Muskegon Community College

REPORT ON FINANCIAL STATEMENTS

June 30, 2019

Muskegon Community College

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Muskegon Community College
Muskegon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Muskegon Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information on pages 4 through 13 and 37 through 41 be presented to supplement the basic financial statements. Such information, 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.

Other 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 consolidating fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The consolidating fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, 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 15, 2019

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, 2019. 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 outlined in the *Manual for Uniform Financial Reporting for Michigan Public Community Colleges, 2001* issued by the State of Michigan.

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, 2019, the College's revenues and other support exceeded expenses by $2,348,997, 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.

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, 2019 and 2018:

Net Position
As of June 30

(in thousands)

	2019	2018	Change	Percent Change
Assets				
Current assets	$ 14,148	$ 17,245	$ (3,097)	-17.96%
Non-current assets				
Restricted assets	-	6,946	(6,946)	-100.00%
Capital assets, net	73,833	63,892	9,941	15.56%
Total assets	87,981	88,083	(102)	-0.12%
Deferred Outflows of Resources	16,224	9,240	6,984	75.58%
Total assets and deferred outflows of resources	104,205	97,323	6,882	7.07%
Liabilities				
Current liabilities	7,030	9,392	(2,362)	-25.15%
Non-current liabilities				
Bonds	33,075	34,927	(1,852)	-5.30%
Net pension and OPEB liabilities	54,536	49,597	4,939	9.96%
Compensated absences	2,530	2,329	201	8.63%
Total liabilities	97,171	96,245	926	0.96%
Deferred Inflows of Resources	7,314	3,707	3,607	97.30%
Total liabilities and deferred inflows of resources	104,485	99,952	4,533	4.54%
Net Position				
Net investment in capital assets	38,973	35,130	3,843	10.94%
Restricted	319	243	76	31.28%
Unrestricted	(39,572)	(38,002)	(1,570)	-4.13%
Total net position	$ (280)	$ (2,629)	$ 2,349	-89.35%

Current assets decreased by $3,097,000 primarily due to spending to complete capital projects.

Restricted assets decreased by $6,946,000 due to the expenditure of bond proceeds. These proceeds were related to the 2017 bond that was issued to complete the Health and Wellness and Arts and Humanities building projects.

Capital assets increased by $9,941,000, net of accumulated depreciation. Total additions of $12,897,000 included acquisition and/or renovation costs for the Ottawa County Center, the Sturrus Technology Center, Health and Wellness Center and Arts and Humanities project. Some other building improvements, various equipment purchases and technology upgrades were completed according to the capital budget. These additions were offset by the current year impact of depreciation.

Current liabilities decreased by $2,362,000 primarily due to a $2,674,000 decrease in accounts payable. The decrease is primarily due to the above-mentioned construction projects that were in progress at the end of fiscal year 2018, but mostly complete at the end of the current fiscal year.

Non-current liabilities related to bonds decreased by $1,852,000 due to principal payments made on the bonds in the current fiscal year.

In 2015, the College adopted a new Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined benefit pensions through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The net pension liability increased by $6,161,000 from 2018 to 2019.

In 2017, the College adopted a new 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 $1,222,000 from 2018 to 2019.

Summary Operating Results for the Year

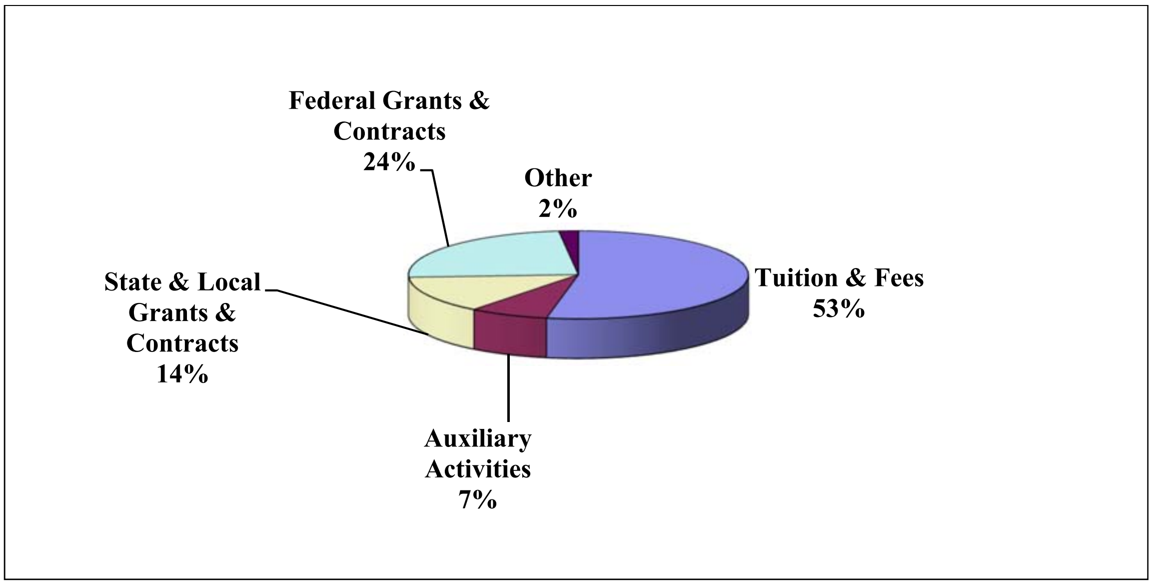
(in thousands)

	2019	2018	Change	Percent Change
Operating revenues				
Tuition and fees	$ 13,565	$ 12,798	$ 767	5.99%
Grants and contracts	9,635	8,833	802	9.08%
Auxiliary services	1,923	1,886	37	1.96%
Other	473	545	(72)	-13.21%
Total operating revenues	25,596	24,062	1,534	6.38%
Total operating expenses	50,812	47,351	3,461	7.31%
Operating loss	(25,216)	(23,289)	(1,927)	-8.27%
Non-operating revenues (expenses)				
State appropriations	11,861	11,966	(105)	-0.88%
Property taxes	11,209	11,086	123	1.11%
Gifts	238	1,761	(1,523)	-86.48%
Investment income	196	173	23	13.29%
Interest on capital asset - related debt	(1,163)	(755)	(408)	-54.04%
Bond issuance costs	-	(153)	153	100.00%
Total non-operating revenues	22,341	24,078	(1,737)	-7.21%
Income (loss) before other revenues	(2,875)	789	(3,664)	-464.39%
Other revenues	5,224	1,937	3,287	169.70%
Change in net position	2,349	2,726	(377)	-13.83%
Net position - beginning	(2,629)	(5,355)	2,726	50.91%
Net position - ending	$ (280)	$ (2,629)	$ 2,349	89.35%

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 increased in total by $767,000. The College increased tuition rates per contact hour by 8%. Also, the College infrastructure fee increased to $13 per contact hour, and the technology fee increased to $24 per contact hour. The total contact hours for fiscal year 2018-2019 decreased by approximately 2,828 or 2.8% from the prior year. The amount of scholarship allowances increased by $322,000, which decreases the amount of tuition and fees reported.

Grants and contracts increased by $802,000. This increase is primarily due to an increase in Muskegon Area Promise and Newaygo Promise awards compared to the prior year.

Other revenue decreased by $72,000, primarily due to prior year proceeds from MCC's expansion/surplus auction and energy rebates related to prior year capital improvements.

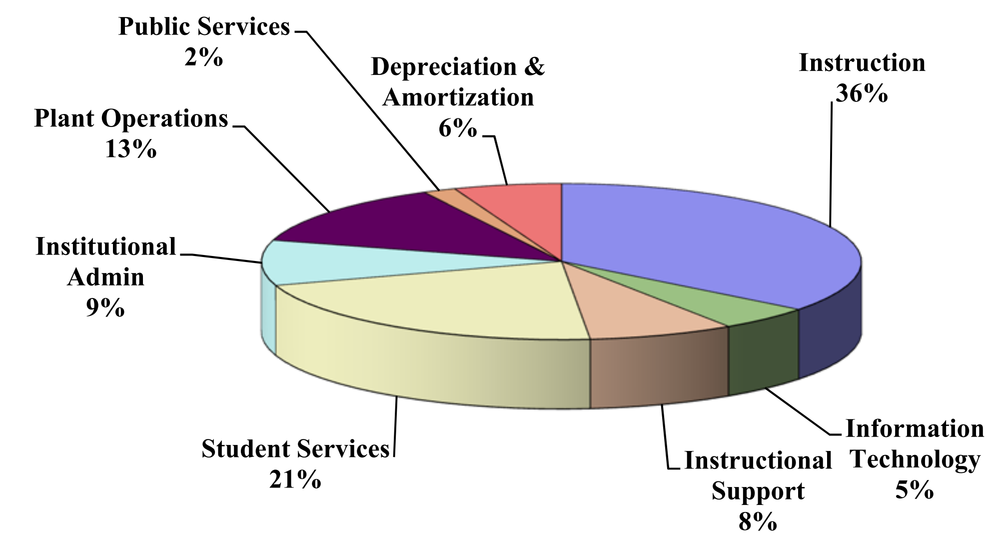
Operating Expenses

Operating expenses include all the costs necessary to perform and conduct the programs and primary purposes of the College. Operating expenses for the fiscal year ended June 30, 2019 and 2018 consist of the following:

(in thousands)

	2019	2018	Change	Percent Change
Instruction	$ 18,061	$ 16,678	$ 1,383	8.29%
Information technology	2,589	2,596	(7)	-0.27%
Public services	897	742	155	20.89%
Instructional support	3,985	3,676	309	8.41%
Student services	10,938	10,185	753	7.39%
Institutional administration	4,762	4,594	168	3.66%
Operation and maintenance of plant	6,624	6,560	64	0.98%
Depreciation and amortization	2,956	2,320	636	27.41%
Total	$ 50,812	$ 47,351	$ 3,461	7.31%

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



Operating expenses increased by $3,461,000 primarily due to wages and fringes increasing by approximately $2,040,000, pension and postemployment benefit costs increasing by $963,000 and depreciation increasing by $635,000. The remaining increase relates to various operational spending increases, which is offset by an increase in scholarship allowances. The significant increase in wages and fringes is primarily due to a higher than expected increase in health insurance claims.

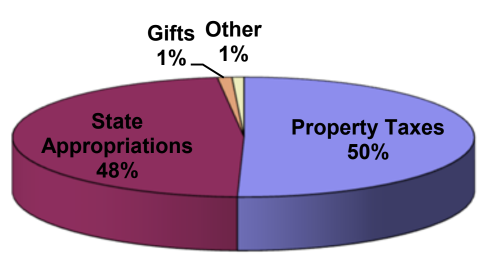
Non-operating Revenues (Expenses)

Non-operating revenues (expenses) include all revenue sources or expenses that are primarily non-exchange in nature. They would 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 operating increased by approximately $139,000; however, a reduction in flow-through State Aid for unfunded pension liability and a negative year-end GASB 68 & 75 adjustment resulted in a total state aid decrease of $105,000.
- Property tax revenues increased by $123,000, or just over 1%, primarily due to an increase in taxable values.
- Non-operating gifts decreased by $1,523,000. In 2018, a $1.5 million gift was received for the Sturrus Technology Center.
- Investment income increased due to increasing rates of return.
- Interest on capital asset - related debt is interest expense related to bonds issues. The current year increase is due to the first full year of interest payments on the 2017 bond issuance.
- Bond issuance costs were related to the issuance of the 2017 bonds. No bonds were issued in 2018-2019.

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. Current year other revenues consisted of state capital appropriations related to the Health and Wellness Center. Prior year other revenues consisted of capital grant revenue related to the MEDC grant.

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)

	2019	2018	Change	Percent Change
Cash provided by (used for)				
Operating activities	$ (19,862)	$ (20,288)	$ 426	2.10%
Noncapital financing activities	23,323	24,696	(1,373)	-5.56%
Capital and related financing activities	(13,315)	(5,408)	(7,907)	-146.21%
Investing activities	10,632	(1,181)	11,813	1000.25%
Net change in cash and cash equivalents	778	(2,181)	2,959	135.67%
Cash and cash equivalents - beginning of year	1,817	3,998	(2,181)	-54.55%
Cash and cash equivalents - end of year	$ 2,595	$ 1,817	$ 778	42.82%

Capital Assets

At June 30, 2019, the College had approximately $100,178,000 invested in capital assets, with accumulated depreciation of approximately $26,345,000. Depreciation and amortization charges totaled approximately $2,956,000 for the current fiscal year. Details of these assets, net of depreciation and amortization at June 30, are shown in the following table.

Fixed Assets for the Year Ended June 30

(in thousands)

	2019	2018	Change
Land	$ 821	$ 821	$ -
Construction in progress	6,415	11,832	(5,417)
Land improvements	283	323	(40)
Buildings and improvements	58,216	42,744	15,472
Equipment	8,098	8,172	(74)
Total	$ 73,833	$ 63,892	$ 9,941

Construction in progress decreased due to the completion of the Health and Wellness Center and was partially offset by the construction in progress related to the Arts and Humanities project. Land improvements decreased primarily due to the current year depreciation charges. Buildings and improvements increased primarily due to the completion of the Health and Wellness Center. The decrease in equipment is primarily due to the current year depreciation charges, which is partially offset by equipment and furnishings related to the Health and Wellness Center. 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 $1,030,816, primarily for technology, instructional equipment, and facility improvements. In addition, the College will have construction completion and furnishing costs associated with the Arts and Humanities project. Only those items with a cost of more than $5,000 will be capitalized.

Debt

The College's long-term debt consists of $34,859,731 in General Obligation – Limited Tax Bonds, issued in 2013, 2014, 2016 and 2017. This compares to $36,667,098 as of June 30, 2018. The College's bond debt rating is AA- (Standard & Poor's) and Aa2 (Moody's).

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

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

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

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

Economic Factors That Will Affect the Future

The economic position of the College is closely tied to that of the State. The College will receive approximately a 1% increase in appropriations for general operations from the State in fiscal year 2019-20. Property tax revenue is projected to increase as the county taxable value continues to increase due to increased home sales and new construction.

The national and state economy has improved, and the state unemployment rate of approximately 4.2% is just above that of the national rate. As the economy improves, it is anticipated that enrollment levels will decline because historically community college enrollment in Michigan has run counter-cyclical to the State's economy. The fact that the College experienced a decline in enrollment for the eighth year in a row is not unexpected and it is being monitored. The fall 2019 semester saw this trend continue with a decline in enrollment. Contact hours were approximately 4.5% less compared to the prior year.

The State of Michigan provided approximately a 1% increase in operational support, aid for lost property tax revenue and funding to reduce the unfunded pension liability. Property tax revenue increased just over 1%, and it is the Colleges hope that home values and new construction will continue to rise. With these incremental increases to the College's non-tuition based funding sources, 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 Strategic Enrollment Management Plan.

Over the last several years, the College added a new science center, purchased and renovated the old Muskegon Chronicle building to bring MCC back downtown, added a health and wellness center and renovated space for the arts and humanities. It is the belief that by expanding and enhancing our facilities, enrollment will increase by attracting more students to the College and simultaneously provide some much-needed upgrades to existing facilities.

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, (231) 777-0560.

Muskegon Community College
STATEMENT OF NET POSITION
June 30, 2019

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,595,186
Investments	6,927,234
Property taxes receivable	104,593
State appropriation receivable	2,035,666
Accounts receivable	2,211,226
Prepaid expenses and other assets	273,740
Total current assets	14,147,645
Noncurrent assets	
Property and equipment, net	73,832,867
Total assets	87,980,512
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	2,133,427
Related to pensions	14,091,312
Total deferred outflows of resources	16,224,739
Total assets and deferred outflows of resources	104,205,251
LIABILITIES	
Current liabilities	
Accounts payable	1,326,177
Accrued interest payable	198,862
Accrued payroll and other compensation	2,428,274
Deposits	69,773
Unearned revenues	378,071
Bonds, due within one year	1,785,000
Compensated absences, due within one year	843,452
Total current liabilities	7,029,609
Noncurrent liabilities	
Bonds, less amounts due within one year	33,074,731
Compensated absences, less amounts due within one year	2,530,359
Net other postemployment benefits liability	11,395,644
Net pension liability	43,140,657
Total noncurrent liabilities	90,141,391
Total liabilities	97,171,000
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	2,561,243
Related to pensions	4,752,682
Total deferred inflows of resources	7,313,925
Total liabilities and deferred inflows of resources	104,484,925
NET POSITION	
Net investment in capital assets	38,973,136
Restricted	
Expendable	
Scholarships	140,139
Instructional department uses	177,659
Library	300
Science Center	1,360
Unrestricted	(39,572,268)
Total net position	**$ (279,674)**

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, 2019

REVENUES	
Operating revenues	
Tuition and fees (net of scholarship allowances of $4,050,823)	$ 13,564,595
Federal grants and contracts	6,176,426
State and local grants and contracts	1,425,525
Nongovernmental grants	2,033,462
Auxiliary activities	1,923,037
Miscellaneous	473,389
Total operating revenue	25,596,434
EXPENSES	
Operating expenses	
Instruction	18,061,388
Information technology	2,589,173
Public services	896,914
Instructional support	3,984,687
Student services	10,938,170
Institutional administration	4,762,640
Operation and maintenance of plant	6,623,758
Depreciation and amortization	2,955,844
Total operating expenses	50,812,574
Operating loss	(25,216,140)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	11,860,779
Property taxes	11,209,675
Gifts	238,020
Investment income	196,406
Interest on capital asset - related debt	(1,163,929)
Total nonoperating revenues (expenses)	22,340,951
Loss before other revenues	(2,875,189)
OTHER REVENUES	
Federal capital grants	173,535
State capital grants	5,050,651
Total other revenues	5,224,186
Change in net position	2,348,997
Net position at July 1, 2018	(2,628,671)
Net position at June 30, 2019	**$ (279,674)**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 13,640,618
Grants and contracts	9,635,413
Payments to suppliers	(16,760,254)
Payments for employees	(28,773,963)
Auxiliary enterprise charges	1,923,037
Other	473,389
Net cash provided by (used for) operating activities	(19,861,760)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	11,287,624
Gifts	238,020
State appropriations	11,797,344
Net cash provided by (used for) noncapital financing activities	23,322,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(15,560,205)
Principal paid on capital debt	(1,740,000)
Interest paid on capital debt	(1,238,921)
Capital grants	5,224,186
Net cash provided by (used for) capital and related financing activities	(13,314,940)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	10,435,358
Interest on investments	196,406
Net cash provided by (used for) investing activities	10,631,764
Net change in cash and cash equivalents	778,052
Cash and cash equivalents at July 1, 2018	1,817,134
Cash and cash equivalents at June 30, 2019	**$ 2,595,186**
Reconciliation of operating income (loss) to net cash used for operating activities	
Operating income (loss)	$ (25,216,140)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and amortization expense	2,955,844
(Increases) decreases in assets	
Accounts receivable	85,095
Prepaid expenses and other assets	286,308
Increases (decreases) in liabilities	
Accounts payable	(11,383)
Accrued payroll and other compensation	2,047,588
Deposits	(49,494)
Unearned revenues	40,422
Net cash provided by (used for) operating activities	**$ (19,861,760)**

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, 2019

ASSETS	
Cash and investments	$ 91,898
Investments	330,363
Pledges receivable	31,346
Beneficial interest in assets held by others	380,318
Total assets	833,925
NET ASSETS	
Without donor restrictions	161,569
With donor restrictions	672,356
Total net assets	**$ 833,925**

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, 2019

REVENUES AND SUPPORT	
Contributions	
Cash	$ 342,014
In-kind	215,488
Gain (loss) from beneficial interest in assets held by others	16,835
Interest income (loss)	27,548
Total revenues and support	601,885
EXPENSES	
Distributions for the benefit of Muskegon Community College	411,577
Management and general	179,031
Fundraising	34,837
Total expenses	625,445
Change in net assets	(23,560)
Net assets at July 1, 2018	857,485
Net assets at June 30, 2019	**$ 833,925**

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 Expenses
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 recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Capitalized property and equipment are assets with an initial 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
Land and construction in progress are not depreciated. 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

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

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

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

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.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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 2018 state taxable value for real/personal property of the College totaled approximately $4,374,000,000. The ad valorem taxes levied consisted of 2.2037 and .34 mills for operating purposes and debt service, respectively.

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

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

NOTE B—DEPOSITS AND INVESTMENTS

As of June 30, 2019, the College had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating	Percent
Money market mutual fund	$ 4,938,589	30	not rated	71.3 %
Commercial paper	987,866	182	A-1	14.3
Certificate of Deposit Account Registry Service (CDARS)	1,000,779	91	not rated	14.4
Total fair value	**$ 6,927,234**			**100.0** %
Portfolio weighted average maturity		**34**		

NOTE B—DEPOSITS AND INVESTMENTS—Continued

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, 2019, $2,964,993 of the College's bank balance of $3,214,993 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

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the College the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE C—FAIR VALUE MEASUREMENTS—Continued

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

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

Commercial paper: Valued at the closing price reported on the active market on which the individual securities are traded.

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

The following table sets forth by level, within the fair value hierarchy, the College's assets at fair value on a recurring basis as of June 30, 2019:

	Assets at Fair Value as of June 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Money market funds	$ -	$ 4,938,589	$ -	$ 4,938,589
Commercial paper	987,866	-	-	987,866
Total assets at fair value	**$ 987,866**	**$ 4,938,589**	**$ -**	**$ 5,926,455**

NOTE D—PROPERTY AND EQUIPMENT

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	**Additions**	**Deductions**	**Balance June 30, 2019**
Capital assets, not being depreciated:				
Land	$ 821,344	$ -	$ -	$ 821,344
Construction in progress	11,832,136	7,219,700	12,637,203	6,414,633
Total capital assets, not being depreciated	12,653,480	7,219,700	12,637,203	7,235,977
Capital assets, being depreciated:				
Land improvements	1,669,990	-	-	1,669,990
Buildings and improvements	58,079,340	17,085,193	-	75,164,533
Equipment	14,878,016	1,229,074	-	16,107,090
Total capital assets, being depreciated	74,627,346	18,314,267	-	92,941,613
Less accumulated depreciation and amortization:				
Land improvements	1,346,717	40,259	-	1,386,976
Buildings and improvements	15,335,954	1,612,316	-	16,948,270
Equipment	6,706,208	1,303,269	-	8,009,477
Total accumulated depreciation and amortization	23,388,879	2,955,844	-	26,344,723
Total capital assets, being depreciated, net	51,238,467	15,358,423	-	66,596,890
Capital assets, net	**$ 63,891,947**	**$ 22,578,123**	**$ 12,637,203**	**$ 73,832,867**

Depreciation and amortization

Depreciation and amortiztion expense has been charged as unallocated depreciation.

NOTE E—LONG-TERM OBLIGATIONS

Summary of Long-Term Obligations

The following is a summary of long-term obligations activity for the College for the year ended June 30, 2019.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Public placement debt					
General obligation bonds	$ 35,575,000	$ -	$ 1,740,000	$ 33,835,000	$ 1,785,000
Net premium (discount)	1,092,098	-	67,367	1,024,731	-
Compensated absences	3,104,886	1,314,034	1,045,109	3,373,811	843,452
	$ 39,771,984	**$ 1,314,034**	**$ 2,852,476**	**$ 38,233,542**	**$ 2,628,452**

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.

	Interest Rate	Date of Maturity	Balance
Public placement debt:			
General obligation bonds			
2013 Community College Facility Bonds	3 - 5%	May 2038	$ 8,500,000
2014 Community College Facility Bonds	2.25 - 4%	May 2039	12,215,000
2016 Refunding Bonds	2 - 3%	May 2025	3,760,000
2017 College Facility Bonds	3 - 3.125%	Nov 2037	9,360,000
			$ 33,835,000

Annual debt service requirements to maturity for debt outstanding as of June 30, 2019 follow:

Year Ending June 30,	Public Placement Debt Principal	Interest	Total
2020	$ 1,785,000	$ 1,193,172	$ 2,978,172
2021	1,820,000	1,149,410	2,969,410
2022	1,870,000	1,100,459	2,970,459
2023	1,920,000	1,048,972	2,968,972
2024	1,815,000	990,222	2,805,222
2025-2029	7,660,000	4,095,010	11,755,010
2030-2034	8,555,000	2,673,270	11,228,270
2035-2039	8,410,000	926,751	9,336,751
	$ 33,835,000	**$ 13,177,266**	**$ 47,012,266**

NOTE F—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Employee Retirement System – Defined Benefit Plan

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

The 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).

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. 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.

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

Benefits Provided – Pension—Continued

Pension Reform 2012—Continued

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

Pension Reform 2017

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

Regular Retirement

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

Post-Retirement Adjustments

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

Plan Status

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

NOTE F—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, 2017 valuation will be amortized over a 21-year period for the 2018 fiscal year.

NOTE F—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, 2018.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	17.89 %
Member Investment Plan	3.0 - 7.0	17.89
Pension Plus Plan	3.0 - 6.4	16.61
Pension Plus 2 Plan	3.0 - 6.4	19.74
Defined Contribution	0.0	13.54

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	6.44 %
Personal Healthcare Fund	0.0	6.13

The College's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately $3,572,000, including Section 147c contributions.

For the year ended June 30, 2019, the College and employee defined contribution plan contributions were approximately $129,000 and $241,000, respectively.

The College's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB contributions were approximately $ 948,000.

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

At June 30, 2019, the College reported a liability of $43,140,657 for its proportionate share of the net pension liability and a liability of $11,395,644 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2017. The College's proportion of the net pension and OPEB liabilities was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required for all applicable employers during the measurement period. At September 30, 2018 and 2017, the College's pension proportion was 0.14351 and 0.14270 percent, respectively. At September 30, 2018 and 2017, the College's OPEB proportion was 0.14336 and 0.14248 percent, respectively.

For the year ended June 30, 2019, the College recognized pension expense of $5,747,981 and OPEB expense of $570,185.

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

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

At June 30, 2019, 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	$ 200,181	$ 313,496	$ -	$ 2,121,022
Changes of assumptions	9,991,341	-	1,206,805	-
Net difference between projected and actual earnings on plan investments	-	2,949,724	-	437,962
Changes in proportion and differences between College contributions and proportionate share of contributions	530,085	103,351	66,210	2,259
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	1,386,111	-	-
College contributions subsequent to the measurement date	3,369,705	-	860,412	-
Total	**$ 14,091,312**	**$ 4,752,682**	**$ 2,133,427**	**$ 2,561,243**

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

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

The College contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2020. The State of Michigan Section 147c UAAL rate stabilization 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, 2020. 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
2020	$ 3,104,597	$ (320,017)
2021	2,179,567	(320,017)
2022	1,467,296	(320,017)
2023	603,576	(230,673)
2024	-	(97,504)

Actuarial assumptions

Valuation Assumptions

Investment rate of return –	7.05% a year for the MIP and Basic plans 7% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 7.15% a year for OPEB
Salary increases –	2.75%-11.55%
Inflation –	2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	7.5% Year 1 graded to 3.0% Year 12

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.

Mortality Assumptions

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

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

Actuarial assumptions—Continued

Experience Study
The annual actuarial valuation report of the System used for these statements is dated September 30, 2017. Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.7 %
Private Equity Pools	18.0	9.2
International Equity Pools	16.0	7.2
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	3.9
Absolute Return Pools	15.5	5.2
Short Term Investment Pools	2.0	-
Total	**100.0** %	

*Long term rates of return does are net of administrative expenses and 2.3% inflation.

Discount rate
In the current year, the discount rates used to measure the total pension and OPEB liabilities were 7.05 percent (7 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 7.15 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2018 were 7.5 percent (7 percent for the Pension Plus Plans). 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 those 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.

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

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 7.05 percent (7 percent for Pension Plus plan and 6 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 (6.05% / 6% / 5%)	Discount Rate (7.05% / 7% / 6%)	1 % Higher (8.05% / 8% / 7%)
$ 56,640,350	$ 43,140,657	$ 31,924,606

Sensitivity of the net OPEB liability to changes in the discount rate
The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.15 percent, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1 % Lower (6.15%)	Discount Rate (7.15%)	1 % Higher (8.15%)
$ 13,680,239	$ 11,395,644	$ 9,474,021

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

1% Lower	Current Healthcare Cost Trend Rate	1% Higher
$ 9,372,792	$ 11,395,644	$ 13,716,269

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 Comprehensive Annual 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 amounts are not considered payables for this purpose.

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

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 $794,000 and employee contributions were approximately $227,000 for the year ended June 30, 2019.

NOTE G—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 $27,000 per occurrence or $81,000 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 H—COMMITMENTS AND CONTINGENCIES

Operating Leases

The College leases building space and equipment under operating lease agreements expiring in January 2020. Expense for the year ended June 30, 2019 was approximately $242,000. The following is a schedule of future minimum rental payments required under operating leases for the College.

Year Ending June 30,	Amount
2020	$ 97,283

NOTE H—COMMITMENTS AND CONTINGENCIES—Continued

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, 2019, the College had approved construction commitments of approximately $338,000.

NOTE I—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 $3,667,000 for the year ended June 30, 2019.

NOTE J—TAX ABATEMENTS

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

NOTE J—TAX ABATEMENTS—Continued

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

Municipality	IFT Taxes Abated	BRA Taxes Abated	PILOT Taxes Abated	Total Taxes Abated
City of Montague	$ 4,254	$ -	$ -	$ 4,254
City of Muskegon	19,008	26,063	36,975	82,046
City of Muskegon Heights	3,927	-	-	3,927
City of Norton Shores	30,976	6,472	-	37,448
City of Roosevelt Park	472	-	-	472
City of Whitehall	9,552	5,438	-	14,990
Dalton Township	17	-	-	17
Egelston Township	7,732	-	-	7,732
Fruitport Township	2,934	-	-	2,934
Montague Township	2,700	-	-	2,700
Muskegon Township	14,819	-	-	14,819
Ravenna Township	2,073	-	-	2,073
Sullivan Township	2,152	-	-	2,152
Village of Ravenna	-	603	-	603
Whitehall Township	229	1,964	-	2,193
Totals	**$ 100,845**	**$ 40,540**	**$ 36,975**	**$ 178,360**

NOTE K—UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the College’s 2020 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the College’s 2021 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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)

	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
College's proportion of the net pension liability (%)	0.14351%	0.14270%	0.14320%	0.14050%	0.13656%	-	-	-	-	-
College's proportionate share of the net pension liability	$ 43,140,657	$ 36,978,854	$ 35,727,595	$ 34,318,140	$ 30,080,234	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 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	337.07%	305.01%	257.69%	255.73%	283.54%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%	-	-	-	-	-

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

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Pension Contributions

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contributions	$ 2,186,098	$ 2,150,913	$ 2,343,851	$ 3,199,630	$ 2,969,529	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contributions	2,186,098	2,150,913	2,343,851	3,199,630	2,969,529	-	-	-	-	-
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
College's covered payroll	$ 12,146,108	$ 12,320,982	$ 12,218,226	$ 14,691,726	$ 11,290,051	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	18.00%	17.46%	19.18%	21.78%	26.30%	-	-	-	-	-

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

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

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

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
College's proportion of the net OPEB liability (%)	0.14336%	0.14248%	-	-	-	-	-	-	-	-
College's proportionate share of the net OPEB liability	$ 11,395,644	$ 12,617,601	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 12,798,882	$ 12,123,662	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.04%	104.07%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	42.95%	36.39%	-	-	-	-	-	-	-	-

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.

Muskegon Community College

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's OPEB Contributions

Michigan Public School Employees Retirement System

Last 10 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contributions	$ 948,450	$ 921,019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the statutorily required contributions	948,450	921,019	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
College's covered payroll	$ 12,146,108	$ 12,320,982	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	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.

Changes of benefit terms: There were no changes of benefit terms in 2019.

Changes of assumptions: There were no changes of benefit assumptions in 2019.

SUPPLEMENTAL INFORMATION

Muskegon Community College
CONSOLIDATING BALANCE SHEET
June 30, 2019

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Agency Fund
ASSETS							
Current assets							
Cash and cash equivalents	$ 2,595,186	$ 2,124,204	$ 99,580	$ -	$ 371,402	$ -	$ -
Investments	6,927,234	6,896,923	-	-	30,311	-	-
Property taxes receivable	104,593	104,593	-	-	-	-	-
State appropriation receivable	2,035,666	2,035,666	-	-	-	-	-
Accounts receivable	2,211,226	2,201,602	9,624	-	-	-	-
Prepaid expenses and other assets	273,740	259,352	14,388	-	-	-	-
Due from (due to) other funds	-	(567,598)	154,388	375,477	(32,040)	-	69,773
Total current assets	14,147,645	13,054,742	277,980	375,477	369,673	-	69,773
Noncurrent assets							
Property and equipment							
Land and improvements	2,491,334	-	-	-	2,491,334	-	-
Buildings and improvements	75,164,532	-	-	-	75,164,532	-	-
Equipment	16,107,091	-	-	-	16,107,091	-	-
Construction in progress	6,414,634	-	-	-	6,414,634	-	-
Allowance for depreciation	(26,344,724)	-	-	-	(26,344,724)	-	-
Total noncurrent assets	73,832,867	-	-	-	73,832,867	-	-
Total assets	87,980,512	13,054,742	277,980	375,477	74,202,540	-	69,773
DEFERRED OUTFLOWS OF RESOURCES							
Related to other postemployment benefits	2,133,427	-	-	-	-	2,133,427	-
Related to pensions	14,091,312	-	-	-	-	14,091,312	-
Total deferred outflows of resources	16,224,739	-	-	-	-	16,224,739	-
Total assets and deferred outflows of resources	104,205,251	13,054,742	277,980	375,477	74,202,540	16,224,739	69,773

Muskegon Community College
CONSOLIDATING BALANCE SHEET—CONTINUED
June 30, 2019

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Agency Fund
LIABILITIES							
Current liabilities							
Accounts payable	$ 1,326,177	$ 1,129,794	$ 27,232	$ -	$ 169,151	$ -	$ -
Accrued interest payable	198,862	-	-	-	198,862	-	-
Accrued payrolls and other compensation	2,428,274	2,364,913	63,361	-	-	-	-
Deposits	69,773	-	-	-	-	-	69,773
Unearned revenues	378,071	323,573	54,498	-	-	-	-
Bonds, due within one year	1,785,000	-	-	-	1,785,000	-	-
Compensated absences, due within one year	843,452	843,452	-	-	-	-	-
Total current liabilities	7,029,609	4,661,732	145,091	-	2,153,013	-	69,773
Noncurrent liabilities							
Bonds, less amounts due within one year	33,074,731	-	-	-	33,074,731	-	-
Compensated absences, less amounts due within one year	2,530,359	2,530,359	-	-	-	-	-
Net other postemployment benefits liability	11,395,644	-	-	-	-	11,395,644	-
Net pension liability	43,140,657	-	-	-	-	43,140,657	-
Total noncurrent liabilities	90,141,391	2,530,359	-	-	33,074,731	54,536,301	-
Total liabilities	97,171,000	7,192,091	145,091	-	35,227,744	54,536,301	69,773
DEFERRED INFLOWS OF RESOURCES							
Related to other postemployment benefits	2,561,243	-	-	-	-	2,561,243	-
Related to pensions	4,752,682	-	-	-	-	4,752,682	-
Total deferred inflows of resources	7,313,925	-	-	-	-	7,313,925	-
Total liabilities and deferred inflows of resources	104,484,925	7,192,091	145,091	-	35,227,744	61,850,226	69,773
NET POSITION							
Net investment in capital assets	38,973,136	-	-	-	38,973,136	-	-
Restricted							
Expendable							
Scholarships	140,139	-	-	140,139	-	-	-
Instructional department uses	177,659	-	-	177,659	-	-	-
Library	300	-	-	-	300		-
Science Center	1,360	-	-	-	1,360	-	-
Unrestricted	(39,572,268)	5,862,651	132,889	57,679	-	(45,625,487)	-
Total net position	**$ (279,674)**	**$ 5,862,651**	**$ 132,889**	**$ 375,477**	**$ 38,974,796**	**$ (45,625,487)**	**$ -**

Muskegon Community College

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION

For the year ended June 30, 2019

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund
REVENUES							
Operating revenues							
Tuition and fees (net of scholarship allowances of $4,050,823)	$ 13,564,595	$ (4,050,823)	$ 17,615,418	$ -	$ -	$ -	$ -
Federal grants and contracts	6,176,426	-	-	-	6,176,426	-	-
State and local grants and contracts	1,425,525	-	-	-	1,425,525	-	-
Nongovernmental grants	2,033,462	-	-	-	2,033,462	-	-
Auxiliary activities	1,923,037	-	-	1,923,037	-	-	-
Miscellaneous	473,389	-	469,749	-	-	3,640	-
Total operating revenue	25,596,434	(4,050,823)	18,085,167	1,923,037	9,635,413	3,640	-
EXPENSES							
Operating expenses							
Instruction	18,061,388	-	17,154,332	-	104,293	-	802,763
Information technology	2,589,173	-	2,585,822	-	-	-	3,351
Public services	896,914	-	581,646	284,442	13,904	-	16,922
Instructional support	3,984,687	-	3,779,716	-	59,685	-	145,286
Student services	10,938,170	(4,050,823)	5,071,756	391,845	9,333,844	-	191,548
Institutional administration	4,762,640	-	4,410,539	223,041	-	-	129,060
Operation and maintenance of plant	6,623,758	-	4,003,778	2,374,785	42,665	98,663	103,867
Depreciation and amortization	2,955,844	-	-	-	-	2,955,844	-
Total operating expenses	50,812,574	(4,050,823)	37,587,589	3,274,113	9,554,391	3,054,507	1,392,797
OPERATING INCOME (LOSS)	(25,216,140)	-	(19,502,422)	(1,351,076)	81,022	(3,050,867)	(1,392,797)

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION—CONTINUED
For the year ended June 30, 2019

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund
NONOPERATING REVENUES (EXPENSES)							
State appropriations	$ 11,860,779	$ -	$ 12,029,742	$ -	$ -	$ -	$ (168,963)
Property taxes	11,209,675	-	9,725,931	-	-	1,483,744	-
Gifts	238,020	-	-	900	15,000	222,120	-
Investment income	196,406	-	178,509	-	-	17,897	-
Interest on capital asset - related debt	(1,163,929)	-	-	-	-	(1,163,929)	-
Total nonoperating revenues (expenses)	22,340,951	-	21,934,182	900	15,000	559,832	(168,963)
Income (loss) before other revenues	(2,875,189)	-	2,431,760	(1,350,176)	96,022	(2,491,035)	(1,561,760)
OTHER REVENUES							
Federal capital grant	173,535	-	-	-	173,535	-	-
State capital grant	5,050,651	-	-	-	-	5,050,651	-
Total other revenues	5,224,186	-	-	-	173,535	5,050,651	-
Change in net position	2,348,997	-	2,431,760	(1,350,176)	269,557	2,559,616	(1,561,760)
Transfers in (out)	-	-	(6,695,581)	1,166,529	(1,017,424)	6,546,476	-
Net change in net position	2,348,997	-	(4,263,821)	(183,647)	(747,867)	9,106,092	(1,561,760)
Net position at July 1, 2018	(2,628,671)	-	10,126,472	316,536	1,123,344	29,868,704	(44,063,727)
Net position at June 30, 2019	**$ (279,674)**	**$ -**	**$ 5,862,651**	**$ 132,889**	**$ 375,477**	**$ 38,974,796**	**$ (45,625,487)**