Glen Oaks Community College

Glen Oaks
COMMUNITY COLLEGE

Years Ended
June 30, 2023
and 2022

Financial
Statements
and
Supplementary
Information

Rehmann

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GLEN OAKS COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

October 30, 2023

Board of Trustees
Glen Oaks Community College
Centreville, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of ***Glen Oaks Community College*** (the "College"), as of and for the years ended June 30, 2023 and 2022, 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 respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Implementation of GASB Statement No. 96

As described in Note 1, in fiscal 2023 the College implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective July 1, 2021. Our opinion is not modified with respect to this matter.

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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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 (OPEB) plans, 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 opinions on the basic financial statements do 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated October 30, 2023, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of ***Glen Oaks Community College*** ("the College") financial statements provide an overview of the financial activities for the years ended June 30, 2023, 2022 and 2021. Management has prepared the financial statements and the related footnote disclosures in conjunction with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

The College's annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information, and supplementary information. The basic financial statements are comprised of three components: the statement of net position, the statement of revenues, expenses, changes in net position, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.*

Glen Oaks Community College Foundation is included within these statements as a discretely presented component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College. In addition, following the basic financial statements and footnotes is required supplementary information (pension and OPEB schedules) and two supplementary schedules (combining statement of net position and the combining statement of revenues, expenses, transfers, and changes in net position) as of and for the year ended June 30, 2023 for the College.

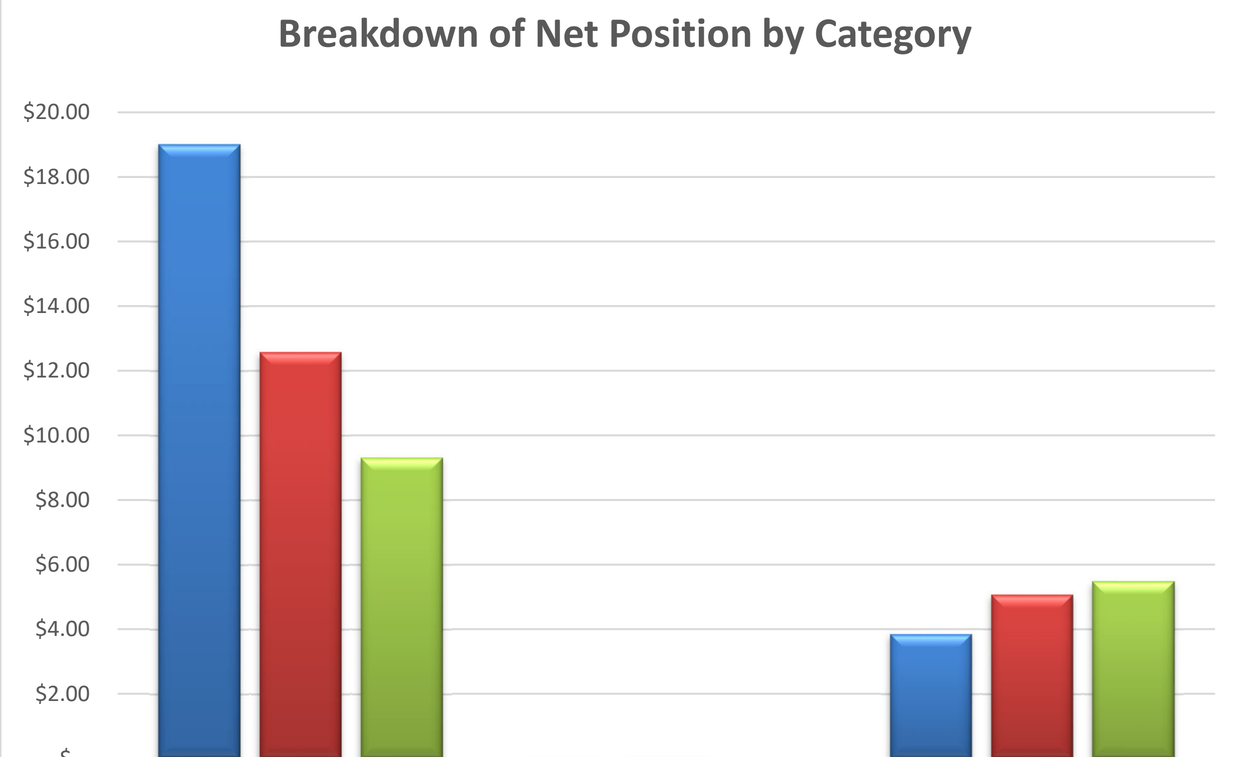
Financial Highlights

The financial statements report information on the College as a whole. Total assets for 2023, 2022 and 2021 were $39.0 million, $37.2 million, and $33.6 million, respectively. Deferred outflows of resources for 2023, 2022 and 2021 were $3.4 million, $2.1 million and $3.2 million, respectively. Total liabilities for 2023, 2022 and 2021 were $17.0 million, $17.4 million, and $20.5 million, respectively. Deferred inflows of resources for 2023, 2022 and 2021 were $2.6 million, $4.1 million and $1.5 million, respectively. The College's revenue was more than expenses for 2023, 2022 and 2021 by $5.2 million, $2.9 million, and $2.8 million, respectively. Net position, which represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted, totaled $22.9 million, $17.7 million, and $14.8 million at June 30, 2023, 2022 and 2021, respectively.

As a result of the implementation of GASB No. 68 during fiscal year 2015, the College is required to report its proportionate share of the MPSERS net pension liability on the statement of net position. The College's proportionate share of the MPSERS net pension liability was $9.1 million, $6.4 million, and $9.4 million, as of June 30, 2023, 2022 and 2021, respectively.

GASB No. 75, requiring the College to report its proportionate share of the net other postemployment benefits ("OPEB") liability on the statement of net position, was implemented in fiscal year 2018. The College's proportionate share of the net OPEB liability was $0.5 million, $0.4 million, and $1.4 million as of June 30, 2023, 2022 and 2021, respectively.

The following chart provides a graphical breakdown of net position by category as of June 30, 2023, 2022 and 2021 (in millions):



	Net Investment in Capital Assets	Restricted - Expendable	Unrestricted
2023	$19.00	$0.01	$3.84
2022	$12.57	$0.03	$5.06
2021	$9.30	$0.01	$5.47

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

The statement of net position and the statement of revenues, expenses, and changes in net position will help the reader answer the question "Is Glen Oaks Community College, as a whole, better or worse off as a result of the year's activities?" They report the College's net position and changes in net position. One can think of net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, as one way to measure the College's financial health or financial position. Many other nonfinancial factors, such as the trend in admission applicants, student retention, condition of the buildings, and strength of the faculty need to be considered to assess the overall health of the College. These statements include all assets, deferred outflows, liabilities and deferred inflows 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.

Statement of Net Position

Following are the major components of the statement of net position of the College as of June 30, 2023, 2022 and 2021 (in thousands):

	Condensed Statements of Net Position as of June 30 (in thousands)		
	2023	2022	2021
Current and other assets	$ 14,482	$ 16,874	$ 16,390
Capital assets - net	24,538	20,304	17,250
Total assets	39,020	37,178	33,640
Deferred outflows of resources	3,399	2,061	3,167
Other liabilities	1,919	2,909	1,731
Pension and OPEB Liabilities	9,547	6,797	10,825
Long-term liabilities	5,538	7,738	7,949
Total liabilities	17,004	17,444	20,505
Deferred inflows of resources	2,559	4,139	1,527
Net position			
Net investment in capital assets	19,000	12,566	9,301
Restricted expendable	13	27	5
Unrestricted	3,843	5,063	5,469
Total net position	$ 22,856	$ 17,656	$ 14,775

The significant changes in the assets, deferred outflows, liabilities and deferred inflows of the College are as follows:

- Current and other assets decreased by $2.4 million in 2023 due to decreases in cash and accounts receivable. Cash decreased due to paying off the $2 million balance of the USDA Concourse loan and accounts receivable decreased due to fewer federal funds received by the College. Current and other assets increased by $0.5 million in 2022 compared to 2021 due to an increase in cash and short-term investments.

- Capital assets increased by $4.2 million in 2023 compared to 2022 due to increased capital projects on campus. Capital assets increased by $3.1 million in 2022 compared to 2021 due to increased capital projects on campus.

- Other liabilities decreased by $1.0 million in 2023 compared to 2022 primarily due to a decrease in accounts payable attributable to construction projects. Other liabilities increased by $1.2 million in 2022 compared to 2021 due to an increase in accounts payable.

- Pension and OPEB liabilities increased by $2.8 million in 2023 compared to 2022 due to changes in assumptions, changes in the College's proportionate share and differences between projected and actual earnings on pension and OPEB plan investments. Pension and OPEB liabilities decreased by $4.0 million in 2022 compared to 2021 due to changes in assumptions, changes in the College's proportionate share and differences between projected and actual earnings on pension and OPEB plan investments.

- Long-term liabilities decreased by $2.2 million in 2023 compared to 2022 due to principal payments made on long-term debt. Long-term liabilities decreased by $0.2 million in 2022 compared to 2021 due to principal payments made on long-term debt.

Statement of Revenues, Expenses and Changes in Net Position

Following is the detail of the major components of operating results of the College for the years ended June 30, 2023, 2022 and 2021 (in thousands):

	Operating Results for the Years Ended June 30 (in thousands)		
	2023	2022	2021
Operating revenues			
Tuition and fees, net	$ 2,350	$ 2,294	$ 2,173
Grants and contracts	1,577	1,245	1,315
Auxiliary activities	592	588	420
Other	756	985	427
Total operating revenues	5,275	5,112	4,335
Operating expenses			
Instruction	3,627	3,656	3,855
Public service	231	124	225
Instructional support	1,129	1,031	1,114
Student services	3,678	4,854	3,819
Institutional administration	2,955	2,896	2,728
Physical plant operations	1,284	1,251	1,088
Information technology	1,075	821	950
Depreciation	1,296	1,277	1,338
Total operating expenses	15,275	15,910	15,117
Operating loss	(10,000)	(10,798)	(10,782)

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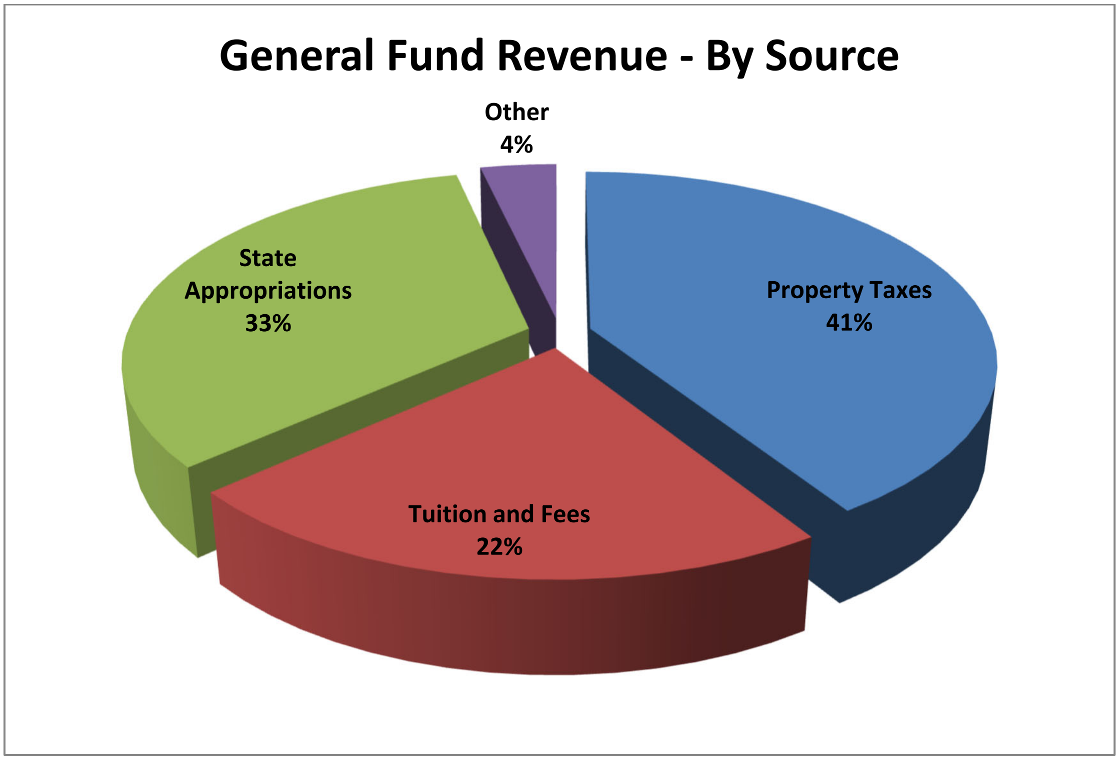
	Operating Results for the Years Ended June 30 (in thousands)		
	2023	2022	2021
Nonoperating revenue (expenses)			
State appropriations	$ 4,455	$ 4,310	$ 4,250
Federal Pell grant	1,276	1,292	1,217
Federal Higher Education Relief Funds grants	219	2,086	1,422
Coronavirus Relief Fund grant	-	-	297
Property taxes	6,276	6,009	5,803
Investment income (loss)	57	(4)	35
Insurance claim income	9	184	-
Transfer from Glen Oaks Community Foundation	-	20	-
Interest on capital asset - related debt	(206)	(218)	(223)
Total nonoperating revenues	12,086	13,679	12,801
State capital grants	3,114	-	750
Increase in net position	5,200	2,881	2,769
Net Position - beginning of year	17,656	14,775	12,006
Net position - end of year	$ 22,856	$ 17,656	$ 14,775

concluded

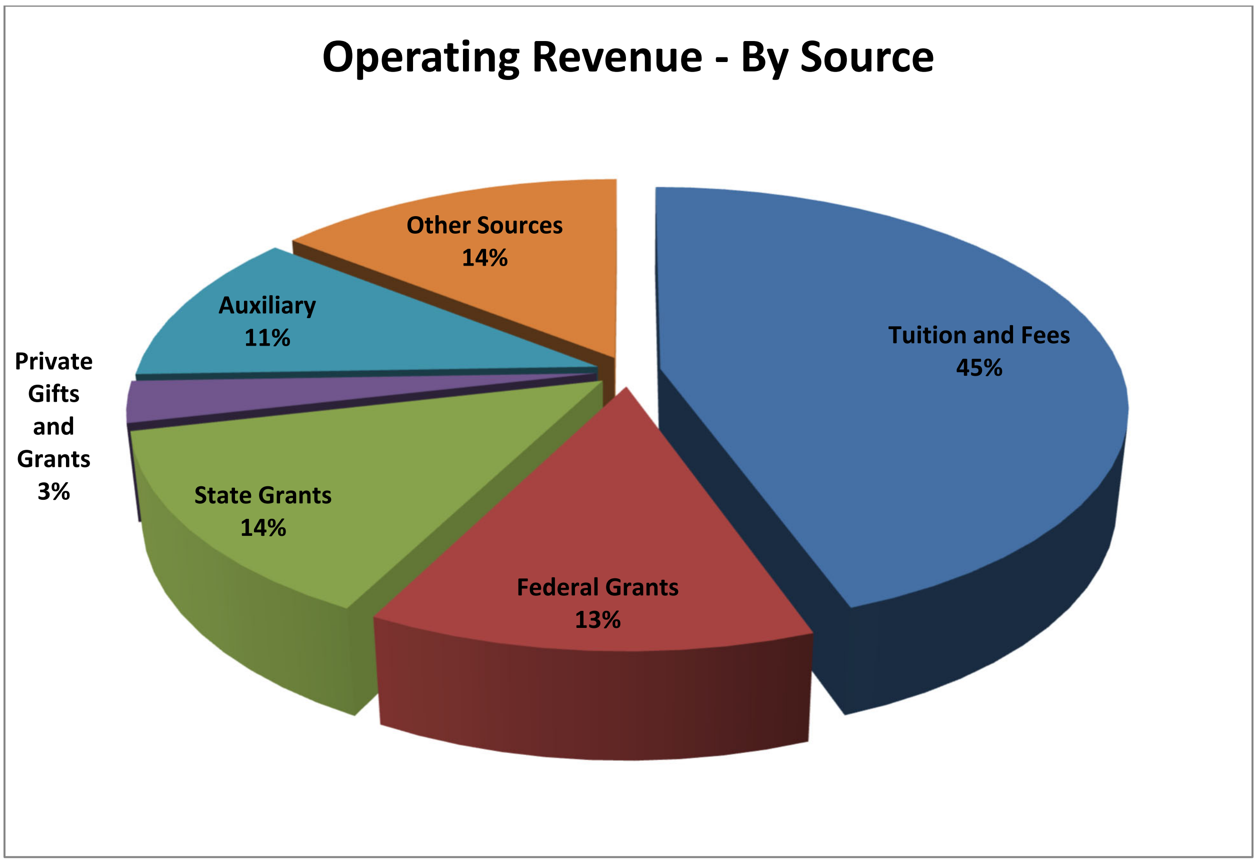
Internally, the College accounts for its financial statements using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. The College accounts for its primary programs and operations in its General Fund. The General Fund is financed primarily through four sources of revenue - tuition and fees, state appropriations, property taxes, and other. For this report, these sources of revenue are classified as both operating and non-operating. The following chart shows the percentage of these sources of revenue as they were reported in the General Fund for the year ended June 30, 2023.



Operating Revenue

For the College as a whole, operating revenue includes all transactions that result in the sales and/or receipts from goods and services, such as tuition and fees and other auxiliary operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. For the year ended 2023 overall operating revenue increased in the areas of tuition and fees; federal and state grants and contracts; private gifts, grants and contracts; and sales and services of auxiliary activities. For the year ended 2022 overall operating revenue increased in the areas of tuition and fees, auxiliary services, and other sources.

The following is a graphic illustration of operating revenue by source for the year ended June 30, 2023:



Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, Federal Pell grants, Federal Higher Education Emergency Relief Fund grants and investment income. Nonoperating revenue changes included the following factors:

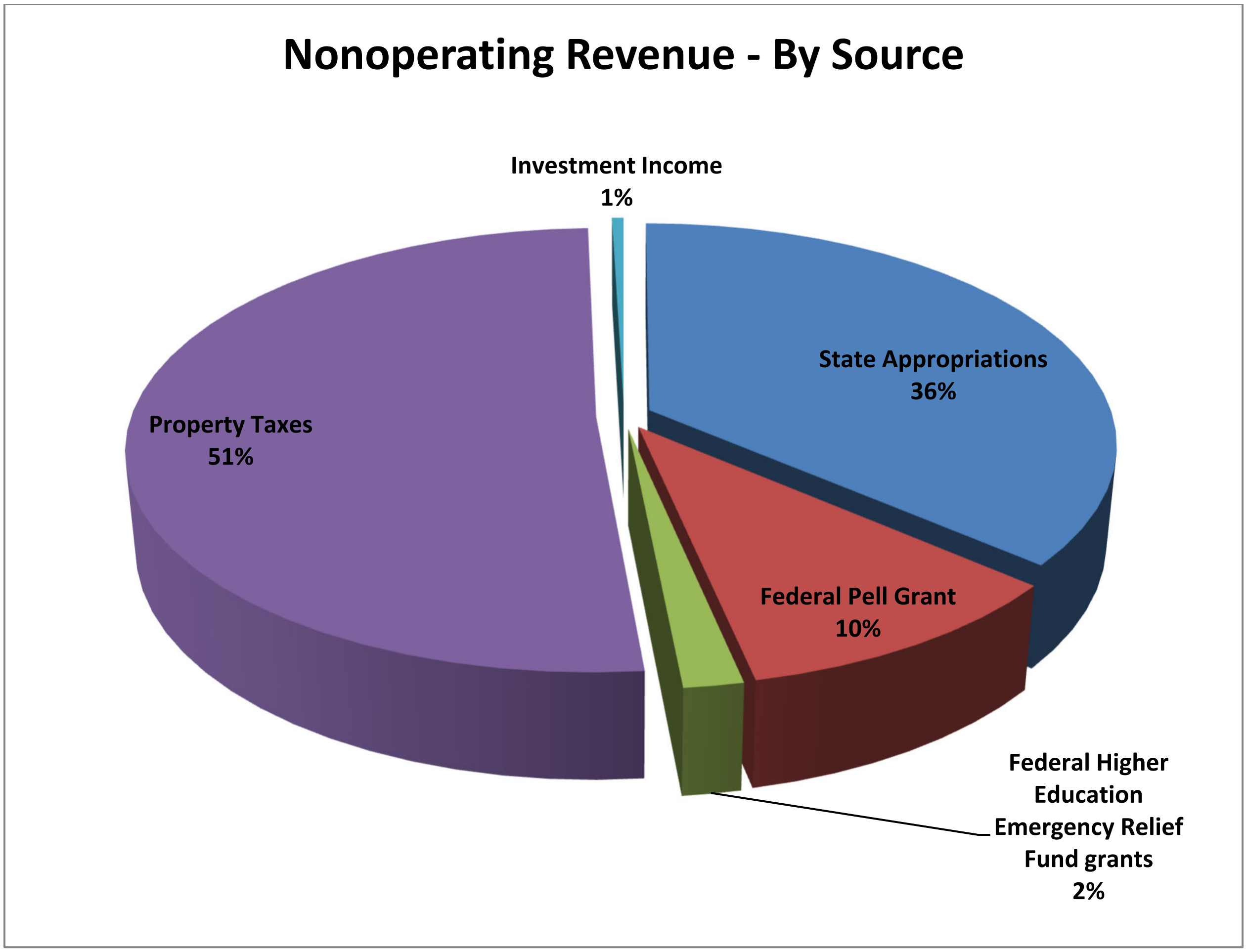
- Federal Pell grant revenue decreased by 1.29 percent in 2023 due to a decrease number of eligible students. Federal Pell grant revenue increased by 6.16 percent in 2022 due to an increased number of eligible students.

- The Federal Higher Education Emergency Relief Fund grants provided $0.2 million in student emergency financial grants and COVID mitigation in 2023. The Federal Higher Education Emergency Relief Fund grants provided $2.1 million in student emergency financial grants and COVID mitigation in 2022.

- State appropriations included a personal property tax reimbursement from the Local Community Stabilization Authority in the amount of $1.6 million in 2023. State appropriations included a personal property tax reimbursement from the Local Community Stabilization Authority in the amount of $1.5 million in 2022 and $1.6 million in 2021.

- Property tax revenue increased by 4.45 percent in 2023 and 3.55 percent in 2022 due to changes in property values. The College's levied tax millage rate was 2.7109 and 2.7186 mills for fiscal years 2023 and 2022, respectively.

The following is a graphic illustration of nonoperating revenue by source for the year ended June 30, 2023:

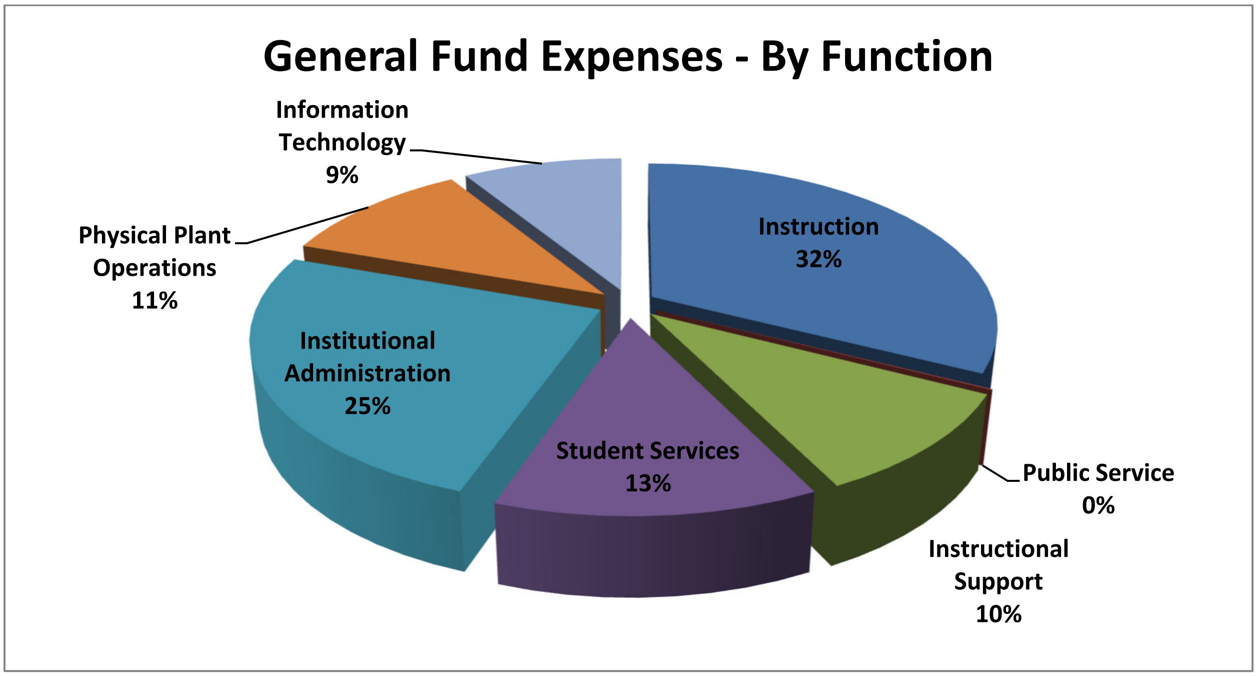


Operating Expenses

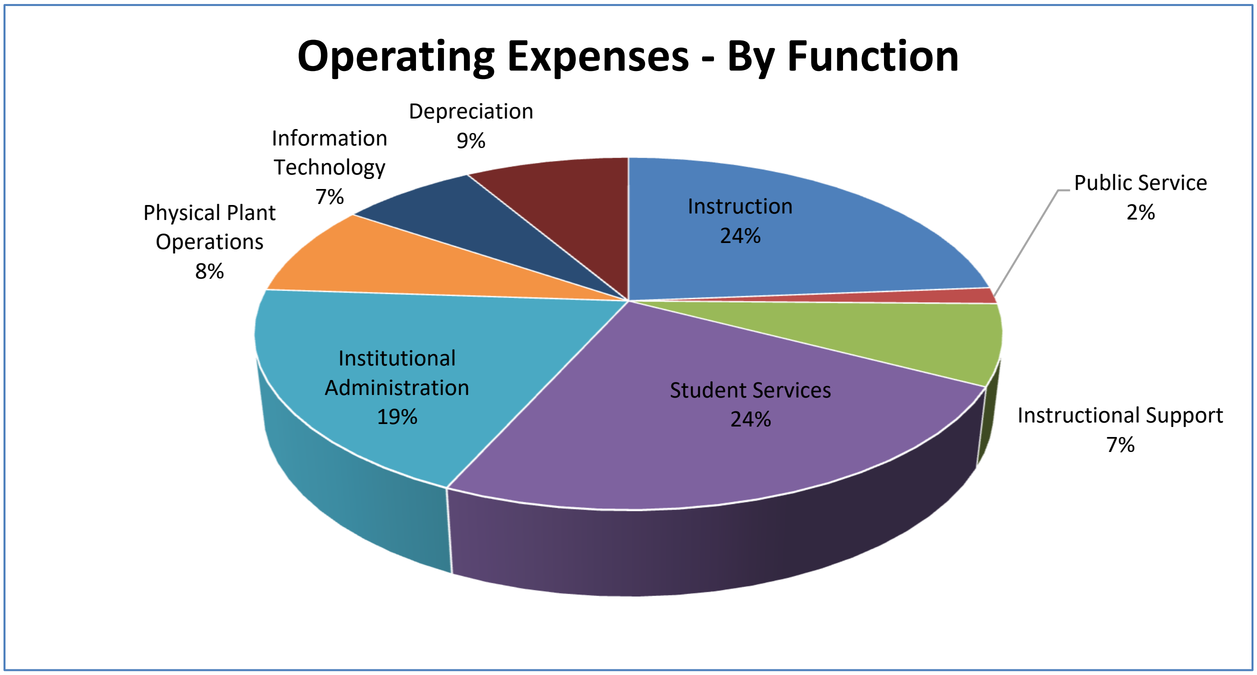
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries and benefits, utilities, supplies, services, and depreciation and are then categorized by function.

In 2023 operating expenses decreased by $0.6 million over 2022 primarily attributable to a decrease in student services from less purchases being made with CARES Act funding. In 2022 operating expenses increased by $0.8 million from 2021 primarily attributable to an increase in student services to meet students varying educational needs with additional services and technology.

The majority of the operating expenses are reported internally in the College's General Fund. Following is a graphic illustration of operating expenses by function as reported by the General Fund for the year ended June 30, 2023:



For this financial report, the different funds of the College are combined and internal expenses are eliminated. The following is a graphic illustration of operating expenses by function for the institution as a whole for the year ended June 30, 2023:



Statement of Cash Flows

Another way to assess the financial health of the 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 the College during the period. The statement of cash flows also helps users assess:

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

	Cash Flows for the Years Ended June 30 (in thousands)		
	2023	2022	2021
Cash (used in) provided by			
Operating activities	$ (10,136)	$ (8,981)	$ (8,651)
Noncapital financing activities	12,469	14,284	12,026
Capital and related financing activities	(4,628)	(4,761)	(839)
Investing activities	(141)	(264)	29
Net (decrease) increase in cash and cash equivalents	$ (2,436)	$ 278	$ 2,565
Cash and cash equivalents -			
Beginning of year	$ 13,083	$ 12,805	$ 10,240
Cash and cash equivalents -			
End of year	$ 10,647	$ 13,083	$ 12,805

Major sources of funds from operations came from tuition and fees and grants and contracts. These sources were offset by expenses for operations such as payments to employees and suppliers.

Federal Pell grant revenue, local property taxes, state appropriations, and Federal Higher Education Emergency Relief Fund grants, received during the current year provided noncapital financing sources of $12.5 million, $14.3 million, and $12.0 million in 2023, 2022 and 2021, respectively.

Capital Assets

At June 30, 2023, 2022 and 2021, the College had $24.5 million, $20.3 million, and $17.3 million, respectively, invested in capital assets, net of accumulated depreciation of $22.8 million, $21.5 million, and $20.9 million, respectively. Depreciation charges were approximately $1.3 for 2023, 2022, and 2021. In 2023, capital additions included finishing up the renovations to the north side of campus including the learning commons, welding, auto, and computer labs, new lighting, updated IT infrastructure, windows, doors, fire alarms, a new electrical instruction lab and new metal siding to encapsulate the current exterior walls of the building. In 2022, capital asset additions included renovations to the north side of campus including the learning commons, welding, auto, and computer labs, new lighting, updated IT infrastructure, windows, doors, fire alarms, a new electrical instruction lab and new metal siding to encapsulate the current exterior walls of the building. During 2021, capital asset additions included upgraded HVAC, electrical service extension, and a new vehicle.

Details of the capital assets, net of depreciation, are shown below:

	Capital Assets, net at June 30 (in thousands)		
	2023	2022	2021
Buildings and improvements	$ 13,951	$ 14,342	$ 15,509
Land	782	782	782
Furniture, fixtures and equipment	1,166	834	509
Library materials	29	27	25
Construction in progress	8,610	4,319	425
Total	$ 24,538	$ 20,304	$ 17,250

Debt

The College had $5.5 million, $7.7 million, and $7.9 million in debt outstanding at June 30, 2023, 2022 and 2021, respectively. In fiscal 2019 the College obtained a USDA loan of up to $2.2 million to renovate the concourse. The renovation was completed in 2020 and the outstanding balance on the USDA loan was paid off in May 2023. In fiscal 2017 the College obtained a $6.5 million USDA loan for the construction of a student housing facility. The facility was completed in August 2017. $5.5 million is outstanding on the USDA loan relating to student housing as of June 30, 2023.

Supplemental Combining Schedules

The College completed fiscal year ended June 30, 2023 with an increase of approximately $3.2 million in the General Fund net position. The General Fund is the primary operating fund of the College. At June 30, 2023, the combined General Fund and Pension and OPEB Liability Fund had a net position of $17.3 million. The Designated Fund, Auxiliary Funds, Restricted Funds, and Plant Fund comprise the remaining net position of the College. The Designated and Auxiliary Funds' net position totaled approximately $1.5 million at June 30, 2023, is unrestricted, and is held in addition to the General Fund's net position for various future operations and capital improvements. The Plant Fund net position was $4.1 million at June 30, 2023. Operating expenses within the Plant Fund increased from 2022 and exceeded operating revenues by $1.3 million. Interest on capital asset related debt remained at $0.2 million. The Plant Fund net position for fiscal year ended June 30, 2023 is comprised of net investment in capital assets of $19.0 million and an unrestricted deficit of $14.9 million.

The College completed fiscal year ended June 30, 2022 with an increase of approximately $3.4 million in the General Fund net position. The General Fund is the primary operating fund of the College. At June 30, 2022, the combined General Fund and Pension and OPEB Liability Fund had a net position of $14.0 million. The Designated Fund, Auxiliary Funds, Restricted Funds, Plant Fund, and Agency Fund comprise the remaining net position of the College. The Designated and Auxiliary Funds' net position totaled approximately $1.4 million at June 30, 2022, is unrestricted, and is held in addition to the General Fund's net position for various future operations and capital improvements. The Plant Fund net position was $2.3 million at June 30, 2022. Operating expenses within the Plant Fund increased from 2021 and exceeded operating revenues by $1.3 million. Interest on capital asset related debt remained at $0.2 million. The Plant Fund net position for fiscal year ended June 30, 2022 is comprised of net investment in capital assets of $12.6 million and an unrestricted deficit of $10.3 million.

Economic Factors That Will Affect the Future

In fiscal 2023, $0.2 million in HEERF funding was used to aid continuing COVID-19 mitigation efforts and strengthen IT infrastructure to enhance online learning and resources. The MI Reconnect and Futures for Frontliners programs provided state funded scholarships for students over the age of 25 or those who worked in essential industries during the pandemic.

In January 2022, the College began a $7.3 million capital outlay renovation project that encompasses much of the north side of the campus including the E.J. Shaheen Learning Commons, art studio, and allied health and IT Labs. The plan addresses maintenance, technology, safety, and infrastructure improvements. Upgrades to the auto lab and a new welding technology lab, originally part of the capital outlay plan, were completed separately due to increased material costs caused by COVID shortages. The state is providing $3.5 million of the project cost and the College is providing $3.8 million of the project cost. The College is working to obtain a $7.0 million low interest USDA loan to complete renovations on the south side of the campus.

The College received a $0.9 million congressional grant for distance learning enhancements. The grant project features the installation of videoconferencing technology to allow instructors to broadcast synchronous live instruction from their classrooms. Dual-enrolled students will be able to take classes hosted in their local districts if transportation is not available. At Glen Oaks, the project will upgrade four campus classrooms with the installation of infrastructure and videoconferencing technology. For area high schools, the project includes outfitting up to two classrooms in each of the 11 local school districts with the basic videoconferencing capabilities for students to participate in synchronous dual enrollment courses. The first set of synchronous dual enrollment courses will be offered in fall semester 2023.

The College continues its partnerships with Spring Arbor, Michigan State University and Goshen College. The College is also offering open entry/open exit options for industrial technology programs and working with area businesses to ensure employees have the skills they need to succeed in the workplace. The College partners with the MSU Institute of Agricultural Technology to offer a dual MSU certificate and Glen Oaks associate degree in Agricultural Operations and the College also offers an Agricultural Equipment Technology program. The agricultural students, in cooperation with local seed and equipment businesses, are farming the 65 tillable acres owned by the College.

The College contracts with Follett Higher Education Group to manage the Oaks Store. Follett guarantees a minimum 6% commission on net revenue resulting in approximately $20,000 in commissions annually. Follett's affordability programs, including textbook rentals, digital and used books, and price match, saves Glen Oaks students over $160,000 a year.

The cost of a college education always receives a lot of media attention. Glen Oaks Community College and other community colleges offer an excellent, affordable means for furthering an education. Please see the chart below for national data produced by the College Board comparing two-year public institutions to their four-year counterparts.

Sector	2022-2023	2021-2022	Dollar Change	Percentage Change
Public Two-Year In-State	$3,860	$3,800	$60	1.6%
Public Four-Year In-State	$10,940	$10,750	$190	1.8%
Public Four-Year Out-of-State	$28,240	$27,620	$620	2.2%
Private Nonprofit Four-Year	$39,400	$38,070	$1,330	3.5%

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FINANCIAL STATEMENTS

GLEN OAKS COMMUNITY COLLEGE

Statements of Net Position

	June 30	
Assets	**2023**	**2022**
Current assets		
Cash and cash equivalents	$ 10,646,520	$ 13,082,792
Short-term investments	344,954	791,130
Accounts receivable, net	1,238,200	1,585,614
Other current assets	914,862	721,740
Total current assets	**13,144,536**	**16,181,276**
Noncurrent assets		
Long-term investments	1,337,665	693,071
Capital assets not being depreciated	9,392,077	5,100,888
Capital assets being depreciated, net	15,145,831	15,203,198
Total noncurrent assets	**25,875,573**	**20,997,157**
Total assets	**39,020,109**	**37,178,433**
Deferred outflows of resources		
Deferred pension amounts	2,716,697	1,478,399
Deferred OPEB amounts	681,937	582,285
Total deferred outflows of resources	**3,398,634**	**2,060,684**
Liabilities		
Current liabilities		
Accounts payable	549,541	1,250,113
Accrued payroll and related liabilities	896,520	1,192,532
Unearned revenue	472,302	465,947
Long-term obligations, current portion	174,000	217,000
Total current liabilities	**2,092,363**	**3,125,592**
Noncurrent liabilities		
Long-term obligations, net of current portion	5,364,000	7,521,000
Net pension liability	9,061,460	6,397,511
Net OPEB liability	485,553	399,568
Total noncurrent liabilities	**14,911,013**	**14,318,079**
Total liabilities	**17,003,376**	**17,443,671**
Deferred inflows of resources		
Deferred pension amounts	1,345,185	2,563,232
Deferred OPEB amounts	1,213,730	1,576,294
Total deferred inflows of resources	**2,558,915**	**4,139,526**
Net position		
Net investment in capital assets	18,999,908	12,566,086
Restricted expendable, scholarships and fellowships	13,295	26,466
Unrestricted	3,843,249	5,063,368
Total net position	**$ 22,856,452**	**$ 17,655,920**

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2023	**2022**
Operating revenue		
Tuition and fees, net of scholarship allowance of $1,142,964 and $1,188,326 in 2023 and 2022, respectively	$ 2,349,797	$ 2,294,123
Federal grants and contracts	686,550	400,195
State grants and contracts	730,099	712,667
Private gifts, grant and contracts	160,384	132,816
Sales and services of auxiliary activities	592,060	588,011
Other sources	756,096	984,650
Total operating revenues	**5,274,986**	**5,112,462**
Operating expenses		
Instruction	3,626,744	3,656,036
Public service	230,825	123,553
Instructional support	1,128,510	1,030,600
Student services	3,678,316	4,854,029
Institutional administration	2,955,372	2,896,229
Physical plant operations	1,284,208	1,251,198
Information technology	1,075,260	821,460
Depreciation	1,295,746	1,277,736
Total operating expenses	**15,274,982**	**15,910,841**
Operating loss	**(9,999,996)**	**(10,798,379)**
Nonoperating revenues (expenses)		
State appropriations	4,455,369	4,309,810
Federal Pell grant	1,275,579	1,292,230
Federal Higher Education Emergency Relief Fund grants	219,154	2,085,980
Property taxes	6,276,494	6,009,209
Net investment income (loss)	57,053	(4,235)
Interest on capital asset - related debt	(206,144)	(217,942)
Insurance claim income	8,875	184,279
Transfers from Glen Oaks Community College Foundation	-	19,714
Net nonoperating revenues	**12,086,380**	**13,679,045**
State capital grant	3,114,148	-
Increase in net position	**5,200,532**	**2,880,666**
Net position, beginning of year	17,655,920	14,775,254
Net position, end of year	**$ 22,856,452**	**$ 17,655,920**

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2023	2022
Cash flows from operating activities		
Tuition and fees	$ 2,395,747	$ 2,126,179
Federal and State grants and contracts	1,362,955	1,096,651
Payments to suppliers	(9,188,604)	(8,531,341)
Payments to employees	(6,148,966)	(5,539,633)
Auxiliary activity receipts	557,721	731,463
Other receipts	885,475	1,136,041
Net cash used in operating activities	**(10,135,672)**	**(8,980,640)**
Cash flows from noncapital financing activities		
Local property taxes	6,276,496	6,009,209
Federal Pell grants	1,275,579	1,292,230
Federal Higher Education Emergency Relief Fund grants	535,516	2,653,596
Direct Loan Program receipts	589,431	526,136
Direct Loan Program disbursements	(589,431)	(526,136)
State appropriations	4,381,584	4,308,756
Transfers from Glen Oaks Community College Foundation	-	19,714
Net cash provided by noncapital financing activities	**12,469,175**	**14,283,505**
Cash flows from capital and related financing activities		
Purchase of capital assets	(5,529,568)	(4,331,678)
State capital grant receipts	3,114,148	-
Principal paid on capital debt	(2,200,000)	(211,000)
Interest paid on capital debt	(206,144)	(217,942)
Insurance claim receipts	193,154	-
Net cash used in capital and related financing activities	**(4,628,410)**	**(4,760,620)**
Cash flows from investing activities		
Purchases of investments	(677,034)	(300,000)
Proceeds from sale of investments	481,199	-
Interest received from investments	54,470	36,002
Net cash used in investing activities	**(141,365)**	**(263,998)**
Net (decrease) increase in cash and cash equivalents	**(2,436,272)**	**278,247**
Cash and cash equivalents - beginning of year	13,082,792	12,804,545
Cash and cash equivalents - end of year	**$ 10,646,520**	**$ 13,082,792**

continued…

Statements of Cash Flows

	Year Ended June 30	
	2023	2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (9,999,996)	$ (10,798,379)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,295,746	1,277,736
Bad debt recovery	(65,461)	(47,577)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(13,983)	(128,547)
Other current assets	(193,122)	(152,431)
Accounts payable	(700,572)	905,701
Accrued payroll and related liabilities	(296,012)	118,248
Unearned revenue	6,355	153,939
Change in net pension liability	2,663,949	(2,980,714)
Change in net OPEB liability	85,985	(1,047,509)
Change in deferred inflows of pension amounts	(1,218,047)	2,156,209
Change in deferred inflows of OPEB amounts	(362,564)	456,285
Change in deferred outflows of pension amounts	(1,238,298)	879,062
Change in deferred outflows of OPEB amounts	(99,652)	227,337
Net cash used in operating activities	**$ (10,135,672)**	**$ (8,980,640)**

concluded

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Financial Position and Statements of Activities and Changes in Net Assets
Discretely Presented Component Unit
Glen Oaks Community College Foundation

STATEMENTS OF FINANCIAL POSITION	June 30 2023	June 30 2022
Assets		
Investments	$ 3,768,866	$ 3,550,794
Related party receivable	80,826	17,237
Total assets	**$ 3,849,692**	**$ 3,568,031**
Liabilities		
Related party accounts payable (equals total liabilities)	**$ 3,264**	**$ 3,264**
Net assets		
Without donor restrictions	329,805	423,902
With donor restrictions	3,516,623	3,140,865
Total net assets	**3,846,428**	**3,564,767**
Total liabilities and net assets	**$ 3,849,692**	**$ 3,568,031**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	Year Ended June 30 2023	Year Ended June 30 2022
Support revenues and gains (losses)		
Contributions	$ 74,134	$ 65,946
Net investment income (loss)	379,216	(443,349)
Total support revenues and gains (losses)	**453,350**	**(377,403)**
Expenses		
Program services	75,828	61,474
Management and general	62,880	67,379
Fundraising	32,981	31,271
Total expenses	**171,689**	**160,124**
Support and revenue in excess of (less than) expenses	**281,661**	**(537,527)**
Transfers to Glen Oaks Community College	-	(19,714)
Increase (decrease) in net assets	**281,661**	**(557,241)**
Net assets, beginning of year	3,564,767	4,122,008
Net assets, end of year	**$ 3,846,428**	**$ 3,564,767**

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

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glen Oaks Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board ("GASB") Statement No. 35 and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.* The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The College’s financial statements have been prepared in accordance with GASB 61, *The Financial Reporting Entity Omnibus,* which requires examination of significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

Glen Oaks Community College Foundation (the "Foundation") is discretely reported as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College. The Foundation does not issue its own financial statements. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

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'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 $3,508,207 during 2021 from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act. The College recognized revenue from these awards of $219,154 and $2,085,980 during fiscal year 2023 and 2022, respectively. While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Notes to Financial Statements

Significant Accounting Policies

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

Accrual Basis

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposits and all highly liquid investments with an initial maturity of three months or less.

Short-Term Investments

Short-term investments, comprised of certificates of deposit and U.S. government obligations with original maturities of more than 90 days at the time of purchase and which mature within one year, are carried at fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year end. 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 expense to the allowance and a credit to accounts receivable.

Investments

The College and Foundation carry investments 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 and the statements of activities and changes in net assets within net investment income (loss) for the College and Foundation. Realized and unrealized gains and losses from securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts. Net investment income (loss) for the Foundation is reported net of external investment expenses.

Fair Value Measurements

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).

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

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

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

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

For a further discussion of fair value measurement, refer to Note 3 to the financial statements.

Capital Assets

Capital assets are recorded at cost. Gifts of property are recorded at estimated acquisition value at the time gifts are received. Expenses for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. Land and construction in progress is not depreciated. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Classification	Estimated Useful Lives
Buildings	40 years
Building improvements	10-20 years
Furniture, fixtures and equipment	5-7 years
Library materials	5 years

Revenue Recognition

Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Room and board and other auxiliary activities are reported in the fiscal year in which it is earned. State appropriation revenue is recognized in the period for which it is appropriated. Property taxes are recorded as revenue when received, which approximates the amounts when levied. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the College that are responsible for adhering to any donor restrictions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the College's policy is to first apply restricted net position.

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. Substantially all of the Foundation's appropriations and grants are considered to be contributions for purposes of applying revenue recognition policies.

Operating and Nonoperating Revenue

Operating activities reported on the statements of revenues, expenses, and changes in net position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Operating revenues of the College include activities, such as (1) student tuition and fees, net of scholarship allowances; (2) auxiliary activities; and (3) most federal, state, and local grants and nonoperating revenues of the College include activities that have the characteristics of nonexchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, including state appropriations, property taxes, Federal Pell grant and Federal Higher Education Emergency Relief Fund grants.

Unearned Revenue

Revenue related to tuition and fees and room and board revenue received and related to the next fiscal year are recorded as unearned revenue.

Classification of Expenses

Expenses are recognized when the service is provided or when materials are received. The College has classified expenses as either operating or nonoperating expenses according to the following criteria:

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation.

Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset-related debt and other expenses that are defined as nonoperating expenses by governmental accounting standards.

Foundation Grant Awards

Foundation grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Accounting Standards Codification Topic 605)*. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

Grant awards that are exchange transactions - Exchange transactions are typically reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASU No. 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification Topic 606)*. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended June 30, 2023 and 2022.

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” The Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Foundation has evaluated its income tax filing positions for fiscal years 2020 through 2023, the years which remain subject to examination as of June 30, 2023. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation’s financial statements. The Foundation does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2023 or 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits ("OPEB") related amounts, such as differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 7.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB related amounts, such as the difference between projected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions and state appropriations for pensions received subsequent to the measurement dates. More detailed information can be found in Note 7.

Pension and OPEB

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

Net Position

Net position is classified into the following categories:

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.

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

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.

Foundation Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Contain amounts not restricted by donors and those on which the donor-imposed restrictions have expired.

Net assets with donor restrictions: Contain donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as revenue without donor restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and OPEB plans.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") established Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets. The Foundation adopted ASU 2016-02, as amended, effective July 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before July 1, 2022. There was no significant impact to the financial statements due to the adoption of this standard.

During fiscal 2023, the College implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). The standard requires recognition of certain right-to-use subscription assets and liabilities for arrangements that convey control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets, as specified in the arrangements for a period of time in an exchange or exchange-like transaction. There was no significant impact to the financial statements due to the adoption of this standard.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2023, the most recent statement of financial position presented herein, through October 30, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified by the Foundation.

Notes to Financial Statements

2. PROPERTY TAXES

Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to the counties in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the counties' tax revolving funds. These payments are usually received within three to five months after the delinquency date.

Property tax revenue is recognized in the year in which taxes are received. The College has determined that there would not be a significant difference if recognized in the year for which taxes have been levied, as required by GASB.

During the years ended June 30, 2023 and 2022, $2.7109 and $2.7186, respectively, of tax per $1,000 of taxable property value in the community college taxing district was levied for general operating purposes on all property.

3. DEPOSITS, INVESTMENTS AND FAIR VALUE MEASUREMENTS

The College's deposits and investments are included on the statements of net position under the following classifications as of June 30:

	2023	2022
Cash and cash equivalents	$ 10,646,520	$ 13,082,792
Short-term investments	344,954	791,130
Long-term investments	1,337,665	693,071
Total	**$ 12,329,139**	**$ 14,566,993**

The College's cash and cash equivalents consist of the following as of June 30:

	2023	2022
Bank deposits (checking accounts, savings accounts)	$ 10,646,070	$ 13,082,342
Petty cash or cash on hand	450	450
Total	**$ 10,646,520**	**$ 13,082,792**

Deposits

At June 30, 2023 and 2022, the carrying amount of the College's deposits was $12,044,019 and $14,750,692, respectively. Of that amount, $750,000 and $1,000,000 was insured at June 30, 2023 and 2022, respectively. The remaining $11,294,019 and $13,750,692 at June 30, 2023 and 2022, respectively, was uninsured and uncollateralized.

The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each institution with which it deposits College funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The College and the Foundation utilize fair value measurements to record fair value adjustments to their investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2023 or 2022.

College

U.S. government obligations: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

U.S. government exchange traded funds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Certificates of deposit: Valued at face value plus accrued interest earned and classified as Level 1.

Money market fund: Valued at face value and classified as Level 1.

Foundation

Corporate bonds: Corporate bonds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

U.S. government obligations: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

U.S. government exchange traded bond funds: U.S. government exchange traded bond funds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

Common stocks: Level 1 fair value measurement is based upon the closing price reported on the active market in which the individual securities are traded.

Mutual bond funds: Shares held in mutual bond 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.

Bond exchange traded funds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Equity exchange traded funds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Certificates of deposit: Valued at face value plus accrued interest earned and classified as Level 1.

Money market fund: Valued at face value and classified as Level 1.

The following tables set forth by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring basis as of June 30:

2023	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. government obligations	$ 261,742	$ -	$ -	$ 261,742
U.S. government exchange traded funds	161,430	-	-	161,430
Certificates of deposit	1,250,072	-	-	1,250,072
Money market fund	9,375	-	-	9,375
Total investments	**$ 1,682,619**	**$ -**	**$ -**	**$ 1,682,619**

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. government obligations	$ 141,232	$ -	$ -	$ 141,232
U.S. government exchange traded funds	194,217	-	-	194,217
Certificates of deposit	1,029,677	-	-	1,029,677
Money market fund	119,075	-	-	119,075
Total investments	**$ 1,484,201**	**$ -**	**$ -**	**$ 1,484,201**

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

2023	Level 1	Level 2	Level 3	Total
Corporate bonds	$ 279,198	$ -	$ -	$ 279,198
U.S. government obligations	249,204	-	-	249,204
U.S. government exchange traded bond funds	235,300	-	-	235,300
Common stocks	2,095,081	-	-	2,095,081
Mutual bond funds	75,747	-	-	75,747
Equity exchange traded funds	630,121	-	-	630,121
Certificate of deposit	49,843	-	-	49,843
Money market fund	154,372	-	-	154,372
Total investments at fair value	**$ 3,768,866**	**$ -**	**$ -**	**$ 3,768,866**

2022	Level 1	Level 2	Level 3	Total
Corporate bonds	$ 236,555	$ -	$ -	$ 236,555
U.S. government exchange traded bond funds	383,315	-	-	383,315
Common stocks	1,817,479	-	-	1,817,479
Mutual bond funds	199,020	-	-	199,020
Bond exchange traded funds	60,517	-	-	60,517
Equity exchange traded funds	569,759	-	-	569,759
Money market fund	284,149	-	-	284,149
Total investments at fair value	**$ 3,550,794**	**$ -**	**$ -**	**$ 3,550,794**

Custodial Credit Risk of Investments

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 or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

The College's investments at Century Bank were approximately 47% and 53% of the investment portfolio at June 30, 2023 and 2022, respectively.

Notes to Financial Statements

The nationally recognized statistical rating organization ("NRSRO") utilized is primarily Moody's Investor Service. At June 30, 2023, the College's investments subject to credit risk (interest rate fluctuations) held by counterparties that possess NRSRO ratings of AAA consisted of the following:

	Fair Value	Less Than One Year	1-5 Years	6-10 Years
Federal Home Loan Bank matures November 17, 2023	$ 74,637	$ 74,637	$ -	$ -
Federal Home Loan Bank matures August 23, 2024	48,889	-	48,889	-
Federal Home Loan Bank matures November 18, 2024	70,500	-	70,500	-
Federal Farm Credit Bank matures July 29, 2025	22,824	-	22,824	-
Federal Home Loan Bank matures November 24, 2026	44,892	-	44,892	-
Total	**$ 261,742**	**$ 74,637**	**$ 187,105**	**$ -**

The NRSRO utilized is primarily Moody's Investor Service. At June 30, 2022, the College's investments subject to credit risk (interest rate fluctuations) held by counterparties that possess NRSRO ratings of AAA consisted of the following:

	Fair Value	Less Than One Year	1-5 Years	6-10 Years
Federal Home Loan Bank matures November 18, 2024	$ 71,256	$ -	$ 71,256	$ -
Federal Farm Credit Bank matures July 29, 2025	23,378	-	23,378	-
Federal Home Loan Bank matures November 24, 2026	46,598	-	46,598	-
Total	**$ 141,232**	**$ -**	**$ 141,232**	**$ -**

At June 30, 2023, the Foundation investments subject to credit risk (interest rate fluctuations) held by counterparties that possess NRSRO ratings of AAA (there were no such investments subject to this credit risk at June 30, 2022) consisted of the following:

	Fair Value	Less Than One Year	1-5 Years	6-10 Years
Federal Farm Credit Bank matures December 7, 2023	$ 99,707	$ 99,707	$ -	$ -
Federal Home Loan Bank matures June 27, 2025	49,922	-	49,922	-
Federal Home Loan Bank matures December 22, 2025	49,825	-	49,825	-
Federal Home Loan Bank matures June 5, 2026	49,750	-	49,750	-
Total	**$ 249,204**	**$ 99,707**	**$ 149,497**	**$ -**

The College had the following certificates of deposit maturities at June 30:

2023	Less Than One Year	One to Five Years	Total
Certificates of deposit	$ 99,512	$ 1,150,560	$ 1,250,072

2022	Less Than One Year	One to Five Years	Total
Certificates of deposit	$ 791,130	$ 238,547	$ 1,029,677

Interest Rate Risk

Interest rate risk is the risk that changes in interest rate risk will adversely affect the fair value of an investment. Investments with interest rates that are affixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

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

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the board of trustees to invest surplus monies in U.S. Treasury bonds, bills, notes, mutual funds, certain commercial paper, and investment pools that are composed of authorized investment vehicles.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in one issuer.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following at June 30:

	2023	2022
Student, net of allowance of $74,229 in both 2023 and 2022	$ 266,020	$ 271,366
Grants and contracts	361,482	624,152
State appropriations	577,576	503,791
Third party and other - net of allowance of $15,000 in both 2023 and 2022	33,122	186,305
Total	**$ 1,238,200**	**$ 1,585,614**

All amounts deemed to be uncollectible are charged to the valuation allowance in the period that determination is made. Management's periodic evaluation of the adequacy of the allowance is based on the College's past collection experience, adverse situations that may affect the student's ability to repay, and current economic conditions.

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Transfers	Balance June 30, 2023
Nondepreciable capital assets				
Land	$ 782,115	$ -	$ -	$ 782,115
Construction in progress	4,318,773	4,844,926	(553,737)	8,609,962
Subtotal nondepreciable capital assets	**5,100,888**	**4,844,926**	**(553,737)**	**9,392,077**
Depreciable capital assets				
Buildings and improvements	32,644,944	160,550	553,737	33,359,231
Library materials	402,200	10,132	-	412,332
Furniture, fixtures and equipment	3,637,011	513,960	-	4,150,971
Subtotal depreciable capital assets	**36,684,155**	**684,642**	**553,737**	**37,922,534**
Less accumulated depreciation				
Buildings and improvements	18,302,896	1,105,358	-	19,408,254
Library materials	375,141	8,378	-	383,519
Furniture, fixtures and equipment	2,802,920	182,011	-	2,984,931
Total accumulated depreciation	**21,480,957**	**1,295,746**	**-**	**22,776,703**
Subtotal depreciable capital assets, net	**15,203,198**	**(611,104)**	**553,737**	**15,145,831**
Total capital assets, net	**$ 20,304,086**	**$ 4,233,822**	**-**	**$ 24,537,908**

Notes to Financial Statements

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Nondepreciable capital assets				
Land	$ 782,115	$ -	$ -	$ 782,115
Construction in progress	425,147	3,893,626	-	4,318,773
Subtotal nondepreciable capital assets	**1,207,262**	**3,893,626**	**-**	**5,100,888**
Depreciable capital assets				
Buildings and improvements	32,619,173	25,771	-	32,644,944
Library materials	412,081	11,983	(21,864)	402,200
Furniture, fixtures and equipment	3,905,015	400,298	(668,302)	3,637,011
Subtotal depreciable capital assets	**36,936,269**	**438,052**	**(690,166)**	**36,684,155**
Less accumulated depreciation				
Buildings and improvements	17,110,711	1,192,185	-	18,302,896
Library materials	386,861	10,144	(21,864)	375,141
Furniture, fixtures and equipment	3,395,815	75,407	(668,302)	2,802,920
Total accumulated depreciation	**20,893,387**	**1,277,736**	**(690,166)**	**21,480,957**
Subtotal depreciable capital assets, net	**16,042,882**	**(839,684)**	**-**	**15,203,198**
Total capital assets, net	**$ 17,250,144**	**$ 3,053,942**	**$ -**	**$ 20,304,086**

Construction in progress consists mainly of ongoing facility assessments and campus renovation projects. Management estimates the cost to complete these projects was approximately $235,000 as of June 30, 2023.

On September 30, 2021, the College entered into a capital outlay project management agreement with the State of Michigan. This agreement provides funding up to an authorized amount of $7,300,000 to be used for capital additions, renovations, or improvements to the College. Under this agreement the College received and recorded as revenue $3,114,148 during fiscal 2023. There were no such amounts during fiscal 2022.

Notes to Financial Statements

6. LONG-TERM OBLIGATIONS

Long-term obligation activity for the years ended June 30, 2023 and 2022, was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Direct borrowings					
USDA loan - Student housing	$ 5,708,000	$ -	$ (170,000)	$ 5,538,000	$ 174,000
USDA loan - Concourse	2,030,000	-	(2,030,000)	-	-
Total direct borrowings (equals to total debt)	**$ 7,738,000**	**$ -**	**$ (2,200,000)**	**$ 5,538,000**	**$ 174,000**

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Direct borrowings					
USDA loan - Student housing	$ 5,874,000	$ -	$ (166,000)	$ 5,708,000	$ 170,000
USDA loan - Concourse	2,075,000	-	(45,000)	2,030,000	47,000
Total direct borrowings (equals to total debt)	**$ 7,949,000**	**$ -**	**$ (211,000)**	**$ 7,738,000**	**$ 217,000**

USDA Loans

In September 2016, the College obtained a Community College Facilities Loan from the United States Department of Agriculture in an amount not to exceed $6.5 million, which was used to fund the construction costs of the student housing, which was completed during fiscal year 2018. The loan matures serially through fiscal year 2047, with principal payments ranging from $155,000 to $297,000 due each December 1. Interest is charged at 2.375% and is payable semi-annually.

In August 2018, the College obtained a Community College Facilities Loan from the United States Department of Agriculture in an amount not to exceed $2.2 million, which was used to fund the construction costs of the concourse, which was completed in fiscal year 2021. The College repaid the balance of this loan in full during fiscal year 2023. The loan was scheduled to mature serially through 2048, with principal payments ranging from $40,000 and $121,000 due each June 17. Interest was charged at 3.875% and was payable semi-annually.

Total principal and interest maturities on the direct borrowing obligations as of June 30, 2023 are as follows:

	Direct Borrowing Obligations		
Year Ending June 30	**Principal**	**Interest**	**Total**
2024	$ 174,000	$ 131,528	$ 305,528
2025	178,000	127,395	305,395
2026	182,000	123,168	305,168
2027	187,000	118,845	305,845
2028	191,000	114,404	305,404
2029-2033	1,026,000	501,742	1,527,742
2034-2038	1,153,000	374,039	1,527,039
2039-2043	1,296,000	230,494	1,526,494
2044-2047	1,151,000	69,089	1,220,089
Totals	**$ 5,538,000**	**$ 1,790,704**	**$ 7,328,704**

7. RETIREMENT PLANS

Defined Benefit Pension Plan

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System’s pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System’s health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

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

Other Postemployment Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 15.05% - 16.65% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan (MIP)	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

Required contributions to the pension plan from the College were $1,022,969, $831,229 and $820,225 for the years ended June 30, 2023, 2022 and 2021, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.21% - 7.23%

Required contributions to the OPEB plan from the College were $204,768, $199,129 and $222,031 for the years ended June 30, 2023, 2022 and 2021, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2023:

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

For the years ended June 30, 2023, 2022 and 2021, required and actual contributions from the College for those members with a defined contribution benefit were $17,456, $16,330 and $19,528, respectively.

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

At June 30, 2023 and 2022, the College reported a liability of $9,061,460 and $6,397,511, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the College's proportion was 0.02409%, which was a decrease of 0.00293% points from its proportion measured as of September 30, 2021 of 0.02702%.

For the year ended June 30, 2023, the College recognized pension expense of $1,032,942. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Net Deferred Outflows (Inflows) of Resources**
Differences between expected and actual experience	$ 90,646	$ 20,260	$ 70,386
Changes in assumptions	1,557,084	-	1,557,084
Net difference between projected and actual earnings on pension plan investments	21,249	-	21,249
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,419	718,817	(657,398)
	1,730,398	739,077	991,321
College contributions subsequent to the measurement date	986,299	-	986,299
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	606,108	(606,108)
Total	**$ 2,716,697**	**$ 1,345,185**	**$ 1,371,512**

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2024	$ 315,563
2025	137,379
2026	95,196
2027	443,183
Total	**$ 991,321**

For the year ended June 30, 2022, the College recognized pension expense of $860,178. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 99,100	$ 37,674	$ 61,426
Changes in assumptions	403,276	-	403,276
Net difference between projected and actual earnings on pension plan investments	-	2,056,779	(2,056,779)
Changes in proportion and differences between employer contributions and proportionate share of contributions	205,957	73,943	132,014
	708,333	2,168,396	(1,460,063)
College contributions subsequent to the measurement date	770,066	-	770,066
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	394,836	(394,836)
Total	**$ 1,478,399**	**$ 2,563,232**	**$ (1,084,833)**

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

At June 30, 2023 and 2022, the College reported a liability of $485,553 and $399,568, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the College's proportion was 0.02292%, which was a decrease of 0.00326% points from its proportion measured as of September 30, 2021 of 0.02618%.

For the year ended June 30, 2023, the College recognized a reduction in OPEB expense of $185,507. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 951,012	$ (951,012)
Changes in assumptions	432,789	35,240	397,549
Net difference between projected and actual earnings on OPEB plan investments	37,950	-	37,950
Changes in proportion and differences between employer contributions and proportionate share of contributions	51,587	227,478	(175,891)
	522,326	1,213,730	(691,404)
College contributions subsequent to the measurement date	159,611	-	159,611
Total	**$ 681,937**	**$ 1,213,730**	**$ (531,793)**

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2024	$ (193,849)
2025	(200,352)
2026	(195,208)
2027	(53,733)
2028	(41,359)
Thereafter	(6,903)
Total	**$ (691,404)**

For the year ended June 30, 2022, the College recognized a reduction in OPEB expense of $189,466. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,140,537	$ (1,140,537)
Changes in assumptions	334,019	49,982	284,037
Net difference between projected and actual earnings on OPEB plan investments	-	301,161	(301,161)
Changes in proportion and differences between employer contributions and proportionate share of contributions	104,619	84,614	20,005
	438,638	1,576,294	(1,137,656)
College contributions subsequent to the measurement date	143,647	-	143,647
Total	**$ 582,285**	**$ 1,576,294**	**$ (994,009)**

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total pension and OPEB liabilities in the September 30, 2021 and 2020 actuarial valuations (for the fiscal years ended June 30, 2023 and 2022) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00% (6.80% in 2020)
Pension Plus plan (hybrid)	6.00% (6.80% in 2020)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00% (6.95% in 2020)
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
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 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.

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, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 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 Plus Plan, and 6.00% for OPEB.

Changes in assumptions - September 30, 2020 Valuation. 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%.

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 and 2021, are summarized in the following tables:

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%**

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			-0.24%
Investment rate of return			**6.80%**

Long-Term Expected Return of 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 for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022 and 2021, are summarized in the following tables:

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%**

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%**

Rate of Return

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. For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2022, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

For the fiscal year ended September 30, 2021, a discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 11,957,761	$ 9,061,460	$ 6,674,778

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 9,146,705	$ 6,397,511	$ 4,118,248

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

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB liability	$ 814,468	$ 485,553	$ 208,565

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 742,469	$ 399,568	$ 108,567

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

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 203,326	$ 485,553	$ 802,358

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 97,252	$ 399,568	$ 739,709

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, 2023, the College reported a payable of $99,550 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of $134,222 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

Payable to the OPEB Plan

At June 30, 2023 and 2022, there was no payable for the outstanding amount of OPEB contributions to the Plan required for the years ended June 30, 2023 and 2022.

Optional Defined Contribution Plan

The College offers a defined contribution retirement plan for qualified employees. Full-time faculty and administrative employees can elect to participate with the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). As of June 30, 2023 and 2022, the plan had 60 and 58 participants, respectively.

The TIAA-CREF plan is a defined contribution retirement plan whereby benefits vest immediately. The College contributes a specified percentage of employee wages and has no liability beyond its own contribution. For the years ended June 30, 2023 and 2022, that contribution rate was determined to be 14 percent. This resulted in the College contributing $519,199 and $506,844 for the years ended June 30, 2023 and 2022, respectively, to the plan.

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in the Michigan Community College Risk Management Authority (risk pool) for claims related to auto, property, and liability, has purchased commercial insurance for medical benefits provided to employees, and participates in the Accident Fund of Michigan risk pool for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Michigan Community College Risk Management Authority risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the College has ultimate liability for those claims.

9. 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.

10. GLEN OAKS COMMUNITY COLLEGE FOUNDATION

Glen Oaks 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, 2023 and 2022, the Foundation made grants and distributions, from net assets with donor restrictions, to be used for scholarships totaling $72,628 and $61,474, respectively. The components of the Foundation’s net assets with donor restrictions are both for programs and scholarships as of June 30, 2023 and 2022.

Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Subject to expenditures for specified purpose:		
Scholarships and grants	$ 240,933	$ 162,908
Endowments		
Subject to endowment spending policy and appropriation:		
Scholarships	3,275,690	2,977,957
Total net assets with donor restrictions	**$ 3,516,623**	**$ 3,140,865**

Changes in net assets with donor restrictions, subject to expenditures for specified purpose for the years ended June 30 consist of the following:

	2023	2022
Subject to expenditures for specified purpose, beginning of year	$ 162,908	$ 260,696
Net investment gain (loss)	67,033	(81,680)
Contributions	14,606	23,192
Amounts appropriated for expenditure	(3,614)	(39,300)
Subject to expenditures for specified purpose, end of year	**$ 240,933**	**$ 162,908**

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 statements of financial position date, comprise the following for the Foundation as of June 30:

	2023	2022
Financial assets		
Investments	$ 3,768,866	$ 3,550,794
Related party receivable	80,826	17,237
Total financial assets	**3,849,692**	**3,568,031**
Less amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(3,516,623)	(3,140,865)
Total financial assets available for general use within one year	**$ 333,069**	**$ 427,166**

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. ENDOWMENT

The Foundation's permanent endowments consist of 42 individual, donor-restricted funds established for student scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, net assets with donor restrictions consist of the original value of gifts to the endowment and the original value of subsequent gifts to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

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, 2023 and 2022, management has determined funds with deficiencies is insignificant.

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

	2023	2022
Endowment funds with donor restrictions		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 1,764,877	$ 1,728,621
Accumulated investment earnings	1,510,813	1,249,336
Total funds	**$ 3,275,690**	**$ 2,977,957**

Changes in endowment net assets all of which are donor restricted for the years ended June 30:

	2023	2022
Endowment net assets - beginning of year	$ 2,977,957	$ 3,385,644
Net investment gain (loss)	312,183	(361,671)
Contributions	60,420	15,230
Amounts appropriated for expenditure	(74,870)	(61,246)
Endowment net assets, end of year	**$ 3,275,690**	**$ 2,977,957**

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested to achieve the following objectives: (I) growth and modest income, (2) safety of principal, (3) an average risk tolerance, (4) capital appreciation, (5) long-term investments, and (6) support of local community banks and savings institutions.

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 of 3 percent to 10 percent cash, 10 percent to 25 percent fixed income and 60 percent to 75 percent equities. Exposure within each asset class is determined by (I) the Foundation's investment objectives and risk tolerance, (2) the prevailing relative valuation between the primary competing assets classes (fixed income and equities), and (3) the fundamental strength of the economy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of the 20 quarter average of the fair value of investment holdings as of March 31 in the fiscal year in which the distribution is planned. Any donations received during the current year will be held for two years for income growth before each becomes part of the spending calculation or once the fund has reached the target income from an established minimum amount set by the donor. If, at any time, the fair value of the endowments is less than the principal amount, the principal will be held whole and the unrestricted funds may be used for scholarship distributions as well as administration and fundraising expenses. The amount to be distributed as scholarships and grants shall be 5 percent of the average as determined above. The specific amount available for distribution shall be made by the board of directors at the May regularly scheduled meeting. The board of directors shall reserve the right to change the amount to be distributed at any time. The amount determined to be available by the board of directors shall be distributed as follows: 4 percent will be used for scholarships, administration and fundraising expenses and 1 percent may apply to a Glen Oaks Community College special request at the board's discretion subject to donor agreements.

13. FUNCTIONAL ALLOCATION OF EXPENSES - FOUNDATION

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The table below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification or space utilized, whichever is more appropriate.

	Year Ended June 30, 2023			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 72,628	$ -	$ -	$ 72,628
Salaries and wages	-	19,663	30,904	50,567
Benefits	-	18,494	-	18,494
Fundraising expenses	-	-	2,077	2,077
Marketing and advertising	-	3,440	-	3,440
Software	-	4,318	-	4,318
Other	3,200	16,965	-	20,165
Total expenses	**$ 75,828**	**$ 62,880**	**$ 32,981**	**$ 171,689**

	Year Ended June 30, 2022			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 61,474	$ -	$ -	$ 61,474
Salaries and wages	-	23,002	28,822	51,824
Benefits	-	13,516	-	13,516
Payroll taxes	-	4,111	-	4,111
Fundraising expenses	-	-	2,449	2,449
Marketing and advertising	-	5,586	-	5,586
Software	-	1,569	-	1,569
Other	-	19,595	-	19,595
Total expenses	**$ 61,474**	**$ 67,379**	**$ 31,271**	**$ 160,124**

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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

	Year Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 9,061,460	$ 6,397,511	$ 9,378,225	$ 9,012,998	$ 7,618,491	$ 6,243,023	$ 6,039,713	$ 5,925,541	$ 6,367,232
College's proportion of the net pension liability	0.02409%	0.02702%	0.02730%	0.02722%	0.02534%	0.02409%	0.02421%	0.02426%	0.02891%
College's covered payroll	$ 2,244,449	$ 2,384,747	$ 2,414,535	$ 2,418,481	$ 2,275,555	$ 2,047,078	$ 2,010,714	$ 2,181,157	$ 2,512,565
College's proportionate share of the net pension liability as a percentage of its covered payroll	403.73%	268.27%	388.41%	372.67%	334.80%	304.97%	300.38%	271.67%	253.42%
Plan fiduciary net position as a percentage of the total pension liability	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

	Year Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 1,022,969	$ 831,229	$ 820,225	$ 748,576	$ 690,030	$ 712,820	$ 553,015	$ 477,579	$ 681,185
Contributions in relation to the statutorily required contributions	(1,022,969)	(831,229)	(820,225)	(748,576)	(690,030)	(712,820)	(553,015)	(477,579)	(681,185)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 2,117,387	$ 2,291,116	$ 2,459,279	$ 2,424,243	$ 2,413,353	$ 2,209,883	$ 2,104,542	$ 1,995,382	$ 2,391,972
Contributions as a percentage of covered payroll	48.31%	36.28%	33.35%	30.88%	28.59%	32.26%	26.28%	23.93%	28.48%

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 ("OPEB") Liability

	Year Ended June 30					
	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 485,553	$ 399,568	$ 1,447,077	$ 1,975,061	$ 2,112,672	$ 2,145,151
College's proportion of the net OPEB liability	0.02292%	0.02618%	0.02701%	0.02752%	0.02658%	0.02422%
College's covered payroll	$ 2,244,449	$ 2,384,747	$ 2,414,535	$ 2,418,481	$ 2,275,555	$ 2,047,078
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.63%	16.76%	59.93%	81.67%	92.84%	104.79%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30					
	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 204,768	$ 199,129	$ 222,031	$ 219,326	$ 239,163	$ 154,536
Contributions in relation to the statutorily required contribution	(204,768)	(199,129)	(222,031)	(219,326)	(239,163)	(154,536)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 2,117,387	$ 2,291,116	$ 2,459,279	$ 2,424,243	$ 2,413,353	$ 2,209,883
Contributions as a percentage of covered payroll	9.67%	8.69%	9.03%	9.05%	9.91%	6.99%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension 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 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:

- 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 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:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position

June 30, 2023 (Unaudited)
(with comparative totals for 2022)

	General Fund	Designated Fund	Pension and OPEB Liability Fund	Auxiliary Funds	Restricted Funds	Plant Fund	Agency Fund	Total	Eliminations	Combined Total June 30, 2023	Combined Total June 30, 2022
Assets											
Current assets											
Cash and cash equivalents	$ 8,126,100	$ 720,000	$ -	$ -	$ 42,431	$ 1,757,989	$ -	$ 10,646,520	$ -	$ 10,646,520	$ 13,082,792
Short-term investments	-	-	-	-	-	344,954	-	344,954	-	344,954	791,130
Accounts receivable, net	825,513	51,205	-	-	361,482	-	-	1,238,200	-	1,238,200	1,585,614
Other current assets	822,902	-	-	-	-	-	91,960	914,862	-	914,862	721,740
Due from (to) other funds	17,583,166	(1,402,112)	-	2,339,640	(280,790)	(18,356,273)	116,369	-	-	-	-
Total current assets	**27,357,681**	**(630,907)**	**-**	**2,339,640**	**123,123**	**(16,253,330)**	**208,329**	**13,144,536**	**-**	**13,144,536**	**16,181,276**
Noncurrent assets											
Long-term investments	-	-	-	-	-	1,337,665	-	1,337,665	-	1,337,665	693,071
Capital assets not being depreciated	-	-	-	-	-	9,392,077	-	9,392,077	-	9,392,077	5,100,888
Capital assets being depreciated, net	-	-	-	-	-	15,145,831	-	15,145,831	-	15,145,831	15,203,198
Total noncurrent assets	**-**	**-**	**-**	**-**	**-**	**25,875,573**	**-**	**25,875,573**	**-**	**25,875,573**	**20,997,157**
Total assets	**27,357,681**	**(630,907)**	**-**	**2,339,640**	**123,123**	**9,622,243**	**208,329**	**39,020,109**	**-**	**39,020,109**	**37,178,433**
Deferred outflows of resources											
Deferred pension amounts	-	-	2,716,697	-	-	-	-	2,716,697	-	2,716,697	1,478,399
Deferred OPEB amounts	-	-	681,937	-	-	-	-	681,937	-	681,937	582,285
Total deferred outflows of resources	**-**	**-**	**3,398,634**	**-**	**-**	**-**	**-**	**3,398,634**	**-**	**3,398,634**	**2,060,684**
Liabilities											
Current liabilities											
Accounts payable	231,384	-	-	-	109,828	-	208,329	549,541	-	549,541	1,250,113
Accrued payroll and related liabilities	896,520	-	-	-	-	-	-	896,520	-	896,520	1,192,532
Unearned revenue	221,299	-	-	251,003	-	-	-	472,302	-	472,302	465,947
Long-term obligations, current portion	-	-	-	-	-	174,000	-	174,000	-	174,000	217,000
Total current liabilities	**1,349,203**	**-**	**-**	**251,003**	**109,828**	**174,000**	**208,329**	**2,092,363**	**-**	**2,092,363**	**3,125,592**
Noncurrent liabilities											
Long-term obligations, net of current portion	-	-	-	-	-	5,364,000	-	5,364,000	-	5,364,000	7,521,000
Net pension liability	-	-	9,061,460	-	-	-	-	9,061,460	-	9,061,460	6,397,511
Net OPEB liability	-	-	485,553	-	-	-	-	485,553	-	485,553	399,568
Total noncurrent liabilities	**-**	**-**	**9,547,013**	**-**	**-**	**5,364,000**	**-**	**14,911,013**	**-**	**14,911,013**	**14,318,079**
Total liabilities	**1,349,203**	**-**	**9,547,013**	**251,003**	**109,828**	**5,538,000**	**208,329**	**17,003,376**	**-**	**17,003,376**	**17,443,671**
Deferred inflows of resources											
Deferred pension amounts	-	-	1,345,185	-	-	-	-	1,345,185	-	1,345,185	2,563,232
Deferred OPEB amounts	-	-	1,213,730	-	-	-	-	1,213,730	-	1,213,730	1,576,294
Total deferred inflows of resources	**-**	**-**	**2,558,915**	**-**	**-**	**-**	**-**	**2,558,915**	**-**	**2,558,915**	**4,139,526**
Net position (deficit)											
Net investment in capital assets	-	-	-	-	-	18,999,908	-	18,999,908	-	18,999,908	12,566,086
Restricted expendable, scholarships and fellowships	-	-	-	-	13,295	-	-	13,295	-	13,295	26,466
Unrestricted (deficit)	26,008,478	(630,907)	(8,707,294)	2,088,637	-	(14,915,665)	-	3,843,249	-	3,843,249	5,063,368
Total net position (deficit)	**$ 26,008,478**	**$ (630,907)**	**$ (8,707,294)**	**$ 2,088,637**	**$ 13,295**	**$ 4,084,243**	**$ -**	**$ 22,856,452**	**$ -**	**$ 22,856,452**	**$ 17,655,920**

GLEN OAKS COMMUNITY COLLEGE

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

Year Ended June 30, 2023 (Unaudited)
(with comparative totals for 2022)

	General Fund	Designated Fund	Pension and OPEB Liability Fund	Auxiliary Funds	Restricted Funds	Plant Fund	Total	Eliminations	Combined Total June 30, 2023	Combined Total June 30, 2022
Operating revenues										
Tuition and fees, net	$ 3,429,676	$ 63,085	$ -	$ -	$ -	$ -	$ 3,492,761	$ (1,142,964)	$ 2,349,797	$ 2,294,123
Federal grants and contracts	-	-	-	-	686,550	-	686,550	-	686,550	400,195
State grants and contracts	-	-	-	-	730,099	-	730,099	-	730,099	712,667
Private gifts, grants, and contracts	-	-	-	-	160,384	-	160,384	-	160,384	132,816
Sales and services of auxiliary activities, net	-	-	-	592,060	-	-	592,060	-	592,060	588,011
Other sources	487,001	80,864	-	52,124	136,107	-	756,096	-	756,096	984,650
Total operating revenues	**3,916,677**	**143,949**	**-**	**644,184**	**1,713,140**	**-**	**6,417,950**	**(1,142,964)**	**5,274,986**	**5,112,462**
Operating expenses										
Instruction	3,949,548	-	(397,284)	-	74,480	-	3,626,744	-	3,626,744	3,656,036
Public service	9,321	162,145	(7,825)	67,184	-	-	230,825	-	230,825	123,553
Instructional support	1,227,754	-	(99,244)	-	-	-	1,128,510	-	1,128,510	1,030,600
Student services	1,536,466	208,827	(116,908)	246,402	2,946,493	-	4,821,280	(1,142,964)	3,678,316	4,854,029
Institutional administration	3,047,178	-	(91,806)	-	-	-	2,955,372	-	2,955,372	2,896,229
Physical plant operations	1,310,381	4,727	(61,669)	18,139	-	12,630	1,284,208	-	1,284,208	1,251,198
Information technology	1,075,260	-	-	-	-	-	1,075,260	-	1,075,260	821,460
Depreciation	-	-	-	-	-	1,295,746	1,295,746	-	1,295,746	1,277,736
Total operating expenses	**12,155,908**	**375,699**	**(774,735)**	**331,725**	**3,020,973**	**1,308,376**	**16,417,946**	**(1,142,964)**	**15,274,982**	**15,910,841**
Operating (loss) income	**(8,239,231)**	**(231,750)**	**774,735**	**312,459**	**(1,307,833)**	**(1,308,376)**	**(9,999,996)**	**-**	**(9,999,996)**	**(10,798,379)**
Nonoperating revenues (expenses)										
State appropriations	5,061,477	-	(606,108)	-	-	-	4,455,369	-	4,455,369	4,309,810
Federal Pell grant	-	-	-	-	1,275,579	-	1,275,579	-	1,275,579	1,292,230
Federal Higher Education Emergency Relief Fund grants	-	-	-	-	219,154	-	219,154	-	219,154	2,085,980
Property taxes	6,276,494	-	-	-	-	-	6,276,494	-	6,276,494	6,009,209
Net investment income (loss)	56,134	-	-	-	-	919	57,053	-	57,053	(4,235)
Interest on capital asset - related debt	-	-	-	-	-	(206,144)	(206,144)	-	(206,144)	(217,942)
Insurance claim income	8,875	-	-	-	-	-	8,875	-	8,875	184,279
Transfers from Glen Oaks Community College Foundation	-	-	-	-	-	-	-	-	-	19,714
Net nonoperating revenues (expenses)	**11,402,980**	**-**	**(606,108)**	**-**	**1,494,733**	**(205,225)**	**12,086,380**	**-**	**12,086,380**	**13,679,045**
Other revenues										
State capital grant	-	-	-	-	-	3,114,148	3,114,148	-	3,114,148	-
Transfers (out) in	-	-	-	-	(200,071)	200,071	-	-	-	-
Increase (decrease) in net position	**3,163,749**	**(231,750)**	**168,627**	**312,459**	**(13,171)**	**1,800,618**	**5,200,532**	**-**	**5,200,532**	**2,880,666**
Net position (deficit), beginning of year	**22,844,729**	**(399,157)**	**(8,875,921)**	**1,776,178**	**26,466**	**2,283,625**	**17,655,920**	**-**	**17,655,920**	**14,775,254**
Net position (deficit), end of year	**$ 26,008,478**	**$ (630,907)**	**$ (8,707,294)**	**$ 2,088,637**	**$ 13,295**	**$ 4,084,243**	**$ 22,856,452**	**$ -**	**$ 22,856,452**	**$ 17,655,920**