North Central Michigan College

Years Ended June 30, 2023 and 2022

Financial Statements and Supplementary Information

Rehmann

Executive Officers and Board of Trustees

INDEPENDENT AUDITORS' REPORT

Board of Trustees
North Central Michigan College
Petoskey, Michigan

We have audited the accompanying financial statements of North Central Michigan 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 financial position of North Central Michigan College as of June 30, 2023 and 2022, and the changes in financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 opinion.

Opinion

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 statecenntpatehsi1ts

Independent Auditors' Responsibilities for the Audit of the Financial Statements

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such

In accordance with Government Auditing Standards, we have also issued, under separate cover, our report dated October 19, 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

Statement of Net Position

Net Position as of June 30 (in millions)

	2023	2022	2021
	$ 29.7	$ 30.6	$ 30.2
Capital assets, net of depreciation and amortization	34.0	33.6	31.1
Total assets	63.7	64.2	61.3
Deferred outflows of of			

Operating Revenue

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Management's Discussion and Analysis

The College receives substantial nonoperating support from state appropriations, property tax revenue, Pell grants, and donations. Additionally, in fiscal year 2023 and 2022, the College received $820,884 and $4,229,648, respectively, from the Federal Higher Education Emergency Relief Fund grant as part of the federal CARES Act as a result of the COVID-19 pandemic. These nonoperating revenue sources mitigate the normal operating losses as tuition and fees alone are not adequate to cover operating expenses. Nonoperating revenues and expenses are an integral component in determining the increase or decrease in net position.

Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College.

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

Operating expenses increased by 2.1% from prior year. Operating expense changes for fiscal year 2023 were the result of the following factors:

- The instruction operating expense category increased by $1,077,517 compared to the prior fiscal year. This increase was mainly due to additional personnel costs. This includes five faculty positions that were filled and employed the entire year, annual increases in salary rates, and increasing costs for employee benefits.
- The information technology operating expense category increased by $228,516 compared to the prior fiscal year. This is mainly because of increases in software licensing fees. These fees are necessary for supporting student success.

Operating expense changes for fiscal year 2022 were the result of the following factors:

- Salaries and fringes increased by approximately 6.3% this fiscal year primarily because several open staff positions were filled during the year, annual wage increases, and the Support Staff's first Collective Bargaining Agreement being in effect (which created wage adjustments). Salaries and fringes totaled approximately $11.6 million this fiscal year, representing 55% of total operating expenses.
- Depreciatioyear, and amortization increased by $0Tc1.48iz.1.48icrent84e

Nonoperating and Other Revenue

Net nonoperating revenue changes for fiscal year 2023 compared to the prior fiscal year were the result of the following factors:

- State appropriations increased by $54,041 due primarily to budgeted amounts provided by the State. This is a 1.4% increase over the prior
- Property tax levy revenue increased by $278,451 due primarily to increases in property tax values.
- Pell grants increased by $199,607 due primarily to student eligibility.
- Federal Higher Education Emergency Relief Funds (HEERF) continued to be utilized to assist the College with challenges caused by the COVID-19 pandemic. During the fiscal year, the remaining $820,884 of HEERF funds were expended on categories such as campus safety and operations; equipment and software to enable distance learning for students; and partially funding the Borra Learning Center heating, ventilation and air conditioning upgrade.
- Donations received by the Foundation were $1,360,704. Despite the Building Tomorrow Together fundraising campaign's conclusion, significant funds continued to be received for various causes such as scholarships and athletics.

Net nonoperating revenue changes for fiscal year 2022 compared to the prior fiscal year were the result of the following factors:

- Pell grants decreased by $251,926 due primarily to a decrease in enrollment.

Other Revenues (Losses)

Statement of Cash Flows

- Its needs for external financing

Cash Flows for the Years Ended June 30 (in millions)

	2023	2022	2021
	$ (12.9)	$ (14.4)	$ (11.6)
Noncapital financing activities	14.7	20.2	15.8
Capital and related financing activities	(3.0)	(2.9)	(4.3)
Investing activities	(0.3)	(2.6)	(0.5)
Net (decrease) increase in cash	(1.5)	0.3	(0.6)
Cash, beginning of year	11.7	11.4	12.0
Cash, end of year	$ 10.2	$ 11.7	$ 11.4

Net cash used for operating activities totaled $12.9 million for the fiscal year ending June 30, 2023. This was financed by $14.7 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used in capital and related financing activities totaled $3.0 million. This includes $2.3 million of capital asset S pro0l6).

Capital Assets

	2023	2022	2021
	$ 33,306	$ 33,306	$ 13,306
	1,493,142	1,228,736	1,742,716
Sculptures	522,609	522,609	522,609
Capital assets not being depreciated or amortized	2,049,057	1,784,651	2,278,631
Buildings and improvements	46,413,328	46,413,328	43,610,506
Infrastructure	3,433,183	3,032,360	2,977,137
Furniture, fixtures, and equipment	7,504,990	5,797,938	4,750,589
Library materials	256,810	449,672	431,735
Software	1,397,614	1,307,608	1,066,750
Subscription assets	1,009,665	870,084	427,819
Capital assets being depreciated or amortized	60,015,590	57,870,990	53,264,536
Total capital assets	62,064,647	59,655,641	55,543,167
Less accumulated depreciation and amortization	28,068,204	26,035,836	24,002,464
Total capital assets, net	$ 33,996,443	$ 33,619,805	$ 31,540,703

	$ 1,087,680
Athletics: Training room and concessions area renovation	193,037
Athletics: Gymnasium flooring per NJCAA regulations	153,600
Air cooled chiller in Borra Learning Center	118,000
Athletics: Mobile gymnasium seating	105,872

Construction in progress of $1,493,142 consists mainly of expenses incurred by June 30, 2023 for the following projects: the Borra Learning Center heating, ventilation and air conditioning upgrade ($1,334,305); campus wireless project ($95,971); and the Career and Technical Education Enhancement project ($57,316).

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

Management's Discussion and Analysis

Debt

Economic Factors That Will Affect the Future

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4. Based on the demographics of the area, recruiting and retaining new traditional-aged students over the next decade will be challenging for the 2454d1.2<0ect

Management's Discussion and Analysis

5. In September 2023, the College entered into a $9.872 million agreement with the Michigan Economic Development Corporation. This agreement will provide funding for facility additions and renovations as part of the College's Career and Technical Education Enhancement (CATEE) project. The goal is to expand health science, public safety, technology, manufacturing and skilled trades training for students. Also, an additional $2 million of federal funding for the CATEE project has been secured.

6. The College will be introducing a new Nursing Licensed Practical Nurse (LPN) program in 2023‑24. This program will provide additional opportunities students wanting to pursue this career.

7. Since 2022, the College has been working to develop streamlined workforce training opportunities, known as Fast Track programs. This provides another avenue for students to learn and secure industry credentials in the fields of health care, manufacturing, information technology, business, and the trades.

8. The need for public and private investment in higher education remains strong. As the College expands and develops programming to advance opportunities for learners and better meet local workforce needs, it will rely on public grants as well as gifts from individuals, corporations, and foundations to make important and necessary investments in facilities, equipment, programs, and other student success needs.

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, North Central Michigan College, 1515 Howard Street, Petoskey

FINANCIAL STATEMENTS

NORTH CENTRAL MICHIGAN COLLEGE

Statements of Net Position

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 4,653,601	$ 7,327,679
Receivables, net	388,582	451,816
Federal and state grants receivable	866,633	1,205,025
Pledges receivable	33,000	31,250
Inventories	16,669	7,592
Prepaids and other current assets	405,982	223,513
Total current assets	6,364,467	9,246,875
Noncurrent assets		
Restricted cash	5,514,887	4,334,302
Investments	16,677,519	15,697,601
Pledges receivable, net of current portion	1,123,661	1,302,907
Capital assets not being depreciated/amortized	2,049,057	1,784,651
Capital assets being depreciated/amortized, net	31,947,386	31,835,154
Total noncurrent assets	57,312,510	54,954,615
Total assets	63,676,977	64,201,490
Deferred outflows of resources		
Deferred charge on refunding	89,337	100,504
Deferred pension amounts	3,718,036	1,620,753
Deferred OPEB amounts	927,303	636,181
Total deferred outflows of resources	4,734,676	2,357,438
Liabilities		

NORTH CENTRAL MICHIGAN COLLEGE

Statements of Revenues,

NORTH CENTRAL MICHIGAN COLLEGE

Statements of Cash Flows

	2023	2022
Cash flows from operating activities		
Tuition and fees	$ 3,463,322	$ 3,447,178
Grants and other contracts	1,987,317	1,307,760
Auxiliary enterprise receipts	1,169,231	781,973
Payments to employees	(9,341,287)	(9,034,632)
Payments to suppliers	(11,256,053)	(11,522,743)
Other receipts	1,096,687	619,149
Net cash used in operating activities	(12,880,783)	(14,401,315)
Cash flows from noncapital financing activities		
State appropriations	3,925,047	3,901,936
Local property taxes	6,883,114	6,604,663
Federal Pell grants	1,816,508	1,616,901
Federal Higher Education Emergency Relief Funds grants	820,884	4,229,648
Federal direct lending receipts	845,440	561,281
Federal direct lending disbursements	(845,440)	(561,281)
Additions to permanent endowments	39,704	51,053
Donations	1,179,431	3,750,945
Other	(8,330)	13,219
Net cash provided by noncapital financing activities	14,656,358	20,168,365
Cash flows from capital and related financing activities		
Purchase of capital assets	(2,321,660)	(3,787,702)
Principal paid on long-term debt	(355,000)	(345,000)
Interest paid on capital asset-related debt	(102,993)	(87,515)
Subscription-based IT agreements principal payments	(224,231)	(164,093)
Proceeds from State capital grants	–	1,440,344
Net cash used in capital and related financing activities	(3,003,884)	(2,943,966)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	6,615,719	1,566,049
Interest received on investments	78,584	169,582
Purchase of investments	(6,959,487)	(4,303,302)
Net cash used in investing activities	(265,184)	(2,567,671)
Net (decrease) increase in cash and cash equivalents	(1,493,493)	255,413
Cash and cash equivalents, beginning of year	11,661,981	11,406,568
Cash and cash equivalents, end of year	$ 10,168,488	$ 11,661,981
Reconciliation to Statements of Net Position		
Cash and cash equivalents	$ 4,653,601	$ 7,327,679
Restricted cash	5,514,887	4,334,302
Cash and cash equivalents, end of year	$ 10,168,488	$ 11,661,981

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Notes

Notes to Financial Statements

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the

Cash and Cash Equivalents

Restricted Cash

Receivables

Investments

Fair Value Measurements

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.

Gifts and Pledges (Foundation)

Contributions, including unconditional promises to give, are recorded when received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met. Non-cash gifts are recorded at estimated fair value when received. Unconditional pledges due within one year are recorded at amount pledged and unconditional pledges due after one year are recorded at their present value when it is determined that the collection of the gift is probable. Pledges receivable consist of pledges for the Building Tomorrow Together campaign and for providing nursing scholarships. They have been discounted at a 4.20% and 3.60% annual rate of interest, as of June 30, 2023 and 2022, respectively. The unamortized discount on these promises to give is $167,747 and $147,113 at June 30, 2023 and 2022, respectively.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consists of food service supplies.

Capital Assets and Depreciation/Amortization

Capital assets are recorded at cost or, if acquired by gift, at the estimated fair value as of the date of donation. Depreciation and amortization are provided for capital assets on a straight-line basis over the estimated useful life of the assets. The College's capitalization policy is to cap

Buildings/building improvements	40 years
Library materials	10 years
Infrastructure	15-20 years
Furniture, fixtures and equipment	3-20 years
Software	3-10 years

Subscription-Based Information Technology Arrangements (SBITA), Including Change in Accounting Principle

For 2023, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The standard requires recognition of certain subscription based assets and liabilities for contracts 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 contract for a period of time in an exchange or exchange-like transaction. It establishes a single model for subscription-

Accrued Compensated Absences

Revenue Recognition

Revenue from state appropriations are recognized in accordance with the accounting method prescribed in the Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001. Student tuition and related revenues and expenses of an academic semester are allocated to the fiscal year in which the program is conducted. Property tax revenue is recognized in the year in which taxes are received (see Note 2).

Operating revenues of the College consist of tuition and fees, certain grants and contracts, and sales and services of educational activities. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, property taxes, Federal Higher Education Emergency Relief Fund ("HEERF") grant revenue, and Federal Pell grants are components of nonoperating and other revenues. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Operating Expenses

Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All expenses not meeting this definition are reported as nonoperating.

Deferred Outflows of Resources

In addition to assets, the statements of net position will report a separate section for deferred outflows of

Deferred Inflows of Resources

Pension and Other Postemployment Benefits ("OPEB") Liabilities

2. PROPERTY TAXES

3. CASH, INVESTMENTS AND FAIR VALUE MEASUREMENTS

Bank Deposits and Investments

Interest Rate64j /TT0 1 Tf -0.0008 Tc 0.2(sE-5hf 0 TpnYeast)2822 (pL1/.00H 1 Tf 0.0002_0 /TT0 1 372-0.0008 Tc 0.2(

As of June 30, 2022, the College and Foundation had the following investments and maturities:

	Fair Value	Less Than One Year	1-3 Years	More Than 3 Years
U.S. Agencies	$ 3,055,634	$ 799,522	$ 1,704,931	$ 551,181
U.S. Treasuries	2,343,065	50,033	813,183	1,479,849
Mutual bond funds	3,604,052	-	58,776	3,545,276
Total investments in debt securities	9,002,751	$ 849,555	$ 2,576,890	$ 5,576,306
Mutual equity funds	6,694,850			
Total investments	$ 15,697,601			

The College does not have specific investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation investment policy states that the average weighted value of the portfolio should not exceed ten years.

As of June 30, 2023 and 2022, the average weighted value of the portfolio in fixed income securities does not exceed ten years. The Foundation invests in mutual equity funds with a long-term objective to preserve principal and provide appreciation. Therefore, the interest

The maturities of certain mutual bond funds are based on the average weighted maturity method. Certain other mutual bond funds have no weighted average maturity statistics because they are heavily invested in preferred stocks. These mutual bond funds are therefore classified as having a maturity of more than three years.

Credit Risk

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

As of June 30, 2023, the credit quality ratings for these types of investments and credit risk exposure as a percent of these types of investments are as follows:

	Credit Quality Rating	Percent
U.S. Agencies	Aaa	33
Mutual bond funds	Not Rated	67

As of June 30, 2022, the credit quality ratings for these types of investments and credit risk exposure as a percent of these types of investments are as follows:

	Credit Quality Rating	Percent
U.S. Agencies	Aaa	46
Mutual bond funds	Not Rated	54

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's and Foundation's deposits may not be returned to them. The College and Foundation do not have a deposit policy for custodial credit risk. At June 30, 2023, the bank balance was $10,386,558 of which $9,667,885 was uninsured and uncollateralized. At June 30, 2022, the bank balance was $11,644,486 of which $11,105,719 was uninsured and uncollateralized.

Custodial Credit Risk of Investments

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

Concentration Credit Risk

Neither the College nor Foundation places a limit on the amount that may be invested in any one issuer. Five percent or more of the College's and Foundation's investments at June 30, 2023 and 2022 were invested as follows:

	2023	2022
U.S. Treasury Notes	19%	15%
Fannie Mae	8%	11%
SPDR S&P 500 ETF Trust	8%	11%
Fidelity 500 Index FD	7%	0%
Doubleline Total Return Bond	5%	0%
Dodge & Cox Income Fund	5%	6%
Ishares Core S&P 500 ETF	0%	7%

Fair Value Measurements

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

Mutual funds: Shares held in mutual funds are valued at quoted market prices that represent the net asset

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College and Foundation believe their valuation

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	$ 5,380,932	$ π	$ π	$ 5,380,932
Mutual bond funds	4,420,811	π	π	4,420,811
Mutual equity funds	6,875,776	π	π	6,875,776
Total investments at fair value	$ 16,677,519	$ r	$	$ 16,677,519 r

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
U.S. government obligations	$ 5,398,699	$ π	$ π	$ 5,398,699
Mutual bond funds	3,604,052	π	π	3,604,052
Mutual equity funds	6,694,850	π	π	6,694,850
Total investments at fair value	$ 15,697,601	$ r	$ r	$ 15,697,601

4. RECEIVABLES, NET AND PLEDGES RECEIVABLE, NET

Receivables, net consist of the following at June 30:

	2023	2022
Auxiliary activities	$ 10,583	$ 23,237
Corporate and community education	6,099	25,410
Student	325,193	281,499
Other	120,587	221,086
Total	462,462	551,232
Less allowance for doubtful accounts	73,880	99,416
Receivables, net	$ 388,582	$ 451,816

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5. CAPITAL ASSETS, INCLUDING SUBSEQUENT EVENT

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated/amortized					
Land	$ 33,306	$ π	$ π	$ π	$ 33,306
Construction in progress3(r)9Tc5.23a($)Tj/C1,ef9598L11Tf0.0026Tc0.5060res43000300030003000300030003000300030003,ef					

Construction in progress of $1,493,142 consists mainly of expenses incurred by June 30, 2023 for the following projects: the Borra Learning Center heating, ventila

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6. LONG-TERM OBLIGATIONS

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds payable					
Series 2017	$ 3,065,000	$ –	$ (355,000)	$ 2,710,000	$ 365,000
Other long term obligations					
Accrued employee benefits payable	180,326	–	(8,330)	171,996	10,000
Total long term obligations	$ 3,245,326	$	$ (363,330)	$ 2,881,996	$ 375,000

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

Future debt service requirements on bonds payable for years ending after June 30, 2023 are as follows:

Year Ending June 30,	Debt Obligations Principal	Interest	Total
2024	$ 365,000	$ 59,566	$ 424,566
2025	370,000	51,543	421,543
2026	380,000	43,411	423,411
2027	385,000	35,058	420,058
2028	395,000	26,596	421,596
2029–2030	815,000	26,926	841,926
Totals	$ 2,710,000	$ 243,099	$ 2,953,099

Interest expense was $101,693 and $86,251 for the years ended June 30, 2023 and 2022, respectively.

7. NET POSITION CLASSIFICATIONS

Net Investment in Capital Assets

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

	2023	2022
Capital assets, not being depreciated/amortized	$ 2,049,057	$ 1,784,651
Capital assets, being depreciated/amortized	31,947,386	31,835,154
Deferred charge on refunding	89,337	100,504
Subscription-based IT arrangement liabilities	(530,306)	(586,588)
Accounts payable related to the acquisition of capital assets	(497,819)	(136,400)
Long-term obligations – current portion	(365,000)	(355,000)
Long-term obligations – noncurrent portion	(2,345,000)	(2,710,000)
Total net investment in capital assets	$ 30,347,655	$ 29,932,321

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8. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Description

The System's pension plan was established by the State to provide retirement, survivo

Pension Benefits Provided

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 conuear305.1(g)3.2h6.5(f)2Fgdeitl96020.98(or)322.7(m)6.8(e9(IP)323.5

Other Postemployment Benefits Provided

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

Benefit Structure e4dnl%i-3739.2 (20.14%i)8.5 (t) 0 g /TT1 1 Tf 0.694 7Tc 3.0[21 0 0372×		

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 $37,454, $28,093 and $16,183, 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 liabilit

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 124,938	$ 27,925	$ 97,013
Changes in assumptions	2,146,139	π	2,146,139
Net difference between projected and actual earnings on pension plan investments	29,288	π	29,288
Changes in proporəon and diũerences between employer contributions and proportionate share of contributions	1,448	1,429,193	(1,427,745)
	2,301,813	1,457,118	844,695
College contributions subsequent to the measurement date	1,416,223	π	1,416,223
Pension portion of Sec 147c state aid award subsequent to the measurement date	π	878,034	(878,034)
Total	$ 3,718,036	$ 2,335,152	$ 1,382,884

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ π	$ 1,388,518	$ (1,388,518)
Changes in assumptions	631,890	51,452	580,438
Net between [illegible]			

Year Ended June 30,	Amount
2024	$ (463,442)
2025	(357,111)
2026	(292,507)
2027	(52,169)
2028	(21,342)
Thereafter	(861)
Total	$ (1,187,432)

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ π	$ 1,478,309	$ (1,478,309)
Changes in assumptions	432,939	64,784	368,155
Net difference between projected and actual earnings on OPEB plan investments	π	390,351	(390,351)
Changes in proporəon and diũerences between employer contributions and proportionate share of contributions	4,254	648,955	(644,701)
	437,193	2,582,399	(2,145,206)
College contributions subsequent			

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)
Pens[illegible] Plus pl[illegible] ([illegible])	6.[illegible] ([illegible] in 202[illegible]
Pe[illegible] lus 2 pla[illegible] (hy[illegible]d)	6.00%
O[illegible]B p[illegible]	6.00% ([illegible]5% in 202[illegible])
[illegible]y inc[illegible]ase[illegible]	2.75% - [illegible].55%, inc[illegible]ding wage inflation at 2.75%
[illegible]st of l[illegible]g [illegible]st[illegible]ents	3% annu[illegible] non-com[illegible]ounded for MIP members
[illegible]ealthca[illegible] cos[illegible]	Pre-

Notesto

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			

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 16,481,468	$ 12,489,476	$ 9,199,894

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

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	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 962,352	$ 517,900	$ 140,719

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 296,865	$ 708,928	$ 1,171,477

The following presents the [illegible]

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 126,053	$ 517,900	$ 958,775

Pension and OPEB Plans Fiduciary Net Position

Payable to the Pension Plan

Payable to the OPEB Plan

Defined Contribution Plan

9. RISK MANAGEMENT

The MCCRMA risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk

The College also purchases commercial insurance for other risks of loss, including employee health and accident insurance.

	Beginning Balance*	Additions	Deductions	Ending Balance	Due Within One Year
Subscription liability	$ 314,637	$ 436,044			

REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

NORTH CENTRAL MICHIGAN COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 12,489,476	$ 8,479,029	$ 13,154,594	$ 13,765,010	$ 13,740,626	$ 12,740,104	$ 12,855,123	$ 12,487,412	$ 11,006,813
College's proportion of the net pension liability	0.03321%	0.03581%	0.03829%	0.04157%	0.04571%	0.04916%	0.05153%	0.05113%	0.04997%
College's covered payroll	$ 3,251,418	$ 3,053,831	$ 3,214,254	$ 3,451,326	$ 3,673,644	$ 4,051,511	$ 4,254,349	$ 4,720,050	$ 4,317,801
College's proportionate share of the net pension liability as a percentage of its covered payroll	384.12%	277.65%	409.26%	398.83%	374.03%	314.45%	302.16%	264.56%	254.92%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%						

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Pension Contributions

	Year Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,588,759	$ 1,105,100	$ 1,074,899	$ 1,058,148	$ 1,092,564	$ 1,289,708	$ 1,155,318	$ 1,152,041	$ 956,347
Contributions in relation to the statutorily required contribution	(1,588,759)	(1,105,100)	(1,074,899)	(1,058,148)	(1,092,564)	(1,289,708)	(1,155,318)	(1,152,041)	(956,347)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,582,993	$ 3,303,768	$ 3,108,016	$ 3,344,640	$ 3,533,055	$ 3,870,695	$ 4,096,466	$ 4,054,090	$ 4,840,737
Contributions as a percentage of covered payroll	44.34%	33.45%	34.58%	31.64%	30.92%	33.32%	28.20%	28.42%	19.76%

See notes to required supplementary information.

NORTH CENTRAL MICHIGAN COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefit Liability

	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 708,928	$ 517,900	$ 1,946,268	$ 2,835,924	$ 3,433,136	$ 4,364,577
College's proportion of the net OPEB liability	0.03347%	0.03393%	0.03633%	0.03951%	0.04319%	0.04929%
College's covered payroll	$ 3,251,418	$ 3,053,831	$ 3,214,254	$ 3,451,326	$ 3,673,644	$ 4,051,511
College's proportionate share of the net OPEB liability as a percentage of its covered payroll						

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Other Postemployment Benefit Contributions

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 311,832	$ 267,936	$ 260,287	$ 274,801	$ 280,071	$ 286,745
Contributions in relation to the statutorily required contribution	(311,832)	(267,936)	(260,287)	(274,801)	(280,071)	(286,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,582,993	$ 3,303,768	$ 3,108,016	$ 3,344,640	$ 3,533,055	$ 3,870,695
Contributions as a percentage of covered payroll	8.70%	8.11%	8.37%	8.22%	7.93%	7.41%

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
- 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%.

NORTH CENTRAL MICHIGAN 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	Pension and OPEB Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund	Plant Fund	College Total June 30, 2023	Foundation	Eliminations	Combined Total June 30, 2023	Combined Total June 30, 2022
Operating revenues											
Tuition and fees, net of scholarship allowance of $2,751,378	$ 5,457,319	$ π	$ 773,635	$ π	$ π	$ π	$ 6,230,954	$ π	$ (2,751,378)	$ 3,479,576	$ 3,504,032
Federal grants and contracts	π	π	π	π	1,105,515	π	1,105,515	π	π	1,105,515	801,298
State and local grants and contracts	π	π	π	π	107,744	π	107,744	π	π	107,744	158,973
Nongovernmental grants	π	π	π	π	510,133	π	510,133	π	(293,147)	216,986	347,480
Auxiliary activities	π	π	π	1,286,517	π	π	1,286,517	π	(129,940)	1,156,577	804,795
Other operating revenues	881,079	π	171,358	π	206,253	7,498	1,266,188	π	(169,501)	1,096,687	619,149
Total operating revenues	6,338,398	r	944,993	1,286,517	1,929,645	7,498	10,507,051	r	(3,343,966)	7,163,085	6,235,727
Operating expenses											
Instruction	7,416,377	(998,960)	9,400	π	π	π	6,426,817	π	(46,901)	6,379,916	5,302,399
Public service	166,483	(29,614)	543	257,570	π	π	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]