Southwestern Michigan College

Financial Report
with Additional Information
June 30, 2023

Southwestern Michigan College

President

Dr. Joseph Odenwald
President

College Administration

Mr. Brent Brewer
Vice President of Enrollment Management and Campus Life

Ms. Susan B. Coulston, CPA
Senior Vice President of Business Affairs and Chief Financial Officer

Dr. David Fleming
Provost

Mr. Michael O'Brien
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Independent Auditor's Report

To the Board of Trustees
Southwestern Michigan College

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Southwestern 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 Southwestern Michigan College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Southwestern Michigan College as of June 30, 2023 and 2022 and the changes in its 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 *Auditor's Responsibilities for the Audits 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. The financial statements of the discretely presented component unit, Southwestern Michigan College Foundation, were not audited under *Government Auditing Standards*.

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 auditor's 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 audits 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.

To the Board of Trustees
Southwestern Michigan College

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of the net pension liability, schedule of pension contributions, schedule of the College's proportionate share of the net OPEB liability, and schedule of OPEB contributions 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southwestern Michigan College's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the accompanying listing of board of trustees, president, and college administration, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinion on the financial statements does not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees
Southwestern Michigan College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023 on our consideration of Southwestern Michigan College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Southwestern Michigan 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 Southwestern Michigan College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 8, 2023

The discussion and analysis of Southwestern Michigan College's (the “College”) financial statements provides an overview of the College's financial activities for the years ended June 30, 2023, 2022, and 2021. Management has prepared the financial statements and the related note disclosures along 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 other supplemental information. The basic financial statements are comprised of three components: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.*

Financial Highlights

The combined annual operations of all funds of the College entity again added to the financial stability of the institution. The combined College’s net position increased by \$0.3 million in fiscal year 2023. In comparison, the combined College’s net position increased by \$2.2 million in fiscal year 2022.

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

The statement of net position and the statement of revenue, expenses, and changes in net position report information relevant to the College's net position and its changes therein. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector institutions.

Total net position at June 30, 2023, 2022, and 2021 is $42.8 million, $42.5 million, and $40.3 million, respectively. The College's balance sheet at June 30 is summarized as follows:

Condensed Balance Sheet as of June 30 (in millions)

	2023	2022	2021
Assets			
Current assets	$ 12.1	$ 8.8	$ 11.1
Capital assets	59.3	60.0	58.1
Other noncurrent assets	7.1	11.1	9.1
Total assets	78.5	79.9	78.3
Deferred Outflows of Resources	5.5	3.2	4.6
Total assets and deferred outflows of resources	**$ 84.0**	**$ 83.1**	**$ 82.9**
Liabilities			
Current liabilities	$ 4.2	$ 4.8	$ 3.7
Noncurrent liabilities	33.5	29.7	36.4
Total liabilities	37.7	34.5	40.1
Deferred Inflows of Resources	3.5	6.1	2.5
Total liabilities and deferred inflows of resources	41.2	40.6	42.6
Net Position			
Net investment in capital assets	38.5	39.1	36.2
Unrestricted net position	4.3	3.4	4.1
Total net position	42.8	42.5	40.3
Total liabilities, deferred inflows, and net position	**$ 84.0**	**$ 83.1**	**$ 82.9**

Statement of Net Position

The primary changes in the assets and liabilities of the College between 2022 to 2023 and 2021 to 2022 are summarized as follows:

- Capital assets increased from 2021 to 2022 by $1.9 million due to the renovation of the student activity center. Capital assets decreased from 2022 to 2023 due to depreciation.
- Current liabilities increased from 2021 to 2022 by $1.1 million as a result of accounts payable related to the renovation of the student activity center. Current liabilities decreased from 2022 to 2023 by $0.6 million as a result of the completion of the student activity center renovation and a reduction in health care liabilities.

- Noncurrent liabilities represent long term debt, pension and OPEB liabilities along with subscription liabilities. They decreased by $6.7 million from 2021 to 2022 due to decreased pension and OPEB liabilities as a result of very favorable market conditions as of the plan's September 30, 2021 measurement date. They increased by $3.8 million from 2022 to 2023 as a result of very unfavorable market conditions as of the plan's September 30, 2022 measurement date.

Net Position

In comparison with fiscal year 2022, the College's net position for fiscal year 2023 increased by $0.3 million, or 0.7 percent. In comparison with fiscal year 2021, the College's net position for fiscal year 2022 increased by $2.2 million, or 5.5 percent. In both fiscal years 2023 and 2022, transfers into the Plant Fund were funded by operating and nonoperating revenue in excess of expenses in both the General Fund and Auxiliary Fund.

Statement of Revenue, Expenses, and Changes in Net Position

Following is a comparison of the major components of operating results of the College for the years ended June 30, 2023, 2022, and 2021:

Operating Results for the Years Ended June 30 (in millions)

	2023	2022	2021
Operating Revenue			
Tuition and fees	$ 9.1	$ 8.2	$ 8.4
Scholarship allowance	(3.7)	(3.2)	(3.2)
Tuition and fees - Net	5.4	5.0	5.2
Federal grants	0.8	0.8	0.7
State grants and contracts	0.1	0.2	-
Sales and services of auxiliary activities	2.7	1.9	1.9
Scholarship allowance	(1.1)	(0.8)	(0.7)
Auxiliary services - Net	1.6	1.1	1.2
Other	0.3	0.4	0.5
Total operating revenue	8.2	7.5	7.6
Operating Expenses			
Instruction	6.6	6.2	7.3
Instructional support	1.9	1.8	2.1
Student services	5.4	7.3	4.5
Institutional administration	3.5	3.4	3.2
Physical plant operations	3.6	3.2	3.0
Information technology	2.3	2.6	2.7
Depreciation and amortization	3.0	2.4	2.4
Total operating expenses	26.3	26.9	25.2
Operating Loss	(18.1)	(19.4)	(17.6)
Nonoperating Revenue (Expenses)			
State appropriations	8.2	8.2	7.7
Federal Pell Grant	3.4	2.9	3.0
Higher Education Emergency Relief Funding	0.7	5.0	4.6
Property taxes	6.7	6.4	6.2
Investment income	0.1	(0.6)	-
Interest on capital asset - Related debt	(0.8)	(0.8)	(0.8)
Other nonoperating revenue	-	-	(0.1)
Net nonoperating revenue	18.3	21.1	20.6
Other Revenue			
Capital contributions	0.1	0.5	0.1
Increase in Net Position	0.3	2.2	3.1
Net Position - Beginning of year	42.5	40.3	37.2
Net Position - End of year	**$ 42.8**	**$ 42.5**	**$ 40.3**

Total Revenue

The major changes in revenue for fiscal year 2023 are increased tuition and fee revenue and increased auxiliary revenue, that were offset by a decrease in Higher Education Emergency Relief Funding (HEERF). The major changes in revenue for fiscal year 2022 are increased state aid mostly due to a one-time payment of approximately $273,000 and increased Higher Education Emergency Relief Funding (HEERF) of $365,000.

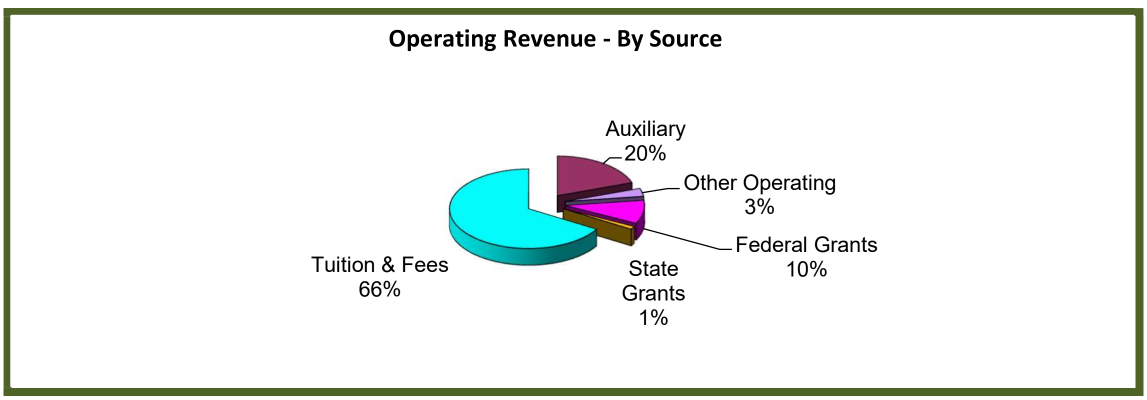
Operating Revenue

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, fees, and housing. 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.

Operating revenue changes were as follows:

- For fiscal year 2023, net Tuition and Fee revenue increased by $0.4 million or 7.7 percent due to an increase in enrollment driven by athletics and a tuition and fee increase of approximately 4.8 percent. For fiscal year 2022, net Tuition and Fee revenue decreased by $0.2 million or 3.8 percent due to a decrease in spring enrollment and a tuition and fee increase of approximately 1.0 percent.

The following graph illustrates the percentage of operating revenue by source for the year ended June 30, 2023:



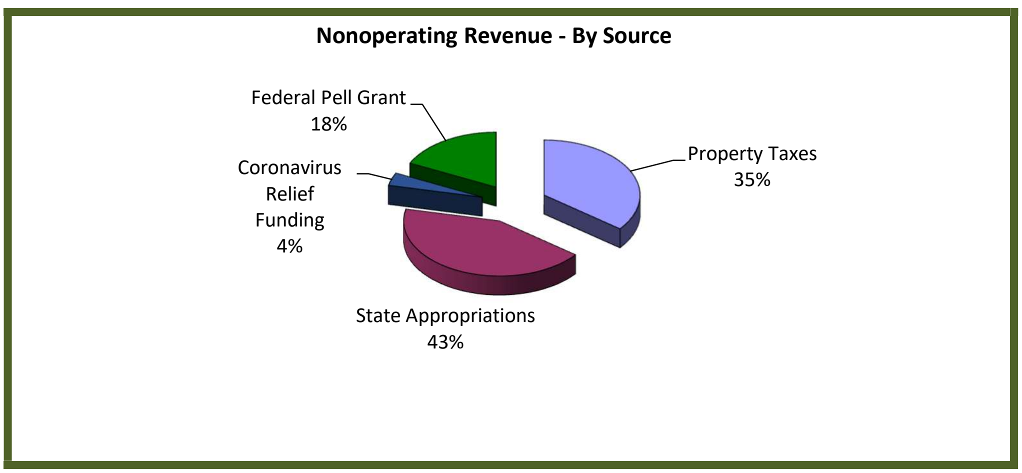
Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, federal Pell Grant funding, property taxes, state capital appropriations, and Coronavirus relief funding.

Nonoperating revenue changes included the following factors:

- State appropriations remained flat from fiscal year 2022 to 2023 and increased by $0.5 million, or 6.5 percent, from fiscal year 2021 to 2022.
- Property tax revenue increased by approximately $0.3 million, or 5.2 percent, from fiscal year 2022 to 2023 and increased by approximately $0.2 million, or 3.2 percent, from fiscal year 2021 to 2022.
- Federal Pell Grant revenue increased $0.5 million from fiscal year 2022 to 2023 and decreased $0.1 million from fiscal year 2021 to 2022 due to corresponding changes in enrollment.
- Coronavirus Relief Funding for fiscal years 2023 and 2022 was $0.7 million and $5.0 million, respectively, and consisted of HEERF revenue.

The following graph illustrates these sources of nonoperating revenue for the year ended June 30, 2023:



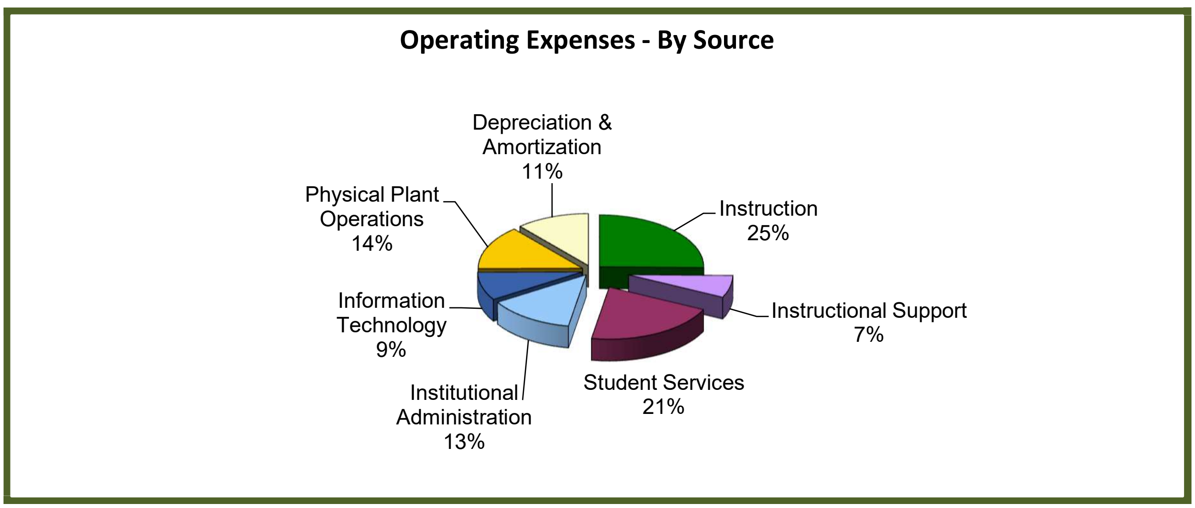
Operating Expenses

Operating expenses are all the costs associated with administering the programs and performing the primary purposes of the College. These costs include salaries, benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses decreased by $0.6 million, or 2.6 percent, from 2022 to 2023.

Highlights of the major changes by category are as follows:

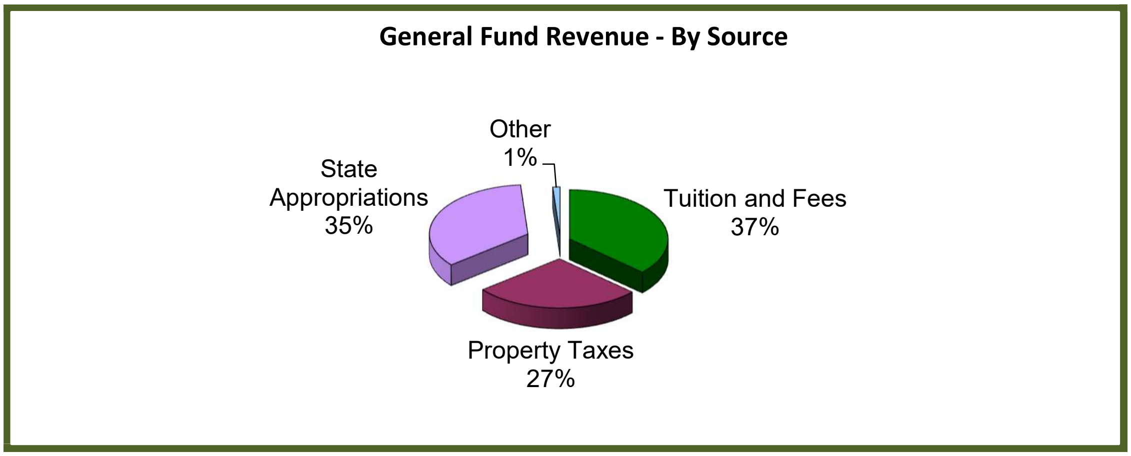
- Expenditures for salaries, wages and benefits increased 6.6 percent and 4.8 percent for the years ended June 30, 2023 and 2022, respectively.
- In fiscal year 2023, instruction costs increased $0.4 million or 6.4 percent due to an increase in enrollment. In fiscal year 2022 instruction costs decreased $1.1 million or 15.1 percent due to decreased enrollment in fiscal year 2021 and a corresponding adjustment to instruction wages in fiscal year 2022.
- In fiscal year 2023, student services decreased $1.9 million or 26.4 percent due to decreased Coronavirus relief funding available to students in fiscal year 2023. In fiscal year 2022 student services increased $2.8 million or 62 percent due to several factors. The College added athletics in fiscal year 2022 and increased scholarships in an effort to increase enrollment. There was also a reallocation of resources across the College to focus more on student services. Costs also increased in fiscal year 2022, back to pre-pandemic levels for student events on campus and in our student activity center. Finally, HEERF grants for students increased $1.2 million and accounted for $2.6 million of the total student service cost.
- In fiscal year 2023, operations and maintenance of plant increased $0.4 million or 12.7 percent due to increased utility costs and inflationary costs of campus repairs.
- In fiscal year 2023, information technology costs decreased by $0.3 million due to the adoption of GASB 96 and the resulting reallocation of information technology costs to depreciation and amortization. Depreciation and amortization increased from 2022 to 2023 for this same reason. Depreciation remained consistent 2021 to 2022.

The following is a graphic illustration of operating expenses by source for the College as a whole for the year ended June 30, 2023:



General Fund Revenue

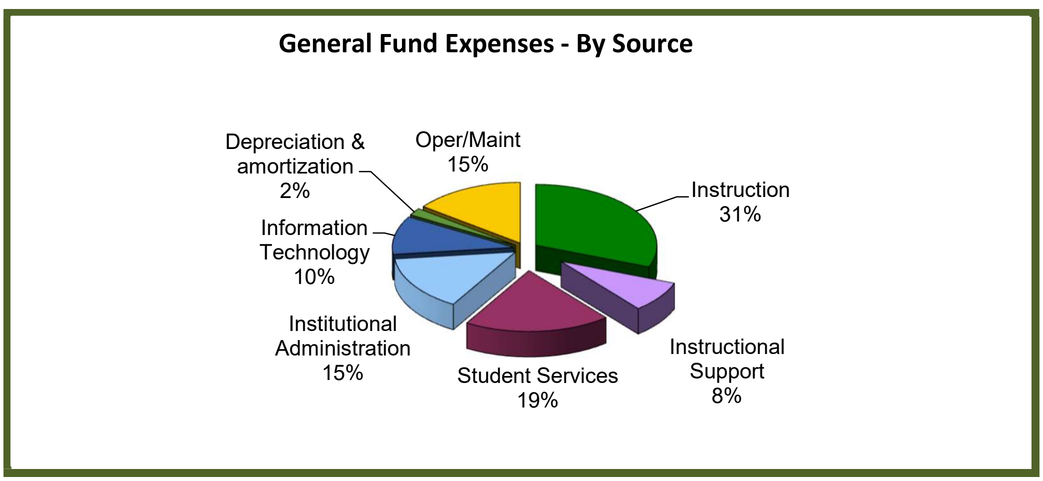
Internally, the College prepares its financial statements using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. The College accounts for its primary programs and operations in its General Fund. The General Fund is financed primarily through four sources of revenue - tuition and fees, state appropriations, property taxes, and other. For this report, these sources of revenue are classified as either operating or nonoperating. The following graph illustrates the percentage of total General Fund revenue by source for the year ended June 30, 2023:



General Fund Expenses

The College accounts for its primary programs and operations in its General Fund. General Fund expenses are recorded according to the following categories: instruction, instructional support, student services, institutional administration, information technology, and operations and maintenance of the assets of the College. Each category includes salaries, benefits, utilities, supplies, and services for each function.

The following graph illustrates the percentage of total General Fund expenses by source 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 an entity during a period. The statement of cash flows also helps users assess:

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

Major sources of funds from operations came from tuition and fees, grants, contracts, and auxiliary activities (i.e. student housing). These sources were offset by expenditures for operations such as payments to employees and suppliers. For fiscal year 2023, the cash balance decreased by $1.7 million. For fiscal year 2022, the cash balance increased by $0.5 million.

Cash used in capital and related financing for fiscal years 2023, 2022, and 2021 was $3.0 million, $5.6 million, and $2.2 million, respectively. Cash used in investing activities for fiscal years 2023, 2022, and 2021 was $0.2 million, $0.3 million, and $2.0 million, respectively.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023 and 2022, the College had $104.7 million and $102.5 million, respectively, invested in capital assets, before accumulated depreciation and amortization of $45.4 million and $42.4 million, respectively. Depreciation and amortization charges totaled $3.0 million and $2.4 million for the 2023 and 2022 fiscal years, respectively.

Capital Assets at June 30 (in millions)

	2023	2022	2021
Land improvements	$ 5.2	$ 5.1	$ 5.1
Buildings and improvements	81.2	77.4	76.8
Furniture, fixtures, and equipment	16.0	15.6	14.8
Library materials	0.6	0.6	0.6
Right to use assets - IT subscriptions	1.2	-	-
Land	0.5	0.5	0.5
Construction in progress	-	3.3	0.3
Total	**$ 104.7**	**$ 102.5**	**$ 98.1**

The College had $20.8 million, $20.9 million, and $21.9 million, in debt outstanding at June 30, 2023, 2022, and 2021, respectively all in the form of bonds payable and subscription liabilities. The College's bond rating by Standard & Poor’s was AA at June 30, 2023, 2022, and 2021.

Economic Factors that Will Affect the Future

There are areas where we decided not to compete in the past. Athletics is an example, and so is online. The athletics decision was, in part, because of our lack of student housing. Our decision to compete in the on-campus housing model made competing in athletics possible. With the re-entry to athletics we committed to doing it at a high level. This is value creation. Last fall the College revived its men’s and woman’s cross-country team. This fall and winter we added women’s volleyball, men’s wrestling and men’s and women’s basketball to the list of National Junior College Athletic Association (NJCAA) sports offered at the College. This resulted in the addition of 90 athletes to the campus in the fall of 2022. Building a robust athletics program helps SMC and the College district in so many ways. First, it has boosted enrollment by attracting high school graduates who in the past have looked beyond SMC since we lacked intercollegiate athletics. This move also improved occupancy rates in our modern residence halls this fall and will create more evening and weekend activities for the campus community and provide engagement opportunities. Another new area of competition for the College is online courses and programs. During the pandemic, we received emergency authorization to offer classes online. Since then we have become accredited to offer specific entire programs online.

The economic outlook for the College is heavily tied to national and state economic conditions. Although federal grants and student aid levels have been determined for the upcoming fiscal year, as well as state aid, it is important to note that in times of financial constraint, such funding can be reduced mid-year through an executive order. During fiscal year 2020, we experienced an 11 percent mid-year reduction in our state operational funding. The College’s recent rating by Standard & Poor’s was affirmed to be AA with a stable outlook.

For fiscal year 2024, the College has budgeted an increase in state operating funding of 3% over the fiscal year 2023 actual amounts and an increase of 7.2% in property tax revenue over fiscal year 2023. Additionally, the fiscal year 2024 budget includes a tuition and fees increase of approximately 4.8 percent over the fiscal year 2023 rates, with an anticipated flat enrollment.

Fortunately, since the budget was approved, it appears that fall tuition revenue will be approximately 10% over budget. Also, state operating funding will increase by approximately 4.6% in fiscal year 2024, which is approximately $115,000 more than the College budget. The College has reviewed its cash flow data and reserve funds. Southwestern Michigan College is financially positioned to continue normal operations into the future.

Southwestern Michigan College

Statement of Net Position

	June 30 2023	June 30 2022
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 1,129,030	$ 2,775,965
Short-term investments (Note 3)	8,105,248	3,789,585
Accounts receivable - Net (Note 5)	2,774,840	2,151,051
Other current assets	41,223	39,863
Total current assets	12,050,341	8,756,464
Noncurrent assets:		
Other long-term investments (Note 3)	7,129,971	11,138,689
Capital assets - Net (Note 6)	59,284,076	60,012,270
Total noncurrent assets	66,414,047	71,150,959
Total assets	78,464,388	79,907,423
Deferred Outflows of Resources		
Pension-related deferrals (Note 8)	4,850,117	2,535,624
Loss on refunding of bonds payable (Note 7)	643,402	683,241
Total deferred outflows	5,493,519	3,218,865
Total assets and deferred outflows of resources	83,957,907	83,126,288
Liabilities		
Current liabilities:		
Accounts payable	714,548	1,483,371
Accrued liabilities:		
Payroll and related liabilities	710,725	1,147,600
Interest payable	118,942	124,492
Other	65,000	250,000
Unearned revenue	752,464	611,476
Long-term obligations - Current (Note 7)	1,437,792	918,736
Accrued vacation and sick leave	362,158	352,886
Total current liabilities	4,161,629	4,888,561
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 7)	19,393,091	20,009,533
Net pension liability (Note 8)	13,356,466	9,102,183
Net OPEB liability (Note 8)	743,430	573,897
Total noncurrent liabilities	33,492,987	29,685,613
Total liabilities	37,654,616	34,574,174
Deferred Inflows of Resources (Note 8)	3,514,449	6,074,670
Total liabilities and deferred inflows of resources	41,169,065	40,648,844
Net Position		
Net investment in capital assets	38,469,905	39,084,001
Unrestricted net position (Note 1)	4,318,937	3,393,443
Total net position	**$ 42,788,842**	**$ 42,477,444**

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2023	2022
Operating Revenue		
Tuition and fees	$ 9,070,960	$ 8,154,617
Scholarship allowance	(3,694,280)	(3,161,714)
Net tuition and fees	5,376,680	4,992,903
Federal grants and contracts	770,680	802,920
State grants and contracts	98,537	158,000
Sales and services of auxiliary activities	2,682,503	1,948,901
Scholarship allowance - Auxiliary activities	(1,092,488)	(755,629)
Net sales and services of auxiliary activities	1,590,015	1,193,272
Other sources	264,344	375,098
Total operating revenue	8,100,256	7,522,193
Operating Expenses		
Instruction	6,616,867	6,217,963
Instructional support	1,799,187	1,733,273
Student services	5,403,338	7,342,000
Institutional administration	3,514,069	3,369,691
Operations and maintenance of plant	3,597,774	3,192,072
Information techology	2,297,991	2,606,928
Depreciation and amortization	2,982,642	2,449,335
Total operating expenses	26,211,868	26,911,262
Operating Loss	(18,111,612)	(19,389,069)
Nonoperating Revenue (Expenses)		
State appropriations	8,170,720	8,177,986
Federal Pell Grant	3,380,857	2,886,806
Higher Education Emergency Relief Funding	717,242	5,007,307
Property taxes (Note 2)	6,754,856	6,424,034
Investment income and other interest income	66,282	(645,751)
Interest on capital asset - Related debt	(746,947)	(765,969)
Net nonoperating revenue	18,343,010	21,084,413
Increase in Net Position Before Other Revenue	231,398	1,695,344
Other Revenue		
Capital contributions	80,000	465,295
Increase in Net Position	311,398	2,160,639
Net Position - Beginning of year	42,477,444	40,316,805
Net Position - End of year	**$ 42,788,842**	**$ 42,477,444**

Statement of Cash Flows

	Year Ended June 30 2023	2022
Cash Flows from Operating Activities		
Tuition and fees	$ 5,446,036	$ 5,161,373
Grants and contracts	841,303	1,173,515
Payments to suppliers	(7,087,687)	(7,970,202)
Payments to employees	(16,481,323)	(15,003,250)
Auxiliary enterprise charges	131,928	90,826
Federal direct lending receipts	2,138,227	1,702,881
Federal direct lending disbursements	(2,138,227)	(1,702,881)
Other	(195,509)	441,879
Net cash used in operating activities	(17,345,252)	(16,105,859)
Cash Flows from Noncapital Financing Activities		
Local property taxes	6,754,856	6,424,034
State appropriations	8,114,721	8,159,074
Higher Education Emergency Relief Funding	717,242	5,007,307
Pell Grant Revenue	3,380,857	2,886,806
Net cash provided by noncapital financing activities	18,967,676	22,477,221
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(1,012,994)	(4,387,243)
Capital contributions	80,000	465,295
Principal paid on capital debt	(870,000)	(875,000)
Subscription liability payments	(424,468)	-
Interest paid on capital debt	(801,234)	(820,288)
Net cash used in capital and related financing activities	(3,028,696)	(5,617,236)
Cash Flows from Investing Activities		
Net proceeds from sales and maturities of investments	(306,945)	352,220
Investment income	66,282	(645,751)
Net cash used in investing activities	(240,663)	(293,531)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,646,935)	460,595
Cash and Cash Equivalents - Beginning of year	2,775,965	2,315,370
Cash and Cash Equivalents - End of year	**$ 1,129,030**	**$ 2,775,965**

Statement of Cash Flows (Continued)

A reconciliation of operating loss to net cash from operating activities is as follows:

	Year Ended June 30	
	2023	2022
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (18,111,612)	$ (19,389,069)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	2,982,642	2,449,335
Loss on disposal of fixed assets	4,365	-
Change in pension and OPEB liability and deferreds	(411,059)	(811,091)
(Increase) decrease in assets:		
Accounts receivable	(567,790)	432,430
Other current assets	(1,360)	2,372
(Decrease) increase in liabilities:		
Accounts payable	(768,823)	1,052,178
Accrued payroll and related liabilities	(436,875)	42,749
Accrued other	(185,000)	43,424
Unearned revenue	140,988	63,482
Accrued vacation and sick leave	9,272	8,331
Net cash used in operating activities	**$ (17,345,252)**	**$ (16,105,859)**

Discretely Presented Component Unit
Southwestern Michigan College Foundation

Balance Sheet

	June 30 2023		June 30 2022
Assets			
Cash and cash equivalents	$	476,859	$ 17,826
Investments (Note 3)		14,929,414	14,207,941
Pledges receivable		208,750	297,250
Total assets	**$**	**15,615,023**	**$ 14,523,017**
Liabilities - Amount due to Southwestern Michigan College	$	818,890	$ 297,812
Net Assets			
Without donor restrictions		238,214	110,439
With donor restrictions		14,557,919	14,114,766
Total net assets		14,796,133	14,225,205
Total liabilities and net assets	**$**	**15,615,023**	**$ 14,523,017**

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2023	Year Ended June 30 2022
Revenue, Gains, and Other Support		
Contributions	$ 289,470	$ 842,089
Contributed services	161,606	126,236
Rent revenue	100,000	90,300
Interest income	230,217	225,344
Net realized and unrealized gains (losses) on investments	789,066	(1,829,693)
Total revenue, gains (losses), and other support	1,570,359	(545,724)
Expenses		
Grants and contributions	825,588	819,304
Contracted services		
Management and general	69,930	59,835
Fundraising	91,676	66,401
Other administrative expenses		
Management and general	12,237	6,380
Total expenses	999,431	951,920
Increase (Decrease) in Net Assets	570,928	(1,497,644)
Net Assets - Beginning of year	14,225,205	15,722,849
Net Assets - End of year	**$ 14,796,133**	**$ 14,225,205**

Note 1 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation

Reporting Entity - Southwestern Michigan College (the “College”) is a Michigan community college whose financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles 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 accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the financial statements of the Southwestern Michigan College Foundation have been discretely presented in Southwestern Michigan College’s financial statements.

The Southwestern Michigan College Foundation (the “Foundation”), a nonprofit organization, was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. Separate financial statements of the Foundation may be obtained by contacting Southwestern Michigan College, 58900 Cherry Grove Road, Dowagiac, MI 49047.

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. The Internal Revenue Service has determined the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

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

Accrual Basis - The financial statements of Southwestern Michigan College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments - Investments are recorded at fair value, based on quoted market price.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Capital Assets – Capital assets are recorded at cost or, if donated, the acquisition value at the time of donation. Library books are recorded using a historically based estimated value. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures 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:

Land improvements	10-20 years
Buildings and improvements	15-45 years
Furniture, fixtures, and equipment	3-20 years
Library materials	5 years
Subscription based IT arrangements	3-5 years
Computer software	3 years

Unearned Revenue - Revenue received prior to year-end that is related to the next fiscal period is recorded as unearned revenue. The balance as of June 30, 2023 consisted of approximately $258,000 for the 2023 fall semester and $494,000 for the 2023 summer semester. The balance as of June 30, 2022 consisted of approximately $209,000 for the 2022 fall semester and $402,000 for the 2022 summer semester. Grants received prior to qualifying expenditures are also included in unearned revenue. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Compensated Absences - Compensated absences represent the accumulated liability to be paid under the College's current vacation pay policy. Under the College's policy, employees earn vacation time based on time of service with the College.

Operating and Nonoperating Revenue - Operating activities reported on the statement of revenue, 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. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, property taxes, federal Pell Grant revenue, gifts, and investment income.

Pell Grant Reimbursements - Pell Grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amount received during the years ended June 30, 2023 and 2022 was $3,380,857 and $2,886,806, respectively.

Grant Revenue - Revenue from grant and contract agreements is recognized as it is earned through expenditures in accordance with the agreement.

Federal Financial Assistance Programs - The College participates in federally funded Pell Grants, SEOG grants, Federal Work-Study, and Federal Direct Lending programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*, and the compliance supplement. During the years ended June 30, 2023 and 2022, the College distributed $2,138,227 and $1,538,123, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Unrestricted Net Position - Unrestricted net position represents net positions that are not subject to externally imposed constraints. Unrestricted net position may be designated for a specific purpose by action of management or the board of trustees. The College, through board action, has designated the use of unrestricted net position as of June 30, 2023 and 2022 as follows:

	2023	2022
Designated for General Fund division use	$ 4,370,837	$ 4,270,837
Designated for net pension and OPEB liabilities	(12,764,228)	(13,215,126)
Designated for capital maintenance and replacement	8,045,743	7,855,963
Designated for budget stabilization	2,000,000	2,000,000
Designated for healthcare expenses	907,063	907,063
Designated for marketing expenses	14,579	14,579
Designated for scholarships and grants	(250)	85,883
Designated for auxiliary expenditures	1,745,193	1,474,244
Total unrestricted net position (deficit)	$ 4,318,937	$ 3,393,443

Net Investment in Capital Assets - Net investment in capital assets represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Revenue Recognition of Tuition and Fees - The academic programs are offered in traditional fall and spring semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which commences in May and ends in August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates, net of institutional financial aid and discounts provided directly by the College to students.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other revenue from students, is reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell Grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs - For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, MPSERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts (see Note 8 for more information) and for the loss on refunding of a portion of the 2008 Community College Improvement Bonds and the 2009 Community College Build America Bonds (see Note 7 for more information).

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 8.

Adoption of New Accounting Pronouncement – The college adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which increases the usefulness of the financial statements by requiring recognition of certain SBITA assets and liabilities that previously were classified as operating expenses effective June 30, 2023. This Statement establishes a single model for SBITA accounting based on the foundational principle that SBITAs are the right to use an underlying information technology asset. Under this Statement, the College is required to recognize an intangible right-to-use subscription asset and a corresponding subscription liability. The College recorded a right to use asset and related subscription liability of $953,459 at July 1, 2022.

Note 2 - Property Taxes

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

During the years ended June 30, 2023 and 2022, 2.3936 mills and 2.4038 mills of tax, respectively, per $1,000 of taxable property value in the community college taxing district were levied for general operating purposes on all property. Total operating property tax revenue was $6,754,856 and $6,424,034 for the years ended June 30, 2023 and 2022, respectively.

Note 3 - Deposits and Investments

The College considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 1,129,030	$ 2,775,965
Short-term investments	8,105,248	3,789,585
Long-term investments	7,129,971	11,138,689
Total cash and investments	$ 16,364,249	$ 17,704,239

The amounts in the previous table are classified in the following categories:

	2023	2022
Cash and cash equivalents	$ 1,125,380	$ 2,772,315
Investments in securities and similar instruments	15,235,219	14,928,274
Petty cash and cash on hand	3,650	3,650
Total cash and investments	$ 16,364,249	$ 17,704,239

As of June 30, 2023, the College had the following investments and maturities:

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	$ 1,640,581	$ 1,640,581	$ -	$ -	$ -
Certificate of deposit	1,978,076	897,631	1,080,445	-	-
Municipal bonds	30,134	-	-	-	30,134
U.S. agencies	5,271,331	2,482,843	2,478,529	170,319	139,640
U.S. treasuries	6,315,097	3,084,193	3,204,744	26,160	-
Total investments	$ 15,235,219	$ 8,105,248	$ 6,763,718	$ 196,479	$ 169,774

Note 3 - Deposits and Investments (Continued)

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

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	$ 955,149	$ 955,149	$ -	$ -	$ -
Certificate of deposit	836,914	-	836,914	-	-
Corporate Bonds	3,044,147	97,874	2,624,483	221,553	100,237
Municipal bonds	1,332,823	581,964	522,100	197,368	31,391
Mutual funds	9,736	9,736	-	-	-
Commercial paper	431,953	431,953	-	-	-
U.S. agencies	3,676,196	-	3,260,149	284,659	131,388
U.S. treasuries	4,641,356	1,712,909	2,527,589	230,775	170,083
Total investments	$ 14,928,274	$ 3,789,585	$ 9,771,235	$ 934,355	$ 433,099

Interest Rate Risk

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

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 policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the College will do business using the criteria established in the investment policy.

Credit Risk

According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services.

Note 3 - Deposits and Investments (Continued)

At June 30, 2023 and 2022, the College's investments subject to credit risk (interest rate fluctuations) and related earnings consisted of the following:

	June 30, 2023			June 30, 2022				
Moody's Rating	U.S. Agencies	U.S. Treasuries	Municipal Bonds	U.S. Agencies	U.S. Treasuries	Commercial Paper	Corporate Bonds	Municipal Bonds
Aaa	$ 5,271,331	$ 6,315,097	$ -	$ 3,676,196	$ 4,641,356	$ -	$ 24,153	$ -
Aa1	-	-	-	-	-	-	-	189,451
Aa2	-	-	-	-	-	-	-	52,274
Aa3	-	-	30,134	-	-	29,965	97,874	292,375
A1	-	-	-	-	-	202,120	829,541	66,174
A2	-	-	-	-	-	99,164	614,568	19,870
A3	-	-	-	-	-	-	1,233,778	-
Baa1	-	-	-	-	-	100,704	154,510	-
Baa2	-	-	-	-	-	-	89,723	-
Not rated	-	-	-	-	-	-	-	712,679
Total	$ 5,271,331	$ 6,315,097	$ 30,134	$ 3,676,196	$ 4,641,356	$ 431,953	$3,044,147	$ 1,332,823

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the College's deposits. As of June 30, 2023, the College's deposit balance of $3,406,223 had $1,178,148 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2022, the College's deposit balance of $3,616,135 had $2,529,221 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The College believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the College evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

	2023		2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Money market mutual funds	$ 157,113	$ 159,132	$ 292,614	$ 292,614
Certificates of deposit	398,447	398,447	-	-
Mutual funds	6,080,035	7,397,863	6,130,899	6,717,346
Government securities	1,470,532	1,948,937	2,005,187	1,904,317
Municipal bonds	406,073	345,542	508,480	462,259
Corporate bonds	2,606,923	2,311,493	2,649,631	2,388,890
Preferred Stock	-	-	90,926	74,515
Land	1,053,233	2,368,000	1,053,233	2,368,000
Total	$ 12,172,356	$ 14,929,414	$ 12,730,970	$ 14,207,941

Note 4 - Fair Value Measurements

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The College has the following recurring fair value measurements as of June 30, 2023 and 2022:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
U.S. agency bonds	$ 5,271,331	$ -	$ 5,271,331	$ -
U.S. treasury securities	6,315,097	-	6,315,097	-
Municipal bonds	30,134	-	30,134	-
Total investments by fair value level	$ 11,616,562	$ -	$ 11,616,562	$ -

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual funds	$ 9,736	$ 9,736	$ -	$ -
Debt securities:				
Corporate bonds	3,044,147	-	3,044,147	-
U.S. agency bonds	3,676,196	-	3,676,196	-
U.S. treasury securities	4,641,356	-	4,641,356	-
Commercial paper	431,953	-	431,953	-
Municipal bonds	1,332,823	-	1,332,823	-
Total investments by fair value level	$ 13,136,211	$ 9,736	$ 13,126,475	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 4 - Fair Value Measurements (Continued)

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Money market mutual funds	$ 159,132	$ -	$ -	$ 159,132
Mutual funds	7,397,863	-	-	7,397,863
Fixed income:				
U.S. agency bonds	-	820,274	-	820,274
U.S. treasuries	-	1,128,663	-	1,128,663
Municipal bonds	-	345,542	-	345,542
Corporate bonds	-	2,311,493	-	2,311,493
Land	-	-	2,368,000	2,368,000
Total investments	$ 7,556,995	$ 4,605,972	$ 2,368,000	$ 14,530,967

Assets Measured at Fair Value on a Recurring Basis at June 30, 2022

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Money market mutual funds	$ 292,614	$ -	$ -	$ 292,614
Preferred stock	74,515			74,515
Mutual funds	6,717,346	-	-	6,717,346
Fixed income:				
U.S. agency bonds	-	691,173	-	691,173
U.S. treasuries	-	1,213,144	-	1,213,144
Municipal bonds	-	462,259	-	462,259
Corporate bonds	-	2,388,890	-	2,388,890
Land	-	-	2,368,000	2,368,000
Total investments	$ 7,084,475	$ 4,755,466	$ 2,368,000	$ 14,207,941

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Land classified in Level 3 are valued based on an independent third-party appraisal, which compared it to comparable recent sales as well as an income approach which estimates cropland income per acre less expenses and divides by a capitalization rate based on the capitalization rate from other recent sales of cropland in the surrounding area.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Student	$ 241,546	$ 159,914
Grants and contracts	273,264	245,350
State appropriations - Operating	1,465,940	1,409,941
Other	819,090	350,846
Total	2,799,840	2,166,051
Less allowance for doubtful accounts	(25,000)	(15,000)
Net accounts receivable	$ 2,774,840	$ 2,151,051

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.

The College values accounts receivable at gross realizable value. All amounts deemed to be uncollectible are charged directly against income in the period that determination is made.

Note 6 - Capital Assets

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

	July 1, 2022 Balance	Additions	Retirements	Transfers	June 30, 2023 Balance
Depreciable assets:					
Land improvements	$ 5,095,323	$ 76,425	$ -	$ -	$ 5,171,748
Building and building improvements	77,443,325	-	-	3,773,753	81,217,078
Furniture, fixtures, and equipment	15,602,420	325,944	(12,474)	87,925	16,003,815
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	-	1,245,819	-	-	1,245,819
Total depreciable assets	98,703,185	1,648,188	(12,474)	3,861,678	104,200,577
Nondepreciable assets:					
Land	528,532	-	-	-	528,532
Construction in progress	3,251,053	610,625	-	(3,861,678)	-
Total nondepreciable assets	3,779,585	610,625	-	(3,861,678)	528,532
Total depreciable and nondepreciable assets	$ 102,482,770	$ 2,258,813	$ (12,474)	$ -	$ 104,729,109
Accumulated depreciation and amortization:					
Land improvements	$ 3,206,714	$ 191,169	$ -	$ -	$ 3,397,883
Building and building improvements	27,144,892	1,722,383	-	-	28,867,275
Furniture, fixtures, and equipment	11,556,777	627,910	(8,109)	-	12,176,578
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	-	441,180	-	-	441,180
Total accumulated depreciation and amortization	42,470,500	$ 2,982,642	$ (8,109)	$ -	45,445,033
Net capital assets	$ 60,012,270				$ 59,284,076

Note 6 - Capital Assets (Continued)

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

	July 1, 2021 Balance	Additions	Retirements	Transfers	June 30, 2022 Balance
Depreciable assets:					
Land improvements	$ 5,095,323	$ -	$ -	$ -	$ 5,095,323
Building and building improvements	76,795,544	31,761	-	616,020	77,443,325
Furniture, fixtures, and equipment	14,794,684	377,937	-	429,799	15,602,420
Library materials	562,117	-	-	-	562,117
Total depreciable assets	97,247,668	409,698	-	1,045,819	98,703,185
Nondepreciable assets:					
Land	528,532	-	-	-	528,532
Construction in progress	319,327	3,977,545	-	(1,045,819)	3,251,053
Total nondepreciable assets	847,859	3,977,545	-	(1,045,819)	3,779,585
Total depreciable and nondepreciable assets	$ 98,095,527	$ 4,387,243	$ -	$ -	$ 102,482,770
Accumulated depreciation:					
Land improvements	$ 3,014,716	$ 191,998	$ -	$ -	$ 3,206,714
Building and building improvements	25,500,523	1,644,369	-	-	27,144,892
Furniture, fixtures, and equipment	10,943,809	612,968	-	-	11,556,777
Library materials	562,117	-	-	-	562,117
Total accumulated depreciation	40,021,165	$ 2,449,335	$ -	$ -	42,470,500
Net capital assets	$ 58,074,362				$ 60,012,270

Several institutional facilities have been financed in part by State Building Authority (SBA) bond issuance, which are secured by a pledge of rentals to be received by the SBA from the State of Michigan pursuant to an arrangement between SBA, State of Michigan, and the College. While the SBA bonds are outstanding, SBA will hold title to the respective buildings, although the College has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the buildings to the College.

Note 7 - Long-term Obligations

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

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	$ 4,400,000	$ -	$ (150,000)	$ 4,250,000	$ 175,000
2017 Community College Improvement Bonds	10,265,000	-	(525,000)	9,740,000	520,000
2019 Community College Improvement Bonds	5,400,000	-	(195,000)	5,205,000	215,000
Total bonds payable	20,065,000	-	(870,000)	19,195,000	910,000
Unamortized Bond Premium	863,269	-	(48,737)	814,532	48,736
Subscription Liabilities	-	1,245,819	(424,468)	821,351	479,056
Total long-term obligations	$ 20,928,269	$ 1,245,819	$ (1,343,205)	$ 20,830,883	$ 1,437,792

Note 7 - Long-term Obligations (Continued)

Long-term obligation activity during the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	$ 4,550,000	$ -	$ (150,000)	$ 4,400,000	$ 150,000
2017 Community College Improvement Bonds	10,795,000	-	(530,000)	10,265,000	525,000
2019 Community College Improvement Bonds	5,595,000	-	(195,000)	5,400,000	195,000
Total bonds payable	20,940,000	-	(875,000)	20,065,000	870,000
Unamortized Bond Premium	912,005	-	(48,736)	863,269	48,736
Total long-term obligations	$ 21,852,005	$ -	$ (923,736)	$ 20,928,269	$ 918,736

Bond principal and interest are payable from the proceeds of ad valorem taxes levied on all taxable properties in the College taxing district without limitation as to rate or amount.

Community College Improvement Bonds, 2014 - The College issued $5,000,000 of 3.00 to 3.75 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $100,000 to $375,000 beginning 2018 through 2039. Proceeds from this issuance were used for the purpose of paying a portion of the cost of renovating and re-equipping two existing college classroom buildings.

Community College Improvement Bonds, 2017 - The College issued $12,250,000 of 2.00 to 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $490,000 to $780,000 beginning 2019 through 2039. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2008 Community College Improvement Bonds. The bonds were sold at a premium of $130,018. The bond refunding resulted in a capitalized loss on defeasance of $603,240. The capital loss is being amortized and recognized at $27,214 for the years ended June 30, 2023 and 2022, respectively. The refunding resulted in a total reduction of future debt service of $1,990,561, with a net present value reduction of $1,412,805.

Community College Improvement Bonds, 2019 - The College issued $5,885,000 of 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $95,000 to $435,000 beginning 2020 through 2040. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds. The bonds were sold at a premium of $886,000. The bond refunding resulted in a capitalized loss on defeasance of $260,911. The capital loss is being amortized and recognized at $12,625 for the years ended June 30, 2023 and 2022, respectively. The refunding resulted in a total reduction of future debt service of $1,441,701, with a net present value reduction of $1,176,747.

Subscription Liabilities – The College has recognized a subscription liability for the right to use vendors' information technology software through various long-term contracts. The liability is measured at an initial amount based on the present value of payments expected to be made during the subscription period.

Note 7 - Long-term Obligations (Continued)

Total principal and interest maturities on the debt obligations and subscription liabilities as of June 30, 2023 are as follows:

	Debt Obligations			Subscription Liabilities		
Years Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2024	$ 910,000	$ 713,650	$ 1,623,650	$ 479,056	$ 11,879	$ 490,935
2025	955,000	679,000	1,634,000	259,462	4,773	264,235
2026	1,000,000	642,550	1,642,550	82,833	862	83,695
2027	990,000	604,550	1,594,550	-	-	-
2028	1,035,000	565,950	1,600,950	-	-	-
2029-2033	5,670,000	2,265,119	7,935,119	-	-	-
2034-2038	6,650,000	1,167,969	7,817,969	-	-	-
2039-2040	1,985,000	93,912	2,078,912	-	-	-
Total	$ 19,195,000	$ 6,732,700	$ 25,927,700	$ 821,351	$ 17,514	$ 838,865

For the years ended June 30, 2023 and 2022, interest expense was $732,502 and $765,969, respectively.

Note 8 - Retirement Plans

<u>**Defined Benefit Plan**</u>

Plan Description - The College participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. Certain College employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement Services (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided - Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Note 8 - Retirement Plans (Continued)

Depending on the member’s date of hire, MPSERS offers the option of participating in the Defined Contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member’s date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions - Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each College's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The College's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

Note 8 - Retirement Plans (Continued)

The range of rates is as follows:

	Pension	OPEB
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to the plan for the years ended June 30, 2023 and 2022 were approximately $1,630,000 and $1,233,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately $579,000 and $574,000 in revenue received from the State of Michigan to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2023 and 2022, respectively. In addition, for the year ended June 30, 2023, the College received approximately $358,000 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2023 and 2022 were approximately $321,000 and $304,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual OPEB contributions does not include an allocation of revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2023 and 2022.

Net Pension Liability - At June 30, 2023 and 2022, the College reported a liability of $13,356,466 and $9,102,183, respectively, for its proportionate share of the 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 as of September 30, 2021 and 2020, which used updated procedures to roll forward the estimated liability to September 30, 2022 and 2021. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022, 2021, and 2020, the College's proportion was 0.03551 percent, 0.03845 percent, and 0.03901 percent, respectively.

Net OPEB Liability - At June 30, 2023 and 2022, the College reported a liability of $743,430 and $573,897, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 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 as of September 30, 2021 and 2020, which used updated procedures to roll forward the estimated liability to September 30, 2022 and 2021. The College’s proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022, 2021, and 2020, the College’s proportion was 0.03510 percent, 0.03760 percent, and 0.03868 percent, respectively, of MPSERS in total.

Note 8 - Retirement Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended June 30, 2023 and 2022, the College recognized pension expense of approximately $1,396,000 and $857,000, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,611	$ (29,864)	$ 140,997	$ (53,601)
Changes of assumptions	2,295,119	-	573,769	-
Net difference between projected and actual earnings on pension plan assets	31,321	-	-	(2,926,323)
Changes in proportion and differences between College contributions and proportionate share of contributions	20,596	(788,315)	61,974	(199,510)
Total amortized deferrals	2,480,647	(818,179)	776,740	(3,179,434)
College contributions subsequent to the measurement date	1,402,023	-	1,024,592	-
Total	$ 3,882,670	$ (818,179)	$ 1,801,332	$ (3,179,434)

The $937,489 and $574,277 reported as deferred inflows of resources resulting from the pension portion of state aid payments is recognized as state appropriations revenue for the years ended June 30, 2023 and 2022, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	$ 469,009
2025	275,723
2026	228,185
2027	689,551
	$ 1,662,468

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Note 8 - Retirement Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2023 and 2022, the College recognized OPEB recovery of approximately $347,000 and $354,000, respectively.

At June 30, 2023 and 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,456,094)	$ -	$ (1,638,147)
Changes of assumptions	662,643	(53,956)	479,749	(71,788)
Net difference between projected and actual earnings on pension plan assets	58,105	-	-	(432,556)
Changes in proportion and differences between College contributions and proportionate share of contributions	34,545	(248,731)	54,556	(178,467)
Total amortized deferrals	755,293	(1,758,781)	534,305	(2,320,958)
College contributions subsequent to the measurement date	212,154	-	199,987	-
Total	$ 967,447	$ (1,758,781)	$ 734,292	$ (2,320,958)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future pension expense):

Year Ending June 30	Amount
2024	$ (330,621)
2025	(291,955)
2026	(279,609)
2027	(56,508)
2028	(39,515)
Thereafter	(5,280)
	$ (1,003,488)

Note 8 - Retirement Plans (Continued)

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2022 and 2021 was based on the results of an actuarial valuation as of September 30, 2021 and 2020, respectively, and rolled forward. The total pension liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return – Pension	FY22 - 6.00% FY21 - 6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return – OPEB	FY22 - 6.00% FY21 – 6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare Cost Trend Rate	5.25% - 7.75%	Year 1 graded to 3.5% Year 15; 3.00% Year 12
Mortality basis	Retirees & Active	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the measurement date, September 30, 2021, for both the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent.

Significant assumption changes since the prior measurement date, September 30, 2020, for both the pension and OPEB plan includes a decrease in the discount rate and investment rate of return by 0.80 percent in the pension plan and 0.95 percent in the OPEB plan.

There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Discount Rate - The discount rate used to measure the total pension liability was 6.00 percent and 6.00 to 6.80 percent as of September 30, 2022 and 2021, respectively. The discount rate used to measure the total OPEB liability was 6.00 percent and 6.95 percent as of September 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that College contributions will be made at statutorily required rates.

Note 8 - Retirement Plans (Continued)

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	September 30, 2022		September 30, 2021	
Investment Category	Target Allocation Percentage	Long-term Expected Real Rate of Return	Target Allocation Percentage	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.00%	5.10%	25.00%	5.40%
Private Equity Pools	16.00%	8.70%	16.00%	9.10%
International Equity Pools	15.00%	6.70%	15.00%	7.50%
Fixed Income Pools	13.00%	(0.20%)	10.50%	(0.70%)
Real Estate & Infrastructure Pools	10.00%	5.30%	10.00%	5.40%
Absolute Return Pools	9.00%	2.70%	9.00%	2.60%
Real Return / Opportunistic Pools	10.00%	5.80%	12.50%	6.10%
Short-term Investment Pools	2.00%	(0.50%)	2.00%	(1.30%)
Total	100.00%		100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the College, calculated using the discount rate depending on the plan option. The following also reflects what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 Percent Increase (7.00 percent)
College's proportionate share of the net pension liability - June 30, 2023	$ 17,625,573	$ 13,356,466	$ 9,838,529

	1.00 Percent Decrease (5.00-5.80 percent)	Current Discount Rate (6.00-6.80 percent)	1.00 Percent Increase (7.00-7.80 percent)
College's proportionate share of the net pension liability - June 30, 2022	$ 13,013,653	$ 9,102,183	$ 5,859,318

Note 8 - Retirement Plans (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the College, calculated using the current discount rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 Percent Increase (7.00 percent)
College's proportionate share of the net OPEB liability - June 30, 2023	$ 1,247,032	$ 743,430	$ 319,334

	1.00 Percent Decrease (5.95 percent)	Current Discount Rate (6.95 percent)	1.00 Percent Increase (7.95 percent)
College's proportionate share of the net OPEB liability - June 30, 2022	$ 1,066,404	$ 573,897	$ 155,934

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease	Current Healthcare Cost Trend Rate	1.00 Percent Increase
College's proportionate share of the net OPEB liability - June 30, 2023	$ 311,313	$ 743,430	$ 1,228,490

	1.00 Percent Decrease	Current Healthcare Cost Trend Rate	1.00 Percent Increase
College's proportionate share of the net OPEB liability - June 30, 2022	$ 139,682	$ 573,897	$ 1,062,441

Pension Plan and OPEB Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan - At June 30, 2023, the College reported a payable of $116,395 and $5,257 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of $147,156 and $19,180 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022.

<u>Defined Contribution Plan</u>

In January 1997, the College began providing a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt status employees can elect to participate with the Teachers' Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). The TIAA-CREF plan is a defined contribution retirement plan in which 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 14.0 percent. This resulted in the College contributing approximately $963,000 and $933,000 for the years ended June 30, 2023 and 2022, respectively, to the plan.

Note 9 - Risk Management

The College is exposed to various risks of loss related to property loss, errors, omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, and liability claims. The College is self-insured for health benefits. The College has purchased commercial insurance for other risks such as workers' compensation, employee long-term disability, and employee life insurance. Settled claims resulting from all of the above risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Risk-sharing Programs

The College participates in the Michigan Community College Risk Management Authority (MCCRMA) risk management pool for auto, property, and liability claims. The program 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 pool, which the pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College.

Self Insurance

The College is self-insured for health benefits. The College estimates the liability for medical benefit claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The College has purchased insurance to protect the College for claims in excess of $60,000.

	2023	2022	2021
Estimated liability - Beginning of year	$ 240,000	$ 190,000	$ 215,000
Estimated claims incurred, including changes in estimates	1,861,025	1,567,603	1,485,149
Less claim payments	(2,046,025)	(1,517,603)	(1,510,149)
Estimated liability - End of year	$ 55,000	$ 240,000	$ 190,000

Note 10 - Cash Flows

There were no significant noncash investing and financing transactions during 2023 and 2022.

Note 11 - Southwestern Michigan College Foundation

The Southwestern Michigan College Foundation (the "Foundation") was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. During the years ended June 30, 2023 and 2022, the Foundation made grants and distributions to and on behalf of the College totaling $825,588 and $819,304, respectively.

The Foundation's net assets include donor-restricted endowment funds, whose purpose is to provide scholarships to students of the College. Net assets associated with these funds are classified and reported based on the existence or absence of donor- or board-imposed restrictions. Net assets with donor restrictions are $14,557,919 and $14,114,766 as of June 30, 2023 and 2022, respectively.

Note 11 - Southwestern Michigan College Foundation (Continued)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that does not meet the criteria above is classified as net assets with donor restrictions based on a time or purpose restriction imposed by the donor until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(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
(7) The investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2023 and 2022, the Foundation had no endowment funds with deficiencies of this nature.

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 or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner which will provide long-term growth of principal without undue exposure to risk using a diversified investment structure. It is the objective of the Foundation to earn between four percent and six percent annual rate of return over a five-year market cycle, net of all fees.

Strategies Employed for Achieving Objectives

The Foundation’s investment allocation structure includes real estate holdings and approximately $1,000,000 held in liquid assets, with the remainder of the investment portfolio to eventually be invested 60 percent in equities and 40 percent in fixed-income instruments. Equities were purchased using dollar cost averaging to reduce risk at a rate of $500,000 per fiscal quarter until the 60 percent threshold was achieved.

Note 11 - Southwestern Michigan College Foundation (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating three percent of the 12-quarter rolling average market value of the investment portfolio. The specific amount for distribution shall be approved annually by the board of directors. The board of directors reserves the right to deviate from the stated calculation and approve a distribution between zero percent and six percent of the 12-quarter rolling average market value of the investment portfolio if deemed appropriate based on the market activity.

Note 12 - Upcoming Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of September 30 of each fiscal year)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability:									
As a percentage	3.55100%	0.03845%	0.03901%	0.03916%	0.03843%	0.03902%	0.04280%	0.04430%	0.04807%
Amount	$13,356,466	$ 9,102,183	$13,401,039	$12,969,813	$11,551,703	$10,112,762	$10,678,380	$10,821,127	$10,588,583
College's covered payroll	$ 3,486,047	$ 3,476,187	$ 3,478,839	$ 3,527,205	$ 3,321,509	$ 3,227,336	$ 3,414,645	$ 3,854,430	$ 4,163,460
College's proportionate share of the collective pension liability as a percentage of the College's covered payroll	383.14%	261.84%	385.22%	367.71%	347.78%	313.35%	312.72%	280.75%	254.32%
MPSERS fiduciary net position as a percentage of the total pension liability	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

Schedule of College's Pension Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,556,682	$ 1,171,662	$ 1,229,632	$ 1,131,416	$ 1,064,086	$ 1,077,965	$ 906,326	$ 998,707	$ 746,587
Contributions in relation to the actuarially determined contractually required contribution	$ 1,556,682	$ 1,172,662	$ 1,229,632	$ 1,131,416	$ 1,064,086	$ 1,077,965	$ 906,326	$ 998,707	$ 746,587
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,723,464	$ 3,453,924	$ 3,466,584	$ 3,551,552	$ 3,443,590	$ 3,308,824	$ 3,172,875	$ 3,552,297	$ 3,931,090
Contributions as a percentage of covered employee payroll	41.81%	33.92%	35.47%	31.86%	30.90%	32.58%	28.56%	28.11%	18.99%

Notes to Required Supplemental Information

Changes of benefit terms - There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes of assumptions - There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

GASB No. 68, Accounting and Financial Reporting for Pensions - GASB No. 68 was implemented in fiscal year 2015. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Schedule of the College's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of September 30 of each fiscal year)

	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability:						
As a percentage	0.03510%	0.03760%	0.03868%	0.03990%	0.03871%	0.03985%
Amount	$ 743,430	$ 573,897	$ 2,072,054	$ 2,864,163	$ 3,076,983	$ 3,528,964
College's covered payroll	$ 3,486,047	$ 3,476,187	$ 3,478,839	$ 3,527,205	$ 3,321,509	$ 3,227,336
College's proportionate share of the net OPEB liability (amount), as a percentage of the College's covered payroll	21.33%	16.51%	59.56%	81.20%	92.64%	109.35%
MPSERS fiduciary net position as a percentage of the total OPEB liability	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

Schedule of College's OPEB Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 283,058	$ 269,586	$ 288,480	$ 285,389	$ 270,495	$ 206,540
Contributions in relation to the actuarially determined contractually required contribution	$ 283,058	$ 269,586	$ 288,480	$ 285,389	$ 270,495	$ 206,540
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,723,464	$ 3,453,924	$ 3,466,584	$ 3,551,552	$ 3,443,590	$ 3,308,824
Contributions as a percentage of covered payroll	7.60%	7.81%	8.32%	8.04%	7.86%	6.24%

Notes to Required Supplemental Information

Changes of Benefit Terms - There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes of Assumptions - There were no significant changes to assumptions for each of the reported plan years ended September 30, except for the following:

projected per person

health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

2021 - The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for

2020 - The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods

GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - GASB No. 75 was implemented in fiscal year 2018. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Other Supplementary Information

	General Fund	MPSERS Fund	HEERF Fund	Designated Fund	Auxiliary Fund
Assets					
Current assets:					
Cash and cash equivalents	$ 1,129,030	$ -	$ -	$ -	$ -
Short-term investments	6,505,408	-	-	-	-
Accounts receivable	2,627,136	-	-	-	23,163
Other current assets	41,223	-	-	-	-
Due (to) from other funds	(8,947,911)	-	-	2,921,642	1,768,942
Total current assets	1,354,886	-	-	2,921,642	1,792,105
Noncurrent assets:					
Other long-term investments	5,387,072	-	-	-	-
Capital assets - Net	804,639	-	-	-	-
Total noncurrent assets	6,191,711	-	-	-	-
Total assets	7,546,597	-	-	2,921,642	1,792,105
Deferred Outflows of Resources					
Pension-related deferrals	-	4,850,117	-	-	-
Loss on refunding of bonds payable	-	-	-	-	-
Total deferred outflows	-	4,850,117	-	-	-
Liabilities					
Current liabilities:					
Accounts payable	549,181	-	-	-	39,091
Accrued liabilities:					
Payroll and related liabilities	710,725	-	-	-	-
Interest payable	-	-	-	-	-
Other	65,000	-	-	-	-
Unearned revenue	667,345	-	-	-	7,821
Long-term obligations - Current	479,056	-	-	-	-
Accrued vacation and sick leave	362,158	-	-	-	-
Total current liabilities	2,833,465	-	-	-	46,912
Noncurrent liabilities:					
Long-term obligations - Net of current portion	342,295	-	-	-	-
Net pension liability	-	13,356,466	-	-	-
Net OBEP liability	-	743,430	-	-	-
Total noncurrent liabilities	342,295	14,099,896	-	-	-
Total liabilities	3,175,760	14,099,896	-	-	46,912
Deferred Inflows of Resources	-	3,514,449	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Unrestricted net position (deficit)	4,370,837	(12,764,228)	-	2,921,642	1,745,193
Total net position (deficit)	**$ 4,370,837**	**$ (12,764,228)**	**$ -**	**$ 2,921,642**	**$ 1,745,193**

Combining Statement of Net Position

Year Ended June 30, 2023
(with comparative totals as of June 30, 2022)

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Combined	Combined Total June 30, 2023	Combined Total June 30, 2022
$ -	$ -	$ -	$ -	$ 1,129,030	$ 1,129,030	$ 2,775,965
-	1,599,840	-	-	8,105,248	8,105,248	3,789,585
107,067	-	17,274	200	2,774,840	2,774,840	2,151,051
-	-	-	-	41,223	41,223	39,863
(29,048)	4,178,884	(17,274)	124,765	-	-	-
78,019	5,778,724	-	124,965	12,050,341	12,050,341	8,756,464
-	1,742,899	-	-	7,129,971	7,129,971	11,138,689
-	58,479,437	-	-	59,284,076	59,284,076	60,012,270
-	60,222,336	-	-	66,414,047	66,414,047	71,150,959
78,019	66,001,060	-	124,965	78,464,388	78,464,388	79,907,423
-	-	-	-	4,850,117	4,850,117	2,535,624
-	643,402	-	-	643,402	643,402	683,241
-	643,402	-	-	5,493,519	5,493,519	3,218,865
721	340	250	124,965	714,548	714,548	1,483,371
				-	-	-
-	-	-	-	710,725	710,725	1,147,600
-	118,942	-	-	118,942	118,942	124,492
-	-	-	-	65,000	65,000	250,000
77,298	-	-	-	752,464	752,464	611,476
-	958,736	-	-	1,437,792	1,437,792	918,736
-	-	-	-	362,158	362,158	352,886
78,019	1,078,018	250	124,965	4,161,629	4,161,629	4,888,561
-	19,050,796	-	-	19,393,091	19,393,091	20,009,533
-	-	-	-	13,356,466	13,356,466	9,102,183
-	-	-	-	743,430	743,430	573,897
-	19,050,796	-	-	33,492,987	33,492,987	29,685,613
78,019	20,128,814	250	124,965	37,654,616	37,654,616	34,574,174
-	-	-	-	3,514,449	3,514,449	6,074,670
-	38,469,905	-	-	38,469,905	38,469,905	39,084,001
-	8,045,743	(250)	-	4,318,937	4,318,937	3,393,443
$ -	**$ 46,515,648**	**$ (250)**	**$ -**	**$ 42,788,842**	**$ 42,788,842**	**$ 42,477,444**

	General Fund	MPSERS Fund	HEERF Fund	Designated Fund	Auxiliary Fund
	Current Funds				
Operating Revenue					
Tuition and fees	$ 9,070,960	$ -	$ -	$ -	$ -
Scholarship allowance	-	-	-	-	-
Net tuition and fees	9,070,960	-	-	-	-
Federal grants and contracts	-	-	-	-	-
State grants and contracts	-	-	-	-	-
Sales and services of auxiliary activities	-	-	-	-	2,682,503
Scholarship allowance - Auxiliary activities	-	-	-	-	-
Net sales and services of auxiliary activities	-	-	-	-	2,682,503
Other sources	244,294	-	-	-	-
Total operating revenue	9,315,254	-	-	-	2,682,503
Operating Expenses					
Instruction	7,055,691	(438,824)	-	-	-
Instructional support	1,884,163	(84,976)	-	-	-
Student services	4,462,666	(109,656)	209,220	-	1,448,336
Institutional administration	3,345,711	(20,911)	189,269	-	-
Operations and maintenance of plant	3,367,920	(103,931)	-	-	-
Information technology	2,335,049	(55,811)	18,753	-	-
Depreciation and amortization	441,180	-	-	-	-
Total operating expenses	22,892,380	(814,109)	417,242	-	1,448,336
Operating (Loss) Income	(13,577,126)	814,109	(417,242)	-	1,234,167
Nonoperating Revenue (Expenses)					
State appropriations	8,533,931	(363,211)	-	-	-
Federal Pell Grant	-	-	-	-	-
Higher Education Emergency Relief Funding	-	-	717,242	-	-
Property taxes	6,754,856	-	-	-	-
Investment income and other interest income	51,356	-	-	-	-
Interest on capital asset - Related debt	(14,445)	-	-	-	-
Net nonoperating revenue (expense)	15,325,698	(363,211)	717,242	-	-
Income (Loss) Before Other Revenue	1,748,572	450,898	300,000	-	1,234,167
Other Revenue					
Capital contributions	-	-	-	-	-
Change in Net Position - Before transfers	1,748,572	450,898	300,000	-	1,234,167
Transfers (Out) In	(1,648,572)	-	(300,000)	-	(963,218)
Increase (Decrease) in Net Position	100,000	450,898	-	-	270,949
Net Position (Deficit) - Beginning of year	4,270,837	(13,215,126)	-	2,921,642	1,474,244
Net Position (Deficit) - End of year	**$ 4,370,837**	**$ (12,764,228)**	**$ -**	**$ 2,921,642**	**$ 1,745,193**

Combining Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Combined	Eliminations	Combined Total Year Ended June 30, 2023	Combined Total Year Ended June 30, 2022
$ -	$ -	$ -	$ -	$ 9,070,960	$ -	$ 9,070,960	$ 8,154,617
-	-	-	-	-	(3,694,280)	(3,694,280)	(3,161,714)
-	-	-	-	9,070,960	(3,694,280)	5,376,680	4,992,903
770,680	-	-	-	770,680	-	770,680	802,920
98,537	-	-	-	98,537	-	98,537	158,000
-	-	-	-	2,682,503	-	2,682,503	1,948,901
-	-	-	-	-	(1,092,488)	(1,092,488)	(755,629)
-	-	-	-	2,682,503	(1,092,488)	1,590,015	1,193,272
-	20,050	-	-	264,344	-	264,344	375,098
869,217	20,050	-	-	12,887,024	(4,786,768)	8,100,256	7,522,193
-	-	-	-	6,616,867	-	6,616,867	6,217,963
-	-	-	-	1,799,187	-	1,799,187	1,733,273
4,176,575	-	2,965	-	10,190,106	(4,786,768)	5,403,338	7,342,000
-	-	-	-	3,514,069	-	3,514,069	3,369,691
9,621	324,164	-	-	3,597,774	-	3,597,774	3,192,072
-	-	-		2,297,991	-	2,297,991	2,606,928
-	2,541,462	-	-	2,982,642	-	2,982,642	2,449,335
4,186,196	2,865,626	2,965	-	30,998,636	(4,786,768)	26,211,868	26,911,262
(3,316,979)	(2,845,576)	(2,965)	-	(18,111,612)	-	(18,111,612)	(19,389,069)
-	-	-	-	8,170,720	-	8,170,720	8,177,986
3,380,857	-	-	-	3,380,857	-	3,380,857	2,886,806
-	-	-	-	717,242	-	717,242	5,007,307
-	-	-	-	6,754,856	-	6,754,856	6,424,034
-	14,926	-	-	66,282	-	66,282	(645,751)
-	(732,502)	-	-	(746,947)	-	(746,947)	(765,969)
3,380,857	(717,576)	-	-	18,343,010	-	18,343,010	21,084,413
63,878	(3,563,152)	(2,965)	-	231,398	-	231,398	1,695,344
-	80,000	-	-	80,000	-	80,000	465,295
63,878	(3,483,152)	(2,965)	-	311,398	-	311,398	2,160,639
(156,494)	3,058,836	9,448	-	-	-	-	-
(92,616)	(424,316)	6,483	-	311,398	-	311,398	2,160,639
92,616	46,939,964	(6,733)	-	42,477,444	-	42,477,444	40,316,805
$ -	**$ 46,515,648**	**$ (250)**	**$ -**	**$ 42,788,842**	**$ -**	**$ 42,788,842**	**$ 42,477,444**