068)	-2.72%
Restricted	2,827	827	2,000	241.84%
Unrestricted	(26,665)	(31,644)	4,979	15.73%
Total net position	**$ 14,318**	**$ 8,407**	**$ 5,911**	70.31%

Current assets increased by $2,851,000. Cash and investments increased by $4,530,000 due to cash received from advanced funding of some state grants and additional property tax revenues. Additionally decreases in federal, state and student accounts receivables totaling $1,831,000 also contributed to higher cash flow. The primary grant receivable decrease was from the HEERF grant expiration in the amount of $1,005,000.

Capital assets decreased by $3,051,000, net of accumulated depreciation/amortization, mainly due to the amount depreciation/amortization exceeding additions for the fiscal year.

Current liabilities increased by $531,000 due to an increase in current portion of the bonds payable and increases in accrued interest related to subscription-based software, accrued payroll and compensated absences due within one year.

Non-current liabilities related to bonds decreased by $2,354,000 due to principal payments made on the bonds in the current fiscal year and the debt for two general obligation bonds being refinanced by a smaller amount.

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 decreased by $7,735,000 from 2023 to 2024.

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 decreased by $2,592,000 from 2023 to 2024 and changed to a net postemployment benefit asset of approximately $683,000.

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. See Note D and Note F, in the notes to the financial statements, for more detail.

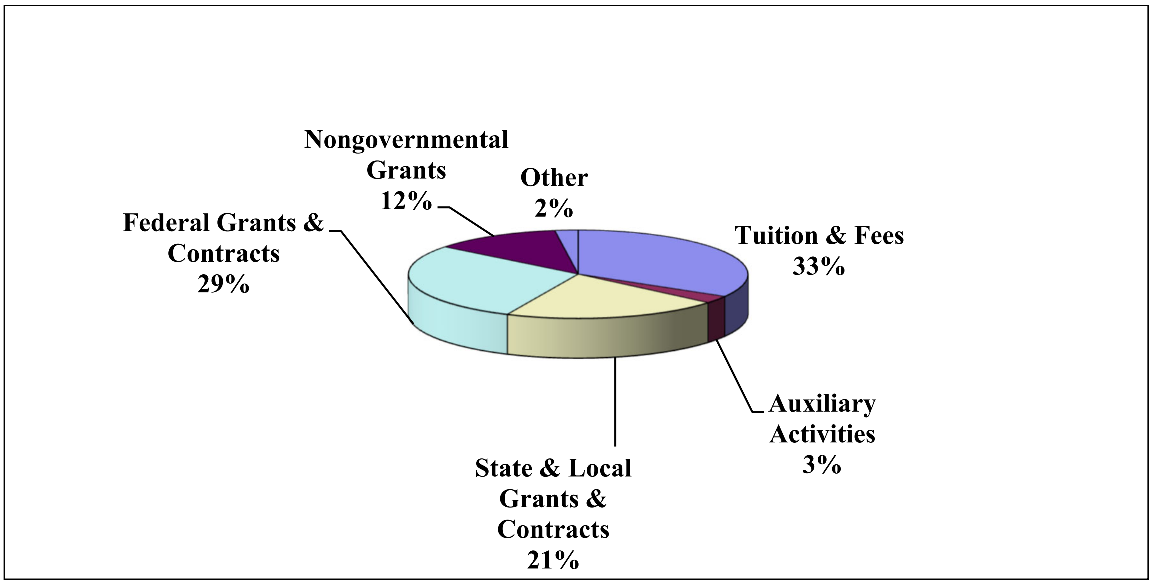
Summary Operating Results for the Year
(in thousands)

	2024	2023	Change	Percent Change
Operating revenues				
Tuition and fees, net	$ 7,325	$ 8,326	$ (1,001)	-12.02%
Grants and contracts	13,485	15,096	(1,611)	-10.67%
Auxiliary services	596	599	(3)	-0.50%
Other	484	665	(181)	-27.22%
Total operating revenues	21,890	24,686	(2,796)	-11.33%
Total operating expenses	44,694	45,632	(938)	-2.06%
Operating loss	(22,804)	(20,946)	(1,858)	-8.87%
Non-operating revenues (expenses)				
State appropriations	15,067	12,984	2,083	16.04%
Property taxes	13,577	13,117	460	3.51%
Gifts	21	8	13	162.50%
Investment income	856	303	553	182.51%
Interest on capital asset - related debt	(665)	(1,057)	392	37.09%
Gain (loss) on disposal of capital asset	13	(86)	99	115.12%
Bond issuance costs	(154)	-	(154)	-100.00%
Total non-operating revenues	28,715	25,269	3,446	13.64%
Change in net position	5,911	4,323	1,588	36.73%
Net position - beginning	8,407	4,084	4,323	105.85%
Net position - ending	**$ 14,318**	**$ 8,407**	**$ 5,911**	70.31%

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 $1,001,000. While gross tuition and fee revenue was higher than the prior year by $169,000, this was offset by a higher scholarship allowance of $1,171,000. Contact hours remained flat in comparison to the prior year.

Grants and contracts decreased by approximately $1,611,000. The decrease is primarily due to the expiration of several federal COVID-19 HEERF grants in 2023. 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. In total federal grants decreased by $4,173,000 which was partially offset by an increase in state and local grants of $2,406,000.

Other revenues decreased by $181,000 primarily due to the recovery of bad debts using HEERF grant funds for student accounts previously considered uncollectible was larger in the prior year as that grant ended during the fiscal year ended June 30, 2023.

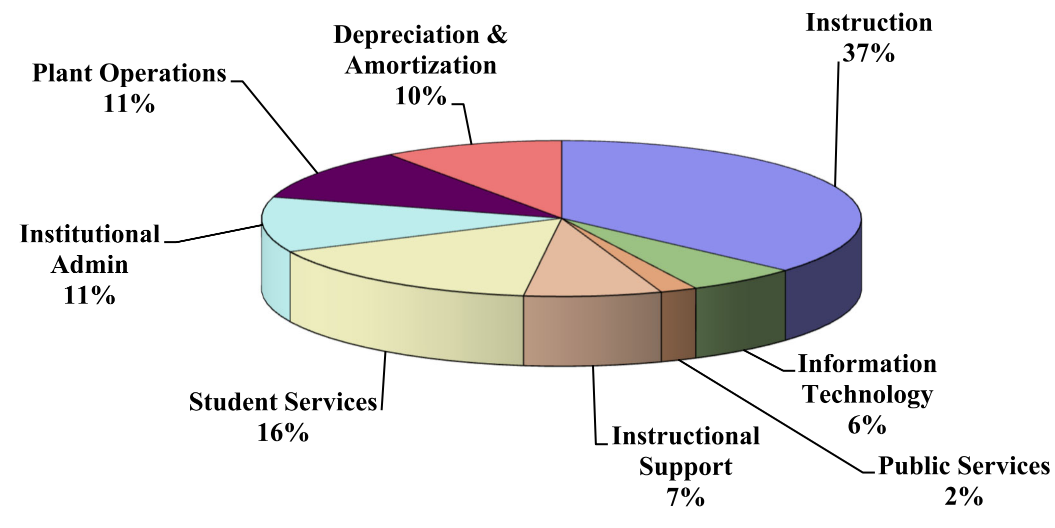
Operating Expenses

Operating expenses include all the costs necessary to perform and conduct the programs and primary purposes of the College. Operating expenses for the fiscal years ended June 30, 2024 and 2023 consist of the following:

(in thousands)

	2024	2023	Change	Percent Change
Instruction	$ 16,378	$ 17,051	$ (673)	-3.95%
Information technology	2,681	2,479	202	8.15%
Public services	887	882	5	0.57%
Instructional support	3,308	3,260	48	1.47%
Student services	7,115	8,833	(1,718)	-19.45%
Institutional administration	5,116	4,324	792	18.32%
Operation and maintenance of plant	4,861	4,317	544	12.60%
Depreciation/amortization	4,348	4,486	(138)	-3.08%
Total	**$ 44,694**	**$ 45,632**	**$ (938)**	-2.06%

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



Operating expenses decreased by approximately $938,000. The prior year included federal HEERF grant expenditures of $5,020,000. Also an increase in the elimination of scholarship allowances of $1,171,000 contributed to the decrease. Offsetting these decreases were the year-end adjustments to the pension and post-employment benefits resulting in an increase in expense of $233,000 compared to the prior year (See Note G). There was also an increase in bad debt expense of $713,000 due to HEERF grant funds being utilized to cover outstanding student balances in the prior year. Student aid awards increased by $1,711,000 for various federal, state and local grant and scholarship programs. Wages increased approximately $779,000 in accordance with union contractual agreements and cost of living increases.

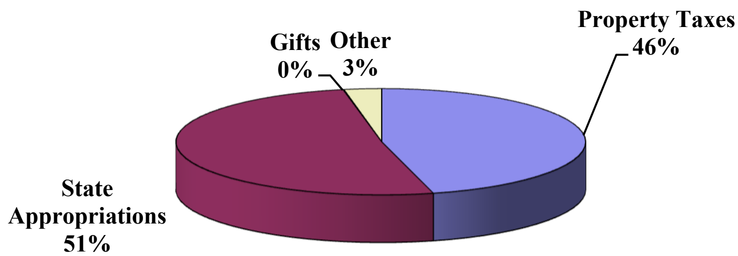
Non-operating Revenues (Expenses)

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 increased by approximately $2,083,000. This increase was primarily due to GASB 68 retirement adjustment of $2,240,000 and an overall increase in state aid allocation for FY2024 of $786,000. The increases were partially offset by a decrease in the distribution for the unfunded accrued actuarial liability of $943,000.
- Property tax revenues increased by approximately $460,000, or 3.5%, primarily due to an increase in taxable values.
- Investment income increased by $553,000 due to the increase in interest rates and more cash available to invest.

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)

	2024	2023	Change	Percent Change
Cash provided by (used for)				
Operating activities	$ (20,757)	$ (18,580)	$ (2,177)	-11.72%
Noncapital financing activities	28,469	26,000	2,469	9.50%
Capital and related financing activities	(4,036)	(6,012)	1,976	32.87%
Investing activities	(3,431)	(1,904)	(1,527)	-80.20%
Net change in cash and cash equivalents	245	(496)	741	149.40%
Cash and cash equivalents - beginning of year	2,642	3,138	(496)	-15.81%
Cash and cash equivalents - end of year	**$ 2,887**	**$ 2,642**	**$ 245**	9.27%

Capital Assets

At June 30, 2024, the College had approximately $108,872,000 invested in capital assets, with accumulated depreciation/amortization of approximately $44,063,000. The net result of capital assets, less accumulated depreciation/amortization, is a net book value of approximately $64,808,000. Depreciation/amortization and amortization charges totaled approximately $4,347,000 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, Net for the Year Ended June 30
(in thousands)

	2024	2023	Change
Land	$ 338	$ 338	$ -
Construction in progress	8	25	(17)
Land improvements	82	122	(40)
Buildings and improvements	56,606	58,854	(2,248)
Equipment	6,134	6,568	(434)
Right to use - equipment	22	47	(25)
Right to use - subscription-based IT	1,618	1,905	(287)
Total	**$ 64,808**	**$ 67,859**	**$ (3,051)**

Building and improvements and equipment decreased primarily due to current year depreciation/amortization charges. Equipment decreased primarily due to depreciation. See Note D, 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 $800,000, 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 $26,652,000 in General Obligation – Limited Tax Bonds, issued in 2016, 2017, 2024 and lease obligations. This compares to $28,636,000 as of June 30, 2023. 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 2017 bond was issued for the purpose of providing the necessary funding to complete the remaining building projects.

The 2024 bond issuance was a refunding of the 2013 and 2014 bonds which 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.

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

Economic Factors That Will Affect the Future

Enrollment has been on the decline for several years and took a significant decline during COVID. However, some of the new programs implemented by the State including Futures for Frontliners and Michigan Reconnect helped to boost enrollment in FY2022. FY2023 experienced a 4.5% decline in contact hour enrollment over the prior year. Some people have chosen employment instead of higher education. However, local employers are still in need of more skilled workers. Although FY2024 assumed a 2% decline in contact hour enrollment, actual results were flat compared to the prior year partially due implementation of Reconnect Expansion, which lowered the eligibility age from 25 to 21 for free in-district tuition within the State. FY2025 assumes flat enrollment. However, Fall 2024 enrollment is trending about 3.8% higher than last year. Another new State initiative called the Community College Guarantee, which provides free in-district tuition to any full-time student that graduated in 2023 or after, has also provided a positive impact to the College's enrollment. In addition, lowering the GPA eligibility requirements for the Muskegon Promise has increased the number of students choosing MCC. 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. The current State funding for the College is projected to increase by 2.5% for FY2024-2025. Property taxes are also projected to increase based on the latest County Equalization report which shows a 9.7% increase in taxable values resulting from new housing construction and commercial and industrial expansions. 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 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, 2024

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,887,313
Investments	15,603,718
Receivables	
Property taxes	102,681
State appropriation	2,405,403
Accounts	4,112,770
Prepaid expenses and other assets	301,294
Total current assets	25,413,179
Noncurrent assets	
Property and equipment, net	64,808,112
Net other postemployment benefits asset	682,970
Total noncurrent assets	65,491,082
Total assets	90,904,261
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	2,534,089
Related to pensions	11,096,897
Total deferred outflows of resources	13,630,986
Total assets and deferred outflows of resources	104,535,247
LIABILITIES	
Current liabilities	
Accounts payable	2,062,432
Accrued interest payable	214,304
Accrued payroll and other compensation	2,937,004
Unearned revenues	347,155
Bonds and other obligations, due within one year	2,902,426
Compensated absences, due within one year	851,358
Total current liabilities	9,314,679
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	23,749,382
Compensated absences, less amounts due within one year	2,554,073
Net pension liability	38,304,955
Total noncurrent liabilities	64,608,410
Total liabilities	73,923,089
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	6,186,548
Related to pensions	10,107,752
Total deferred inflows of resources	16,294,300
Total liabilities and deferred inflows of resources	90,217,389
NET POSITION	
Net investment in capital assets	38,156,304
Restricted	
Expendable	
Scholarships	245,048
Instructional department uses	494,367
Instructional administration	1,276,039
Debt service	127,961
Net other postemployment benefits	682,970
Unrestricted	(26,664,831)
Total net position	**$ 14,317,858**

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, 2024

REVENUES	
Operating revenues	
Tuition and fees (net of scholarship allowances of $8,666,590)	$ 7,324,799
Federal grants and contracts	6,301,189
State and local grants and contracts	4,518,214
Nongovernmental grants	2,665,765
Auxiliary activities	595,631
Miscellaneous	483,927
Total operating revenue	21,889,525
EXPENSES	
Operating expenses	
Instruction	16,377,507
Information technology	2,681,361
Public services	886,623
Instructional support	3,308,528
Student services	7,114,838
Institutional administration	5,116,255
Operation and maintenance of plant	4,860,815
Depreciation and amortization	4,347,768
Total operating expenses	44,693,695
Operating loss	(22,804,170)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	15,066,979
Property taxes	13,577,018
Gifts	20,667
Investment income (loss), net	855,667
Interest on capital asset - related debt	(664,672)
Bond issuance costs	(153,885)
Gain (loss) on disposal of capital asset	12,948
Total nonoperating revenues (expenses)	28,714,722
Change in net position	5,910,552
Net position at beginning of year	8,407,306
Net position at end of year	**$ 14,317,858**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$	9,195,979
Grants and contracts		13,485,168
Payments to suppliers		(9,374,134)
Payments for employees		(35,144,121)
Auxiliary enterprise charges		595,631
Other		483,927
Net cash provided by (used for) operating activities		(20,757,550)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes		13,573,569
Gifts		20,667
State appropriations		14,875,479
Net cash provided by (used for) noncapital financing activities		28,469,715
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets		(890,547)
Principal paid on capital debt		(19,079,448)
Interest paid on capital debt		(1,192,767)
Bond issuance costs		(153,885)
Proceeds from bonds		17,154,999
Proceeds from sale of capital assets		124,761
Net cash provided by (used for) capital and related financing activities		(4,036,887)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments		(4,286,032)
Interest on investments		855,667
Net cash provided by (used for) investing activities		(3,430,365)
Net change in cash and cash equivalents		244,913
Cash and cash equivalents at beginning of year		2,642,400
Cash and cash equivalents at end of year	**$**	**2,887,313**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	$	(22,804,170)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation and amortization expense		4,347,768
(Increases) decreases in assets		
Accounts receivable		1,831,641
Prepaid expenses and other assets		(691,479)
Increases (decreases) in liabilities		
Accounts payable		(18,007)
Accrued payroll and other compensation		(3,462,842)
Unearned revenues		39,539
Net cash provided by (used for) operating activities	**$**	**(20,757,550)**

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, 2024

ASSETS	
Cash	$ 26,819
Investments	1,232,884
Pledges receivable	25,806
Beneficial interest in assets held by others	515,923
Total assets	1,801,432
NET ASSETS	
Without donor restrictions	478,464
With donor restrictions	1,322,968
Total net assets	**$ 1,801,432**

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, 2024

REVENUES AND SUPPORT	
Contributions	
Cash	$ 542,442
In-kind	424,458
Gain (loss) from beneficial interest in assets held by others	62,170
Investment income (loss), net	150,534
Total revenues and support	1,179,604
EXPENSES	
Program services	343,693
Management and general	418,700
Fundraising	13,233
Total expenses	775,626
Change in net assets	403,978
Net assets at beginning of year	1,397,454
Net assets at end of year	**$ 1,801,432**

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 liability, net other postemployment benefits (OPEB) asset, 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 2023 state taxable value for real/personal property of the College totaled approximately $5,537,000,000. The ad valorem taxes levied consisted of 2.1693 and .27 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, 2024, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating	Percent
External investment pools				
MILAF External Investment pool - MAX	**$ 15,603,718**	**35**	AAA	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, 2024, $2,583,124 of the College's bank balance of $2,833,124, 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.

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.

The College voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the College is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures

	Amortized Cost
MILAF External Investment pool - MAX Class	**$ 15,603,718**

NOTE D—PROPERTY AND EQUIPMENT

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023,	Additions	Deductions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	$ 338,505	$ -	$ -	$ 338,505
Construction in progress	24,600	7,750	24,600	7,750
Total capital assets, not being depreciated/amortized	363,105	7,750	24,600	346,255
Capital assets, being depreciated/amortized:				
Land improvements	1,669,990	-	-	1,669,990
Buildings and improvements	84,454,269	102,528	-	84,556,797
Equipment	19,409,451	804,869	1,048,227	19,166,093
Right to use - equipment	96,393	-	-	96,393
Right to use - subscription-based IT	2,716,858	518,022	198,815	3,036,065
Total capital assets, being depreciated/amortized	108,346,961	1,425,419	1,247,042	108,525,338
Less accumulated depreciation and amortization:				
Land improvements	1,548,013	40,259	-	1,588,272
Buildings and improvements	25,600,399	2,350,521	-	27,950,920
Equipment	12,841,382	1,225,863	1,036,127	13,031,118
Right to use - equipment	48,957	25,497	-	74,454
Right to use - subscription-based IT	812,191	705,628	99,102	1,418,717
Total accumulated depreciation and amortization	40,850,942	4,347,768	1,135,229	44,063,481
Total capital assets, being depreciated/amortized, net	67,496,019	(2,922,349)	111,813	64,461,857
Capital assets, net	**$ 67,859,124**	**$ (2,914,599)**	**$ 136,413**	**$ 64,808,112**

Depreciation and amortization

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

NOTE E—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.

In February 2024, the College advance refunded the 2013 Community College Facility Bonds and the 2014 Community College Facility Bonds to reduce its total debt service payment over the next 15 years by approximately $1,401,900 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $1,156,200.

The following is a summary of long-term obligations activity for the College for the year ended June 30, 2024.

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Public placement debt					
General obligation bonds	$ 26,440,000	$ 15,100,000	$ 18,660,000	$ 22,880,000	$ 1,720,000
Net premium (discount)	755,263	2,054,999	577,362	2,232,900	-
Lease obligations	47,437	-	25,498	21,939	21,939
SBITA	1,392,897	518,022	393,950	1,516,969	1,160,487
Compensated absences	3,234,109	1,386,013	1,214,691	3,405,431	851,358
	$ 31,869,706	**$ 19,059,034**	**$ 20,871,501**	**$ 30,057,239**	**$ 3,753,784**

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.

Public placement debt consists of the following as of June 30, 2024:

	Interest Rate	Date of Maturity	Balance
Public placement debt:			
General obligation bonds			
2016 Refunding Bonds	2-3%	May 2025	$ 540,000
2017 College Facility Bonds	3-3.125%	May 2037	7,240,000
2024 Community College Refunding Bonds	5%	May 2039	15,100,000
			$ 22,880,000

Annual debt service requirements to maturity for debt outstanding as of June 30, 2024 follow:

Year Ending June 30,	Public Placement Debt Principal	Public Placement Debt Interest
2025	$ 1,720,000	$ 989,232
2026	1,225,000	923,332
2027	1,280,000	871,582
2028	1,335,000	817,382
2029	1,395,000	760,732
2030-2034	7,935,000	2,857,810
2035-2039	7,990,000	1,012,546
	$ 22,880,000	**$ 8,232,616**

NOTE F—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 D. Lease and SBITA obligations are included in Note E.

The annual requirements of principal and interest to amortize the lease and SBITA obligations outstanding as of June 30, 2024 follows:

Year Ending	Leases		SBITA	
June 30,	Principal	Interest	Principal	Interest
2025	$ 21,939	$ 386	$ 1,160,487	$ 102,676
2026	-	-	112,291	18,539
2027	-	-	119,906	12,483
2028	-	-	124,285	6,213
	$ 21,939	**$ 386**	**$ 1,516,969**	**$ 139,911**

NOTE G—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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.

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

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.

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.

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

Benefits Provided – Pension—Continued

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 G—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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 20, 2038.

NOTE G—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, 2023.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	20.16 %
Member Investment Plan	3.0 - 7.0	20.16
Pension Plus Plan	3.0 - 6.4	17.24
Pension Plus 2 Plan	6.2	19.95
Defined Contribution	0.0	13.75

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	8.07 %
Personal Healthcare Fund	0.0	7.21

The College's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Pension contributions were approximately $4,701,000, including Section 147c(1).

For the year ended June 30, 2024, the College and employee defined contribution plan contributions were approximately $203,000 and $458,000, respectively.

The College's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. OPEB contributions were approximately $1,003,000.

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

At June 30, 2024, the College reported a liability of $38,304,955 for its proportionate share of the MPSERS net pension liability and an asset of $682,970 for its proportionate share of the MPSERS net OPEB asset. The net pension liability and OPEB asset were measured as of September 30, 2023, and the total pension and OPEB liabilities used to calculate the net pension liability and OPEB asset were determined by an actuarial valuation rolled forward from September 30, 2022. The College's proportion of the net pension liability and OPEB asset 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, 2023 and 2022, the College's pension proportion was 0.11835% and 0.12242% percent, respectively. At September 30, 2023 and 2022, the College's OPEB proportion was 0.12073% and 0.12240% percent, respectively.

For the year ended June 30, 2024, the College recognized pension expense (benefit) of $3,470,348 and OPEB expense (benefit) of $(1,186,257).

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

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

At June 30, 2024, 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	$ 1,209,171	$ 58,677	$ -	$ 5,160,870
Changes of assumptions	5,190,496	2,992,722	1,520,410	183,086
Net difference between projected and actual earnings on plan investments	-	783,843	2,082	-
Changes in proportion and differences between College contributions and proportionate share of contributions	2,917	4,006,077	11,166	842,592
State of Michigan Section 147c(1) UAAL rate stabilization state aid payments subsequent to the measurement date	-	2,266,433	-	-
College contributions subsequent to the measurement date	4,694,313	-	1,000,431	-
Total	**$ 11,096,897**	**$ 10,107,752**	**$ 2,534,089**	**$ 6,186,548**

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 an addition to the net OPEB asset, respectively, in the year ended June 30, 2025. The State of Michigan Section 147c(1) UAAL rate stabilization and 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, 2025. 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
2025	$ (876,648)	$ (1,496,686)
2026	(846,457)	(1,394,839)
2027	970,631	(644,208)
2028	(686,261)	(558,628)
2029	-	(376,897)
Thereafter	-	(181,632)
	$ (1,438,735)	**$ (4,652,890)**

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

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, 2022
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: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 5.25% Year 1 graded to 3.5% Year 15
Mortality -	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010 Active: PubT-2010 Male and Female employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010

NOTE G—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 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2023 are based on the results of an actual valuation date of September 30, 2022, 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, 2023 are summarized in the following table:

Investment Category	**Target Allocation**	**Long-term Expected Real Rate of Return***
Domestic Equity Pools	25.0 %	5.8 %
Private Equity Pools	16.0	9.6
International Equity Pools	15.0	6.8
Fixed Income Pools	13.0	1.3
Real Estate and Infrastructure Pools	10.0	6.4
Absolute Return Pools	9.0	4.8
Real Return/Opportunistic Pools	10.0	7.3
Short Term Investment Pools	2.0	0.3
Total	**100.0** %	

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

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

Actuarial assumptions—Continued

Rate of return
For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 8.29 percent and 7.94 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, 2023 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. 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%)
$ 51,749,882	$ 38,304,955	$ 27,111,567

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

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

Sensitivity of the net OPEB liability (asset) to changes in the discount rate
The following presents the College's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.0 percent, as well as what the College's proportionate share of the net OPEB liability (asset) 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%)
$ 708,035	$ (682,970)	$ (1,878,401)

Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate
The following presents the College's proportionate share of the net OPEB liability (asset) calculated using assumed trend rates, as well as what the College's proportionate share of the net OPEB liability (asset) 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
$ (1,881,382)	$ (682,970)	$ 614,105

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) 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 $925,200 and employee contributions were approximately $264,300 for the year ended June 30, 2024.

NOTE H—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 I—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.

Commitments
As of June 30, 2024, the College had approved commitments of approximately $102,000 for facilities plan development and large ensemble room completion.

Related Party Transactions
During the year ended June 30, 2024, the College reimbursed its employees for approximately $26,300 of tuition expenditures, net of scholarships and other financial awards, incurred and paid by dependents of College employees.

NOTE J—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 $3,704,000 for the year ended June 30, 2024.

NOTE K—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.

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	$ 204	$ -	$ -	$ 204
City of Muskegon	20,807	45,109	30,608	96,524
City of Muskegon Heights	3,101	-	-	3,101
City of Norton Shores	22,572	-	-	22,572
City of Whitehall	9,314	33,738	-	43,052
Egelston Township	1,093	-	-	1,093
Fruitport Township	2,376	-	-	2,376
Muskegon Township	5,856	-	-	5,856
Ravenna Township	187	-	-	187
Sulivan Township	1,177	-	-	1,177
Whitehall Township	124	2,264	-	2,388
Totals	**$ 66,811**	**$ 81,111**	**$ 30,608**	**$ 178,530**

NOTE L—SUBSEQUENT EVENT

Subsequent to June 30, 2024, the College approved the lease of right-to-use golf carts and lease obligations of approximately $230,000.

NOTE M—UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

NOTE M—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The College is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- Management's discussion and analysis (MD&A);
  - Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - Overview of the Financial Statements,
    - Financial Summary,
    - Detailed Analyses,
    - Significant Capital Asset and Long-Term Financing Activity,
    - Currently Known Facts, Decisions, or Conditions;
  - Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- Unusual or infrequent items;
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The College is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 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 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability (%)	0.11835%	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	$ 38,304,955	$ 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	$ 12,150,183	$ 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	315.26%	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	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Muskegon Community College
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the College's Pension Contributions
Michigan Public School Employees Retirement System
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions*	$ 4,701,477	$ 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	4,701,477	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	$ 12,305,049	$ 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	38.21%	17.83%	17.60%	18.55%	19.18%	18.00%	17.46%	19.18%	21.78%	26.30%

*Note: Years prior to 2024 do not include section 147c contributions.

Muskegon Community College
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the College's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement System
Last 7 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability (asset) (%)	0.12073%	0.12240%	0.13221%	0.13850%	0.14154%	0.14336%	0.14248%
College's proportionate share of the net OPEB liability (asset)	$ (682,970)	$ 2,592,429	$ 2,018,099	$ 7,419,999	$ 10,159,723	$ 11,395,644	$ 12,617,601
College's covered payroll	$ 12,150,183	$ 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 (asset) as a percentage of its covered payroll	-5.62%	16.48%	16.53%	61.64%	82.96%	89.04%	104.07%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	105.04%	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 7 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 1,003,165	$ 1,279,939	$ 1,172,780	$ 915,161	$ 1,012,918	$ 948,450	$ 921,019
Contributions in relation to the statutorily required contributions	1,003,165	1,279,939	1,172,780	915,161	1,012,918	948,450	921,019
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 12,305,049	$ 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	8.15%	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.

<u>Pension Information</u>

Benefit changes – there were no changes of benefit terms in 2023.

Changes of assumptions – there were no changes of assumptions in 2023.

<u>OPEB Information</u>

Benefit changes – there were no changes in benefit terms in 2023.

Changes of assumptions – there were no changes of benefit assumptions in 2023.

SUPPLEMENTAL INFORMATION

Muskegon Community College
CONSOLIDATING BALANCE SHEET
June 30, 2024

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
ASSETS							
Current assets							
Cash and cash equivalents	$ 2,887,313	$ 2,400,383	$ -	$ -	$ 486,930	$ -	$ -
Investments	15,603,718	15,603,718	-	-	-	-	-
Receivables							
Property taxes	102,681	102,681	-	-	-	-	-
State appropriation	2,405,403	2,405,403	-	-	-	-	-
Accounts	4,112,770	4,039,999	72,771	-	-	-	-
Prepaid expenses and other assets	301,294	301,294	-	-	-	-	-
Due from (due to) other funds	-	(2,676,408)	(9,655)	2,118,454	457,187	-	110,422
Total current assets	25,413,179	22,177,070	63,116	2,118,454	944,117	-	110,422
Noncurrent assets							
Property and equipment							
Land and improvements	2,008,495	-	-	-	2,008,495	-	-
Buildings and improvements	84,556,797	-	-	-	84,556,797	-	-
Equipment	19,166,093	-	-	-	19,166,093	-	-
Right to use assets- leases	96,393	-	-	-	96,393	-	-
Right to use assets- SBITA	3,036,065	-	-	-	3,036,065	-	-
Construction in progress	7,750	-	-	-	7,750	-	-
Allowance for depreciation/amortization	(44,063,481)	-	-	-	(44,063,481)	-	-
Net property and equipment	64,808,112	-	-	-	64,808,112	-	-
Net other postemployment benefit asset	682,970	-	-	-	-	682,970	-
Total noncurrent assets	65,491,082	-	-	-	64,808,112	682,970	-
Total assets	90,904,261	22,177,070	63,116	2,118,454	65,752,229	682,970	110,422
DEFERRED OUTFLOWS OF RESOURCES							
Related to other postemployment benefits	2,534,089	-	-	-	-	2,534,089	-
Related to pensions	11,096,897	-	-	-	-	11,096,897	-
Total deferred outflows of resources	13,630,986	-	-	-	-	13,630,986	-
Total assets and deferred outflows of resources	104,535,247	22,177,070	63,116	2,118,454	65,752,229	14,313,956	110,422

Muskegon Community College
CONSOLIDATING BALANCE SHEET—CONTINUED
June 30, 2024

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
LIABILITIES							
Current liabilities							
Accounts payable	$ 2,062,432	$ 2,062,432	$ -	$ -	$ -	$ -	$ -
Accrued interest payable	214,304	-	-	-	214,304	-	-
Accrued payrolls and other compensation	2,937,004	2,937,004	-	-	-	-	-
Unearned revenues	347,155	347,155	-	-	-	-	-
Bonds and other obligations, due within one year	2,902,426	-	-	-	2,902,426	-	-
Compensated absences, due within one year	851,358	851,358	-	-	-	-	-
Total current liabilities	9,314,679	6,197,949	-	-	3,116,730	-	-
Noncurrent liabilities							
Bonds and other obligations, less amounts due within one year	23,749,382	-	-	-	23,749,382	-	-
Compensated absences, less amounts due within one year	2,554,073	2,554,073	-	-	-	-	-
Net pension liability	38,304,955	-	-	-	-	38,304,955	-
Total noncurrent liabilities	64,608,410	2,554,073	-	-	23,749,382	38,304,955	-
Total liabilities	73,923,089	8,752,022	-	-	26,866,112	38,304,955	-
DEFERRED INFLOWS OF RESOURCES							
Related to other postemployment benefits	6,186,548	-	-	-	-	6,186,548	-
Related to pensions	10,107,752	-	-	-	-	10,107,752	-
Total deferred inflows of resources	16,294,300	-	-	-	-	16,294,300	-
Total liabilities and deferred inflows of resources	90,217,389	8,752,022	-	-	26,866,112	54,599,255	-
NET POSITION							
Net investment in capital assets	38,156,304	-	-	-	38,156,304	-	-
Restricted							
Expendable							
Scholarships	245,048	-	-	245,048	-	-	-
Instructional department uses	494,367	-	-	494,367	-	-	-
Instructional administration	1,276,039	-	-	1,276,039	-	-	-
Debt service	127,961	-	-	-	127,961	-	-
Net other postemployment benefits	682,970	-	-	-	-	682,970	-
Unrestricted	(26,664,831)	13,425,048	63,116	103,000	601,852	(40,968,269)	110,422
Total net position	**$ 14,317,858**	**$ 13,425,048**	**$ 63,116**	**$ 2,118,454**	**$ 38,886,117**	**$ (40,285,299)**	**$ 110,422**

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION
For the year ended June 30, 2024

	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 $8,666,590)	$ 7,324,799	$ (8,666,590)	$ 15,991,389	$ -	$ -	$ -	$ -	$ -
Federal grants and contracts	6,301,189	-	-	-	6,301,189	-	-	-
State and local grants and contracts	4,518,214	-	-	-	4,518,214	-	-	-
Nongovernmental grants	2,665,765	-	-	-	2,665,765	-	-	-
Auxiliary activities	595,631	-	-	595,631	-	-	-	-
Miscellaneous	483,927	-	361,078	-	-	-	-	122,849
Total operating revenue	21,889,525	(8,666,590)	16,352,467	595,631	13,485,168	-	-	122,849
EXPENSES								
Operating expenses								
Instruction	16,377,507	-	17,463,498	-	734,769	-	(1,820,760)	-
Information technology	2,681,361	-	2,684,782	-	-	-	(3,421)	-
Public services	886,623	-	704,531	222,071	22,617	-	(62,596)	-
Instructional support	3,308,528	-	3,598,511	-	93,119	-	(383,102)	-
Student services	7,114,838	(8,666,590)	5,034,993	187,298	10,915,995	-	(465,194)	108,336
Institutional administration	5,116,255	-	5,330,031	142,927	2,113	-	(358,816)	-
Operation and maintenance of plant	4,860,815	-	4,914,658	270,146	2,672	1	(326,662)	-
Depreciation and amortization	4,347,768	-	-	-	-	4,347,768	-	-
Total operating expenses	44,693,695	(8,666,590)	39,731,004	822,442	11,771,285	4,347,769	(3,420,551)	108,336
OPERATING INCOME (LOSS)	(22,804,170)	-	(23,378,537)	(226,811)	1,713,883	(4,347,769)	3,420,551	14,513

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION—CONTINUED
For the year ended June 30, 2024

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
NONOPERATING REVENUES (EXPENSES)								
State appropriations	$ 15,066,979	$ -	$ 13,950,514	$ -	$ -	$ 173,161	$ 943,304	$ -
Property taxes	13,577,018	-	12,087,577	-	-	1,489,441	-	-
Gifts	20,667	-	-	14	-	130	-	20,523
Investment income (loss), net	855,667	-	622,054	-	-	233,613	-	-
Interest on capital asset - related debt	(664,672)	-	-	-	-	(664,672)	-	-
Bond issuance costs	(153,885)	-	-	-	-	(153,885)	-	-
Gain (loss) on disposal of capital asset	12,948	-	-	-	-	12,948	-	-
Total nonoperating revenues (expenses)	28,714,722	-	26,660,145	14	-	1,090,736	943,304	20,523
Change in net position	5,910,552	-	3,281,608	(226,797)	1,713,883	(3,257,033)	4,363,855	35,036
Transfers in (out)	-	-	(1,938,479)	102,107	(636,055)	2,472,427	-	-
Net change in net position	5,910,552	-	1,343,129	(124,690)	1,077,828	(784,606)	4,363,855	35,036
Net position at beginning of year	8,407,306	-	12,081,919	187,806	1,040,626	39,670,723	(44,649,154)	75,386
Net position at end of year	**$ 14,317,858**	**$ -**	**$ 13,425,048**	**$ 63,116**	**$ 2,118,454**	**$38,886,117**	**$ (40,285,299)**	**$ 110,422**