

# **Kellogg Community College**

---

**Agreed-upon Procedures Related to the  
Midyear Update  
For the Year Ending June 30, 2022**

<b>Independent Accountant’s Report on Applying Agreed-upon Procedures</b>	1-2
---	-----

### **Forecasted Schedules**

Changes in Fund Balance - General Fund	3
General Fund Revenue and Expenditures - Including Capital Outlay	4
Auxiliary Fund – Bookstore Revenue and Expenditures	5
Nature of Forecasted Schedule of General Fund Revenue and Expenditures	6

## **Independent Accountant's Report on Applying Agreed-upon Procedures**

To the Board of Trustees and Management  
Kellogg Community College

We have performed the procedures enumerated below on the forecasted schedules of changes in fund balance - General Fund, General Fund revenue and expenditures - including capital outlay, and Auxiliary Fund - Bookstore revenue and expenditures (collectively, the "Schedules") of Kellogg Community College (the "College") as of and for the year ending June 30, 2022. Kellogg Community College's management is responsible for the Schedules and accounting records.

Kellogg Community College has agreed to the procedures performed and acknowledged that they are appropriate to meet the intended purpose of updating the General Fund and Auxiliary Fund - Bookstore budgets of the College for the year ending June 30, 2022.

No other parties have agreed to and acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the sufficiency of procedures, either for the purpose intended or any other purpose.

An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. Those procedures and findings are as follows:

1. **Procedure** - We agreed the original budget amounts on the Schedules prepared by management to the budget adopted by the board of trustees on June 30, 2021 (the "original budget").

**Result** - We performed the procedure without exception.

2. **Procedure** - We obtained the most recent forecast of General Fund budgeted revenue and expenditures and Auxiliary Fund - Bookstore budgeted revenue and expenditures from management for the year ending June 30, 2022. We agreed the revised forecasted revenue and expenditures to supporting schedules, including year to date general ledger, prior year general ledger, and enrollment reports provided by management. There were no revisions to the Auxiliary Fund - Bookstore budgeted revenue and expenditures.

**Result** - We performed the procedure without exception.

3. **Procedure** - We recalculated the variance between the original budget and the most recent budget forecast. We obtained responses from management for any variances greater than 5 percent.

**Result** - We recalculated the variance between the original budget and the most recent budget forecast without exception for the General Fund. We obtained responses from the chief financial officer for the following line items:

### **General Fund Budgeted Revenue and Expenditures:**

- State Aid - MPSERS UAAL increased by \$300,000, or 15.79 percent, primarily due to an increase in the UAAL payment from the State.

To the Board of Trustees and Management  
Kellogg Community College

- Fringe Benefits - MPSERS UAAL increased by \$300,000, or 15.79 percent, due to the increase in State Aid - MPSERS UAAL revenue described above, which is received and required to be remitted back to the State.
- Services and repairs increased by \$230,000, or 7.14 percent, primarily due to an increase in technology and adjusting the repairs expense budget closer to the historical average.
- Federal Stimulus increased by \$1,005,000, or 54.32 percent, primarily due to the increase in the General Fund deficit before transfers, which will be covered by federal stimulus.

4. **Procedure** - We recalculated the totals on the Schedules for mathematical accuracy.

**Result** - We performed the procedure without exception.

We were engaged by the board of trustees to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedules. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We are required to be independent of Kellogg Community College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the board of trustees of Kellogg Community College and is not intended to be and should not be used by anyone other than those specified parties.

*Plante & Moran, PLLC*

Portage, Michigan  
February 9, 2022

# Kellogg Community College

## Forecasted Schedule of Changes in Fund Balance General Fund Year Ending June 30, 2022

	Original Budget	Forecast	Variance Favorable
<b>Unrestricted Fund Balance - July 1, 2021</b>	\$6,179,953	\$6,179,953	\$ -
Excess of expenditures over revenue (total of page 4)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unrestricted Fund Balance - June 30, 2022</b>	<u><b>\$6,179,953</b></u>	<u><b>\$6,179,953</b></u>	<u><b>\$ -</b></u>

See Nature of Forecasted Schedule of  
Revenue and Expenditures  
and Independent Accountant's Report on  
Applying Agreed-upon Procedures.

# Kellogg Community College

## Forecasted Schedule of General Fund Revenue and Expenditures Including Capital Outlay Year Ending June 30, 2022

	Original Budget	Forecast	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Tuition and fees	\$ 15,950,000	\$ 16,180,000	\$ 230,000
Property taxes	10,610,000	10,580,000	(30,000)
State aid	12,240,000	12,540,000	300,000
State aid - MPSERS UAAL	1,600,000	1,900,000	300,000
Other income	830,000	800,000	(30,000)
<b>Total revenue</b>	<b>41,230,000</b>	<b>42,000,000</b>	<b>770,000</b>
<b>Expenditures</b>			
Salaries	22,650,000	23,390,000	(740,000)
Fringe benefits	9,610,000	9,990,000	(380,000)
Fringe benefits - MPSERS UAAL	1,600,000	1,900,000	(300,000)
Services and repairs	2,990,000	3,220,000	(230,000)
Materials and supplies	1,150,000	1,185,000	(35,000)
Rent, utilities, and insurance	1,175,000	1,185,000	(10,000)
Other expenses	1,945,000	2,005,000	(60,000)
Department operating funds	955,000	975,000	(20,000)
<b>Total expenditures</b>	<b>42,075,000</b>	<b>43,850,000</b>	<b>(1,775,000)</b>
<b>Transfers</b>			
Maintenance and Replacement Fund	-	-	-
Capital outlay	-	-	-
Federal Stimulus	(845,000)	(1,850,000)	1,005,000
<b>Total expenditures and transfers</b>	<b>41,230,000</b>	<b>42,000,000</b>	<b>(770,000)</b>
<b>Excess of Expenditures Over Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See Nature of Forecasted Schedule of Revenue and Expenditures and Independent Accountant's Report on Applying Agreed-upon Procedures.

# Kellogg Community College

## Forecasted Schedule of Auxiliary Fund - Bookstore Revenue and Expenditures Year Ending June 30, 2022

	<u>Original Budget</u>	<u>Forecast</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenue</b>			
Sales	\$ 1,500,000	\$ 1,500,000	\$ -
Total revenue	1,500,000	1,500,000	-
<b>Expenditures</b>			
Cost of goods sold	<u>1,005,000</u>	<u>1,005,000</u>	<u>-</u>
Gross Profit	495,000	495,000	-
General and administrative expenses			
Salaries	223,000	223,000	-
Fringe benefits	103,000	103,000	-
Services and repairs	6,500	6,500	-
Materials and supplies	6,300	6,300	-
Rent, utilities, and insurance	205,000	205,000	-
Freight	35,000	35,000	-
Bank and service charges	13,500	13,500	-
Co-curricular subsidy	68,000	68,000	-
Equipment/Maintenance & Replacement	29,800	29,800	-
Other	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total expenditures	<u>691,600</u>	<u>691,600</u>	<u>-</u>
<b>Excess of Expenditures Over Revenue</b>	<b><u>\$ (196,600)</u></b>	<b><u>\$ (196,600)</u></b>	<b><u>\$ -</u></b>

See Nature of Forecasted Schedule of  
Revenue and Expenditures  
and Independent Accountant's Report on  
Applying Agreed-upon Procedures.

# Kellogg Community College

---

## Nature of Forecasted Schedule of Revenue and Expenditures Year Ending June 30, 2022

### Note 1 - Nature of Forecasted Schedule of Revenue and Expenditures

The accompanying forecasted schedule of General Fund revenue and expenditures - including capital outlay and the Auxiliary Fund – Bookstore revenue and expenditures (the “Schedules”) for Kellogg Community College (the “College”), based upon the financial results of the first six months of fiscal year 2021-2022, is management’s estimate of changes in fund balance for the General Fund and the Auxiliary Fund – Bookstore revenues and expenditures for the fiscal year ending June 30, 2022. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; accordingly, the actual results achieved during fiscal year 2021-2022 will differ from forecasted amounts included on the accompanying Schedule.

The forecast for the year ending June 30, 2022 is based on annualized results of operations for the six months ended December 31, 2021 and upon significant known changes in circumstances since the adoption of the annual budget, such as the following:

- Tuition and fees are based on June 30, 2021 balances plus rate increase and enrollment changes for each semester compared to actual registration information and also compared to tuition revenue through January 31, 2022 divided by tuition revenue through January 31, 2021 multiplied by total tuition and fees in the prior year.
- Property tax revenue is based on the prior year and updated taxable values.
- State aid agrees to the state funding bill.

### Note 2 - Summary of Significant Accounting Policies

The significant accounting policies followed within this forecast are based on governmental fund financial statements using the current financial resources measurement focus and the modified accrual basis of accounting, which is different than the basis of accounting used in the annual audit of the College. The use of the modified accrual basis of accounting focuses the budget and management on the operating cash inflows and outflows of the College and includes items such as expenditures for capital outlay, no depreciation on the assets used for operations, and the use of fund balance. Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.