Muskegon Community College

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

June 30, 2025

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 (College) and its discretely presented component unit, as of and for the year ended June 30, 2025, 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Muskegon Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note M to the financial statements, the College adopted GASB Statement 101—*Compensated Absences.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Report on the Audit of the Financial Statements—Continued

Responsibilities of Management for the Financial Statements—Continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Muskegon Community College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Muskegon Community College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on the Audit of the Financial Statements—Continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muskegon Community College's basic financial statements. The accompanying consolidating fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, 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 6, 2025

MUSKEGON COMMUNITY COLLEGE

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, 2025. 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, 2025, the College's revenues exceeded expenses and other support by $11,621,517, 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, 2025, and 2024:

Net Position
As of June 30
(in thousands)

	2025	2024*	Change	Percent Change
Assets				
Current assets	$ 29,011	$ 25,413	$ 3,598	14.16%
Non-current assets				
Capital assets, net	62,689	64,808	(2,119)	-3.27%
Net OPEB asset	5,004	683	4,321	632.65%
Total assets	96,704	90,904	5,800	6.38%
Deferred outflows of resources	9,979	13,631	(3,652)	-26.79%
Total assets and deferred outflows of resources	106,683	104,535	2,148	2.05%
Liabilities				
Current liabilities	8,486	9,315	(829)	-8.90%
Non-current liabilities				
Bonds	22,383	23,749	(1,366)	-5.75%
Net pension liability	28,384	38,305	(9,921)	-25.90%
Compensated absences	3,337	2,554	783	30.66%
Total liabilities	62,590	73,923	(11,333)	-15.33%
Deferred inflows of resources	19,443	16,294	3,149	19.33%
Total liabilities and deferred inflows of resources	82,033	90,217	(8,184)	-9.07%
Net Position				
Net investment in capital assets	38,391	38,156	235	0.62%
Restricted	6,859	2,827	4,032	142.62%
Unrestricted	(20,600)	(26,665)	6,065	22.75%
Total net position	$ 24,650	$ 14,318	$ 10,332	72.16%

*2024 has not been updated for the adoption of GASB 101.

Current assets increased by $3,598,000. Cash and investments increased by $2,973,000 due to cash received from advanced funding of some state grants and additional property tax revenues.

Capital assets decreased by $2,119,000, net of accumulated depreciation/amortization, mainly due to the amount depreciation/amortization exceeding additions for the fiscal year.

Current liabilities decreased by $829,000 due to a decrease in current portion of the bonds payable and decreases 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 $1,366,000 due to scheduled principal payments made on the bonds in the current fiscal year.

In 2015, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined benefit pensions through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The net pension liability decreased by $9,921,000 from 2024 to 2025.

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 asset increased by $4,321,000 from 2024 to 2025.

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 details.

In 2025, the College adopted Governmental Accounting Standards Board (GASB) Statement No. 101, which requires recognition of certain 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. See Note M, in the notes to the financial statements, for more details.

Summary Operating Results for the Year
(in thousands)

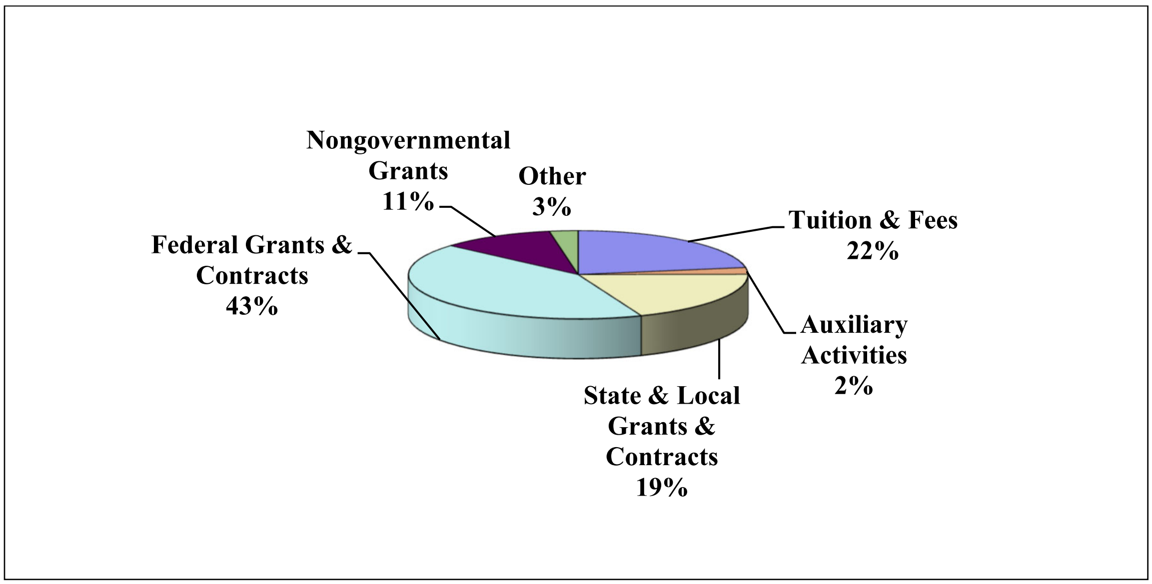
	2025	2024*	Change	Percent Change
Operating revenues				
Tuition and fees, net	$ 5,423	$ 7,325	$ (1,902)	-25.97%
Grants and contracts	17,496	13,485	4,011	29.74%
Auxiliary services	597	596	1	0.17%
Other	659	484	175	36.16%
Total operating revenues	24,175	21,890	2,285	10.44%
Total operating expenses	41,330	44,694	(3,364)	-7.53%
Operating loss	(17,155)	(22,804)	5,649	24.77%
Non-operating revenues (expenses)				
State appropriations	14,287	15,067	(780)	-5.18%
Property taxes	14,564	13,577	987	7.27%
Gifts	24	21	3	14.29%
Investment income	725	856	(131)	-15.30%
Interest on capital asset - related debt	(824)	(665)	(159)	-23.91%
Gain (loss) on disposal of capital asset	-	13	(13)	-100.00%
Bond issuance costs	-	(154)	154	-100.00%
Total non-operating revenues	28,776	28,715	61	0.21%
Change in net position	11,621	5,911	5,710	96.60%
Net position at beginning of year, as previously reported	14,318	8,407	5,911	70.31%
Adjustments to beginning net position	(1,289)	-	(1,289)	
Net position at beginning of year, as restated	13,029	8,407	4,622	
Net position - ending	**$24,650**	**$14,318**	**$ 10,332**	72.16%

*2024 has not been updated for the adoption of GASB 101.

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 $1,902,000. While gross tuition and fee revenue was higher than the prior year by $1,975,000, this was offset by an increase in scholarship allowance of $3,877,000. Contact hours increased 8.4% in comparison to the prior year.

Grants and contracts increased by approximately $4,011,000. The increase is primarily due to an increase in the amount of federal and state student financial aid awards. In total federal grants increased by $3,969,000.

Other revenues increased by $175,000 primarily due to increases in the areas of recovery of bad debts $54,000, grant indirect costs reimbursements $46,000, student activities funds $40,000 and fundraising donations for the completion of a music room $41,000.

Operating Expenses

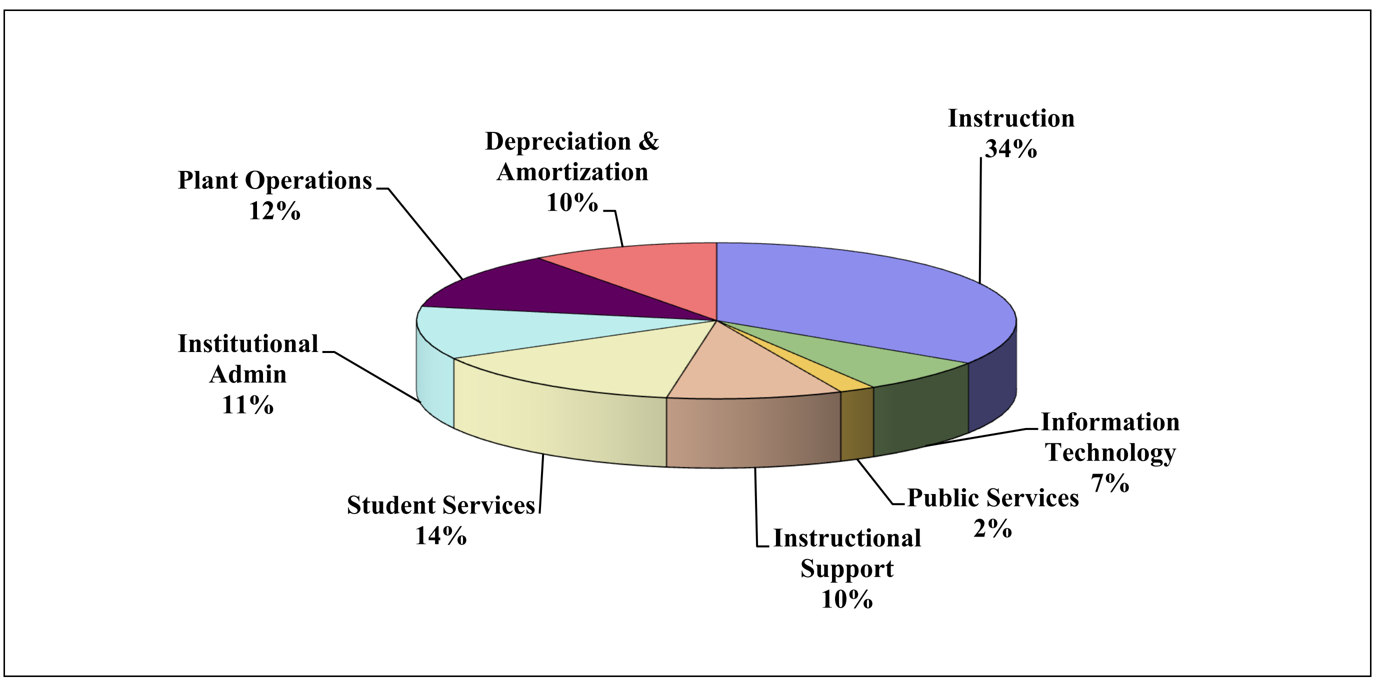
Operating expenses include all the costs necessary to perform and conduct the programs and primary purposes of the College. Operating expenses for the fiscal years ended June 30, 2025 and 2024 consist of the following:

(in thousands)

	2025	2024*	Change	Percent Change
Instruction	$ 14,129	$ 16,378	$ (2,249)	-13.73%
Information technology	2,926	2,681	245	9.14%
Public services	810	887	(77)	-8.68%
Instructional support	3,902	3,308	594	17.96%
Student services	5,898	7,115	(1,217)	-17.10%
Institutional administration	4,537	5,116	(579)	-11.32%
Operation and maintenance of plant	4,926	4,861	65	1.34%
Depreciation/amortization	4,202	4,348	(146)	-3.36%
Total	**$ 41,330**	**$ 44,694**	**$ (3,364)**	-7.53%

*2024 has not been updated for the adoption of GASB 101.

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



Operating expenses decreased by approximately $3,364,000. An increase in the elimination of scholarship allowances of $3,877,00 contributed to the decrease in expenses. In addition, pension liability year-end adjustments resulted in a decrease of $3,475,00 compared to prior year (See Note G). There were also decreases in self-insured medical claims of $717,000 and in depreciation of $146,000 compared to prior year. Offsetting these decreases in expenses were increases in student aid awards of $4,907,000 for various federal, state and local grant and scholarship programs.

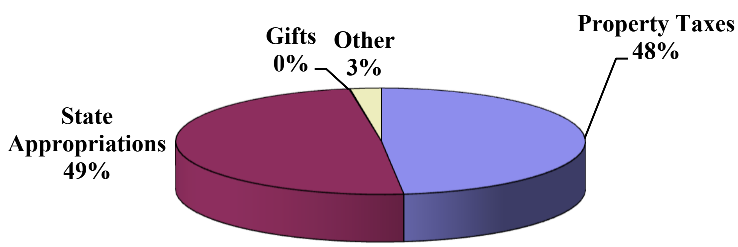
Non-operating Revenues (Expenses)

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

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

- State appropriations for operations decreased by approximately $780,000. The decrease was primarily the result of a decrease in the distribution for the unfunded accrued actuarial liability of $667,000 and a decrease of $276,000 due to the GASB 68 retirement adjustment. The decreases were partially offset by an overall increase in other state aid allocations for FY25 of $164,000.
- Property tax revenues increased by approximately $987,000, or 7.27%, primarily due to an increase in taxable values.
- Investment income decreased by $131,000 primarily due to a one-time gain of $226,000 resulting from the bond refunding that took place in FY2024. Offsetting that decrease was an increase in investment interest of $96,000 due to more cash being available to invest during FY2025.

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)

	2025	2024*	Change	Percent Change
Cash provided by (used for)				
Operating activities	$ (21,032)	$ (20,757)	$ (275)	-1.32%
Noncapital financing activities	28,602	28,469	133	0.47%
Capital and related financing activities	(5,322)	(4,036)	(1,286)	-31.86%
Investing activities	(1,416)	(3,431)	2,015	58.73%
Net change in cash and cash equivalents	832	245	587	239.59%
Cash and cash equivalents - beginning of year	2,887	2,642	245	9.27%
Cash and cash equivalents - end of year	**$ 3,719**	**$ 2,887**	**$ 832**	28.82%

*2024 has not been updated for the adoption of GASB 101.

Capital Assets

At June 30, 2025, the College had approximately $110,484,000 invested in capital assets, with accumulated depreciation/amortization of approximately $47,794,000. The net result of capital assets, less accumulated depreciation/amortization, is a net book value of approximately $62,689,000. Depreciation/amortization and amortization charges totaled approximately $4,202,000 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)

	2025	2024	Change
Land	$ 338	$ 338	$ -
Construction in progress	287	8	279
Land improvements	55	82	(27)
Buildings and improvements	55,439	56,606	(1,167)
Equipment	5,442	6,134	(692)
Right to use - equipment	191	22	169
Right to use - subscription-based IT	937	1,618	(681)
Total	**$ 62,689**	**$ 64,808**	**$ (2,119)**

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 details.

In the next fiscal year, the College has budgeted for equipment and building improvements of approximately $4,579,000, primarily for facility improvements, technology, instructional equipment. Only those items with a cost of more than $5,000 will be capitalized.

Debt

The College's long-term debt consists of approximately $24,298,000 in General Obligation – Limited Tax Bonds, issued in 2017, 2024 and lease obligations. This compares to $26,652,000 as of June 30, 2024. The College's bond debt rating is AA-Standard & Poor's.

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 the COVID pandemic. However, some of the recent programs implemented by the State including Michigan Reconnect, Michigan Reconnect Expansion and the Michigan Community College Guarantee have helped to boost enrollment in FY2025. FY2024 contact hour enrollment was flat compared to the prior year. Some people have chosen employment instead of higher education. However, local employers are still in need of more skilled workers. Although FY2025 assumed no increase in contact hour enrollment, actual results were an increase of 8.4% compared to the prior year. This increase was partially due to the implementation of Reconnect Expansion, which lowered the eligibility age from 25 to 21 for free in-district tuition within the State and the Community College Guarantee, which provides free in-district tuition to any full-time student that graduated in 2023 or 2024. In addition, lowering the GPA eligibility requirements for the Muskegon Promise has increased the number of students choosing MCC. FY2026 assumes a 2% decrease in enrollment. However, Fall 2025 enrollment is trending approximately flat compared to last year. 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 2.1% for FY2025-2026. Property taxes are projected to increase based on the latest County Equalization report which shows a 7.9% 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, 2025

ASSETS	
Current assets	
Cash and cash equivalents	$ 3,718,886
Investments	17,745,126
Receivables	
Property taxes	545,393
State appropriation	2,235,112
Accounts	4,465,702
Due from College Foundation	558
Prepaid expenses and other assets	300,681
Total current assets	29,011,458
Noncurrent assets	
Property and equipment, net	62,689,257
Net other postemployment benefits asset	5,002,754
Total noncurrent assets	67,692,011
Total assets	96,703,469
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	1,163,778
Related to pensions	8,815,605
Total deferred outflows of resources	9,979,383
Total assets and deferred outflows of resources	106,682,852
LIABILITIES	
Current liabilities	
Accounts payable	1,800,484
Accrued interest payable	153,889
Accrued payroll and other compensation	3,017,069
Unearned revenues	488,895
Bonds and other obligations, due within one year	1,914,737
Compensated absences, due within one year	1,111,787
Total current liabilities	8,486,861
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	22,383,131
Compensated absences, less amounts due within one year	3,335,365
Net pension liability	28,384,240
Total noncurrent liabilities	54,102,736
Total liabilities	62,589,597
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	7,069,433
Related to pensions	12,373,577
Total deferred inflows of resources	19,443,010
Total liabilities and deferred inflows of resources	82,032,607
NET POSITION	
Net investment in capital assets	38,391,390
Restricted	
Expendable	
Scholarships	340,641
Instructional department uses	223,834
Instructional administration	152,050
Debt service	610,420
Safety and security	529,322
Net other postemployment benefits	5,002,754
Unrestricted	(20,600,166)
Total net position	**$ 24,650,245**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2025

REVENUES	
Operating revenues	
Tuition and fees (net of scholarship allowances of $12,544,119)	$ 5,422,687
Federal grants and contracts	10,270,541
State and local grants and contracts	4,605,533
Nongovernmental grants	2,620,560
Auxiliary activities	597,102
Miscellaneous	658,876
Total operating revenue	24,175,299
EXPENSES	
Operating expenses	
Instruction	14,128,491
Information technology	2,926,485
Public services	809,700
Instructional support	3,901,672
Student services	5,898,430
Institutional administration	4,536,506
Operation and maintenance of plant	4,926,003
Depreciation and amortization	4,201,635
Total operating expenses	41,328,922
Operating loss	(17,153,623)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	14,287,459
Property taxes	14,563,581
Gifts	24,433
Investment income (loss), net	724,859
Interest on capital asset - related debt	(825,192)
Total nonoperating revenues (expenses)	28,775,140
Change in net position	11,621,517
Net position at beginning of year, as previously reported	14,317,858
Adjustments to beginning net position	(1,289,130)
Net position at beginning of year, as restated	13,028,728
Net position at end of year	**$24,650,245**

The accompanying notes are an integral part of this statement.

Muskegon Community College
STATEMENT OF CASH FLOWS
For the year ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 5,211,495
Grants and contracts	17,496,634
Payments to suppliers	(6,761,782)
Payments for employees	(38,234,370)
Auxiliary enterprise charges	597,102
Other	658,876
Net cash provided by (used for) operating activities	(21,032,045)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	14,457,750
Property taxes	14,120,869
Gifts	23,875
Net cash provided by (used for) noncapital financing activities	28,602,494
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,865,209)
Principal paid on capital debt	(2,387,757)
Interest paid on capital debt	(1,069,361)
Net cash provided by (used for) capital and related financing activities	(5,322,327)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale (purchase) of investments	(2,141,408)
Interest on investments	724,859
Net cash provided by (used for) investing activities	(1,416,549)
Net change in cash and cash equivalents	831,573
Cash and cash equivalents at beginning of year	2,887,313
Cash and cash equivalents at end of year	**$ 3,718,886**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	$ (17,153,623)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and amortization expense	4,201,635
(Increases) decreases in assets	
Accounts receivable	(352,932)
Prepaid expenses and other assets	613
Increases (decreases) in liabilities	
Accounts payable	(261,948)
Accrued payroll and other compensation	(7,607,530)
Unearned revenues	141,740
Net cash provided by (used for) operating activities	**$ (21,032,045)**

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, 2025

ASSETS	
Cash	$ 55,665
Investments	1,467,577
Pledges receivable	16,750
Beneficial interest in assets held by others	570,339
Total assets	2,110,331
LIABILITIES AND NET ASSETS	
Liabilities	
Due to Muskegon Community College	558
NET ASSETS	
Without donor restrictions	570,154
With donor restrictions	1,539,619
Total net assets	**$ 2,109,773**

The accompanying notes are an integral part of this statement.

Muskegon Community College

COMPONENT UNIT STATEMENT OF ACTIVITIES

FOR FOUNDATION FOR MUSKEGON COMMUNITY COLLEGE

For the year ended June 30, 2025

REVENUES AND SUPPORT	
Contributions	
Cash	$ 480,814
In-kind	530,470
Gain (loss) from beneficial interest in assets held by others	55,656
Investment income (loss), net	164,127
Total revenues and support	1,231,067
EXPENSES	
Program services	404,283
Management and general	491,442
Fundraising	27,001
Total expenses	922,726
Change in net assets	308,341
Net assets at beginning of year	1,801,432
Net assets at end of year	**$ 2,109,773**

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 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.

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.

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

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 2024 state taxable value for real/personal property of the College totaled approximately $5,982,500,000. The ad valorem taxes levied consisted of 2.1515 and .225 mills for operating purposes and debt service, respectively.

Compensated Absences

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

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, 2025, 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 - CMC	$ 2,127,051	38	AAAm	12%
MILAF External Investment pool - MAX Class	6,618,075	38	AAAm	37%
MILAF External Investment pool - Term	9,000,000	38	AAAf	51%
	$ 17,745,126			**100%**
Portfolio weighted average maturity		**38**		

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, 2025, $3,861,944 of the College's bank balance of $4,123,090, 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 has a 14 day hold period before invested funds can be redeemed. These funds are not subject to the fair value disclosures

	Amortized Cost
MILAF External Investment pool - CMC	$ 2,127,051
MILAF External Investment pool - MAX Class	6,618,075
MILAF External Investment pool - Term	9,000,000
	$ 17,745,126

NOTE D—PROPERTY AND EQUIPMENT

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	$ 338,505	$ -	$ -	$ 338,505
Construction in progress	7,750	287,121	7,750	287,121
Total capital assets, not being depreciated/amortized	346,255	287,121	7,750	625,626
Capital assets, being depreciated/amortized:				
Land improvements	1,669,990	-	-	1,669,990
Buildings and improvements	84,556,797	1,212,259	-	85,769,056
Equipment	19,166,093	373,579	41,076	19,498,596
Right to use - equipment	96,393	204,384	96,393	204,384
Right to use - subscription-based IT	3,036,065	13,187	333,201	2,716,051
Total capital assets, being depreciated/amortized	108,525,338	1,803,409	470,670	109,858,077
Less accumulated depreciation and amortization:				
Land improvements	1,588,272	26,854	-	1,615,126
Buildings and improvements	27,950,920	2,379,062	-	30,329,982
Equipment	13,031,118	1,066,620	41,076	14,056,662
Right to use - equipment	74,454	35,570	96,393	13,631
Right to use - subscription-based IT	1,418,717	693,529	333,201	1,779,045
Total accumulated depreciation and amortization	44,063,481	4,201,635	470,670	47,794,446
Total capital assets, being depreciated/amortized, net	64,461,857	(2,398,226)	-	62,063,631
Capital assets, net	**$ 64,808,112**	**$ (2,111,105)**	**$ 7,750**	**$ 62,689,257**

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.

The following is a summary of long-term obligations activity for the College for the year ended June 30, 2025.

	Balance July 1, 2024 as restated	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Public placement debt					
General obligation bonds	$ 22,880,000	$ -	$ 1,720,000	$ 21,160,000	$ 1,225,000
Net premium (discount)	2,232,900	-	183,754	2,049,146	-
Lease obligations	21,939	204,384	34,597	191,726	36,916
SBITA	1,516,969	13,187	633,160	896,996	652,821
Compensated absences*	4,694,561	-	247,409	4,447,152	1,111,787
	$ 31,346,369	**$ 217,571**	**$ 2,818,920**	**$ 28,745,020**	**$ 3,026,524**

*The net change in the compensated absences liability is presented as a net change.

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, 2025:

	Interest Rate	Date of Maturity	Balance
Public placement debt:			
General obligation bonds			
2017 College Facility Bonds	3-3.125%	May 2037	$ 6,775,000
2024 Community College Refunding Bonds	5%	May 2039	14,385,000
			$ 21,160,000

Annual debt service requirements to maturity for debt outstanding as of June 30, 2025 follow:

Year Ending June 30,	Public Placement Debt Principal	Public Placement Debt Interest
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	1,455,000	701,382
2031-2035	8,285,000	2,518,060
2036-2039	6,185,000	650,914
	$ 21,160,000	**$ 7,243,384**

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, 2025 follows:

Year Ending	Leases		SBITA	
June 30,	Principal	Interest	Principal	Interest
2026	$ 36,916	$ 9,674	$ 652,821	$ 45,535
2027	39,059	7,531	119,906	12,483
2028	41,327	5,263	124,269	6,213
2029	43,726	2,864	-	-
2039	30,698	364	-	-
	$ 191,726	**$ 25,696**	**$ 896,996**	**$ 64,231**

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.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1: Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5 percent pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment. For Basic plan members the contribution is 4 percent. For Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members the contribution is a flat 7 percent.

Option 2: Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5 percent pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0 percent for Basic plan members, 3.9 percent for MIP-Fixed, up to 4.3 percent for MIP-Graded, or up to 6.4 percent for MIP-Plus). The pension formula for any service thereafter would include a 1.25 percent pension factor.

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

Benefits Provided – Pension—Continued

Pension Reform 2012—Continued

Option 3: Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5 percent pension factor. The pension formula for any service thereafter will include a 1.25 percent pension factor.

Option 4: Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4 percent employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50 percent at 2 years, 75 percent at 3 years, and 100 percent at 4 years of service. They are 100 percent vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5 percent pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus plan and a Defined Contribution plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Final Average Compensation (FAC) is the average of highest 60 consecutive months for Basic plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan 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 Pension Plus 2 plan is 6 percent. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, were automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They had 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant to the DC plan; if no election is made they will default to the DC plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

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

Benefits Provided – Pension—Continued

Pension Reform of 2023
On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 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 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

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.

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.

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

Benefits Provided – OPEB—Continued

Retiree Healthcare Reform of 2012
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, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 20, 2038.

The schedules below summarize the contribution rates in effect for the System's fiscal year ended September 30, 2024.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	23.03 %
Member Investment Plan	3.0 - 7.0	23.03
Pension Plus Plan	3.0 - 6.4	19.17
Pension Plus 2 Plan	6.2	20.1
Defined Contribution	0.0	13.9

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	8.31 %
Personal Healthcare Fund	0.0	7.06

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

Contributions – Pension and OPEB—Continued
The College's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Pension contributions were approximately $5,089,000, including Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit state aid payment contributions.

For the year ended June 30, 2025, the College and employee defined contribution plan contributions were approximately $180,000 and $538,500, respectively.

The College's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. OPEB contributions were approximately $65,000.

For the year ended June 30, 2025, the College OPEB defined contribution plan contributions were approximately $117,000.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2025, the College reported a liability of $28,384,240 for its proportionate share of the MPSERS net pension liability and an asset of $5,002,754 for its proportionate share of the MPSERS net OPEB asset. The net pension liability and OPEB asset were measured as of September 30, 2024, 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, 2023. 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, 2024 and 2023, the College's pension proportion was 0.11594% and 0.11835% percent, respectively. At September 30, 2024 and 2023, the College's OPEB proportion was 0.11622% and 0.12073% percent, respectively.

For the year ended June 30, 2025, the College recognized pension expense (benefit) of $382,125 and OPEB expense (benefit) of $(2,002,067).

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, 2025, 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	$ 770,084	$ 308,399	$ -	$ 5,301,392
Changes of assumptions	2,959,225	2,079,667	1,092,674	125,594
Net difference between projected and actual earnings on plan investments	-	5,416,916	-	947,079
Changes in proportion and differences between College contributions and proportionate share of contributions	1,698	2,969,339	6,930	695,368
State of Michigan Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit state aid payments subsequent to the measurement date	-	1,599,256	-	-
College contributions subsequent to the measurement date	5,084,598	-	64,174	-
Total	**$ 8,815,605**	**$ 12,373,577**	**$ 1,163,778**	**$ 7,069,433**

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, 2026. The State of Michigan Section 147c(1) UAAL rate stabilization and 147c(2) one time deposit-state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2026. 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
2026	$ (2,508,323)	$ (1,964,614)
2027	(713,203)	(1,240,520)
2028	(2,324,671)	(1,155,667)
2029	(1,497,117)	(977,649)
2030	-	(530,646)
Thereafter	-	(100,733)
	$ (7,043,314)	**$ (5,969,829)**

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.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation date –	September 30, 2023
Actuarial cost method –	Entry age, Normal
Wage Inflation Rate –	2.75%
Investment rate of return –	6% a year for the MIP and Basic plans 6% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6% a year for OPEB
Projected 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: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 5.50% 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, 2024 are based on the results of an actual valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, included the experience study.

Long-Term Expected Return on Plan Assets
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, 2024 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3 %
Private Equity Pools	16.0	9.0
International Equity Pools	15.0	6.5
Fixed Income Pools	13.0	2.2
Real Estate and Infrastructure Pools	10.0	7.1
Absolute Return Pools	9.0	5.2
Real Return/Opportunistic Pools	10.0	6.9
Short Term Investment Pools	2.0	1.4
Total	**100.0** %	

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

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

Rate of return
For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 15.47 percent and 15.45 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
A discount rate of 6 percent was used to measure the total pension liability (6 percent for the Pension Plus plan, 6 percent for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6 percent (6 percent for the Pension Plus plan, 6 percent for the Pension Plus 2 plan). A discount rate of 6 percent was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6 percent. 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 percent (6 percent for the 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* (5.0% / 5.0% / 5.0%)	Discount Rate* (6.0% / 6.0% / 6.0%)	1% Higher* (7.0% / 7.0% / 7.0%)
$ 41,611,600	$ 28,384,240	$ 17,369,917

*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 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%)
$ (3,866,170)	$ (5,002,754)	$ (5,985,452)

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
$ (5,985,462)	$ (5,002,754)	$ (3,948,805)

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

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

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

The ORP is a non-voluntary defined-contribution plan in which the College contributes 14.0 percent and the employee contributes 4.0 percent of the participating employee's includible compensation. Participants are immediately 100 percent vested in all ORP contributions. Participating employees elect their own allocation of contributions among the available investment vehicles offered by TIAA-CREF. ORP retirement benefits are based on the accumulation of contributions and the related investment income for each participant. Distributions of retirement benefits are available under the ORP when participants attain age 55. The College's contributions to the ORP were approximately $919,000 and employee contributions were approximately $263,000 for the year ended June 30, 2025.

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, 2025, the College had approved commitments of approximately $654,000 for facilities plan development and large ensemble room completion.

Related Party Transactions

During the year ended June 30, 2025, the College reimbursed its employees for approximately $11,800 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 $100,000 per covered individual per year. Benefit payments in excess of $100,000 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 $2,987,000 for the year ended June 30, 2025.

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	$ -	$ 21,565	$ -	$ 21,565
City of Muskegon	20,991	159,303	23,213	203,507
City of Muskegon Heights	1,892	7,983	-	9,875
City of Norton Shores	24,594	196,887	-	221,481
City of Roosevelt Park	-	28,126	-	28,126
City of Whitehall	8,756	66,436	-	75,192
Egelston Township	854	-	-	854
Fruitport Township	2,431	14,229	-	16,660
Muskegon Township	5,513	-	-	5,513
Ravenna Township	191	-	-	191
Village of Ravenna	-	4,302	-	4,302
Whitehall Township	-	2,274	-	2,274
Totals	**$ 65,222**	**$ 501,105**	**$ 23,213**	**$ 589,540**

NOTE L—SUBSEQUENT EVENT

Subsequent to June 30, 2025, the College approved repaving the asphalt parking lot amounting to $532,600 and has entered into a contract with an engineering firm to design a new chiller plant. The College has also entered into an engineering project agreement for approximately $315,000.

NOTE M—CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the College implemented GASB Statement 101—*Compensated Absences.* The 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.

NOTE N—ADJUSTMENTS TO BEGINNING NET POSITION

Correction of an Error in Previously Issued Financial Statements
During the year ended June 30, 2025, the College determined that the liability for compensated absences was understated in the prior year.

Adjustments to and Restatements of Beginning Balances
During fiscal year 2025, the College implemented GASB Statement 101—*Compensated Absences*. This change in accounting principle and correction of an error resulted in the following changes to beginning net position:

	Combined Total	General Fund
Net position at beginning of year, as previously reported	$ 14,317,858	$ 13,425,048
Changes in accounting principle (GASB 101)	(832,715)	(832,715)
Correction of an error - compensated absences	(456,415)	(456,415)
Net position at beginning of year, as restated	**$ 13,028,728**	**$12,135,918**

NOTE O—UPCOMING ACCOUNTING PRONOUNCEMENTS

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;

NOTE O—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued

- 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.

In September 2024, the GASB issued Statement 104—*Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement 87—*Leases*, and intangible right-to-use assets recognized in accordance with Statement 94—*Public Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement 96—*Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (%)	0.11594%	0.11835%	0.12242%	0.13789%	0.14138%	0.14613%	0.14351%	0.14270%	0.14320%	0.14050%
College's proportionate share of the net pension liability	$ 28,384,240	$ 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
College's covered payroll	$ 12,393,178	$ 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
College's proportionate share of the net pension liability as a percentage of its covered payroll	229.03%	315.26%	292.72%	267.39%	403.46%	395.19%	337.07%	305.01%	257.69%	255.73%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions*	$ 5,088,546	$ 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
Contributions in relation to the statutorily required contributions	5,088,546	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
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
College's covered payroll	$ 12,845,992	$ 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
Contributions as a percentage of covered payroll	39.61%	38.21%	17.83%	17.60%	18.55%	19.18%	18.00%	17.46%	19.18%	21.78%

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

	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
College's proportion of the net OPEB liability (asset) (%)	0.11622%	0.12073%	0.12240%	0.13221%	0.13850%	0.14154%	0.14336%	0.14248%
College's proportionate share of the net OPEB liability (asset)	$ (5,002,754)	$ (682,970)	$ 2,592,429	$ 2,018,099	$ 7,419,999	$ 10,159,723	$ 11,395,644	$ 12,617,601
College's covered payroll	$ 12,393,178	$ 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	-40.37%	-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)	143.08%	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 8 Fiscal Years (Amounts were determined as of 6/30 of each fiscal year)

	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Statutorily required contributions	$ 64,521	$ 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	64,521	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	$ 12,845,992	$ 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	0.50%	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.

Muskegon Community College
REQUIRED SUPPLEMENTARY INFORMATION
Notes to Required Supplementary Information
For the year ended June 30, 2025

Pension Information

Benefit changes – there were no changes of benefit terms in 2024.

Changes of assumptions – there were no changes of assumptions in 2024.

OPEB Information

Benefit changes – there were no changes in benefit terms in 2024.

Changes of assumptions – there were no changes of benefit assumptions in 2024.

SUPPLEMENTAL INFORMATION

Muskegon Community College
CONSOLIDATING BALANCE SHEET
June 30, 2025

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
ASSETS							
Current assets							
Cash and cash equivalents	$ 3,718,886	$ 3,222,177	$ -	$ -	$ 496,709	$ -	$ -
Investments	17,745,126	17,745,126	-	-	-	-	-
Receivables							
Property taxes	545,393	545,393	-	-	-	-	-
State appropriation	2,235,112	2,235,112	-	-	-	-	-
Accounts	4,465,702	4,465,702	-	-	-	-	-
Due from College Foundation	558	558	-	-	-		-
Prepaid expenses and other assets	300,681	300,681	-	-	-	-	-
Due from (due to) other funds	-	(2,696,299)	169,013	1,620,020	743,059	-	164,207
Total current assets	29,011,458	25,818,450	169,013	1,620,020	1,239,768	-	164,207
Noncurrent assets							
Property and equipment							
Land and improvements	2,008,495	-	-	-	2,008,495	-	-
Buildings and improvements	85,769,056	-	-	-	85,769,056	-	-
Equipment	19,498,596	-	-	-	19,498,596	-	-
Right to use assets- leases	204,384	-	-	-	204,384	-	-
Right to use assets- SBITA	2,716,050	-	-	-	2,716,050	-	-
Construction in progress	287,122	-	-	-	287,122	-	-
Allowance for depreciation/amortization	(47,794,446)	-	-	-	(47,794,446)	-	-
Net property and equipment	62,689,257	-	-	-	62,689,257	-	-
Net other postemployment benefit asset	5,002,754	-	-	-	-	5,002,754	-
Total noncurrent assets	67,692,011	-	-	-	62,689,257	5,002,754	-
Total assets	96,703,469	25,818,450	169,013	1,620,020	63,929,025	5,002,754	164,207
DEFERRED OUTFLOWS OF RESOURCES							
Related to other postemployment benefits	1,163,778	-	-	-	-	1,163,778	-
Related to pensions	8,815,605	-	-	-	-	8,815,605	-
Total deferred outflows of resources	9,979,383	-	-	-	-	9,979,383	-
Total assets and deferred outflows of resources	106,682,852	25,818,450	169,013	1,620,020	63,929,025	14,982,137	164,207

Muskegon Community College
CONSOLIDATING BALANCE SHEET—CONTINUED
June 30, 2025

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
LIABILITIES							
Current liabilities							
Accounts payable	$ 1,800,484	$ 1,800,484	$ -	$ -	$ -	$ -	$ -
Accrued interest payable	153,889	-	-	-	153,889	-	-
Accrued payrolls and other compensation	3,017,069	3,017,069	-	-	-	-	-
Unearned revenues	488,895	488,895	-	-	-	-	-
Bonds and other obligations, due within one year	1,914,737	-	-	-	1,914,737	-	-
Compensated absences, due within one year	1,111,787	1,111,787	-	-	-	-	-
Total current liabilities	8,486,861	6,418,235	-	-	2,068,626	-	-
Noncurrent liabilities							
Bonds and other obligations, less amounts due within one year	22,383,131	-	-	-	22,383,131	-	-
Compensated absences, less amounts due within one year	3,335,365	3,335,365	-	-	-	-	-
Net pension liability	28,384,240	-	-	-	-	28,384,240	-
Total noncurrent liabilities	54,102,736	3,335,365	-	-	22,383,131	28,384,240	-
Total liabilities	62,589,597	9,753,600	-	-	24,451,757	28,384,240	-
DEFERRED INFLOWS OF RESOURCES							
Related to other postemployment benefits	7,069,433	-	-	-	-	7,069,433	-
Related to pensions	12,373,577	-	-	-	-	12,373,577	-
Total deferred inflows of resources	19,443,010	-	-	-	-	19,443,010	-
Total liabilities and deferred inflows of resources	82,032,607	9,753,600	-	-	24,451,757	47,827,250	-
NET POSITION							
Net investment in capital assets	38,391,390	-	-	-	38,391,390	-	-
Restricted							
Expendable							
Scholarships	340,641	-	-	340,641	-	-	-
Instructional department uses	223,834	-	-	223,834	-	-	-
Instructional administration	152,050	-	-	152,050	-	-	-
Debt service	610,420	-	-	-	610,420	-	-
Safety and security	529,322	-	-	529,322	-	-	-
Net other postemployment benefits	5,002,754	-	-	-	-	5,002,754	-
Unrestricted	(20,600,166)	16,064,850	169,013	374,173	475,458	(37,847,867)	164,207
Total net position	**$ 24,650,245**	**$ 16,064,850**	**$ 169,013**	**$ 1,620,020**	**$ 39,477,268**	**$ (32,845,113)**	**$ 164,207**

Muskegon Community College

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

For the year ended June 30, 2025

	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 $12,544,119)	$ 5,422,687	$ (12,544,119)	$ 17,966,806	$ -	$ -	$ -	$ -	$ -
Federal grants and contracts	10,270,541	-	-	-	10,270,541	-	-	-
State and local grants and contracts	4,605,533	-	-	-	4,605,533	-	-	-
Nongovernmental grants	2,620,560	-	-	-	2,620,560	-	-	-
Auxiliary activities	597,102	-	-	597,102	-	-	-	-
Miscellaneous	658,876	-	455,880	-	-	41,574	-	161,422
Total operating revenue	24,175,299	(12,544,119)	18,422,686	597,102	17,496,634	41,574	-	161,422
EXPENSES								
Operating expenses								
Instruction	14,128,491	-	16,943,054	-	786,647	-	(3,601,210)	-
Information technology	2,926,485	-	2,933,257	-	-	-	(6,772)	-
Public services	809,700	-	656,837	222,021	31,082	-	(100,240)	-
Instructional support	3,901,672	-	3,456,287	-	1,299,460	-	(854,075)	-
Student services	5,898,430	(12,544,119)	5,043,156	191,264	13,932,508	-	(846,626)	122,247
Institutional administration	4,536,506	-	5,153,378	121,386	-	-	(738,258)	-
Operation and maintenance of plant	4,926,003	-	4,720,006	277,116	554,709	-	(625,828)	-
Depreciation and amortization	4,201,635	-	-	-	-	4,201,635	-	-
Total operating expenses	41,328,922	(12,544,119)	38,905,975	811,787	16,604,406	4,201,635	(6,773,009)	122,247
OPERATING INCOME (LOSS)	(17,153,623)	-	(20,483,289)	(214,685)	892,228	(4,160,061)	6,773,009	39,175

Muskegon Community College
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION—CONTINUED
For the year ended June 30, 2025

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund
NONOPERATING REVENUES (EXPENSES)								
State appropriations	$ 14,287,459	$ -	$ 13,479,713	$ -	$ -	$ 140,569	$ 667,177	$ -
Property taxes	14,563,581	-	13,172,965	-	-	1,390,616	-	-
Gifts	24,433	-	-	2,273	-	7,550	-	14,610
Investment income (loss), net	724,859	-	715,360	-	-	9,499	-	-
Interest on capital asset - related debt	(825,192)	-	-	-	-	(825,192)	-	-
Total nonoperating revenues (expenses)	28,775,140	-	27,368,038	2,273	-	723,042	667,177	14,610
Change in net position	11,621,517	-	6,884,749	(212,412)	892,228	(3,437,019)	7,440,186	53,785
Transfers in (out)	-	-	(2,955,817)	318,309	(1,390,662)	4,028,170	-	-
Net change in net position	11,621,517	-	3,928,932	105,897	(498,434)	591,151	7,440,186	53,785
Net position at beginning of year, as previously reported	14,317,858	-	13,425,048	63,116	2,118,454	38,886,117	(40,285,299)	110,422
Adjustments to net position	(1,289,130)	-	(1,289,130)	-	-	-	-	-
Net position at beginning of year, as restated	13,028,728	-	12,135,918	63,116	2,118,454	38,886,117	(40,285,299)	110,422
Net position at end of year	**$ 24,650,245**	**$ -**	**$ 16,064,850**	**$ 169,013**	**$ 1,620,020**	**$39,477,268**	**$ (32,845,113)**	**$ 164,207**