

Montcalm
Community
College



Years Ended
June 30,
2022 and 2021

Financial
Statements
and
Supplementary
Information

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INDEPENDENT AUDITORS' REPORT

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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
-
- 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

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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, 2022, 2021 and 2020. 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

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 Expense, Transfers and Changes in Net Position. Though the Governmental Accounting Standards Board ("GASB") does not require this information be present for a fair and complete presentation, these additional statements do provide additional information regarding the various funds and activities of the College that is not disclosed in the basic statements.

Financial Highlights

The College's financial position decreased during the year ended June 30, 2022. Net position at the end of the fiscal year was down approximately \$2.0 million or 10%. The College experienced a significant decrease in net loss on investments related to the Montcalm Community College Foundation. Overall enrollment compared to the previous year was up by 1.4% or 400 contact/billing hours. The details by semester were Fall 2021, a 5% increase both Spring and Summer 2022 semesters were down by 2% each.

Overall nonoperating revenues decreased by approximately \$8.8 million. This was mainly related to the loss on investments from Montcalm Community College Foundation funds. On the positive side, State appropriations were up approximately \$216,000, Federal Pell grants were up by approximately \$216,000, and property taxes were up by approximately \$496,000 from the previous fiscal year.

The College will continue to feel the significant impact of the addition of GASB 68 (Accounting and Financial Reporting for Pensions) and GASB 75 (Postemployment Benefits Other Than Pensions) as the College is required to record its proportionate share of the liability associated with providing pension and healthcare to retirees related to the State of Michigan Pension program. Additional information is also included in Note 8 to the financial statements, and in the required supplementary information following the footnotes.

The Statement of

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 (assets,) Tj /C2_0 1 T0(all) Tj /C2_0 1 T10/TT1 1 Tf 0.0014 Tc 0.224 0 T

to the MPSE plan. This is a decrease of \$1.4 million from June 30, 2020 due to changes in

Operating Revenues

Operating

Operating Expenses

Operating expenses are all the

Nonoperating Revenues

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, Federal Pell grants, Federal HEERF and CRF fund grants, investment (loss) income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

Nonoperating revenue changes were principally due to decreased growth in the economic markets in late 2021 and into 2022 and are

Statement of Cash Flows

Another way to assess the financial health of a College is to look at the

In the prior fiscal year, the College was awarded Higher Education Emergency Relief Funds ("HEERF") totaling \$5,953,726, (\$3,453,099— institutional funds and \$2,500,627— student funds) obtained through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and American Rescue Plan Act. At fiscal year end June 30, 2022 the College had awarded the remaining \$1,685,031 to students and paid \$1,096,668 toward related expenses. While management reasonably expects the COVID-19 outbreak to negatively impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are still highly uncertain.

Property values, and related property tax revenues, continue to increase at a moderate rate. Fiscal year 2021-2022 showed a 7.2% 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 2021-2022 fiscal year experienced a 1.4% percent overall increase in enrollment compared to the previous year. With concerted effort, enrollment is slowly increasing. This was achieved in part, by rethinking the methodology used in prior years and asking the entire campus staff to assist returning and new students through the enrollment process. These efforts continued into the enrollment for Fall 2022 semester and due to the efforts, the increase in headcount is up 6.5% (over 100 students), however billing contacts decreased by 1.4% percent. The College is in the 2nd year of an enrollment strategic plan that

FINANCIAL STATEMENTS



MONTCALM COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	2022	2021
Operating revenues		
Tuition and fees, net of scholarship allowance of \$1,234,891 (\$1,176,292 in 2021)	\$ 4,320,135	\$ 4,117,565
Federal grants and contracts	199,683	366,156
State grants and contracts	131,004	199,170
Auxiliary activities	58,319	9,408
Other	126,384	81,425
Total operating revenues	4,835,525	4,773,724
Operating expenses		
Instruction	6,203,971	6,990,142
Public services	333,006	310,492
Instructional support	2,038,395	1,907,010
Student services	4,028,943	3,073,272
Institutional administration Information	1,881,595	2,098,094

MONTCALM COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Cash flows from operating activities		
Tuition and fees, net	\$ 4,393,072	\$ 4,077,565
Grants and contracts	1,126,099	484,149
Payments to suppliers	(5,898,728)	(6,395,314)
Payments to employees	(13,140,522)	(10,677,868)
Auxiliary activities	58,319	9,408
Other	59,793	71,425
Net cash used in operating activities	(13,401,967)	(12,430,635)
Cash flows from noncapital financing activities		
Property taxes	7,454,102	6,960,101
Federal Pell grants	1,772,455	1,556,320
State appropriations	3,954,285	3,343,743
Federal Higher Education Emergency Relief Fund grant	2,781,699	1,462,855
Federal Coronavirus Relief Fund grant		400,200
Direct loans/FFEL receipts	1,039,839	1,307,287
Direct loans/FFEL disbursements	(1,039,839)	(1,307,287)
Gifts	290,133	669,916
Net cash provided by noncapital financing activities	16,252,674	14,393,135
Cash flows from capital and related financing activities		
Purchases of capital assets	(3,393,512)	(505,765)
Principal paid on bonds and note payable	(638,918)	(403,105)
Proceeds from issuance of bonds	5,957,660	
Interest paid on capital asset related debt	(142,352)	(60,322)
Net cash provided by (used in) capital and related financing activities	1,782,878	(969,192)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	26,773,017	4,377,169
Interest and dividends on investments	955,387	413,221
Purchase of investments	(27,258,130)	(3,473,960)
Net cash provided by investing activities	470,274	1,316,430
Net increase in cash and cash equivalents and restricted cash	5,103,859	2,309,738
Cash and cash equivalents and restricted cash		
Beginning of year	9,264,673	6,954,935
End of year	\$ 14,368,532	\$ 9,264,673

continued...

MONTCALM COMMUNITY COLLEGE

Statements of Cash Flows

	2022	2021
Reconciliation to Statements of Net Position		
Cash and cash equivalents	\$ 10,997,632	\$ 9,264,673
Restricted cash	3,370,900	
Cash, end of year	\$ 14,368,532	\$ 9,264,673
Reconciliation of operating loss to net cash used in operating activities		
Operating loss		

MONTCALM COMMUNITY COLLEGE

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

The financing

	2022	2021
Condensed statement of net position		
Total assets	\$ 22,367,101	\$ 26,456,917
Total liabilities	(55,969)	(46,115)
Total net position	\$ 22,311,132	\$ 26,410,802
Condensed statement of revenues, expenses and changes in net position		
Revenues and net investment gains	\$ 2,077,865	\$ 6,882,720
Expenses and net investment losses	(6,177,535)	(1,115,147)
Changes in net position	(4,099,670)	5,767,573
Beginning net position	26,410,802	20,643,229
Ending net position	\$ 22,311,132	\$ 26,410,802
Condensed statement of cash flows		
Net cash (used in) provided by:		
Operating activities	\$ (367,722)	\$ (606,399)
Non capital financing activities	810,911	669,916
Investing activities	(1,005,891)	903,209
Net change in cash and cash equivalents	(562,702)	966,726
Beginning cash and cash equivalents	1,046,419	79,693
Ending cash and cash equivalents	\$ 483,717	\$ 1,046,419

Basis of Accounting and Presentation

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

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, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the College and Foundation's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded Federal Higher Education Emergency Relief Funds totaling \$5,953,726 cumulatively through 2021 from the Coronavirus Aid, Relief and Economic Security Act, the Coronavirus Response and Relief and Supplemental Appropriations Act,

Cash and Cash Equivalents

Restricted Cash

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

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

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 appropriations, property taxes, Federal Pell, Federal Higher Education Emergency Relief Fund ("HEERF") grants and the Federal Coronavirus Relief Fund ("CRF") grants are components of nonoperating and other revenues. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy any expenses.

The Foundation's contributions, including unconditional promises to give, are reported as revenue when received and measured at fair value. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions is established based on an estimated percentage of total contributions receivable, past history of collection, and future expectation for collection of various accounts. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

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 hierarchy gives the highest priority to quoted price

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Capital Assets and Depreciation

Capital assets, which the College defines as property and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year, are recorded at cost or, if acquired by gift, at the fair value on the date of acquisition. Management reviews capital assets for impairment. Depreciation is provided for property and equipment on a straight line basis over the estimated useful lives of the assets as follows:

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

Accrued Vacation

Unearned Revenue

Unearned revenue at J

Internal Service Activities

MONTCALM COMMUNITY COLLEGE

Notes to 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 thTa

Use of Estimates

Income Taxes

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Deferred Outflows of Resources

Deferred Inflows of Resources

Net

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Net Position

Net investment in capital assets: Capital assets, net of accumulated depreciation 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 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 Foundation consists primarily of funds restricted for scholarships and grants.

Nonexpendable endowments: Contains donor imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position

Reclassification

Recently Adopted Accounting Pronouncement

Subsequent Events Foundation

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

	College	Foundation	Total
Restricted cash	\$10,513,915	\$483,717	\$10,997,632
	3,370,900		3,370,900

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

	College	Foundation	Total
	\$ 13,881,415 3,400	\$ 483,717	\$ 14,365,132

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

4. FAIR VALUE MEASUREMENTS

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 and

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Exchange traded funds: Shares held in exchange traded 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.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 tables set forth by level, within the fair value hierarchy, the Foundation's investments at year end.

2022	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Large blend	\$ 9,053,841	\$	\$	\$ 9,053,841
Intermediate term bond	5,716,143			5,716,143
Foreign equity large cap	3,054,158			3,054,158
Foreign large blend	2,487,837			2,487,837
World blend	886,557			886,557
Money market	259,172			259,172
Total investments at fair value	\$ 21,457,708	\$	\$	\$ 21,457,708

2021	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Short term funds	\$ 602,317	\$	\$	\$ 602,317
Intermediate term bond	2,888,901			2,888,901
Mid cap blend	2,176,982			2,176,982
Small blend	2,232,935			2,232,935
Large blend	11,516,872			11,516,872
Foreign large blend	2,990,133			2,990,133
Diversified emerging markets	998,419			998,419
High yield bond	730,851			730,851
Large value	1,307,142			1,307,142
Total investments at fair value	\$ 25,444,552	\$	\$	\$ 25,444,552

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

5. CAPITAL ASSETS

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable capital assets				
Land	\$ 808,786	\$	\$	808,786

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Transfers	Balance June 30, 2021
Nondepreciable capital assets				
Land	\$ 808,786			\$ 808,786
Construction in progress	44,761	288,775	(44,761)	288,775
Subtotal nondepreciable capital assets	853,547	288,775	(44,761)	1,097,561
Depreciable capital assets				
Land improvements	1,317,590			1,317,590
Buildings and improvements	32,820,368			32,820,368
Infrastructure	1,465,140			1,465,140
Furniture, fixtures and equipment	4,375,142	216,990	44,761	4,636,893
Library materials	446,856			446,856
Subtotal depreciable capital assets	40,425,096	216,990	44,761	40,686,847
Less accumulated depreciation				
Land improvements	1,019,638	96,633		1,116,271
Buildings and improvements	21,806,727	670,624		22,477,351
Infrastructure	1,167,957	31,880		1,199,837
Furniture, fixtures and equipment	3,121,524	278,921		3,400,445
Library materials	431,957	4,447		436,404
Total accumulated depreciation	27,547,803	\$ 1,082,505	\$	28,630,308
Total depreciated capital assets, net	12,877,293			12,056,539
Total capital assets, net	\$ 13,730,840			\$ 13,154,100

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

6. DEBT

Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

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

Year Ending June 30	Principal Bonds Payable	Interest	Total
2023	\$ 510,000	\$ 205,622	\$ 715,622
2024	540,000	166,822	706,822
2025	540,000	150,818	690,818
2026	540,000	134,724	674,724
2027	540,000	118,538	658,538
2028-2032	1,845,000	401,912	2,246,912
2033-2037	1,500,000	220,900	1,720,900
2038-2041	1,345,000	63,617	1,408,617
Total	\$ 7,360,000	\$ 1,462,953	\$ 8,822,953

7. UNRESTRICTED NET DEFICIT

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

	2022	2021
Foundation board designated endowment	\$ 8,089,497	\$ 9,561,973
Pension and OPEB liability fund deficit	(24,017,968)	(25,168,572)
Undesignated	8,665,369	8,063,612
Total unrestricted net deficit	\$ (7,263,102)	\$ (7,542,987)

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

8. RETIREMENT PLANS

Defined Benefit Plan

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.

MONTCALM COMMUNITY



MONTCALM COMMUNITY COLLEGE

■ Financial Statement GE

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare		8.43% - 8.73%

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MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

For the year ended June 30, 2022, the College recognized pension expense of \$2,173,300. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 266,783	\$ 101,420	\$ 165,363
Changes in assumptions	1,085,640	-	1,085,640
Net difference between projected and actual earnings on pension plan investments	-	5,536,951	(5,536,951)
Changes in proportion and differences between employer contributions and proportionate share of contributions	318,314	20,739	297,575
	<u>1,670,737</u>	<u>5,659,110</u>	<u>(3,988,373)</u>
College contributions subsequent to the measurement date	2,050,612	-	2,050,612
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,072,683	(1,072,683)
Total	<u>\$ 3,721,349</u>	<u>\$ 6,731,793</u>	<u>\$ (3,010,444)</u>

The \$2,050,612 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the

Year Ended June 30,	Amount
2023	\$ (296,677)
2024	(888,851)
2025	(1,316,575)
2026	(1,486,270)
Total	<u>\$ (3,988,373)</u>

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
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Differences between expected and actual

MONTCALM COMMUNITY COLLEGE

■ Notes to



MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
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	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.0% Year 1 graded to 3.5% Year 120 in 2019)
Mortality	
Other OPEB assumptions:	
Opt out assumptions	
Survivor coverage	
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more years.

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

	Target Allocation	Long term Expected Real Rate of Return	Expected Money Weighted Rate of Return
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MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

2020 Asset Class	Target Allocation	Long term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short term investment pools	2.00%	0.09%	0.00%
	100.00%		5.33%
Inflation			2.10%
Risk adjustment			0.63%
Investment rate of return			6.80%

Long Term Expected Return on OPEB Plan Assets

The long term expected rate of return on 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 OPEB plan investment expense and inflation) are developed

2021 Asset Class	Target Allocation	Long term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	0.73%	0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short term investment pools	2.00%	1.29%	0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			0.09%
Investment rate of return			6.95%

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MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

1% Decrease	Current Discount Rate	1% Increase
(5.80% /	(6.80% /	(7.80% /
5.80% /	6.80% /	7.80% /
5.00%)	6.00%)	7.00%)

College's proportionate share of

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MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	\$ 4,930,385	\$ 3,838,030	\$ 2,918,358

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

The following presents the College's proportionat

	1% Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net OPEB liability	\$ 264,683	\$ 1,087,478	\$ 2,013,221

	1% Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net OPEB liability	\$ 2,883,145	\$ 3,838,030	\$ 4,924,093

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.

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Payable to the Pension Plan

Payable to the OPEB Plan

9. MONTCALM COMMUNITY COLLEGE FOUNDATION

Restricted net position consists of the following at June 30:

	2022	2021
Donor restricted endowments subject to expenditures for specified purpose, spending policy, and appropriation for scholarships	\$	

MONTCALM COMMUNITY COLLEGE

■ Notes to Financial Statements



MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

11. 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 Act

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

Unrestricted	Restricted	Total
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Endowment net position
Comparison by type of fund as of
June 30, 2022
Board of Trustees

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MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

	Student Services	Program Services	Administrative	Fundraising	Total
Scholarships and grants	\$ 420,097				\$ 420,097
Salaries and wages		123,358	10,720	54,340	188,418
Benefits		40,651	6,682	27,443	74,776
Payroll taxes		5,613	813	4,131	10,557
Fundraising				3,908	3,908
Software		7,000	1,051		10,557

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**REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST SHARING MULTIPLE EMPLOYER PLANS**

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 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 contribution	(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	\$ 6,688,428	\$ 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	34.76%	33.89%	30.81%	30.29%	31.52%	28.05%	24.95%	28.05%

See notes to required supplementary information.

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
College's proportion of the net OPEB liability	0.07125%	0.07164%	0.07198%	0.07170%	0.06880%
College's proportionate share of the net OPEB liability	\$ 1,087,478	\$ 3,838,030	\$ 5,166,831	\$ 5,699,199	\$ 6,092,951
College's covered payroll	\$ 6,481,712	\$ 6,385,119	\$ 6,313,771	\$ 6,123,733	\$ 5,854,993
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.78%	60.11%	81.83%	93.07%	104.06%
Plan fiduciary net position as a percentage of the total OPEB liability	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,				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 523,365	\$ 520,527	\$ 503,817	\$ 490,770	\$ 435,766
Contributions in relation to the statutorily required contribution	(523,365)	(520,527)	(503,817)	(490,770)	(435,766)
Contribution deficiency (excess)	\$	\$	\$	\$	\$
College's covered payroll	\$ 6,688,428	\$ 6,410,104	\$ 6,412,530	\$ 6,330,881	\$ 6,088,670
Contributions as a percentage of covered payroll	7.82%	8.12%	7.86%	7.75%	7.16%

See notes to required supplementary information.



SUPPLEMENTARY INFORMATION

MONTCALM COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2022

	Combined Total	General Fund	Expendable Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Foundation
Current assets							
Cash and cash equivalents	\$ 10,997,632	\$ 8,635,177	\$ 446,638	\$ 943,166	\$ 488,934		\$ 483,717
Restricted cash	3,370,900			3,370,900			
Accounts receivable less allowance of \$625,474	288,272	288,272					
Property taxes receivable	12,735	12,735					
State appropriation receivable	898,078	898,078					
Federal and state grants receivable	152,915		152,915				
Pledges receivable	91,897						91,897
Prepays and other assets	58,988	58,988					
Due from (to) other funds		477,999	(76,517)	(413,738)	20,735		(8,479)
Total current assets	15,871,417	10,371,249	523,036	3,900,328	509,669		567,135
Noncurrent assets							
Pledges receivable, net of current portion	342,258						342,258
Investments	21,457,708						21,457,708
Capital assets, nondepreciable							
Land	808,786			808,786			
Construction in progress	3,276,648			3,276,648			
Total capital assets, nondepreciable	4,085,434			4,085,434			
Capital assets, depreciable							
Land improvements	1,317,590			1,317,590			
Accumulated depreciation	(1,212,904)			(1,212,904)			
Infrastructure	1,465,140			1,465,140			
Accumulated depreciation	(1,231,718)			(1,231,718)			
Buildings and improvements	32,897,872			32,897,872			
Accumulated depreciation	(23,146,746)			(23,146,746)			
Equipment, including vehicles and library books	5,369,476			5,369,476			
Accumulated depreciation							

MONTCALM COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2022

	Combined Total	General Fund	Expendable Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Foundation
Liabilities							
Current liabilities							
Accounts payable	\$ 838,805	\$ 209,271	\$ 3,021	\$ 570,225	\$ 319		\$ 55,969
Accrued interest	30,788			30,788			
Accrued payroll, vacation and other compensation	1,097,758	1,097,758					
Deposits	550,791	5,372		36,069	509,350		
Unearned revenue	191,934	191,934					
Current portion of bonds and note payable	527,883			527,883			
Total current liabilities	3,237,959	1,504,335	3,021	1,164,965	509,669		55,969
Bonds payable, net of current portion	7,171,894			7,171,894			
Net pension liability	17,222,416					17,222,416	
Net OPEB liability	1,087,478					1,087,478	
Accrued vacation, net of current portion	93,891	93,891					
Total liabilities	28,813,638	1,598,226	3,021	8,336,859	509,669	18,309,894	55,969
Deferred inflows of resources							
Deferred pension amounts	6,731,793					6,731,793	
Deferred OPEB amounts	4,107,033					4,107,033	
Total deferred inflows of resources	10,838,826					10,838,826	
Net position							
Net investment in capital assets	11,142,358			11,142,358			
Restricted for							
Expendable scholarships and grants	14,428,536		520,015				13,908,521
Nonexpendable endowments	313,114						313,114
Unrestricted (deficit)	(7,263,102)	8,773,023		(107,654)		(24,017,968)	8,089,497
Total net position (deficit)	\$ 18,620,906	\$ 8,773,023	\$ 520,015	\$ 11,034,704	\$	\$ (24,017,968)	\$ 22,311,132

concluded

MONTCALM COMMUNITY COLLEGE

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

Year Ended June 30, 2022

	Combined Total	Elimination	General Fund	Expendable Restricted Fund	Plant Fund	Pension and OPEB Fund	Foundation
Revenues							
Operating revenues							
Tuition and fees (net of scholarship allowance of \$1,234,891)	\$ 4,320,135	\$(1,234,891)	\$ 5,555,026	\$	\$	\$	\$
Federal grants and contracts	199,683		5,227	\$	1 Fund	Fund	\$

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MONTCALM COMMUNITY COLLEGE

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

Year Ended June 30, 2022

	Combined Total	Elimination	General Fund	Expendable Restricted Fund	Plant Fund	Pension and OPEB Fund	Foundation
Nonoperating revenues (expenses)							
State appropriations	\$ 3,989,901	\$	\$ 5,062,584	\$	\$	\$ (1,072,683)	\$
Federal Pell grants	1,772,455	1,772,455
Federal Higher Education Emergency							