Montcalm Community College

Years Ended
June 30,
2024 and 2023

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MONTCALM COMMUNITY COLLEGE

Board of Trustees

June 30, 2024

Officers of Administration

June 30, 2024

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MONTCALM COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

November 7, 2024

To the Board of Trustees
Montcalm Community College
Sidney, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of *Montcalm Community College* (the "College"), as of and for the years ended June 30, 2024 and 2023, 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 the business-type activities of the College, as of June 30, 2024 and 2023, and the respective changes in financial position, and where applicable, cash flows thereof, for the

Basis for Opinion

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 judgment 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 judgment, 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 the pension and other postemployment benefits plans ("OPEB"), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 and the combining statement of revenues, expenses, transfers and changes in net position 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 audits 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The discussion and analysis of Montcalm Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2024, 2023 and 2022. 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.

Using this Report

In compliance with GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus,"* the Montcalm Community College Foundation (the "Foundation") is reported as a blended component unit of the College.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements and notes to financial statements. Following the basic financial statements and footnotes are required supplementary information and two supplementary schedules, the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses, Transfers and

These two statements report Montcalm Community College's net position and changes therein. You can think of Montcalm Community College's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as the trend in college applicants, student retention, condition of the buildings, and strength of the faculty and staff, to assess the overall health of the College.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Following is a comparative analysis of the major components of the net position of the College as of June 30, 2024 and 2023, and as of June 30, 2023 and 2022 (in millions):

	2024	2023	Increase (Decrease)	2023	2022	Increase (Decrease)
Current assets	$17.5	$14.9	$2.6	$14.9	$15.9	$(1.0)
Other noncurrent assets	1.1	1.6	(0.5)	1.6	0.3	1.3
Investments	27.0	23.9	3.1	23.9	21.5	2.4
Net OPEB asset	0.4	0.0	0.4			
Capital assets (net)	16.5	17.2	(0.7)	17.2	16.2	1.0
Total assets	62.5	57.6	4.9	57.6	53.9	3.7
Deferred outflows of resources	7.5	9.8	(2.3)	9.8	5.1	4.7
Current liabilities, excluding current portion of bonds payable and subscription-based IT arrangement						

The largest contributing factor to long-term liabilities lies with the calculations related to the GASB 75 and GASB 68 standards as previously mentioned. In totality, the pension and OPEB liabilities total $22.5 million for June 30, 2024 and $28.0 million for June 30, 2023.

Deferred outflows of resources of approximately $7.5 million were recorded at June 30, 2024 as a result of changes in assumptions to the net pension and other postemployment benefits ("OPEB") liabilities and College contributions to the MPSERS plan, which is a decrease of $2.3 million from June 30, 2023. Deferred outflows of resources of approximately $9.8 million were recorded at June 30, 2023 as a result of changes in assumptions to the net pension and other postemployment benefits ("OPEB") liabilities and College contributions to the MPSERS plan, which is an increase of $4.7 million from June 30, 2022.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries, benefits, utilities, supplies, services and depreciation and are categorized by function. Overall, total operating expenses decreased 2,055,794. Decreases were obtained in all but two departments. Salary reductions related to position vacancies and efficiencies in processes as well as a reduction in expenses contributed to the decrease.

	2024	2023	2022
Instruction	$ 5,099,281	$ 6,388,072	$ 6,203,971
Public services	418,672	415,299	333,006
Instructional support	2,309,295	2,461,923	2,038,395
Student services	3,145,874	2,964,651	4,028,943
Institutional administration	1,889,942	2,038,100	1,881,595
Information technology	809,940	1,106,424	828,150
Operation and maintenance of plant	1,854,806	2,193,350	2,247,119
Depreciation and amortization	1,414,962	1,308,884	1,164,438
Other	940,324	1,062,188	900,642
Total operating expenses	$17,883,096	$19,938,891	$19,626,259

The following is a graphic illustration of 2024 operating expenses by function:

Nonoperating Revenues

Statement of Cash Flows

Another way to assess the financial health of a College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

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

	2024	2023	Increase (Decrease)
Cash provided by (used in):			
Operating activities	$(12,607,383)	$(14,127,543)	$1,520,160
Noncapital financing activities	16,008,333	15,815,088	193,245
Capital and related financing activities	(1,600,523)	(3,068,869)	1,468,346
Investing activities	204,551	352,088	(147,537)
Net (decrease) increase in cash and cash equivalents	2,004,978	(1,029,236)	$ 3,034,214
Cash and cash equivalents – beginning of year	13,339,296	14,368,532	
Cash and cash equivalents – end of year	$ 15,344,274	$ 13,339,296	

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	2023	2022	Increase (Decrease)
Cash provided by (used in):			
Operating activities	$(14,127,543)	$(13,238,867)	$ (888,676)
Noncapital financing activities	15,815,088	16,252,674	(437,586)
Capital and related financing activities	(3,068,869)	1,619,778	(4,688,647)
Investing activities	352,088	2T4 Td[88315 Tc 0 Tw 10.98 ecti98 435.66 504.12 Tm	

Cash used in operating activities was approximately $12.6 million. Major sources of funds came from student tuition and fees ($4.5 million). Primary uses were payments to employees and suppliers ($18 million).

Gifts from donors was approximately $700,000 thousand and was a decrease from the prior year of approximately $0.5 million. Cash flows from state appropriations, property taxes and Federal Pell grants all increased during 2024. Cash provided by investing activities related primarily to the sale and maturity of investments.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the College had approximately $16.5 million invested in capital assets, net of accumulated depreciation and amortization of approximately $31.5 million. Depreciation and amortization charges totaled $1,414,962 for 2024. Details of these asset costs are shown below.

	2024	2023	2022
Land, land improvements, infrastructure and construction in progress	$ 3,759,363	$ 3,538,656	$ 6,868,164
Buildings and improvements	38,200,726	38,200,726	32,897,872
Subscription assets	1,404,033	953,236	804,615
Furniture, fixtures, equipment, and library materials	4,660,055	4,619,825	5,369,476 5ef5.5 (activterialsTw TDrif)]TJ17.9

Property values, and related property tax revenues, continue to increase at a modest rate. The Levy for 2024-2025 looks to be approximately a 7% increase. Previous trends average 2% to 4%. The College continues to monitor the trend of revenue deferred from the College due to Downtown Development Association ("DDA") agreements in the local areas as it can be unpredictable.

The 2023-2024 fiscal year experienced a 5% percent overall increase in billing contacts compared to the previous year. With concerted effort, contacts are slowly increasing. This was achieved in part by adding athletics and the growth of our local K-12 partners related to dual enrollment. We have the most dual enrolled students than we have ever experienced before. We expect that as we can offer student housing, it will help increase general enrollment as well as increase the number of students enrolled as full-time students. The college is also focusing on improving our partner relationships with local industries to increase the industrial programs, including the new program of heating, ventilation, and air conditioning ("HVAC"). It had a rough start for the fiscal 2023-24 academic year, but the program has been slightly revised based on different text materials and testing guides. The Success Coaches (student mentors) that were introduced two years ago have been a welcomed addition to the college's student retention plan. The focus is to help reduce barriers for our students so they may focus on their coursework. That one-on-one support is critical in helping them learn to manage their time, find transportation, or deal with any other barriers that may impact their student experience and success. Of the students who participated last fall, 85% of them re-registered as students during spring semester.

As mentioned above the College's strategic plan included the exploration of student housing, which is underway. We continue to explore financing options and have submitted documents needed as a pre-application with the USDA Rural Development program. We hope to hear something concreate from them by mid-spring. In the meantime, the college is moving forward with the design and engineering in order to complete the project and be move in ready for students for the fall 2026 semester. Athletics are in their second year of existence, approved by the National Junior College Athletic Association. Both Women's and Men's basketball will begin in Fall 2024 to round out the approved teams. Currently, 69 students are athletes, with 55% being from out of district, out of state, or international. Both housing and athletics are expected to provide stability for enrollment for the College.

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FINANCIAL STATEMENTS

MONTCALM COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues		
Tuition and fees, net of scholarship allowance of $1,283,748 ($1,384,960 in 2023)	$ 4,663,412	$ 4,249,903
Federal grants and contracts	728,056	457,418
State grants and contracts	246,552	347,200
Auxiliary activities	80,799	68,698
Other	103,678	137,665
Total operating revenues	**5,822,497**	**5,260,884**
Operating expenses		

Statements of Cash Flows

	Year Ended June 30	
	2024	2023
Cash flows from operating activities		
Tuition and fees, net	$ 4,490,932	$ 4,331,648
Grants and contracts	722,036	722,596
Payments to suppliers	(3,061,154)	(5,544,515)
Payments to employees	(14,943,674)	(13,843,635)
Auxiliary activities	80,799	68,698
Other	103,678	137,665
Net cash used in operating activities	**(12,607,383)**	**(14,127,543)**
Cash flows from noncapital financing activities		
Property taxes	8,371,220	7,727,228
Federal Pell grants	2,053,580	2,014,149
State appropriations	4,865,996	3,978,480
Federal Higher Education Emergency Relief Fund grant	-	821,981
Direct loans/FFEL receipts	1,187,070	1,011,373
Direct loans/FFEL disbursements	(1,187,070)	(1,011,373)
Gifts	717,537	1,273,250
Net cash provided by noncapital financing activities	**16,008,333**	**15,815,088**
Cash flows from capital and related financing activities		
Purchases of capital assets	(260,937)	(2,271,775)
Proceeds from sale of capital asset	-	73,000
Principal paid on bonds and note payable	(540,000)	(510,000)
Principal paid on subscription-based IT arrangement liabilities	(621,800)	(193,249)
Interest paid on capital asset - related debt	(177,786)	(166,845)
Net cash used in capital and related financing activities	**(1,600,523)**	**(3,068,869)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	964,249	731,091
Interest and dividends on investments	783,998	695,094
Purchase of investments	(1,543,696)	(1,074,097)
Net cash provided by investing activities	**204,551**	**352,088**
Net increase (decrease) in cash, cash equivalents, and restricted cash	**2,004,978**	**(1,029,236)**
Cash, cash equivalents, and restricted cash		
Beginning of year	13,339,296	14,368,532
End of year	**$ 15,344,274**	**$ 13,339,296**

continued...

Statements of Cash Flows

	Year Ended June 30	
	2024	2023
Reconciliation to Statements of Net Position		
Cash and cash equivalents	$ 14,504,372	$ 12,483,821
Restricted cash	839,902	855,475
Cash, end of year	**$ 15,344,274**	**$ 13,339,296**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (12,060,599)	$ (14,678,007)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,414,962	1,308,884
Amortization of bond premium	(17,883)	(17,883)
Change in operating assets and liabilities which (used) provided cash:		
Accounts receivable	(163,878)	95,052
Federal and state grants receivable	(252,572)	(82,022)
Prepaids and other assets	(154,505)	27,699
Accounts payable	297,972	(704,235)
Accrued payroll, vacation and other compensation	98,448	52,703
Deposits	44,099	45,907
Unearned revenue	(8,602)	(13,307)
Net pension liability	(4,006,236)	9,259,399
Pension deferred outflows	1,695,211	(4,151,928)
Pension deferred inflows	1,704,919	(4,200,768)
Net OPEB asset/liability	(1,912,932)	429,213
OPEB deferred outflows	630,159	(523,601)
OPEB deferred inflows	84,054	(974,649)
Net cash used in operating activities	**$ (12,607,383)**	**$ (14,127,543)**

concluded

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

Notes to Financial Statements

1. MISSION

Montcalm Community College (the "College") is a Michigan community college whose mission is to create a learning community, contributing to shared economic, cultural and social prosperity for all citizens. The College offers associate degrees, numerous certificate programs, and other educational programs while being accredited by the Higher Learning Commission. The primary education centers for the College are its main campus situated northeast of Greenville, and extension center located in Greenville.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The College's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to public colleges and universities outlined in Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities,* and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.*

The Montcalm Community College Foundation (the "Foundation") is a legally separate, tax-exempt not-for-profit organization that was formed to solicit, collect, and invest donations made for the promotion of

Notes to Financial Statements

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

	2024	2023
Condensed statement of net position		
Total assets	$ 27,978,563	$ 25,793,495
Total liabilities	(11,869)	(5,393)
Total net position	**$ 27,966,694**	**$ 25,788,102**
Condensed statement of revenues, expenses and changes in net position		
Revenues and net investment gains	$ 3,317,321	$ 4,740,969
Expenses	(1,138,729)	(1,263,999)
Change in net position	2,178,592	3,476,970
Beginning net position	25,788,102	22,311,132
Ending net position	**$ 27,966,694**	**$ 25,788,102**
Condensed statement of cash flows		
Net cash (used in) provided by		
Operating activities	$ (267,517)	$ (492,343)
Non-capital financing activities	822,066	1,034,837
Investing activities	(683,976)	(489,735)
Net change in cash and cash equivalents	(129,427)	52,759
Beginning cash and cash equivalents	536,476	483,717
Ending cash and cash equivalents	**$ 407,049**	**$ 536,476**

Risks and Economic Uncertainties

The outbreak of a novel coronavirus ("COVID-19"), which the World Health Organization declared in March 2020 to be a pandemic, significantly impacted the College's operations. In response to the pandemic, the College was awarded Federal Higher Education Emergency Relief Fund grants totaling $5,783,086 cumulatively through 2023 from the Coronavirus Aid, Relief and Economic Security Act, the Coronavirus Response and Relief and Supplemental Appropriations Act, and American Rescue Plan Act. The College recognized revenue from these awards of $821,981 during the year ended June 30, 2023. There was no revenue recognized from these awards during the year ended June 30, 2024.

Significant Accounting Policies

Significant accounting policies followed by the College are described below to enhance the usefulness

Basis of Accounting and Presentation

Cash and Cash Equivalents

Restricted Cash

Restricted cash includes unspent bond proceeds to be used to pay the costs of constructing and renovating several campus facilities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Revenue Recognition

Revenue from state appropriations are recognized in accordance with the accounting method described in the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001,* which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted.

The College does not recognize as revenue sources held for others, such as Federal Direct Loans, where the institution serves only as a conduit.

Operating revenues of the College consist of tuition and fees, grants and contracts other than Federal Pell, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state

Due Dates	2024	2023
Receivable in less than one year	$ 64,593	$ 166,293
Receivable in one to five years	1,098,754	1,556,157
Subtotal	**$ 1,163,347**	**$ 1,722,450**

Investments

The Foundation carries investments consisting of exchange traded funds at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position. The Foundation maintains investment accounts for its nonexpendable and expendable endowments. Realized and unrealized gains and losses from securities in the investment accounts are allocated quarterly based on the relationship of the market value of each endowment fund to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

Fair Value Measurements

The Foundation has categorized its financial assets and liabilities carried at fair value into a three-level fair value hierarchy, based on the nature of the inputs used in determining fair value.

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts 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).

The Foundation groups its investments at fair value into three levels, based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. 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. The Foundation holds no securities classified as Level 2.

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. The Foundation holds no securities classified as Level 3.

For a further discussion of Fair Value Measurements, refer to Note 4 to the financial statements.

Capital Assets and Depreciation

Classifications	Estimated Useful Lives
Buildings	40
Infrastructure and land improvements	15
Building improvements	10
Furniture and fixtures	5
Computer equipment	4
Library materials	7

At the commencement of a subscription, the College initially measures the subs

Accrued Vacation

Accrued vacation represents the accumulated liability to be paid under the College's current vacation pay policy. The College pays eligible employees for their unused accumulated vacation upon termination of employment with the College. Employees earn vacation benefits based on time of service with the College. The obligation is included in the accompanying statements of net position as current accrued liabilities of $269,040 and $236,367 and long-term accrued liabilities of $114,367 and $85,348 at June 30, 2024 and 2023, respectively.

Unearned Revenue

Unearned revenue at June 30, 2024 and 2023, consists of revenue received prior to year-end that relates to summer semester tuition for the period subsequent to July 1 for the semester, which began May 30, 2024 and June 6, 2023 and concluded on July 25, 2024 and August 1, 2023, respectively.

Internal Service Activities

Both revenue and expenses related to internal service activities including office equipment, maintenance, and telecommunications have been eliminated in the presentation of these financial statements.

Property Taxes

Property taxes levied by the College are collected by various municipalities and periodically remitted to the College. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property tax revenues are recognized when levied to the extent that they are determined to be collectible. For the years ended June 30, 2024 and 2023, the College levied 2.646 mills and 2.652 mills, respectively, per $1,000 of taxable value for general operations.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities, and deferred outflows and inflows of resources 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 but are not limited to the net pension and other postemployment benefits ("OPEB") asset/liabilities, and deferred outflows and inflows related to pension and OPEB amounts. The estimates for the net pension and OPEB asset/liabilities and deferred outflows and inflows related to the pension and OPEB amounts were independently developed by the Michigan Public Schools Employees Retirement System, and are not under control of the College.

Net OPEB Asset/Liability

For purposes of measuring the net OPEB asset/liability, deferred outflows of resources and deferred

Net Position

Net investment in capital assets: Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets, and restricted cash from the unspent bond proceeds to be used to pay the costs of constructing and renovating certain campus facilities.

Restricted expendable: Net position whose use by the College and Foundation is subject to externally imposed constraints, such as donor imposed restrictions, that can be fulfilled by actions of the Foundation pursuant to those constraints or that expire by the passage of time. The restricted balance of the College and Foundation consists primarily of funds restricted for scholarships and grants.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Subsequent Events - Foundation

2023	College	Foundation	Total
Bank deposits (checking, savings and cash sweep accounts)	$ 12,799,420	$ 536,476	$ 13,335,896
Petty cash	3,400	-	3,400
Exchange traded funds	-	23,857,760	23,857,760
Total	**$ 12,802,820**	**$ 24,394,236**	**$ 37,197,056**

As of June 30, 2024 and 2023, all deposits with financial institutions consist of depository accounts.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The College's investment policy does not have specific limits on concentration of credit risk. The Foundation's investment policy limits the cost basis of individual company securities to 12% of its total investment portfolio as measured at market value or 5% as measured at cost.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College and the Foundation do not have a policy for deposit custodial credit risk. As of June 30, 2024 and 2023, $14,126,700 and $11,779,6570, respectively, of the College and $235,161 and $287,777, respectively, of the Foundation's bank deposits balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments that are in the possession of an outside

4. FAIR VALUE MEASUREMENTS

Notes to Financial Statements

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value at June 30:

2024	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Large blend	$ 11,691,430	$ -	$ -	$ 11,691,430
Intermediate-term bond	6,271,292	-	-	6,271,292
Foreign equity large cap	3,555,680	-	-	3,555,680
Foreign large blend	3,347,114	-	-	3,347,114
World blend	986,150	-	-	986,150
Money market	1,104,898	-	-	1,104,898
Total investments at fair value	**$ 26,956,564**	**$ -**	**$ -**	**$ 26,956,564**

2023	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Large blend	$ 10,043,757	$ -	$ -	$ 10,043,757
Intermediate-term bond	5,535,629	-	-	5,535,629
Foreign equity large cap	3,461,816	-	-	3,461,816
Foreign large blend	2,893,083	-	-	2,893,083
World blend	875,621	-	-	875,621
Money market	1,047,854	-	-	1,047,854
Total investments at fair value	**$ 23,857,760**	**$ -**	**$ -**	**$ 23,857,760**

5. CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
Nondepreciable/nonamortizable capital assets				
Land	$ 755,926	$ -	$ -	$ 755,926
Construction in progress	-	203,010	-	203,010
Subtotal nondepreciable/ nonamortizable capital assets	**755,926**	**203,010**	**-**	**958,936**
Depreciable/amortizable capital assets				
Land improvements	1,317,590	17,697	-	1,335,287
Buildings and improvements	38,200,726	-	-	38,200,726
Infrastructure	1,465,140	-	-	1,465,140
Subscription assets	953,236	450,797	-	1,404,033
Furniture, fixtures and equipment, including vehicles	4,172,969	35,086	-	4,208,055
Library materials	446,856	5,144	-	452,000
Subtotal depreciable/ amortizable capital assets	**46,556,517**	**508,724**	**-**	**47,065,241**
Less accumulated depreciation and amortization				
Land improvements	1,309,537	9,822	-	1,319,359
Buildings and improvements	23,827,036	798,956	-	24,625,992
Infrastructure	1,263,395	27,752	-	1,291,147
Subscription assets	255,452	279,604	-	535,056
Furniture, fixtures and equipment, including vehicles	2,966,465	296,355	-	3,262,820
Library materials	444,117	2,473	-	446,590
Total accumulated depreciation and amortization	**30,066,002**	**1,414,962**	**-**	**31,480,964**
Total depreciable/amortizable capital assets, net	**16,490,515**	**(906,238)**	**-**	**15,584,277**
Total capital assets, net	**$ 17,246,441**	**$ (703,228)**	**$ -**	**$ 16,543,213**

	Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Nondepreciable/nonamortizable capital assets				
Land	$ 808,786	$ -	$ (52,860)	$ 755,926

6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College is involved in five arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangemer(8.0018 Tc T[ar)5.9 (r)5. (s)]50011 (y)-3D385hs7 (of9 (ri)5 (m)-t Tc 15.85 Tw -)5.ngible,al)62 (m)rJ0.00ight-to-ua

Asset Type	
Subscription assets	2 to 5 years

	2024	2023
Subscription assets	$ 1,404,033	$ 953,236
Less accumulated amortization	(535,056)	(255,452)
Net book value	**$ 868,977**	**$ 697,784**

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Subscription-based IT arrangement liabilities	$ 596,887	$ 450,797	$ (621,800)	$ 425,884	$ 238,824

Year Ending June 30,	Principal		Interest	
2025	$	238,824	$	15,760
2026		187,060		6,914
Total	**$**	**425,884**	**$**	**22,674**

	Beginning Balance		Additions		Deductions		Ending Balance		Due Within One Year	
Subscription-based IT arrangement liabilities	$	641,515	$	148,621	$	(193,249)	$	596,887	$	202,334

7. LONG-TERM OBLIGATIONS

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year

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Long-term obligation activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
2017 bonds payable	$ 2,015,000	$ -	$ 285,000	$ 1,730,000	$ 310,000
2021 bonds payable	5,345,000	-	225,000	5,120,000	230,000
Total bonds and note payable	7,360,000	-	510,000	6,850,000	540,000
Other long-term obligations					
Accrued vacation pay	334,129	353,609	366,023	321,715	236,367
Bond premium bonds payable	339,777	-	17,883	321,894	17,883
Total other long-term obligations	673,906	353,609	383,906	643,609	254,250
Total long-term obligations	**$ 8,033,906**	**$ 353,609**	**$ 893,906**	**$ 7,493,609**	**$ 794,250**

2021 bonds payable include general obligation limited tax obligations to be repaid from the General Fund

Scheduled annual principal and interest requirements on debt for each of the next five years and thereafter are summarized as follows as of June 30:

Year Ending June 30	Principal Bonds Payable	Interest	Total
2025	$ 540,000	$ 150,818	$ 690,818
2026	540,000	134,724	674,724
2027	540,000	118,538	658,538
2028	375,000	102,865	477,865
2029	385,000	90,061	475,061
2030-2034	1,665,000	315,153	1,980,153
2035-2039	1,575,000	159,850	1,734,850
2040-2041	690,000	18,500	708,500
Total	**$ 6,310,000**	**$ 1,090,509**	**$ 7,400,509**

8. UNRESTRICTED NET POSITION (DEFICIT)

The College has designated the use of a portion of unrestricted net position (deficit) as follows at June 30:

	2024	2023
Foundation board-designated endowment	$ 9,377,738	$ 8,675,994
Pension and OPEB liability deficit	(22,050,809)	(23,855,634)
Undesignated	13,725,094	11,129,320
Total unrestricted net position (deficit)	**$ 1,052,023**	**$ (4,050,320)**

9. 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'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.

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 P-30.138 do prerorke2 fd afembersac

Other Postemployment Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be

Contributions

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 accru(d)-288.3 (t)3.7 c3 (t3.7 bility)Tmal cost. c3 ar

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

Required contributions to the pension plan from the College were $2,738,451, $3,219,903 and $2,325,021 for the years ended June 30, 2024, 2023 and 2022, respectively.

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

	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%

			Net Deferred

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Coverage election at retirement	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 assets/liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 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 - September 30, 2021 Valuation. 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, 6.00% for the Pension PM299 .445 [illegible] (si3vber)-253.c

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

2023 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	100.00%		5.60%
Inflation			2.70%
Risk adjustment			-2.30%
Investment rate of return			**6.00%**

2022 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			**6.00%**

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

For the fiscal year ended September 30, 2023, a discount rate of 6.00% was used to measure the total pension and OPEB assets/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 differ trespwes6respdiffermmffeand

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 30,364,441	$ 22,475,579	$ 15,907,816

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 34,946,158	$ 26,481,815	$ 19,506,815

Sensitivity of College's Proportionate Share of the Net OPEB (

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB (asset) liability	$ 410,783	$ (396,241)	$ (1,089,798)

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB liability	$ 2,544,103	$ 1,516,691	$ 651,482

	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of the net OPEB (asset) liability	$ (1,091,528)	$ (396,241)	$ 356,287

	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of the net OPEB liability	$ 635,118	$ 1,516,691	$ 2,506,275

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, 2024, the College reported a payable of $240,452 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024. At June 30, 2023, the College reported a payable of $212,600 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023.

Payable to the OPEB Plan

Defined Contribution Plan

Notes to Financial Statements

10. MONTCALM COMMUNITY COLLEGE FOUNDATION

The Foundation was formed to award scholarships and grants to students, faculty, and staff of the College and to maintain and develop its facilities and services for educational opportunities and service. During the years ended June 30, 2024 and 2023, the Foundation made grants and distributions, from restricted net position, to and on behalf of the College to be used for scholarships totaling $403,735 and $486,778, respectively. The components of the Foundation's restricted net position are both for programs and scholarships as of June 30, 2024 and 2023.

Restricted net position consists of the following at June 30:

	2024	2023
Donor restricted endowments subject to expenditures for specified purpose, spending policy, and appropriation for scholarships	**$ 18,588,956**	**$ 17,112,108**

11. FOUNDATION LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following for the Foundation as of June 30:

	2024	2023
Cash and investments	$ 27,363,613	$ 24,394,236
Current portion of pledge receivables	64,593	166,293
Due to other funds	(548,397)	(323,191)
Subtotal	**26,879,809**	**24,237,338**
Less amounts unavailable for general expenditures within one year due to:		
Board-designated endowment funds	(9,377,738)	(8,675,994)
Restricted net position	(18,588,956)	(17,112,108)
Restricted net position attributable to long-term pledge receivables	1,098,754	1,556,157
Total financial assets available for general use within one year	**$ 11,869**	**$ 5,393**

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Board-designated endowment funds can be designated for general use at any time, upon approval by the board of directors.

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity plan, there is an annual distribution from Foundation endowment investments subject to an annual spending policy as described in Note 12.

12. FOUNDATION ENDOWMENTS

The Foundation’s endowment consists of six individual funds established for student scholarships. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds .cbt- (t)]T-J0.0411

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2024 and 2023, the Foundation did not have any underwater endowments.

Endowment net position composition by type of fund as of June 30:

	Unrestricted	Restricted	Total
Endowment net position			
Comparison by type of fund as of June 30, 2024			
Board-designated endowment funds	$ 9,377,738	$ -	$ 9,377,738
Donor-restricted endowment funds			
Restricted for specific purpose - scholarships and grants	-	2,352,993	2,352,993
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	314,464	314,464
Original donor-restricted term endowment gift amount	-	7,324,896	7,324,896
Accumulated investment gains	-	8,596,603	8,596,603
Total endowment funds	**$ 9,377,738**	**$ 18,588,956**	**$ 27,966,694**
Endowment net position			
Comparison by type of fund as of June 30, 2023			
Board-designated endowment funds	$ 8,675,994	$ -	$ 8,675,994
Donor-restricted endowment funds			
Restricted for specific purpose - scholarships and grants	-	2,815,076	2,815,076
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	313,864	313,864
Original donor-restricted term endowment gift amount	-	7,324,896	7,324,896
Accumulated investment gains	-	6,658,272	6,658,272
Total endowment funds	**$ 8,675,994**	**$ 17,112,108**	**$ 25,788,102**

Changes in endowment net position for the years ended June 30:

	Unrestricted	Restricted	Total
Changes in endowment net position			
For the year ended June 30, 2024			
Interest and dividend income	$ 265,564	$ 373,966	$ 639,530
Net realized and unrealiz			

Notes to Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

[redacted]

[redacted]CTIONAL ALLOCATION OF EXPENSES - FOUNDATION

The costs of program and supporting services activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. The table below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs (student services expenses) and supporting services (other expenses) benefited. Expenses are generally allocated between program services and supporting services based on specific identification or space utilized, wr

	Year Ended June 30, 2024				
		Other			
	Student Services	Program Services	Administrative	Fundraising	Total
Scholarships and grants	$ 400,254	$ -	$ -	$ -	$ 400,254
Salaries and wages	-	93,686	72,812	24,277	190,775
Benefits	-	18,127	32,773	11,352	62,252
Payroll taxes	-	7,330	5,435	1,864	14,629
Fundraising	-	-	-	4,467	4,467
Software	-	7,000	-	-	7,000
Professional fees	-	-	58,631	-	58,631
Other	-	385,016	15,705	-	400,721
Total expenses	**$ 400,254**	**$ 511,159**	**$ 185,356**	**$ 41,960**	**$ 1,138,729**

[redacted]

Notes to Financial Statements

	Year Ended June 30, 2023				
		Other			
	Student Services	Program Services	Administrative	Fundraising	Total
Scholarships and grants	$ 486,778	$ -	$ -	$ -	$ 486,778
Salaries and wages	-	96,429	68,270	35,952	200,651
Benefits	-	24,959	31,126	18,518	74,603
Payroll taxes	-	3,519	5,215	2,720	11,454
Fundraising	-	-	-	21,828	21,828
Software	-	7,000	11,614	-	18,614
Professional fees	-	-	71,068	-	71,068
Other	-	372,795	6,208	-	379,003
Total expenses	**$ 486,778**	**$ 504,702**	**$ 193,501**	**$ 79,018**	**$ 1,263,999**

14. RELATED PARTY TRANSACTIONS

The College did not have any transactions with related parties other than with the Foundation as presented and disclosed throughout the accompanying basic financial statements and notes to the financial statements.

15. SUPPLEMENTAL CASH FLOWS INFORMATION

Non-Cash Noncapital Financing and Investing Activities

In fiscal 2024 and 2023, the Foundation received gifts in the form of investment securities in the amount of $104,529 and $146,729, respectively.

Non-Cash Capital and Related Financing Activities

The College placed into service subscription assets in the amount of $450,797 and $148,621 with the recognition of subscription-based IT arrangement liabilities in the same amount during fiscal 2024 and 2023, respectively.

” ” ” ” ”

REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 22,475,579	$ 26,481,815	$ 17,222,416	$ 24,864,884	$ 23,929,364	$ 21,157,952	$ 17,710,136	$ 16,904,228	$ 16,617,926	$ 14,974,153
College's proportion of the net pension liability	0.06944%	0.07041%	0.07274%	0.07238%	0.07226%	0.07038%	0.06834%	0.06775%	0.06804%	0.06907%
College's covered payroll	$ 7,030,615	$ 7,006,921	$ 6,481,412	$ 6,385,119	$ 6,313,771	$ 6,123,733	$ 5,854,993	$ 5,648,042	$ 5,828,495	$ 5,935,152
College's proportionate share the net pension liability as a percentage of its covered payroll	319.68%	377.94%	265.71%	389.42%	379.00%	345.51%	302.48%	299.29%	285.12%	252.30%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans
Schedule of the College's Pension Contributions (Unaudited)

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,738,451	$ 3,219,903	$ 2,325,021	$ 2,172,521	$ 1,975,475	$ 1,917,870	$ 1,919,043	$ 1,623,914	$ 1,576,914	$ 1,828,741
Contributions in relation to the statutorily required contributions	(2,738,451)	(3,219,903)	(2,325,021)	(2,172,521)	(1,975,475)	(1,917,870)	(1,919,043)	(1,623,914)	(1,576,914)	(1,828,741)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 6,915,446	$ 7,015,391	$ 6,688,428	$ 6,410,104	$ 6,412,530	$ 6,330,881	$ 6,088,670	$ 5,788,609	$ 6,321,533	$ 6,518,944
Contributions as a percentage of covered payroll	39.60%	45.90%	34.76%	33.89%	30.81%	30.29%	31.52%	28.05%	24.95%	28.05%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans
Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits (Asset) Liability (Unaudited)

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	$ (396,241)	$ 1,516,691	$ 1,087,478	$ 3,838,030	$ 5,166,831	$ 5,699,199	$ 6,092,951
College's proportion of the net OPEB (asset) liability	0.07004%	0.07161%	0.07125%	0.07164%	0.07198%	0.07170%	0.06880%
College's covered payroll	7,030,615	$ 7,006,921	$ 6,481,712	$ 6,385,119	$ 6,313,771	$ 6,123,733	$ 5,854,993
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-5.64%	21.65%	16.78%	60.11%	81.83%	93.07%	104.06%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Other Postemployment Benefits Contributions (Unaudited)

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 541,843	$ 543,565	$ 523,365	$ 520,527	$ 503,817	$ 490,770	$ 435,766
Contributions in relation to the statutorily required contributions	(541,843)	(543,565)	(523,365)	(520,527)	(503,817)	(490,770)	(435,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 6,915,446	$ 7,015,391	$ 6,688,428	$ 6,410,104	$ 6,412,530	$ 6,330,881	$ 6,088,670
Contributions as a percentage of covered payroll	7.84%	7.75%	7.82%	8.12%	7.86%	7.75%	7.16%

See notes to 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:

- 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.

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:

- 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%.

Notes to Required Supplementary Information

- 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%.

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OTHER INFORMATION
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2024

Combining Statement of Net Position (Unaudited)

June 30, 2024

Assets	Combined Total	General Fund	Expendable Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Foundation
Current assets							
Cash and cash equivalents	$ 14,504,372	$ 12,526,324	$ 237,461	$ 777,597	$ 555,941	$ -	$ 407,049
Restricted cash	839,902	-	-	839,902	-	-	-
Accounts receivable less allowance of $519,326	357,098	357,098	-	-	-	-	-
Property taxes receivable	742	742	-	-	-	-	-
State appropriation receivable	1,035,884	1,035,884	-	-	-	-	-
Federal and state grants receivable	487,509	-	487,509	-	-	-	-
Current portion of pledges receivable	64,593	-	-	-	-	-	64,593
Prepaids and other assets	185,794	185,794	-	-	-	-	-
Due (to) from other funds	-	(81,907)	(345,066)	936,262	39,108	-	(548,397)
Total current assets	**17,475,894**	**14,023,935**	**379,904**	**2,553,761**	**595,049**	**-**	**(76,755)**
Noncurrent assets							
Pledges receivable, net of current portion	1,098,754	-	-	-	-	-	1,098,754
Investments	26,956,564	-	-	-	-	-	26,956,564
Net OPEB asset	396,241	-	-	-	-	396,241	-
Capital assets, nondepreciable/nonamortizable							
Land	755,926	-	-	755,926	-	-	-
Construction in progress	203,010	-	-	203,010	-	-	-
Capital assets, depreciable/amortizable							
Land improvements	1,335,287	-	-	1,335,287	-	-	-
Accumulated depreciation	(1,319,359)	-	-	(1,319,359)	-	-	-
Infrastructure	1,465,140	-	-	1,465,140	-	-	-
Accumulated depreciation	(1,291,147)	-	-	(1,291,147)	-	-	-
Buildings and improvements	38,200,726	-	-	38,200,726	-	-	-
Accumulated depreciation	(24,625,994)	-	-	(24,625,994)	-	-	-
Subscription assets	1,404,033	-	-	1,404,033	-	-	-
Accumulated amortization	(535,056)	-	-	(535,056)	-	-	-
Furniture, fixtures, and equipment, including vehicles and library books	4,660,057	-	-	4,660,057	-	-	-
Accumulated depreciation	(3,709,410)	-	-	(3,709,410)	-	-	-
Total capital assets, depreciable/amortizable, net	**15,584,277**	**-**	**-**	**15,584,277**	**-**	**-**	**-**
Total noncurrent assets	**44,994,772**	**-**	**-**	**16,543,213**	**-**	**396,241**	**28,055,318**
Total assets	**62,470,666**	**14,023,935**	**379,904**	**19,096,974**	**595,049**	**396,241**	**27,978,563**
Deferred outflows of resources							
Deferred pension amounts	6,178,066	-	-	-	-	6,178,066	-
Deferred OPEB amounts	1,302,845	-	-	-	-	1,302,845	-
Total deferred outflows of resources	**7,480,911**	**-**	**-**	**-**	**-**	**7,480,911**	**-**

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Combining Statement of Net Position (Unaudited)

June 30, 2024

Liabilities	Combined Total	General Fund	Expendable Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Foundation
Current liabilities							
Accounts payable	$ 432,543	$ 420,674	$ -	$ -	$ -	$ -	$ 11,869
Accrued interest	33,453	-	-	33,453	-	-	-
Accrued payroll, current portion of accrued vacation and other compensation	1,228,433	1,228,433	-	-	-	-	-
Deposits	640,797	9,679	-	36,069	595,049	-	-
Unearned revenue	170,025	170,025	-	-	-	-	-
Current portion of bonds payable	557,883	-	-	557,883	-	-	-
Current portion of subscription-based IT arrangement liabilities	238,824	-	-	238,824	-	-	-
Total current liabilities	**3,301,958**	**1,828,811**	**-**	**866,229**	**595,049**	**-**	**11,869**
Noncurrent liabilities							
Bonds payable, net of current portion	6,056,128	-	-	6,056,128	-	-	-
Subscription-based IT arrangement liabilities, net of current portion	187,060	-	-	187,060	-	-	-
Net pension liability	22,475,579	-	-	-	-	22,475,579	-
Accrued vacation, net of current portion	114,367	114,367	-	-	-	-	-
Total noncurrent liabilities	**28,833,134**	**114,367**	**-**	**6,243,188**	**-**	**22,475,579**	**-**
Total liabilities	**32,135,092**	**1,943,178**	**-**	**7,109,417**	**595,049**	**22,475,579**	**11,869**
Deferred inflows of resources							
Deferred pension amounts	4,235,944	-	-	-	-	4,235,944	-
Deferred OPEB amounts	3,216,438	-	-	-	-	3,216,438	-
Total deferred inflows of resources	**7,452,382**	**-**	**-**	**-**	**-**	**7,452,382**	**-**
Net position (deficit)							
Net investment in capital assets	10,343,220	-	-	10,343,220	-	-	-
Restricted for							
Expendable scholarships and grants	18,654,396	-	379,904	-	-	-	18,274,492
Nonexpendable endowments (Note 12)	314,464	-	-	-	-	-	314,464
Unrestricted (deficit) (Note 8)	1,052,023	12,080,757	-	1,644,337	-	(22,050,809)	9,377,738
Total net position (deficit)	**$ 30,364,103**	**$ 12,080,757**	**$ 379,904**	**$ 11,987,557**	**$ -**	**$ (22,050,809)**	**$ 27,966,694**

concluded

MONTCALM COMMUNITY COLLEGE

Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position (Unaudited)
Year Ended June 30, 2024

	Combined Total	Elimination	General Fund	Expendable Restricted Fund	Plant Fund	Pension and OPEB Fund	Foundation
Nonoperating revenues (expenses)							
State appropriations	$ 4,956,977	$ -	$ 6,279,471	$ -	$ -	$ (1,322,494)	$ -
Federal Pell grants	2,053,580	-	-	2,053,580	-	-	-
Property taxes	8,340,251	-	8,340,251	-	-	-	-
Interest and dividend income	783,998	-	139,937	-	4,531	-	639,530
Net realized and unrealized gain on investments	2,414,828	-	-	-	-	-	2,414,828
Interest on capital asset - related debt	(182,992)	-	-	-	(182,992)	-	-
Gifts	262,963	-	-	-	-	-	262,963
Net nonoperating revenues (expenses)	**18,629,605**	**-**	**14,759,659**	**2,053,580**	**(178,461)**	**(1,322,494)**	**3,317,321**
Transfers (out) in	-	-	(1,500,000)	-	1,500,000	-	-
Net increase (decrease) in net position	**6,569,006**	**-**	**2,029,335**	**(20,270)**	**576,524**	**1,804,825**	**2,178,592**
Net position (deficit) - beginning of year	23,795,097	-	10,051,422	400,174	11,411,033	(23,855,634)	25,788,102
Net position (deficit) - end of year	**$ 30,364,103**	**$ -**	**$ 12,080,757**	**$ 379,904**	**$ 11,987,557**	**$ (22,050,809)**	**$ 27,966,694**

concluded