Muskegon Community College

Year Ended June 30, 2026

Financial Statements and Supplementary Information

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MUSKEGON COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

November 5, 2026

Board of Trustees
Muskegon Community College
Muskegon, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ***Muskegon Community College*** (the "College"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of ***Muskegon Community College*** as of June 30, 2026, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

Implementation of GASB Statement No. 103

As described in Note 1, during the year ended June 30, 2026, the College implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* effective July 1, 2025. Our opinion is not modified with respect to this matter.

Restatement

As described in Note 2 to the financial statements, the July 1, 2025 net position has been restated to correct a misstatement. Our opinion is 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 the 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the combining statement of net position (deficit) and the combining statement of revenues, expenses, transfers and changes in net position (deficit), but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 5, 2026 on our consideration of the 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 the 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 the College's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

MUSKEGON COMMUNITY COLLEGE

Management's Discussion and Analysis

The discussion and analysis of ***Muskegon Community College's*** (the "College") financial statements provides an overview of the College's financial activities for the year ended June 30, 2026. 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. This section is intended to assist readers in understanding the College's financial performance and condition and should be read in conjunction with the accompanying financial statements and notes.

If you have questions about this report or require further information, contact the Muskegon Community College Finance Department or (231) 777-0317.

Overview of the Financial Statements

The College issues basic financial statements for a special-purpose government engaged only in business-type activities. The basic statements comprise the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, along with notes that are an integral part of the statements. The College also reports a blended component unit - ***The Foundation For Muskegon Community College*** (the "Foundation"). These statements present the financial position, operating results, and cash flow activities of the College's business-type activities.

The financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and follow the financial reporting model established by the Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* and Statement No. 103, *Financial Reporting Model Improvements.*

Management's Discussion and Analysis

Financial Summary

Statements of Net Position

The College's statements of net position at June 30, 2026 and 2025 are summarized as follows:

	Condensed Statements of Net Position As of June 30	
	2026	(Restated) 2025
Current and other assets	$ 40,734,264	$ 36,123,985
Capital assets, net	64,213,301	62,689,257
Total assets	**104,947,565**	**98,813,242**
Deferred outflows of resources	**7,546,344**	**9,979,383**
Other liabilities	6,225,594	5,460,337
Long-term liabilities	53,407,616	57,129,260
Total liabilities	**59,633,210**	**62,589,597**
Deferred inflows of resources	**16,425,053**	**19,443,010**
Net position:		
Net investment in capital assets	39,041,856	38,391,390
Restricted	9,806,816	8,398,640
Unrestricted (deficit)	(12,413,026)	(20,030,012)
Total net position	**$ 36,435,646**	**$ 26,760,018**

Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Position

The College's major components of operating results for the years ended June 30, 2026 and 2025 are summarized as follows:

	Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30	
	2026	(Restated) 2025
Operating revenues		
Tuition and fees, net	$ 5,708,695	$ 5,422,687
Grants and contracts	19,440,199	17,225,435
Auxiliary activities	577,019	559,207
Other operating revenues	847,868	585,763
Total operating revenues	**26,573,781**	**23,793,092**
Operating expenses		
Instruction	14,586,410	12,919,124
Information technology	2,945,618	2,924,219
Public services	683,183	774,571
Instructional support	3,510,303	3,617,234
Student services	8,741,136	6,325,508
Institutional administration	5,104,978	4,291,986
Operation and maintenance of plant	5,013,480	4,717,265
Depreciation and amortization	4,305,204	4,201,635
Total operating expenses	**44,890,312**	**39,771,542**
Operating loss	**(18,316,531)**	**(15,978,450)**

Continued…

Management's Discussion and Analysis

	Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended June 30	
	2026	(Restated) 2025
Noncapital subsidies		
State appropriations	$ 12,164,850	$ 12,715,278
Property taxes - operations	13,828,390	13,172,965
Contributions	436,978	412,187
Total noncapital subsidies	**26,430,218**	**26,300,430**
Operating loss and noncapital subsidies	**8,113,687**	**10,321,980**
Other nonoperating revenues (expenses)		
Investment and interest income	997,193	944,642
Contributions to permanent endowments	34,987	97,812
Property taxes - capital debt retirement	1,299,990	1,390,616
Gain on disposal of capital assets	33,920	-
Interest on capital asset-related debt	(804,149)	(825,192)
Net other nonoperating revenues	**1,561,941**	**1,607,878**
Increase in net position	**9,675,628**	**11,929,858**
Net position, beginning of year	26,760,018	14,830,160
Net position, end of year	**$ 36,435,646**	**$ 26,760,018**

Statements of Cash Flows

The following is a summary of the sources and uses of cash for the years ended June 30, 2026 and 2025:

	Condensed Statements of Cash Flows for the Years ended June 30	
	2026	(Restated) 2025
Cash flows from:		
Operating activities	$ (27,533,984)	$ (28,648,616)
Noncapital financing activities	34,144,338	34,959,198
Capital and related financing activities	(4,390,098)	(3,931,711)
Investing activities	33,550	(1,518,452)
Net change in cash and restricted cash	**2,253,806**	**860,419**
Cash and restricted cash, beginning of year	3,774,551	2,914,132
Cash and restricted cash, end of year	**$ 6,028,357**	**$ 3,774,551**

Detailed Analyses

Financial Position

Total assets increased by $6.1 million, rising from $98.8 million to $104.9 million. The largest contributor was a $2.3 million increase in cash and restricted cash driven primarily by tuition and fee revenues, property tax receipts, and other revenues exceeding recognized expenses. The net OPEB asset increased $1.9 million due to favorable actuarial adjustments and positive investment returns. Net capital assets increased $1.5 million due to capital additions exceeding depreciation and investments increased by $1.0 million, due to excess cash available from increased enrollment and grant revenues received during the year.

Deferred outflows of resources decreased by $2.4 million due primarily to adjustments to the actuarial valuation for the net pension liability and net OPEB asset and College contributions to the MPSERS plan subsequent to the plan's measurement date.

Total liabilities decreased by $3.0 million, driven primarily by a $5.1 million reduction in the net pension liability resulting from favorable actuarial adjustments and positive investment returns. Long-term obligations also increased $0.8 million due to scheduled debt payments offset by a net increase in subscription liabilities of $2.2 million due to continued investment in information technology.

Deferred inflows decreased by $3.0 million, largely attributable to pension and OPEB investment variances.

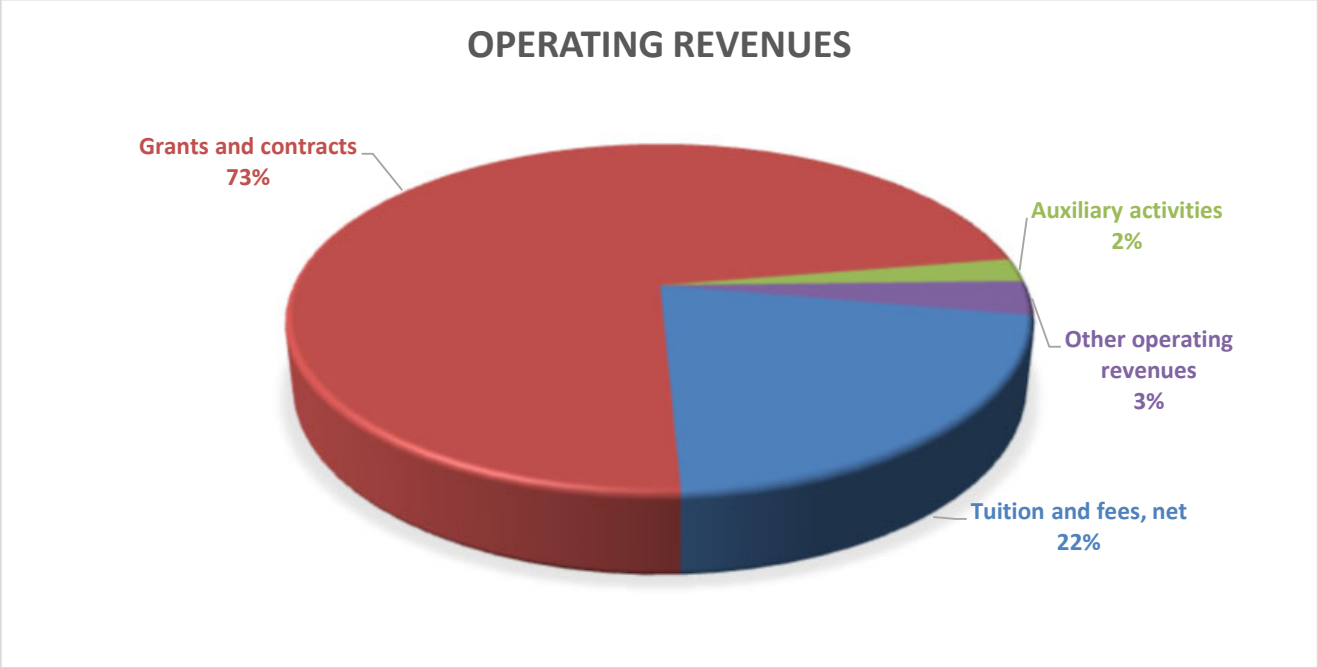
As a result of these factors, the College's net position increased by $9.7 million, ending the year at $36.4 million.

Management's Discussion and Analysis

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, memberships from the College's Lakeshore Fab Lab, a hands on innovation and learning center, and other auxiliary activities. In addition, federal, state, and private grants are considered operating revenues, if they are not for capital purposes, and are considered a contract for services.

Operating revenues for fiscal year 2026 were as follows:



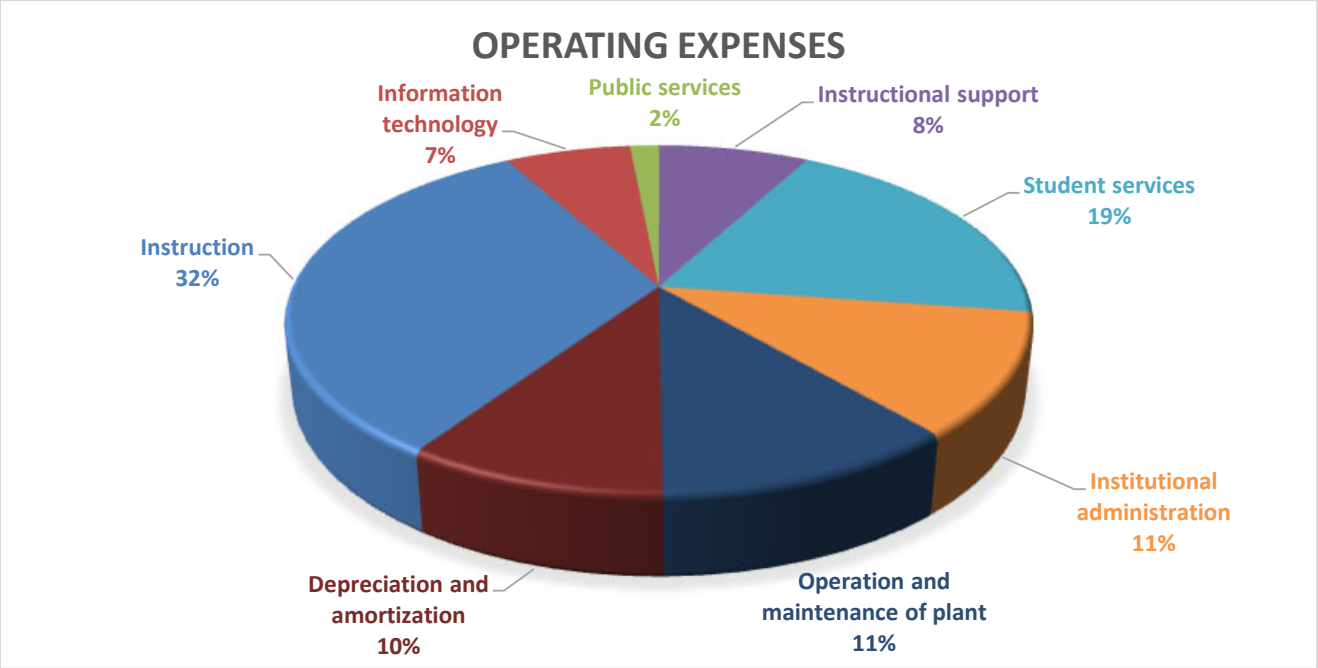
Operating revenues totaled $26.6 million, an increase of $2.8 million from the prior year. The increase was primarily related to an increase of $1.8 million in state and local grant revenue, driven by increases in the Michigan Community College Guarantee program of $1.4 million and the Michigan Tuition Incentive Program of $0.4 million. Gross tuition and fee revenue was higher than the prior year by $1.4 million, which was offset by an increase in the scholarship allowance of $1.1 million.

Operating Expenses

Operating expenses consist of expenditures incurred in support of the College's primary educational mission and ongoing operations. These expenses generally include the costs of instruction, academic and student support services, administration, facilities operations, technology, and depreciation and amortization of capital assets.

Management's Discussion and Analysis

Operating expenses for fiscal year 2026 were as follows:



Operating expenses totaled $44.9 million, an increase of $5.1 million from the prior year. The increase in Instruction and Student Services expenses was driven primarily by higher salaries and fringe benefits resulting from contractual wage increases, the filling of vacant positions, and an increase in compensated absence expense recognized. In addition to compensation-related increases, the College experienced higher costs for materials and supplies due to inflationary pressures. Institutional Administration expense also increased due to the addition of an on-campus health clinic, higher bad debt expense, and costs associated with the College's centennial events held throughout the fiscal year. Depreciation and amortization expense increased compared to the prior year due to the addition of subscription-based software assets during the current year.

Noncapital Subsidies

Noncapital subsidies increased by $0.1 million in fiscal year 2026. State appropriations decreased by $0.6 million due to a MPSERS offset lump sum payment received in the prior year. This was offset by an increase of $0.7 million in property tax revenue related to an increase in the taxable value of property in the College's taxing district.

Other Nonoperating Revenues (Expenses)

Other nonoperating revenues and expenses consist primarily of investment and interest income, property tax collections restricted for debt retirement purposes, and interest on capital asset-related debt. This activity remained steady in fiscal year 2026 showing no notable increase or decrease compared to the prior year.

Management's Discussion and Analysis

Overall Change in Net Position

Net position increased by $9.7 million in fiscal year 2026. The increase reflects strong operating and nonoperating revenue streams, favorable pension and OPEB related adjustments, and effective financial management.

Cash Flows

The College's cash and restricted cash increased by $2.3 million during fiscal year 2026, compared with an increase of $0.9 million during fiscal year 2025. Cash from operating activities increased by $1.1 million, primarily due to an increase in state and local grants from the Michigan Community College Guarantee program and the Michigan Tuition Incentive Program, as well as increases in tuition and fees and other operating revenues. These increases were partially offset by increases in payments to employees and suppliers and the impact of pension and OPEB related adjustments. Cash from noncapital financing activities decreased by $0.8 million due to a decrease in state appropriations and was partially offset by increased property tax receipts for operating purposes resulting from an increase in taxable value of properties in the College's taxing district. Cash from capital and related financing activities decreased by $0.5 million compared with the prior year due primarily to a decrease in scheduled bond payments offset by increased cash from capital purchases and improvements. See capital asset and long-term financing activity section for further details of capital and related financing activities of the College. Investing activities also improved, providing approximately $0.03 million of cash in 2026 compared with using $1.5 million in 2025 which was a result of improved investment returns and the timing of sales and maturities of the College's investments. Overall, these activities resulted in cash and restricted cash of $6.0 million, compared with $3.8 million at June 30, 2025.

Capital Asset and Long-term Financing Activity

Capital Assets

At June 30, 2026, the College had approximately $64.2 million invested in capital assets, net of accumulated depreciation of $50.5 million. Depreciation and amortization charges totaled approximately $4.3 million for the current fiscal year. Capital investments for the year were $6.3 million and primarily related to new parking lot improvements, renovations to the Overbrook Theater, information technology infrastructure upgrades, medical training equipment, athletic field improvements and the initial phase of the campus chiller replacement project. A portion of the chiller project remained in construction in progress at year end, with completion expected in fiscal year 2027.

More detailed information about the College's capital assets is presented in the notes to the financial statements.

Long-Term Financing Activity

As of June 30, 2026, the College had long-term financing of $25.1 million. This amount consists of $21.8 million of revenue bonds and related premiums, and $3.2 million in combined subscription and lease related obligations. The $0.8 million increase in total financed liabilities from the previous year reflects new subscription arrangements entered into offset by scheduled repayments made during the year.

Management's Discussion and Analysis

Currently Known Facts, Decisions, or Conditions

Continued Technology Modernization Through Subscription-Based IT Arrangements

Subscription-based IT arrangement (SBITA) liabilities is expected to increase by $0.8 million in fiscal year 2027 as the College plans to invest further in technology modernization. These recurring subscription commitments will continue to influence future operating costs.

New Food Service Operations

The College's fiscal year 2027 capital budget includes $0.2 million in investments in food service equipment and facility improvements to support the restoration of food service operations on the main campus. In addition, the College entered into a new food service arrangement that is expected to affect future operating revenues and expenses. Management anticipates these improvements will enhance campus services and support the evolving needs of students, employees, and visitors. In addition to capital, the College has budgeted $0.25 million to subsidize the food service operations to enhance the affordability for students.

Budget and Operating Outlook

The Board approved a fiscal year 2027 budget for the General Fund and Auxiliary Activities Fund that includes operating expenditures exceeding operating revenues by approximately $2.5 million. The budget anticipates the use of unrestricted net position to support operations while maintaining reserves above the Board-established minimum of 20% of expenses. The College has developed a five-year Budget Stabilization Plan that includes revenue enhancement and expenditure reduction strategies intended to reduce and ultimately eliminate the planned use of fund balance. Management will continue to monitor operating results and adjust spending as necessary.

The fiscal year 2027 budget assumes a 2.3% decrease in contact hours compared with fiscal year 2026. Since tuition and fees represent a significant source of operating revenue, actual enrollment trends could affect future operating results. The College's 2026-2029 Strategic Plan includes initiatives focused on increasing enrollment, retention, and completion, including targeted enrollment efforts in underrepresented areas and an increase in the targeted graduation rate for first-time, full-time students from 30% to 35%. Changes in State funding for dual enrollment and expanded eligibility under the Muskegon Promise are also expected to support enrollment opportunities.

Property tax revenues are expected to continue to benefit from growth in taxable values within Muskegon County. The County's 2026 Equalization Report reflected an increase in taxable value of approximately 8.7%, which is expected to provide additional support for future nonoperating revenues.

Facilities Plan and Long-Term Capital Funding

The College's comprehensive Facilities Plan identifies nearly $50.0 million of accessibility improvements, infrastructure upgrades, and renovations to instructional and student-centered spaces. A Facilities Plan Committee has been established to prioritize projects, evaluate available funding sources, and recommend implementation timelines. Potential funding sources include existing operational resources, philanthropic support, grants, and bond financing. Projects identified in the Facilities Plan have also been incorporated into the College's five-year Budget Stabilization Plan.

Management's Discussion and Analysis

As part of its long-term funding strategy, the College proposed a millage restoration, commonly referred to as a Headlee Override, that was projected to generate approximately $2.1 million annually in additional property tax revenue. The additional revenue was intended to support debt service associated with bonds that would finance a significant portion of the Facilities Plan. The proposal was presented to voters in August 2026 but was not approved, falling short by approximately 1,200 votes, or 3.2%, out of nearly 38,000 ballots cast.

The College continues to evaluate alternatives for addressing its long-term facility and infrastructure needs, including facility priorities, available funding sources, and potential future financing strategies.

BASIC FINANCIAL STATEMENTS

MUSKEGON COMMUNITY COLLEGE

Statement of Net Position
June 30, 2026

Assets	
Current assets	
Cash	$ 5,637,175
Short-term investments	18,357,155
Receivables	6,657,175
Prepaid expenses and other assets	368,397
Total current assets	**31,019,902**
Noncurrent assets	
Restricted cash	391,182
Investments	2,389,530
Capital assets not being depreciated/amortized	828,143
Capital assets being depreciated/amortized, net	63,385,158
Net OPEB asset	6,933,650
Total noncurrent assets	**73,927,663**
Total assets	**104,947,565**
Deferred outflows of resources	
Deferred pension amounts	6,515,548
Deferred OPEB amounts	1,030,796
Total deferred outflows of resources	**7,546,344**
Liabilities	
Current liabilities	
Accounts payable	2,084,954
Accrued payroll and other	3,381,808
Interest payable	145,264
Unearned revenue	613,568
Long-term obligations, current portion	2,211,897
Compensated absences, current portion	887,294
Total current liabilities	**9,324,785**
Noncurrent liabilities	
Long-term obligations, net of current portion	22,851,660
Compensated absences, net of current portion	4,182,959
Net pension liability	23,273,806
Total noncurrent liabilities	**50,308,425**
Total liabilities	**59,633,210**
Deferred inflows of resources	
Deferred pension amounts	10,168,300
Deferred OPEB amounts	6,256,753
Total deferred inflows of resources	**16,425,053**
Net position	
Net investment in capital assets	39,041,856
Net position restricted for:	
Nonexpendable endowments	981,491
Scholarships	1,231,617
Debt service	324,728
Other expendable	335,330
Net other postemployment benefits	6,933,650
Unrestricted (deficit)	(12,413,026)
Total net position	**$ 36,435,646**

The accompanying notes are an integral part of these financial statements.

MUSKEGON COMMUNITY COLLEGE

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2026

Operating revenues	
Tuition and fees, net of scholarship allowance of $13,661,560	$ 5,708,695
Federal Pell grants	7,446,455
Other federal grants and contracts	3,016,907
State and local grants and contracts	6,424,109
Nongovernment grants	2,552,728
Auxiliary activities	577,019
Other operating revenues	847,868
Total operating revenues	**26,573,781**
Operating expenses	
Instruction	14,586,410
Information technology	2,945,618
Public services	683,183
Instructional support	3,510,303
Student services	8,741,136
Institutional administration	5,104,978
Operation and maintenance of plant	5,013,480
Depreciation and amortization	4,305,204
Total operating expenses	**44,890,312**
Operating loss	**(18,316,531)**
Noncapital subsidies	
State appropriations	12,164,850
Property tax levy - operations	13,828,390
Contributions	436,978
Total noncapital subsidies	**26,430,218**
Operating loss and noncapital subsidies	**8,113,687**
Other nonoperating revenues (expenses)	
Investment and interest income	997,193
Contributions to permanent endowments	34,987
Property tax levy - capital debt retirement	1,299,990
Gain on disposal of capital assets	33,920
Interest on capital asset-related debt	(804,149)
Net other nonoperating revenues	**1,561,941**
Change in net position	**9,675,628**
Net position, beginning of year, as restated (Note 2)	26,760,018
Net position, end of year	**$ 36,435,646**

The accompanying notes are an integral part of these financial statements.

MUSKEGON COMMUNITY COLLEGE

Statement of Cash Flows

Year Ended June 30, 2026

Cash flows from operating activities	
Tuition and fees	$ 5,440,908
Grants and contracts	11,839,907
Payments to suppliers	(26,839,749)
Payments to employees	(19,403,097)
Auxiliary activities	577,019
Other operating revenues	851,028
Net change in cash from operating activities	**(27,533,984)**
Cash flows from noncapital financing activities	
State appropriations	11,997,214
Federal Pell grants	7,446,455
Property tax levy - operations	14,245,500
Contributions	420,182
Contributions to permanent endowments	34,987
Federal direct lending receipts	1,001,512
Federal direct lending disbursements	(1,001,512)
Net change in cash from noncapital financing activities	**34,144,338**
Cash flows from capital and related financing activities	
Purchase of capital assets	(2,752,859)
Property tax levy - capital debt retirement	1,344,427
Principal paid on long-term debt	(1,225,000)
Interest paid on capital asset-related debt	(962,093)
Lease principal payments	(36,911)
SBITA principal payments	(757,662)
Net change in cash from capital and related financing activities	**(4,390,098)**
Cash flows from investing activities	
Proceeds from sales and maturities of investments	30,596,393
Interest and dividends received on investments	676,594
Purchase of investments	(31,239,437)
Net change in cash from investing activities	**33,550**
Net change in cash and restricted cash	**2,253,806**
Cash and restricted cash, beginning of year	3,774,551
Cash and restricted cash, end of year	**$ 6,028,357**
Reconciliation to Statement of Net Position	
Cash	$ 5,637,175
Restricted cash	391,182
Cash and restricted cash, end of year	**$ 6,028,357**

continued…

MUSKEGON COMMUNITY COLLEGE

Statement of Cash Flows

Year Ended June 30, 2026

Reconciliation of operating loss to net change in cash from operating activities	
Operating loss	$ (18,316,531)
Adjustments to reconcile operating loss to net change in cash from operating activities	
Federal Pell grants	(7,446,455)
Bad debt	855,008
Depreciation and amortization	4,305,204
In-kind contributions	16,796
Changes in operating assets and liabilities which (used) provided cash	
Receivables	(543,137)
Prepaid expenses and other assets	(67,716)
Accounts payable	176,582
Accrued payroll and other	364,739
Unearned revenue	124,673
Compensated absences	623,101
Change in net pension liability	(5,110,434)
Change in net OPEB asset	(1,930,896)
Change in pension deferred inflows	(2,205,277)
Change in pension deferred outflows	2,300,057
Change in OPEB deferred inflows	(812,680)
Change in OPEB deferred outflows	132,982
Net change in cash from operating activities	**$ (27,533,984)**
Non-cash activities	
SBITA obligation additions	$ 3,468,847
Early termination of SBITA obligations	534,266
Change in payable related to the acquisition of capital assets	107,888

concluded

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. REPORTING ENTITY, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Muskegon Community College (the "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 have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has determined that ***The Foundation For Muskegon Community College*** (the "Foundation") meets the criteria of a component unit. The Foundation is a legally separate, tax-exempt not-for-profit organization that was formed for the purpose of receiving funds for the sole benefit of the College. The Foundation is blended into the College's financial statements because the College is the sole corporate member of the Foundation.

The financial statements include the operations of the College and the Foundation, collectively known as the College's financial statements. All significant accounts and transactions between the Foundation and the College have been eliminated.

Notes to Financial Statements

The condensed financial information for the Foundation as of and for the year ended June 30, 2026 is as follows:

Condensed statement of financial position	
Assets	
Cash	$ 74,648
Investments	2,389,530
Other	12,828
Total assets / net position	**$ 2,477,006**
Condensed statement of revenues, expenses and changes in net position	
Operating expenses	
Instruction	$ 63,472
Student services	275,123
Institutional administration	2,202
Operation and maintenance of plant	57,690
Total operating expenses / operating loss	**398,487**
Noncapital subsidies	
Contributions	417,187
Operating loss and noncapital subsidies	**18,700**
Other nonoperating revenues	
Investment income, net	313,546
Contributions to permanent endowments	34,987
Change in net position	**367,233**
Net position, beginning of year	2,109,773
Net position, end of year	**$ 2,477,006**
Condensed statement of cash flows	
Net cash flows from:	
Operating activities	$ 335,610
Noncapital financing activities	34,987
Investing activities	(351,614)
Net change in cash	**18,983**
Cash, beginning of year	55,665
Cash, end of year	**$ 74,648**

Notes to Financial Statements

Basis of Presentation

The College's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities,* the *State of Michigan Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001,* and GASB Statement No. 103, *Financial Reporting Model Improvements.* The College follows all applicable GASB pronouncements and the "business-type activities" reporting requirements of GASB Statement No. 35 and GASB Statement No. 103.

Change in Accounting Principle

For 2026, the College adopted GASB Statement No. 103, *Financial Reporting Model Improvements.* This new standard introduces targeted enhancements to key components of the financial reporting model in order to improve clarity, consistency, and decision-usefulness of governmental financial statements. As part of the implementation, Management's Discussion and Analysis content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. The College has updated reporting processes and presentation formats to comply with these requirements. The adoption of GASB 103, effective July 1, 2025, and as of and for the year ended June 30, 2026, did not have an impact on the College's net position, changes in net position, or overall financial reporting results.

Significant Accounting Policies

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

Accrual Basis

The financial statements of the College have been presented using the economic resources measurement focus on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and OPEB plans.

Cash

Cash includes amounts in demand deposits held by financial institutions and cash on hand.

Restricted Cash

Restricted cash consists of property tax collections to be used for debt retirement purposes.

Notes to Financial Statements

Investments

The Foundation carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statement of revenues, expenses and changes in net position as a component of investment income.

The College participates in an external investment pool with the Michigan Liquid Asset Fund Plus ("MILAF"). In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* the College's shares of the MILAF Plus portfolio are carried at amortized cost. The MILAF Plus portfolio has a Standard & Poor's AAAm stable rating.

All of the College's and Foundation's investments are classified as short or long term investments based on the instrument's maturity date.

Investments Held by Community Foundation

The Foundation has established investment funds with a Community Foundation, a nonprofit organization that maintains and invests pooled funds on behalf of participating organizations. The funds are held and managed by the Community Foundation in accordance with its established investment policies and spending guidelines. The Foundation is the beneficiary of these funds and is entitled to distributions in accordance with the terms of the underlying agreements. As a result, the Foundation reports its interest in the pooled investments as a beneficial interest in assets held by others within investments on the statement of net position.

Fair Value Measurements

Fair value refers to the price that would be received upon sale of an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the College and the Foundation transact such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurement, refer to Note 4 to the financial statements.

Receivables

Receivables resulting from federal, state, and local grants and nongovernment grants, state appropriations, property taxes, and student tuition consist of revenues earned but not received as of year-end. Management evaluates outstanding receivables for collectibility based on historical collection experience, current economic conditions, and specific account information. Based on this evaluation, management has determined that any allowance for uncollectible accounts would be insignificant at year-end; accordingly, no allowance for doubtful accounts has been recorded. Accounts are written off when management determines collection is no longer probable.

Contributions and Pledges

Contributions are recorded at estimated fair values when received, and pledges are recorded at their net present value when all eligibility requirements have been met. Management evaluates contributions receivable for collectibility based on factors such as prior collection history, type of contribution, donor creditworthiness, and other relevant information. Based on this evaluation, management has determined that any allowance for uncollectible accounts would be insignificant at year-end; accordingly, no allowance for doubtful accounts has been recorded.

Capital Assets and Depreciation/Amortization

Capital assets are recorded at cost or, if acquired by gift, at the estimated fair value as of the date of donation. Depreciation and amortization are provided for capital assets on a straight-line basis over the estimated useful life of the assets. The College's capitalization policy is to capitalize individual amounts of $5,000 or more. The following estimated useful lives are used to compute depreciation/amortization:

Classification	Estimated Useful Lives
Land improvements	20
Buildings and improvements	5-40
Equipment	3-15
Right to use - equipment	5
Right to use - software	1-6

Leases

The College is a lessee for a noncancellable lease of equipment. The College recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The College recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease 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. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

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

Subscription-Based Information Technology Arrangements (SBITA)

The College has noncancellable subscription-based information technology arrangements. The College recognizes a subscription liability and an intangible right-to-use subscription asset in the financial statements. The College recognizes subscription liabilities with an initial, individual value of $5,000 or more.

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

Key estimates and judgements related to subscriptions include how the College determines (1) the discount rate is uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The College uses the interest rate charged by the vendor as a discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

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

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.

Vacation - The College provides vacation benefits to eligible employees based on years of service and employment classification. Unused vacation leave may be accumulated subject to limitations established by College policy and applicable employment agreements. Employees may be compensated for accumulated vacation leave upon separation from employment in accordance with those policies.

Notes to Financial Statements

Sick Leave - The College provides paid sick leave to eligible employees for qualifying absences. Unused sick leave may be accumulated up to limits established by College policy. Although accumulated sick leave is generally not paid upon termination of employment, employees may realize the benefit of accumulated sick leave through future compensated absences while employed. Accordingly, the College records a liability for the portion of accumulated sick leave that is more likely than not to be used for time off.

Personal Leave - The College provides personal leave to eligible employees for personal business and other approved absences. Unused personal leave may be carried forward and utilized in future periods in accordance with College policy. A liability is recognized for earned personal leave that has not been used and is more likely than not to be settled through future use or payment.

Sabbatical Leave - The College provides sabbatical leave opportunities to eligible faculty members in accordance with the terms of its collective bargaining agreement. Sabbaticals are granted for approved research, scholarly, professional development, writing, curriculum enhancement, and other academic projects that provide benefit to both the faculty member and the College. Faculty members receiving sabbatical leave are required to complete approved projects, remain subject to review of their progress, and provide a final report or presentation upon completion of the sabbatical period. As the sabbatical program does not represent an unrestricted compensated absence because faculty members are required to perform substantive activities during the sabbatical period, no liability related to future sabbatical leave benefits has been recorded.

Revenue Recognition

Revenue from state appropriations are recognized in accordance with the accounting method prescribed in the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.* State appropriation revenue is recognized in the period for which it is appropriated. Student tuition and related revenues and expenses of an academic semester are allocated to the fiscal year in which the program is primarily conducted. Property tax revenue is recognized in the year in which taxes are levied.

Operating revenues of the College consist of net tuition and fees, noncapital grants and contracts, Federal Pell grants, and auxiliary activities. Amounts received from another party are considered a noncapital subsidy if it is unrelated to the services provided by the College and keeps the fees charged at the same amount or lower if the subsidy was not received. Noncapital subsidies consist of property taxes levied for operations, state appropriations, and contributions. Transactions related to capital and financing activities and investing activities, and endowment contributions are components of other nonoperating revenues. Generally, the College and Foundation first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Grant and other revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues.

Scholarship Allowance

Student tuition and fee revenue is reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for services provided by the College and the amount that is paid by the students and/or third parties making payments on the students' behalf. Governmental grants, such as Federal Pell grants, and other federal, state, or nongovernmental programs are recorded as operating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees, the College has recorded a scholarship allowance.

Operating, Noncapital Subsidies, and Other Nonoperating Revenues

The College and Foundation distinguish between *operating* revenues and expenses from *nonoperating* revenues and expenses, as well as separately reported *noncapital subsidies* (a type of nonoperating revenue and expense). Nonoperating revenues and expenses are any (1) subsidies received and provided; (2) contributions to permanent and term endowments; (3) finance related revenues and expenses; (4) gain and losses from disposals of capital assets and inventory; and (5) investment income and expenses. A subsidy represents amounts received from or provided to another party. Amounts received from another party are considered a subsidy if it is unrelated to the services provided by the College and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the College charging higher fees in the future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and OPEB-related amounts. More detailed information can be found in Note 12.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB-related amounts. More detailed information can be found in Note 12.

Pension Liability and Other Postemployment Benefits ("OPEB") Asset

For the purpose of measuring the net pension liability and the net OPEB asset, their respective deferred outflows and deferred inflows of resources, their respective expenses, and the following information regarding the fiduciary net position of the Michigan Public School Employees' Retirement System ("MPSERS"), including additions to/deductions from MPSERS fiduciary net position, have been determined on the same basis as they are reported by MPSERS.

MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Accordingly, contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Notes to Financial Statements

Income Taxes

The College is classified as a political subdivision of the State of Michigan; the College is exempt from federal and state income taxes on income related to its exempt educational purpose. However, certain activities may be subject to federal and state income taxes if they generate unrelated business taxable income (UBTI). The College recognizes income tax expense and related liabilities associated with unrelated business activities in accordance with applicable tax laws.

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income" ("UBTI"). The Foundation has been classified as not a private foundation and is also subject to UBTI.

2. RESTATEMENT

During the year ended June 30, 2026, the College determined that the Foundation had been improperly reported as a discretely presented component unit in previously issued financial statements. The Foundation meets the criteria for blended presentation and, accordingly, has been reported as a blended component unit in the accompanying financial statements. Prior year amounts have been restated to correct this error. The following is a summary of the effects of the above correction on the 2026 financial statements:

	As Originally Reported	Corrective Effect of Restatement	As Restated
Statement of Revenues, Expenses and Changes in Net Position			
Net position, beginning of year	$ 24,650,245	$ 2,109,773	$ 26,760,018

As a result of the above restatement, the change in net assets for the year ended June 30, 2025 as previously reported would have increased by $308,341 from $11,621,517 to $11,929,858.

3. PROPERTY TAXES

Property tax revenue is recognized in the year for which taxes have been levied. Property taxes are levied on December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships within the College district boundaries, are collected through March 1. Uncollected real property taxes of the College are turned over to the county in which the College is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the county's tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the year ended June 30, 2026, taxes levied consisted of 2.1295 and 0.2000 mills for operating purposes and debt service, respectively. Total property tax revenue for operating and debt retirement purposes was $13,828,390 and $1,299,990, respectively.

4. DEPOSITS AND INVESTMENTS

State of Michigan ("State") statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which are members of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state which are rated prime by at least one of the standard rating services.

The College's and Foundation's deposits and investments are reported in the statement of net position at June 30, 2026 as follows:

Bank deposits	
Cash and restricted cash	$ 6,028,357
Long-term investments recorded at fair value:	
Money market mutual funds	70,736
Bond mutual funds	288,357
Real estate mutual funds	140,065
Equity mutual funds	1,229,542
Beneficial interest in assets held by others	660,830
Short-term investments recorded at amortized cost:	
MILAF Plus	18,357,155
Total investments	**20,746,685**
Total deposits and investments	**$ 26,775,042**

Fair Value Measurements

The following is a description of the valuation methodology used for assets recorded at fair value on a recurring basis. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2026.

Mutual funds: Shares held in mutual funds are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Foundation at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

Beneficial interest in assets held by others: The beneficial interest in assets held by the Community Foundation is reported at fair value based on the Foundation's allocable share of the fair value of the Community Foundation's pooled investment portfolio, net of any related obligations. The Community Foundation values and allocates investment returns, contributions, and distributions among participating organizations using a unitization methodology. Because the Community Foundation has custody and control of the underlying investments and makes all investment management decisions, the College relies on information provided by the Community Foundation to estimate the fair value of its beneficial interest at year end. The underlying securities held by the Community Foundation cannot be liquidated or redeemed by the Foundation, and are classified as Level 3.

Notes to Financial Statements

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30, 2026:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	$ 70,736	$ -	$ -	$ 70,736
Bond mutual funds	288,357	-	-	288,357
Real estate mutual funds	140,065	-	-	140,065
Equity mutual funds	1,229,542	-	-	1,229,542
Beneficial interest in assets held by others	-	-	660,830	660,830
Total investments at fair value	**$ 1,728,700**	**$ -**	**$ 660,830**	**$ 2,389,530**

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

As of June 30, 2026, the College's investments consisted entirely of MILAF Plus in the amount of $18,357,155 with a maturity of less than one year.

Credit Risk

The College and Foundation are exposed to credit risk for investments in certain debt securities and mutual bond funds. Credit quality ratings are established by nationally recognized statistical rating organizations (NRSROs). Where more than one rating exists, and those ratings are conflicting, the rating with the greatest degree of risk is disclosed.

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 of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's and Foundation's deposits may not be returned to them. The College and Foundation do not have a deposit policy for custodial credit risk. At June 30, 2026, the bank balance was $6,222,447 of which $5,647,799 was uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk for an investment is the risk that the College or Foundation will not be able to recover the value of their investments that are in the possession of an outside party, should a failure of that party occur. State law does not require, nor do the College and Foundation investment policies address custodial credit risk. However, all of the investments are in the name of the College or Foundation, as applicable, and the investments are held in trust accounts with each financial institution from which they were purchased.

Foreign Currency Risk

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

5. RECEIVABLES

Receivables consist of the following at June 30, 2026:

Student	$ 1,299,582
Grants and contracts	2,857,409
State appropriations	2,402,748
Property taxes	83,846
Other	13,590
Total	**$ 6,657,175**

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Retirements	Transfers	Balance June 30, 2026
Capital assets not being depreciated/amortized					
Land	$ 338,505	$ -	$ -	$ -	$ 338,505
Construction in progress	287,121	489,638	-	(287,121)	489,638
Subtotal nondepreciable assets	**625,626**	**489,638**	**-**	**(287,121)**	**828,143**
Capital assets being depreciated/amortized					
Land improvements	1,669,990	726,911	(82,570)	8,450	2,322,781
Buildings and improvements	85,769,056	695,770	(8,778)	230,457	86,686,505
Equipment	19,498,596	860,695	(44,216)	48,214	20,363,289
Lease equipment	204,384	-	-	-	204,384
Subscription assets	2,716,051	3,556,580	(2,006,243)	-	4,266,388
Subtotal depreciable assets	**109,858,077**	**5,839,956**	**(2,141,807)**	**287,121**	**113,843,347**
Less accumulated depreciation and amortization					
Land improvements	1,615,126	21,729	(82,570)	-	1,554,285
Buildings and improvements	30,329,982	2,413,370	(6,803)	-	32,736,549
Equipment	14,056,662	970,366	(44,007)	-	14,983,021
Lease equipment	13,631	40,877	-	-	54,508
Subscription assets	1,779,045	858,862	(1,508,081)	-	1,129,826
Total accumulated depreciation and amortization	**47,794,446**	**4,305,204**	**(1,641,461)**	**-**	**50,458,189**
Capital assets being depreciated/amortized, net	**62,063,631**	**1,534,752**	**(500,346)**	**287,121**	**63,385,158**
Capital assets, net	**$ 62,689,257**	**$ 2,024,390**	**$ (500,346)**	**$ -**	**$ 64,213,301**

Construction in progress totaling $489,638 represents costs incurred through June 30, 2026, related to the construction of a new chiller plant. Contractual commitments related to the project approximated $2,325,000 as of June 30, 2026.

Notes to Financial Statements

7. LEASES

The College is involved in one lease agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. The agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the College will not own the asset at the end of the contract terms and the noncancelable terms of the agreement surpass one year. The present values are discounted using an interest rate of 5.64 percent based on the lease's implicit interest rate.

Asset Type	Remaining Term of Agreement
Equipment	4 years

Detailed information regarding the assets acquired and disposed through June 30, 2026 can be referenced in Note 6. Detailed information regarding the liability activity during the year can be referenced in Note 9.

The net present value of future minimum payments as of June 30, 2026, were as follows:

Year Ended June 30	Principal	Interest	Total
2027	$ 39,059	$ 7,531	$ 46,590
2028	41,327	5,263	46,590
2029	43,726	2,864	46,590
2030	30,703	364	31,067
	$ 154,815	**$ 16,022**	**$ 170,837**

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College is involved in nine arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the College has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using interest rates ranging from 5.00 to 5.50 percent based on the College's incremental borrowing rate at the SBITA's date of implementation.

Asset Type	Remaining Term of Arrangements
Software	1 to 4 years

Detailed information regarding the assets acquired and disposed through June 30, 2026 can be referenced in Note 6. Detailed information regarding the liability activity during the year can be referenced in Note 9.

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2026, were as follows:

Year Ended June 30	Principal	Interest	Total
2027	$ 743,520	$ 152,773	$ 896,293
2028	808,239	118,883	927,122
2029	724,112	77,877	801,989
2030	798,044	40,915	838,959
	$ 3,073,915	**$ 390,448**	**$ 3,464,363**

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

The following is a summary of long-term obligations activity for the College for the year ended June 30, 2026:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Current Portion
Public placement debt					
Bonds payable					
2017 College Facility Bonds	$ 6,775,000	$ -	$ 475,000	$ 6,300,000	$ 490,000
2024 Refunding Bonds	14,385,000	-	750,000	13,635,000	790,000
Total bonds payable	**21,160,000**	**-**	**1,225,000**	**19,935,000**	**1,280,000**
Deferred bond premiums					
2017 College Facility Bonds	153,980	-	12,319	141,661	12,318
2024 Refunding Bonds	1,895,166	-	137,000	1,758,166	137,000
Total public placement debt	**23,209,146**	**-**	**1,374,319**	**21,834,827**	**1,429,318**
Lease obligations	191,726	-	36,911	154,815	39,059
Subscription obligations	896,996	3,468,847	1,291,928	3,073,915	743,520
Total long-term obligations	**$ 24,297,868**	**$ 3,468,847**	**$ 2,703,158**	**$ 25,063,557**	**$ 2,211,897**

2017 College Facility Bonds

In November 2017, the College issued $9,750,000 of 2017 College Facility Bonds to finance the construction, renovation, furnishing, and equipping of College facilities and site improvements. The bonds are secured by the College's limited tax full faith and credit pledge and mature through May 1, 2037, with interest rates ranging from 3.00 to 3.125 percent. Bonds maturing on or after May 1, 2028 are callable at the College's option beginning May 1, 2027.

Notes to Financial Statements

2024 Refunding Bonds

In February 2024, the College issued $15,100,000 of 2024 Refunding Bonds to currently refund portions of its outstanding 2013 and 2014 Community College Facility Bonds and to pay related issuance costs. The bonds are secured by the College's unlimited tax full faith and credit pledge and mature through May 1, 2039, with a fixed interest rate of 5.00 percent. Bonds maturing on or after May 1, 2035 are subject to optional redemption beginning May 1, 2034.

Total principal and interest maturities on the bond obligations are as follows as of June 30:

Year Ended June 30	Principal	Interest	Total
2027	$ 1,280,000	$ 871,581	$ 2,151,581
2028	1,335,000	817,381	2,152,381
2029	1,395,000	760,731	2,155,731
2030	1,455,000	701,381	2,156,381
2031	1,515,000	639,331	2,154,331
2032-2036	8,655,000	2,162,606	10,817,606
2037-2039	4,300,000	367,031	4,667,031
Total	**$ 19,935,000**	**$ 6,320,042**	**$ 26,255,042**

10. COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences (including current portion) of the College for the year ended June 30, 2026:

	Balance July 1, 2025	Additions*	Reductions	Balance June 30, 2026	Current Portion
Compensated absences	$ 4,447,152	$ 623,101	$ -	$ 5,070,253	$ 887,294

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

11. NET POSITION

Net Investment in Capital Assets

The following is a summary of the net investment in capital assets as of June 30, 2026:

Capital assets, net	$ 64,213,301
Accounts payable related to the acquisition of capital assets	(107,888)
Bonds payable	(19,935,000)
Unamortized bond premiums	(1,899,827)
Lease obligations	(154,815)
Subscription obligations	(3,073,915)
Total net investment in capital assets	**$ 39,041,856**

Notes to Financial Statements

Restricted Net Position

The Board of Directors of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted net position (a) the original value of gifts donated as permanent or term endowment, (b) the original value of subsequent gifts to the permanent or term endowment, and (c) accumulations to the permanent or term endowment made in accordance with the direction of the applicable donor's gift instruction at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowments that isn't included in permanent or term endowment funds is classified as restricted net position until those amounts are expended by the Foundation, in accordance with donor restrictions.

Nonexpendable - This represents the portion of net position whose use by the Foundation is subject to externally imposed constraints that require the amounts be retained in perpetuity.

Expendable - This represents the portion of net position whose use by the College and Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and Foundation pursuant to those constraints.

Unrestricted Net Position

This represents the portion of net position that is not subject to externally imposed constraints.

The College's and Foundation's unrestricted net position consists of the following at June 30, 2026:

College designated for specific purpose:	
Future capital outlay and major maintenance	$ 3,223,454
Auxiliary activities	171,614
Student activities	193,478
Other programs	561,589
Subtotal	**4,150,135**
Pension liability fund deficit	(32,152,515)
Undesignated, College	14,837,984
Undesignated, Foundation	751,370
Total Unrestricted	**$ (12,413,026)**

Notes to Financial Statements

12. RETIREMENT PLANS

Defined Benefit Plan

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "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 the 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 at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

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, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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 member 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.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% 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% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Notes to Financial Statements

Contributions

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, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2026, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 10.58% - 15.02% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	26.08% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	26.08% - 30.11%
Pension Plus	3.00% - 6.40%	21.34% - 26.27%
Pension Plus 2	6.00% - 6.20%	21.41% - 27.16%
Defined Contribution	0.00%	15.21% - 20.96%

For the year ended June 30, 2026, required and actual contributions from the College to the pension plan were $5,308,710, which included $1,842,368, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	0.00%-3.00%	1.25% - 3.83%
Personal Healthcare Fund (PHF)	0.00%	0.00%

For the year ended June 30, 2026, required and actual contributions from the College to the OPEB plan were $121,142.

The table below summarizes defined contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2026, required and actual contributions from the College for those members with a defined contribution benefit were $333,456.

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

At June 30, 2026, the College reported a liability of $23,273,806 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the College's proportion was 0.11618%, which was an increase of 0.00024% points from its proportion measured as of September 30, 2024 of 0.11594%.

For the year ended June 30, 2026, the College recognized pension expense of $504,515. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 901,461	$ 207,298	$ 694,163
Changes in assumptions	835,364	1,230,077	(394,713)
Net difference between projected and actual earnings on pension plan investments	-	5,561,941	(5,561,941)
Changes in proportion and differences between employer contributions and proportionate share of contributions	52,204	1,326,616	(1,274,412)
	1,789,029	8,325,932	(6,536,903)
College contributions subsequent to the measurement date	4,726,519	-	4,726,519
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,842,368	(1,842,368)
Total	**$ 6,515,548**	**$ 10,168,300**	**$ (3,652,752)**

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriation revenue for the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2027	$ (1,190,951)
2028	(2,806,910)
2029	(1,978,144)
2030	(560,898)
Total	**$ (6,536,903)**

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the College reported an asset of $6,933,650 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The College's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the College's proportion was 0.11406% which was a decrease of 0.00216% points from its proportion measured as of September 30, 2024 of 0.11622%.

Notes to Financial Statements

For the year ended June 30, 2026, the College recognized a reduction of OPEB expense of $2,465,342. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows) Outflows of Resources
Differences between expected and actual experience	$ -	$ 4,747,105	$ (4,747,105)
Changes in assumptions	925,370	73,537	851,833
Net difference between projected and actual earnings on OPEB plan investments	-	974,329	(974,329)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,728	461,782	(459,054)
	928,098	6,256,753	(5,328,655)
College contributions subsequent to the measurement date	102,698	-	102,698
Total	**$ 1,030,796**	**$ 6,256,753**	**$ (5,225,957)**

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2027	$ (1,502,939)
2028	(1,418,436)
2029	(1,242,205)
2030	(802,984)
2031	(278,526)
Thereafter	(83,565)
Total	**$ (5,328,655)**

Notes to Financial Statements

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 of 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. The total pension and OPEB liabilities in the September 30, 2024 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 Post-65: 6.50% 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.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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, 2025, are based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4524 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.4654 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB 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 pension/OPEB 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 pension and OPEB plans' target asset allocation as of September 30, 2025, are summarized in the following tables:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	21.00%	5.48%	1.15%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	14.00%	5.29%	0.74%
Fixed income pools	15.00%	2.36%	0.35%
Real estate and infrastructure pools	8.00%	6.61%	0.53%
Absolute return pools	13.00%	4.15%	0.54%
Real return/opportunistic pools	9.00%	6.61%	0.59%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		5.35%
Inflation			2.40%
Risk adjustment			-1.75%
Investment rate of return			**6.00%**

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	16.00%	5.48%	0.88%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	11.00%	5.29%	0.58%
Fixed income pools	26.00%	2.36%	0.61%
Real estate and infrastructure pools	5.00%	6.61%	0.33%
Absolute return pools	15.00%	4.15%	0.62%
Real return/opportunistic pools	7.00%	6.61%	0.46%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		4.93%
Inflation			2.40%
Risk adjustment			-1.33%
Investment rate of return			**6.00%**

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, 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 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates 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 plan's 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.

Notes to Financial Statements

Sensitivity of the College's Proportionate Share 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 6.00%, 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 as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 36,727,350	$ 23,273,806	$ 12,068,727

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$ (5,973,778)	$ (6,933,650)	$ (7,773,746)

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher as of June 30, 2026:

	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of the net OPEB asset	$ (7,766,080)	$ (6,933,650)	$ (6,059,626)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2026, the College reported a payable of $736,330 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2026.

Payable to the OPEB Plan

At June 30, 2026, the College reported a payable of $13,300 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2026.

Defined Contribution Plan

Effective January 1, 1999, amended February 8, 2019, administrators and full-time faculty of the College may elect to participate in an Optional Retirement Program (ORP), to be administered by TIAA-CREF, in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan in which the College contributes 14.0 percent and the participant contributes 4.0 percent of the participant's 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. Total contributions by the College and employees were $1,040,873 and $294,982, respectfully, for the year ended June 30, 2026.

13. 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.

Risk-Sharing Programs

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.

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.

Notes to Financial Statements

Claims activity for the year ended June 30, 2026, was as follows:

	Medical	(Rx) Prescriptions	Dental and Vision	Total
Unpaid claims, beginning of year	$ 99,844	$ 185	$ 691	$ 100,720
Incurred claims	2,079,972	565,483	265,159	2,910,614
Claims payments	2,054,170	560,546	263,855	2,878,571
Unpaid claims, end of year	**$ 125,646**	**$ 5,122**	**$ 1,995**	**$ 132,763**

14. COMMITMENTS AND CONTINGENCIES

Commitments

The College entered into a dining services agreement with Creative Dining Services effective July 1, 2026, through June 30, 2031. Under the agreement, the College pays monthly management fees ranging from $5,000 to $6,083. Future minimum management fees payable under the agreement total approximately $332,000 through June 30, 2031. The agreement also includes certain termination provisions, including repayment of the unamortized portion of a $48,000 signing bonus if the agreement is terminated before the end of the contract term.

The College has a bookstore services agreement with Barnes & Noble effective August 1, 2026 through July 31, 2031. The agreement includes a $25,000 contract bonus and up to $150,000 of operator-funded improvements. Upon certain early termination events, the College may be required to reimburse the operator for the unamortized portion of these amounts and repurchase certain inventory.

Grant Programs

The College participates in federal and state grant 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.

15. RELATED PARTY TRANSACTIONS

Certain members of the College's Board, the Foundation's Board, and College employees made contributions to the Foundation during the year ended June 30, 2026. Contributions received from these related parties totaled approximately $34,000 during the fiscal year.

At June 30, 2026, outstanding pledges receivable from College employees and the Foundation's Board totaled $12,340. These pledges are included in receivables in the accompanying statement of net position.

Notes to Financial Statements

16. 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 by municipality under these programs are as follows for the year ended June 30, 2026:

Municipality	IFT Taxes Abated	BRA Taxes Abated	PILOT Taxes Abated	Total Taxes Abated
City of Montague	$ 28	$ 22,298	$ -	$ 22,326
City of Muskegon	18,838	208,736	11,193	238,767
City of Muskegon Heights	1,628	8,278	-	9,906
City of Norton Shores	29,270	3,893	-	33,163
City of Roosevelt Park	-	30,787	-	30,787
City of Whitehall	11,323	82,627	-	93,950
Egelston Township	368	-	-	368
Fruitport Township	-	23,912	-	23,912
Muskegon Township	98,344	-	-	98,344
Ravenna Township	193	-	-	193
Village of Ravenna	-	10,207	-	10,207
Whitehall Township	1,800	-	-	1,800
Totals	**$ 161,792**	**$ 390,738**	**$ 11,193**	**$ 563,723**

REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

MUSKEGON COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportionate share of the net pension liability	$ 23,273,806	$ 28,384,240	$ 38,304,955	$ 46,040,515	$ 32,645,737	$ 48,566,763	$ 48,394,995	$ 43,140,657	$ 36,978,854	$ 32,727,595
College's proportion of the net pension liability	0.11618%	0.11594%	0.11835%	0.12242%	0.13789%	0.14138%	0.14613%	0.14351%	0.14270%	0.14320%
College's covered payroll	$ 12,754,091	$ 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
College's proportionate share of the net pension liability as a percentage of its covered payroll	182.48%	229.03%	315.26%	292.72%	267.39%	403.46%	395.19%	337.07%	305.01%	257.69%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See notes to the required supplementary information.

MUSKEGON COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Pension Contributions

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 5,308,710	$ 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
Contributions in relation to the statutorily required contribution	(5,308,710)	(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)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 14,023,084	$ 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
Contributions as a percentage of covered payroll	37.86%	39.61%	38.21%	17.83%	17.60%	18.55%	19.18%	18.00%	17.46%	19.18%

See notes to the required supplementary information.

MUSKEGON COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits (Asset) Liability

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	$ (6,933,650)	$ (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 proportion of the net OPEB (asset) liability	0.11406%	0.11622%	0.12073%	0.12240%	0.13221%	0.13850%	0.14154%	0.14336%	0.14248%
College's covered payroll	$ 12,754,091	$ 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 (asset) liability as a percentage of its covered payroll	-54.36%	-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	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to the required supplementary information.

MUSKEGON COMMUNITY COLLEGE

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Other Postemployment Benefits Contributions

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 121,142	$ 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 contribution	(121,142)	(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	$ 14,023,084	$ 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	0.86%	0.50%	8.15%	7.71%	7.63%	8.12%	8.27%	7.81%	7.48%

See notes to the required supplementary information.

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the College's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - There have been no material changes in the valuation assumptions.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

OTHER INFORMATION

MUSKEGON COMMUNITY COLLEGE

Combining Statement of Net Position (Deficit)

June 30, 2026 (Unaudited)

	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund	Foundation	Combined Total
Assets								
Current assets								
Cash	$ 5,562,527	$ -	$ -	$ -	$ -	$ -	$ 74,648	$ 5,637,175
Short-term investments	18,357,155	-	-	-	-	-	-	18,357,155
Receivables	6,643,585	-	-	-	-	-	13,590	6,657,175
Prepaid expenses and other assets	368,397	-	-	-	-	-	-	368,397
Due (to) from other funds	(4,943,097)	171,614	1,298,519	3,280,248	-	193,478	(762)	-
Total current assets	**25,988,567**	**171,614**	**1,298,519**	**3,280,248**	**-**	**193,478**	**87,476**	**31,019,902**
Noncurrent assets								
Restricted cash	-	-	-	391,182	-	-	-	391,182
Investments	-	-	-	-	-	-	2,389,530	2,389,530
Capital assets not being depreciated/amortized	-	-	-	828,143	-	-	-	828,143
Capital assets being depreciated/amortized, net	-	-	-	63,385,158	-	-	-	63,385,158
Net OPEB asset	-	-	-	-	6,933,650	-	-	6,933,650
Total noncurrent assets	**-**	**-**	**-**	**64,604,483**	**6,933,650**	**-**	**2,389,530**	**73,927,663**
Total assets	**25,988,567**	**171,614**	**1,298,519**	**67,884,731**	**6,933,650**	**193,478**	**2,477,006**	**104,947,565**
Deferred outflows of resources								
Deferred pension amounts	-	-	-	-	6,515,548	-	-	6,515,548
Deferred OPEB amounts	-	-	-	-	1,030,796	-	-	1,030,796
Total deferred outflows of resources	**-**	**-**	**-**	**-**	**7,546,344**	**-**	**-**	**7,546,344**
Liabilities								
Current liabilities	2,084,954	-	-	-	-	-	-	2,084,954
Accounts payable								
Accrued payroll and other	3,381,808	-	-	-	-	-	-	3,381,808
Interest payable	-	-	-	145,264	-	-	-	145,264
Unearned revenue	613,568	-	-	-	-	-	-	613,568
Long-term obligations, current portion	-	-	-	2,211,897	-	-	-	2,211,897
Compensated absences, current portion	887,294	-	-	-	-	-	-	887,294
Total current liabilities	**6,967,624**	**-**	**-**	**2,357,161**	**-**	**-**	**-**	**9,324,785**
Noncurrent liabilities								
Long-term obligations, net of current portion	-	-	-	22,851,660	-	-	-	22,851,660
Compensated absences, net of current portion	4,182,959	-	-	-	-	-	-	4,182,959
Net pension liability	-	-	-	-	23,273,806	-	-	23,273,806
Total noncurrent liabilities	**4,182,959**	**-**	**-**	**22,851,660**	**23,273,806**	**-**	**-**	**50,308,425**
Total liabilities	**11,150,583**	**-**	**-**	**25,208,821**	**23,273,806**	**-**	**-**	**59,633,210**
Deferred inflows of resources								
Deferred pension amounts	-	-	-	-	10,168,300	-	-	10,168,300
Deferred OPEB amounts	-	-	-	-	6,256,753	-	-	6,256,753
Total deferred inflows of resources	**-**	**-**	**-**	**-**	**16,425,053**	**-**	**-**	**16,425,053**
Net position (deficit)								
Net investment in capital assets	-	-	-	39,041,856	-	-	-	39,041,856
Net position restricted for:								
Nonexpendable endowments	-	-	-	-	-	-	981,491	981,491
Scholarships	-	-	487,472	-	-	-	744,145	1,231,617
Debt service	-	-	-	324,728	-	-	-	324,728
Other expendable	-	-	249,458	85,872	-	-	-	335,330
Net other postemployment benefits	-	-	-	-	6,933,650	-	-	6,933,650
Unrestricted (deficit)	14,837,984	171,614	561,589	3,223,454	(32,152,515)	193,478	751,370	(12,413,026)
Total net position (deficit)	**$ 14,837,984**	**$ 171,614**	**$ 1,298,519**	**$ 42,675,910**	**$ (25,218,865)**	**$ 193,478**	**$ 2,477,006**	**$ 36,435,646**

MUSKEGON COMMUNITY COLLEGE

Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position (Deficit)

Year Ended June 30, 2026 (Unaudited)

	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Retirement Fund	Student Activities Fund	Foundation	Eliminations	Combined Total
Operating revenues									
Tuition and fees, net of scholarship allowance of of $13,661,560	$ 19,370,255	$ -	$ -	$ -	$ -	$ -	$ -	$ (13,661,560)	$ 5,708,695
Federal Pell grants	-	-	7,446,455	-	-	-	-	-	7,446,455
Other federal grants and contracts	-	-	3,016,907	-	-	-	-	-	3,016,907
State and local grants and contracts	-	-	6,424,109	-	-	-	-	-	6,424,109
Nongovernment grants	-	1,316	2,802,159	-	-	-	-	(250,747)	2,552,728
Auxiliary activities	-	594,569	-	-	-	-	-	(17,550)	577,019
Other operating revenues	702,955	-	-	3,826	-	144,939	-	(3,852)	847,868
Total operating revenues	**20,073,210**	**595,885**	**19,689,630**	**3,826**	**-**	**144,939**	**-**	**(13,933,709)**	**26,573,781**
Operating expenses									
Instruction	18,537,202	-	1,346,792	-	(5,299,584)	-	63,472	(61,472)	14,586,410
Information technology	2,959,821	-	-	-	(14,203)	-	-	-	2,945,618
Public services	564,119	237,213	15,358	-	(133,507)	-	-	-	683,183
Instructional support	4,083,746	-	469,051	-	(1,042,494)	-	-	-	3,510,303
Student services	6,085,441	152,403	17,445,268	-	(1,354,012)	-	275,123	(13,863,087)	8,741,136
Institutional administration	5,857,792	169,121	-	-	(924,137)	-	2,202	-	5,104,978
Operation and maintenance of plant	5,209,548	281,156	43,599	6,079	(700,679)	136,277	57,690	(20,190)	5,013,480
Depreciation and amortization	-	-	-	4,305,204	-	-	-	-	4,305,204
Total operating expenses	**43,297,669**	**839,893**	**19,320,068**	**4,311,283**	**(9,468,616)**	**136,277**	**398,487**	**(13,944,749)**	**44,890,312**
Operating (loss) income	**(23,224,459)**	**(244,008)**	**369,562**	**(4,307,457)**	**9,468,616**	**8,662**	**(398,487)**	**11,040**	**(18,316,531)**
Noncapital subsidies									
State appropriations	13,909,872	-	-	97,346	(1,842,368)	-	-	-	12,164,850
Property tax levy - operations	13,828,390	-	-	-	-	-	-	-	13,828,390
Contributions	-	12	-	10,210	-	20,609	417,187	(11,040)	436,978
Net noncapital subsidies	**27,738,262**	**12**	**-**	**107,556**	**(1,842,368)**	**20,609**	**417,187**	**(11,040)**	**26,430,218**
Operating (loss) income and noncapital subsidies	**4,513,803**	**(243,996)**	**369,562**	**(4,199,901)**	**7,626,248**	**29,271**	**18,700**	**-**	**8,113,687**
Other nonoperating revenues (expenses)									
Investment and interest income	676,791	-	-	6,856	-	-	313,546	-	997,193
Contributions to permanent endowments	-	-	-	-	-	-	34,987	-	34,987
Property tax levy - capital debt retirement	-	-	-	1,299,990	-	-	-	-	1,299,990
Gain on disposal of capital assets	-	-	-	33,920	-	-	-	-	33,920
Interest on capital asset related debt	-	-	-	(804,149)	-	-	-	-	(804,149)
Net other nonoperating revenues	**676,791**	**-**	**-**	**536,617**	**-**	**-**	**348,533**	**-**	**1,561,941**
Transfers (out) in	(6,417,460)	246,597	(691,063)	6,861,926	-	-	-	-	-
Change in net position	**(1,226,866)**	**2,601**	**(321,501)**	**3,198,642**	**7,626,248**	**29,271**	**367,233**	**-**	**9,675,628**
Net position, beginning of year, as restated	16,064,850	169,013	1,620,020	39,477,268	(32,845,113)	164,207	2,109,773	-	26,760,018
Net position (deficit), end of year	**$ 14,837,984**	**$ 171,614**	**$ 1,298,519**	**$ 42,675,910**	**$ (25,218,865)**	**$ 193,478**	**$ 2,477,006**	**$ -**	**$ 36,435,646**