
Kellogg Community College

**Financial Report
with Supplementary Information
June 30, 2025**

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Independent Auditor's Report

To the Board of Trustees
Kellogg Community 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 Kellogg Community College (the "College") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise Kellogg Community College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Kellogg Community College as of June 30, 2025 and 2024 and the respective changes in its financial position and, where applicable, its 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 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
Kellogg Community 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 the College's pension contributions, schedule of the College's proportionate share of the net OPEB (asset) liability, and schedule of the College's 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Kellogg Community College 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 audits 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.

To the Board of Trustees
Kellogg Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025 on our consideration of Kellogg Community 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 Kellogg Community 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 Kellogg Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 10, 2025

The discussion and analysis of Kellogg Community College’s (the “College”) financial statements provides an overview of the College’s financial activities for the years ended June 30, 2025 and 2024. 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

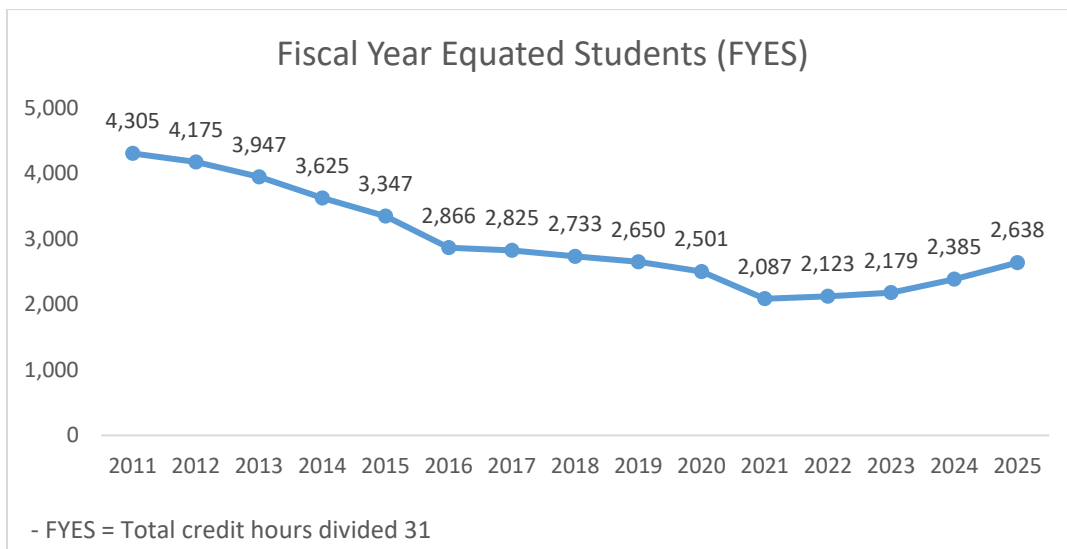
The College’s annual financial report includes the report of independent auditors, the management’s discussion and analysis, basic financial statements, notes to the financial statements, and supplementary information. The basic financial statements are comprised of three components: the statement of 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*.

The Kellogg Community College Foundation (the “Foundation”), a separate nonprofit organization, qualifies as a component unit of the College under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Accordingly, the Foundation’s financial activity has been discretely presented within the accompanying financial statements.

Financial Highlights

After enduring several consecutive years of declining enrollment throughout the 2010’s and enduring a global pandemic, the College’s financial position improved substantially in 2025 and 2024, increasing approximately \$14 and \$9.7 million each year.

The College’s enrollment peaked in 2011 at 4,305 fiscal year equated students (FYES - total credit hours divided by 31). Since hitting a low point enrollment of 2,087 FYES in 2021, the College has seen enrollment grow in four consecutive years. In 2025 and 2024, the College’s FYES was 2,638 and 2,385, increases of approximately 10.6 and 9.5 percent over the previous year. Although 2025 is still 39 percent down from the 2011 peak, it is encouraging to have four consecutive years of growth and getting close to pre-pandemic levels.



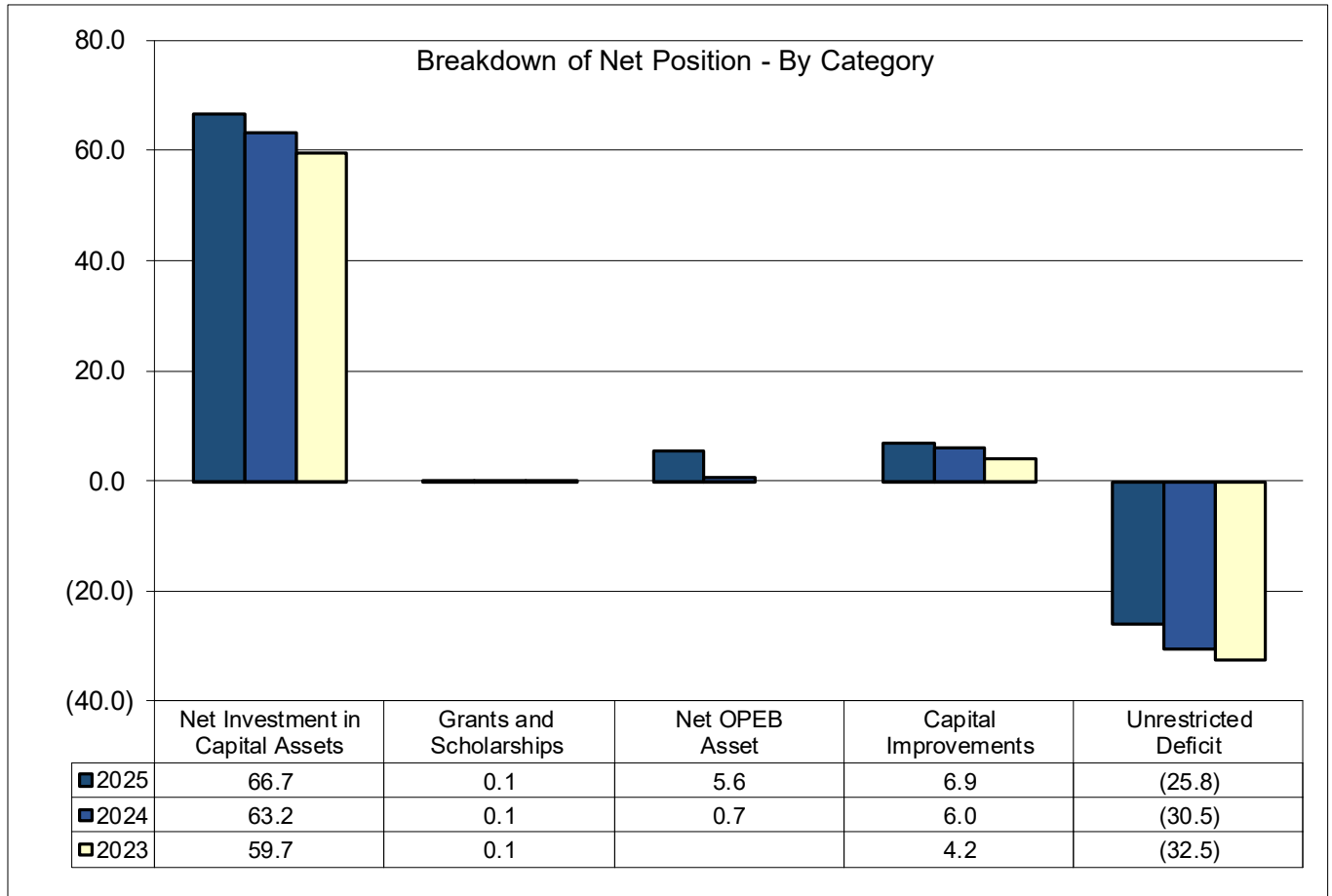
The College believes the general decline in enrollment is related primarily a sustained strong local economy with low unemployment in which students are working more, coming to school less, and reaching the limit on their ability to receive federal financial aid. Federal student financial aid has steadily decreased each of the past several years from its highest level, approximately \$32.5 million, in 2013 to \$12.6 million in 2025, which was an increase of \$1.6 million over 2024.

Kellogg Community College

Management’s Discussion and Analysis - Unaudited (Continued)

Although enrollment increased in 2025 and 2024, it is still near or close to pre-pandemic levels. To counter enrollment decreases over the past decade, as well as to keep up with rising operating costs, the College has modestly increased its tuition and fee rates, resulting in an increase in gross tuition and fee revenue in 2025 and 2024 of approximately \$1.8 million (9 percent) and \$2.3 million (14 percent) each year.

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2025, 2024, and 2023:



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

These two statements will help the reader answer the question, “Is Kellogg Community College, as a whole, better or worse off as a result of the year’s activities?” The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. They report the College’s net position and its changes. One can think of net position - the difference between assets and liabilities - as one way to measure the College’s financial health or financial position. Many other nonfinancial factors, such as the trend in admission applicants, student retention, condition of the buildings, and strength of the faculty, need to be considered to assess the overall health of the College. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

Kellogg Community College

Management's Discussion and Analysis - Unaudited (Continued)

The following is a comparison of the major components of the statement of net position of the College for the years ended June 30, 2025, 2024, and 2023:

Statement of Net Position at June 30 (in millions)			
	2025	2024	2023
	(As Restated)		
Assets			
Current assets	\$ 29.3	\$ 29.1	\$ 26.5
Long-term investments	6.2	4.9	4.2
Other Assets	7.5	1.4	
Capital assets - Net	<u>70.3</u>	<u>69.9</u>	<u>67.9</u>
Total assets	113.3	105.3	98.6
Deferred Outflows of Resources	10.4	14.7	18.6
Liabilities			
Current liabilities	11.3	12.4	10.1
Noncurrent liabilities	<u>38.8</u>	<u>52.2</u>	<u>61.6</u>
Total liabilities	50.1	64.6	71.7
Deferred Inflows of Resources	20.0	15.9	14.0
Net Position			
Net investment in capital assets	66.7	63.2	59.7
Expendable restricted for:			
Grants and Scholarships	0.1	0.1	0.1
Net OPEB Asset	5.6	0.7	
Capital improvements	6.9	6.0	4.2
Unrestricted (deficit)	<u>(25.8)</u>	<u>(30.5)</u>	<u>(32.5)</u>
Total net position	<u>\$ 53.5</u>	<u>\$ 39.5</u>	<u>\$ 31.5</u>

Statement of Net Position

The significant changes in the assets and liabilities of the College are as follows:

- Current assets increased \$200,000 in 2025, primarily from increases in short-term investments and accounts receivable from students and state-sponsored programs being offset by a decrease in cash and cash equivalents. In 2024, current assets increased \$2.6 million in 2024, due to an increase in accounts receivable related to state scholarship programs, such as the Michigan Reconnect and Futures for Frontliners programs.
- Long-term investments and other noncurrent assets increased \$700,000 each, as the College invested more cash over longer terms to take advantage of higher interest rates for longer periods and the surplus funding of the College's portion of the MPSERS OPEB plan. The College invested more of its idle cash into longer maturities to take advantage of better yields with longer maturities in 2023 resulting in an increase in long-term investments of \$600,000.
- Other long-term assets increased \$7.8 million in 2025 due to a \$4.9 million increase in the net OPEB asset, \$1.2 million increases each in long-term investments and prepaid expenses and a \$400,000 increase in net capital assets. The OPEB asset increase MPSERS system, as related to OPEB, became fully funded. Other increases were due to the College investing some available funds at the end of the year on a long-term basis and an increase in prepaid expenses related to a project to migrate the College's enterprise resource planning system to the cloud. In 2024, long-term investments and other noncurrent assets increased \$700,000 each as the College invested more cash over longer terms due to higher interest rates for longer periods and the creation of the OPEB asset.

Management's Discussion and Analysis - Unaudited (Continued)

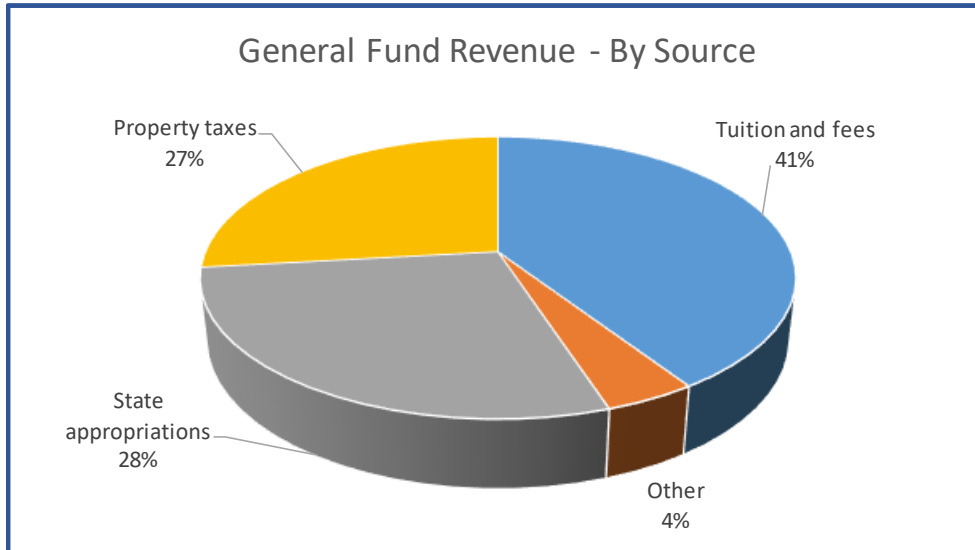
- Current liabilities decreased in 2025 as two HVAC projects were completed and payments on the related accounts payable were made. In 2024, current liabilities increased \$2.4 million primarily due to an increase in accounts payable due to three large capital projects being completed over the summer, including two HVAC projects at two of the College's campuses and the replacement of all the College's outdated security camera.
- In 2025, long-term liabilities decreased \$13.4 million due to the \$11 million reduction in the College's net pension liability related to the MPSERS retirement system and another year of retiring debt. Long-term liabilities decreased \$11.1 million in 2024 due to the reduction in the College's net pension and OPEB liabilities related to the MPSERS retirement system and the retirement of another year of retiring debt.
- Deferred outflows and inflows of resources relate to the MPSERS unfunded net pension liability, with the actuarial determination of its funded status as of September 30, 2024 and 2023 (the "measurement date"), changes in the actuarial assumptions compared to actual results of the plan, and the contributions the College makes into the plan and receives from the State of Michigan after the measurement date.

The following is the detail of the major components of operating results of the College for the years ended June 30, 2025, 2024, and 2023:

Operating Results for the Years Ended June 30 (in millions)			
	2025	2024	2023
	(As Restated)		
Operating Revenue			
Tuition and fees - Net	\$ 12.1	\$ 14.5	\$ 12.8
Federal grants and contracts	1.8	1.7	2.2
State grants and contracts	3.2	1.5	0.3
Private gifts, grants, and contracts	3.0	3.5	3.0
Sales and services of auxiliary activities	1.5	1.1	1.0
Other sources	0.8	0.7	0.6
Total operating revenue	22.4	23.0	19.9
Operating Expenses			
Instruction	18.7	18.4	18.3
Information Technology	1.7	1.7	2.2
Public service	0.1	0.2	0.2
Instructional support	6.7	7.1	7.2
Student services	8.5	11.7	10.6
Institutional administration	4.8	4.6	4.5
Physical plant operations	4.6	4.8	4.5
Auxiliary enterprises	1.6	1.6	1.4
Depreciation	4.0	4.1	3.9
Total operating expenses	50.7	54.2	52.8
Operating Loss	(28.3)	(31.2)	(32.9)
Nonoperating Revenue (Expenses)			
State appropriations	15.5	18.1	15.8
Property taxes	17.0	15.4	14.3
Federal Pell grant	8.6	6.6	5.3
Federal stimulus funds	0.0	0.0	0.0
Investment income (loss)	1.4	1.2	0.6
Loss on disposal of capital assets	(0.1)	(0.1)	0.0
Interest on capital asset - Related debt	(0.1)	(0.2)	(0.2)
Net nonoperating revenue	42.3	41.0	35.8
Increase in Net Position	14.0	9.8	2.9
Net Position - Beginning of year, as previously stated	39.5	31.5	28.6
Cumulative Effect of Change in Accounting	-	(1.8)	-
Net Position - Beginning of year, as restated	39.5	29.7	28.6
Net Position - End of year	\$ 53.5	\$ 39.5	\$ 31.5

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

The following chart shows the percentage of these sources of revenue as they were reported in the General Fund for the year ended June 30, 2025.

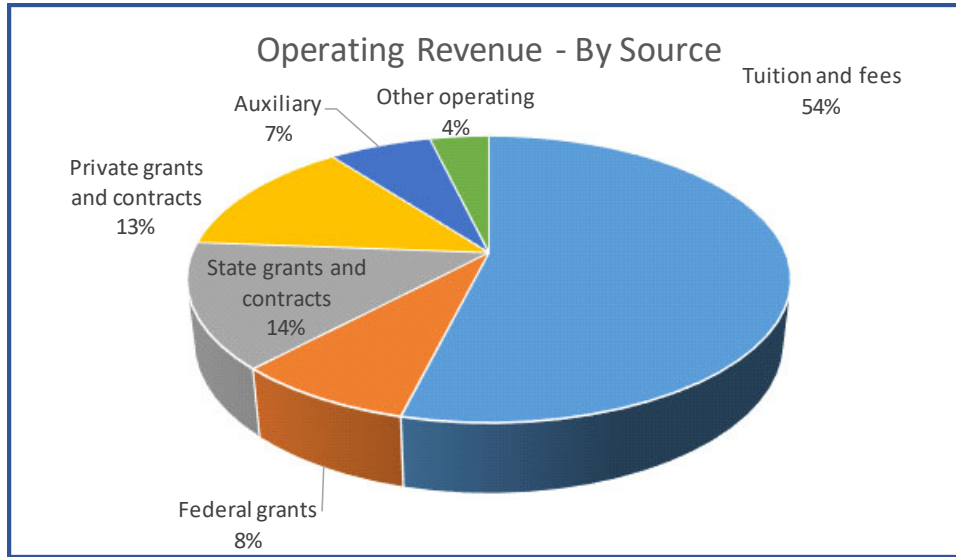


Operating Revenue

For the College as a whole, operating revenue includes all transactions that result in the sales and/or receipts from goods and services, such as tuition and fees, and other auxiliary operations, such as bookstore sales. 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.

The College’s operating revenue decreased \$500,000 (two percent) in 2025 and increased and \$3.1 million (16 percent) in 2025 and 2024, respectively. In 2025, the \$1.8 million increase in gross tuition revenue was offset by an increase in \$4.2 increase in the scholarship allowance, resulting in a \$2.4 reduction in net tuition. State tuition assistance programs helped grants and contracts revenue to increase \$1.4 million in 2025. In 2024, enrollment increase resulted in a \$1.7 million increase in tuition revenue along with an increase in state tuition assistance programs.

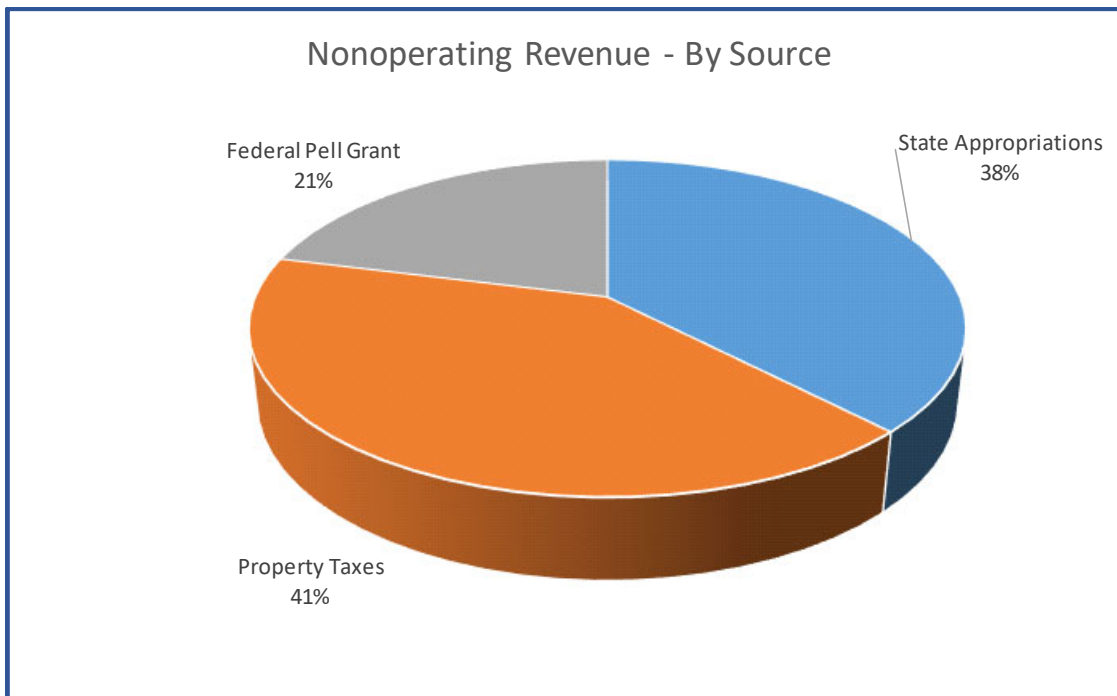
The following is a graphic illustration of operating revenue by source, including all funds of the College:



Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, federal stimulus grants, property taxes, federal Pell grant revenue, and investment income. Nonoperating revenue increased \$1.4 million and \$5.2 million in 2025 and 2024, respectively.

In 2025, the increase was driven by increases of \$2 million and \$1.6 million in Pell and property tax revenue, offset by a \$2.5 million reduction in state appropriations due to a tax reimbursement loss from the state decreasing. Investment income also increased by \$250,000. In 2024, state appropriations increased \$2.3 million, property taxes increased \$1.1 million, Pell revenue increased \$1.3 million and investment income doubled to \$1.2 million. The following is a graphic illustration of nonoperating revenue by source:

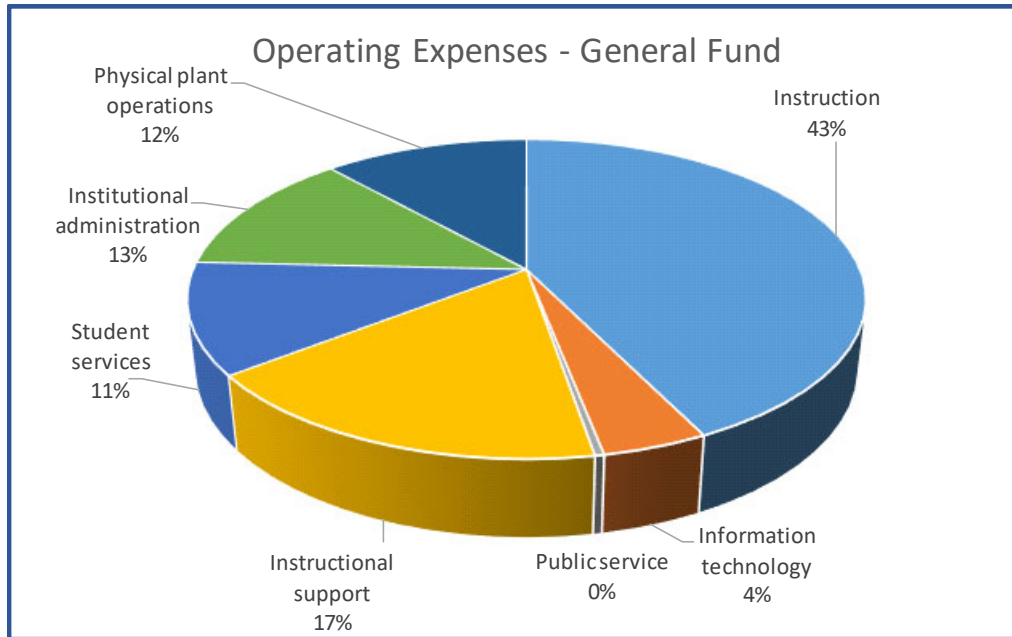


Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries and benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses decreased \$3.5 million in 2025 and increased \$1.5 million in 2024, respectively. The decrease in 2025 was primarily due to the \$3.1 million decrease in net student services expenses, which were reduced by an increase of \$4.1 in scholarship allowance adjustments. The increase in 2024 was primarily due to the \$1 million increase in financial aid programs.

The majority of total expenses are reported internally in the College’s General Fund. The College spent approximately 60 and 61 percent of its General Fund expenditures on instruction and instructional support in 2025 and 2024, respectively, which is normally among the highest allocation of expenses towards teaching and supporting teaching among community colleges in Michigan.

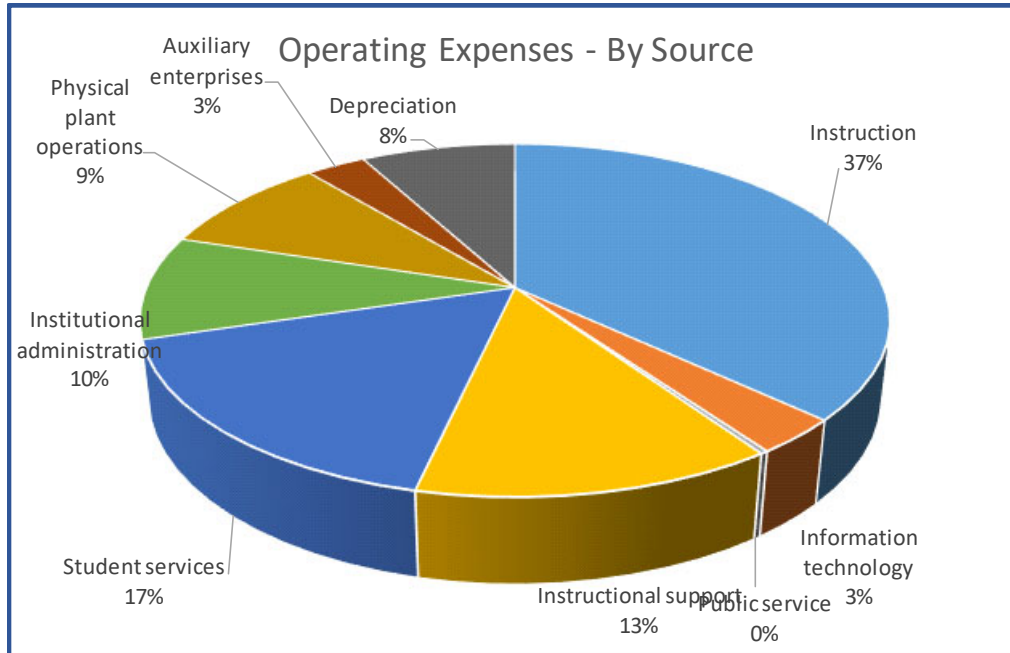
The following is a graphic illustration of operating expenses by source as reported by the General Fund for the year ended June 30, 2025:



Kellogg Community College

Management's Discussion and Analysis - Unaudited (Continued)

For this financial report, the different funds of the College are netted and internal expenditures are eliminated. The following is a graphic illustration of operating expenses by source for the College as a whole at June 30, 2025:



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

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

	2025	2024	2023
Cash (Used in) Provided by			
Operating activities	\$ (34.1)	\$ (31.6)	\$ (29.5)
Noncapital financing activities	37.8	36.7	34.0
Capital and related financing activities	(4.4)	(4.0)	(1.6)
Investing activities	(3.3)	(0.7)	(5.6)
Net Increase (Decrease) in Cash and Cash Equivalents	(4.0)	0.4	(2.7)
Cash and Cash Equivalents - Beginning of year	10.7	10.3	13.0
Cash and Cash Equivalents - End of year	<u>\$ 6.7</u>	<u>\$ 10.7</u>	<u>\$ 10.3</u>

Major sources of funds from operations came from student tuition and fees, grants and contracts, and auxiliary activities, which includes the bookstore. These sources were offset by expenditures for operations such as payments to employees and suppliers.

Some items of note on the statement of cash flows are as follows:

- The net cash used in operating activities increased \$2.5 million and increased \$2.4 million in 2025 and 2024, respectively. The increase in 2025 was primarily due to a reduction in net tuition and fee revenues and payments to suppliers, offset by an increase in grant and contracts. The increase in 2024 was primarily due to an increase in payments to employees and fringes.
- Cash provided by noncapital financing activities increased \$1.1 million and increased \$2.9 million in 2025 and 2024, respectively. Increases in property tax collections and Federal Pell Grant receipts were partially offset by a decrease in state appropriations in 2025. The increase in 2024 was due to an increase in collections of property taxes, Federal Pell Grant revenue and state appropriations.
- Cash used in capital and related financing activities increased \$300,000 and \$2.4 million in 2025 and 2024, respectively. Spending remained relatively consistent in 2025 from 2024. The increase in 2024 was due to an increase in construction activity and commencement of a large technology conversion project.
- Cash used in investing activities was \$3.9 million, \$700,00 and \$5.6 million and \$1 million in 2025, 2024 and 2023, respectively. The College significantly increased its investing activities since 2023 as interest rates continued to yield significant investment income.

Kellogg Community College

Management's Discussion and Analysis - Unaudited (Continued)

Capital Assets

At June 30, 2025, the College had \$70.3 million invested in capital assets, net of accumulated depreciation and amortization of \$55.8 million. Depreciation and amortization charges were \$4 million for the current fiscal year.

Capital Assets at June 30 (in millions)			
	2025	2024	2023
Land and land improvements	\$ 4.3	\$ 4.0	\$ 4.3
Buildings and improvements	100.9	97.4	96.9
Furniture, fixtures, and equipment	18.6	16.9	18.8
Construction in progress	0.8	3.8	-
Right to use assets - IT Subscriptions	1.4	1.3	1.2
Total	<u>\$ 126.0</u>	<u>\$ 123.4</u>	<u>\$ 121.2</u>

The College is now over 10 years in its second phase of an expansion, facility improvement, and renovation project called the 21st Century Project. This initiative was funded with a 15-year millage levy approved by voters in 1998 and expired with the 2012 tax year. The voters of the College's district approved a 15-year extension of this millage in November 2012 that will generate an estimated \$40 million through 2028 to help fund further expansion and improvements to the College's facilities.

Debt

The table below summarizes this amount by type of debt instrument. The College's bond ratings are AA- by the Standard & Poors' Ratings Services.

Debt Outstanding at June 30 (in millions)			
	2025	2024	2023
Bonds, Series 2014	\$ 1.0	\$ 1.4	\$ 1.9
Bonds, Series 2017	3.8	4.9	5.9
Total	<u>\$ 4.8</u>	<u>\$ 6.3</u>	<u>\$ 7.8</u>

Economic Factors That Will Affect the Future

The College's ability to attract students will be its most critical economic factor in the future. The disruption of the global pandemic had a nominal impact on the College financially as it was aided by federal stimulus funds to offset some of the pandemic impacts. In 2025, the College had its fourth consecutive year of increasing enrollment after a decade of declining enrollment. Indications are that enrollment will continue to increase in 2026 as the College sees the benefits of its Institutional Priorities beginning to take hold. The College's other sources of revenue, property taxes and state appropriations, remain strong, relatively stable and are expected to remain that way for the near term, although various uncertainties at the federal level regarding the economy and other matters may impact those revenue sources.

For 2026, the State of Michigan has continued to increase its operational support of the College and continues to provide funding to reduce its educational system's unfunded retirement liability and reimburse the College for lost property tax revenue due to enacted tax reforms, although nuances in the formula for the reimbursement may negatively impact that revenue source. The State's fiscal picture is reportedly stable. All of these funding mechanisms have been beneficial to the College and will be critical for the future. Property value growth has been strong in recent years and appears to be again in 2026. We are hopeful for that trend to continue in the upcoming years.

Kellogg Community College

Management's Discussion and Analysis - Unaudited (Continued)

Another asset of the College is the voter-approved capital millage renewal in 2012. The College is fortunate to have a dedicated resource to support funding most of its infrastructure needs, as well as retire its bonded indebtedness. To supplement the capital millage and in accordance with board policy, the College also transferred a portion of the General Fund surplus to the College's Maintenance & Replacement Fund, which is included in its Plant Fund, bringing that total of unrestricted net assets to \$5 million.

After surviving the global pandemic and declining enrollment over the past decade, the College is well positioned financially, excluding the impacts of GASBs 68 and 75. Now with enrollment trending in a positive direction, together with the College's board, management will continue to monitor enrollment trends, programs, the state and local economies, and react with revenue enhancements and/or further expense containment measures as necessary to ensure that the financial health and stability of the College are preserved.

June 30, 2025 and 2024

	2025	2024 (As Restated)
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 6,770,178	\$ 10,716,960
Short-term investments (Note 3)	12,345,430	8,832,468
Accounts receivable - Net (Note 5)	9,354,548	8,605,396
Prepaid expenses and other assets	862,258	992,629
Total current assets	29,332,414	29,147,453
Noncurrent assets:		
Long-term investments (Note 3)	6,171,294	4,918,577
Net OPEB asset (Note 8)	5,637,311	741,674
Capital assets - Net (Note 6)	70,264,530	69,859,518
Capitalized information technology implementation costs	1,923,427	705,960
Total noncurrent assets	83,996,562	76,225,729
Total assets	113,328,976	105,373,182
Deferred Outflows of Resources (Note 8)	10,367,996	14,723,253
Liabilities		
Current liabilities:		
Accounts payable	1,050,651	2,401,990
Accrued payroll and related liabilities	2,616,674	2,153,954
Unearned revenue	3,040,503	3,378,476
Other current liabilities	1,185,758	1,497,275
Subscription-based IT arrangements - Current (Note 7)	205,499	345,210
Accrued retirement and compensated absences - Current (Note 7)	1,480,000	1,040,000
Bonds payable - Current (Note 7)	1,670,000	1,580,000
Unamortized bond premium - Current (Note 7)	66,366	66,416
Total current liabilities	11,315,451	12,463,321
Noncurrent liabilities:		
Accrued retirement and compensated absences (Note 7)	4,225,000	4,690,000
Subscription-based IT arrangements - Net of current portion (Note 7)	362,832	476,198
Net pension liability (Note 8)	31,031,324	42,071,060
Bonds payable - Net of current portion (Note 7)	3,080,000	4,750,000
Unamortized bond premium - Net of current portion (Note 7)	110,133	176,450
Total noncurrent liabilities	38,809,289	52,163,708
Total liabilities	50,124,740	64,627,029
Deferred Inflows of Resources (Note 8)	19,999,716	15,932,896
Net Position		
Net investment in capital assets	66,693,127	63,171,204
Restricted:		
Expendable grants and scholarships	108,971	108,971
Capital improvements	6,954,850	6,039,371
OPEB asset	5,637,311	741,674
Unrestricted	(25,821,743)	(30,524,710)
Total net position	\$ 53,572,516	\$ 39,536,510

Kellogg Community College

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	2025	2024
		(As Restated)
Operating Revenue		
Tuition and fees - Net of scholarship allowance of \$9,225,106 and \$4,938,696 for 2025 and 2024, respectively	\$ 12,103,415	\$ 14,515,094
Federal grants and contracts	1,828,571	1,701,331
State grants and contracts	3,172,121	1,531,074
Private gifts, grants, and contracts	3,019,749	3,427,666
Other sources	848,941	725,019
Sales and services of auxiliary activities	1,475,623	1,065,328
Total operating revenue	22,448,420	22,965,512
Operating Expenses		
Instruction	18,744,938	18,414,982
Public service	142,187	177,752
Instructional support	6,663,363	7,094,720
Information technology	1,649,142	1,779,687
Student services	8,517,494	11,662,499
Auxiliary enterprises	1,557,648	1,580,368
Institutional administration	4,827,055	4,630,206
Physical plant operations	4,646,100	4,821,914
Depreciation and amortization	4,037,759	4,069,036
Total operating expenses	50,785,686	54,231,164
Operating Loss	(28,337,266)	(31,265,652)
Nonoperating Revenue (Expenses)		
State appropriations	15,540,617	18,070,352
Pell Grant revenue	8,676,980	6,630,130
Property taxes	16,951,022	15,394,689
Investment income	1,442,540	1,196,147
Loss on disposal of capital assets	(90,436)	(99,872)
Interest on capital asset - Related debt	(147,451)	(179,162)
Net nonoperating revenue	42,373,272	41,012,284
Change in Net Position	14,036,006	9,746,632
Net Position - Beginning of year, as previously stated	39,536,510	31,479,878
Cumulative Effect of Change in Accounting (Note 1)	-	(1,690,000)
Net Position - Beginning of year, as restated	39,536,510	29,789,878
Net Position - End of year	<u>\$ 53,572,516</u>	<u>\$ 39,536,510</u>

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 11,441,632	\$ 14,339,299
Grants and contracts	7,984,810	4,853,663
Payments to suppliers	(16,798,390)	(13,593,693)
Payments to employees and fringes	(38,557,598)	(39,198,737)
Auxiliary enterprise charges - Net	1,475,623	913,250
Other	369,383	1,065,328
Federal direct lending receipts	3,629,435	4,103,703
Federal direct lending disbursements	(3,629,435)	(4,103,703)
	<u>(34,084,540)</u>	<u>(31,620,890)</u>
Net cash and cash equivalents used in operating activities		
Cash Flows from Noncapital Financing Activities		
Local property taxes	13,508,382	12,199,537
Federal Pell Grant revenue	8,676,980	6,630,130
State appropriations	15,630,463	17,840,455
	<u>37,815,825</u>	<u>36,670,122</u>
Net cash and cash equivalents provided by noncapital financing activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(4,416,149)	(4,259,608)
Capital property taxes	3,442,640	3,195,152
Principal paid on capital debt	(1,580,000)	(1,530,000)
Principal paid on right-of-use liability	(370,134)	(571,647)
Interest paid on capital debt	(213,818)	(131,966)
Capitalized IT costs	(1,217,467)	(705,960)
	<u>(4,354,928)</u>	<u>(4,004,029)</u>
Net cash and cash equivalents used in capital and related financing activities		
Cash Flows from Investing Activities		
Purchases and maturities of investments - Net	(4,765,679)	(1,849,452)
Interest on investments	1,442,540	1,196,147
	<u>(3,323,139)</u>	<u>(653,305)</u>
Net cash and cash equivalents used in investing activities		
Net (Decrease) Increase in Cash and Cash Equivalents	(3,946,782)	391,898
Cash and Cash Equivalents - Beginning of year	10,716,960	10,325,062
Cash and Cash Equivalents - End of year	<u><u>\$ 6,770,178</u></u>	<u><u>\$ 10,716,960</u></u>

Statement of Cash Flows (Continued)

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (28,337,266)	\$ (31,265,652)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	4,037,759	4,069,036
Change in allowance for bad debts	480,000	200,000
Change in deferred inflows and outflows	8,422,077	5,792,428
Change in pension and OPEB liabilities	(15,935,373)	(11,061,930)
Changes in assets and liabilities:		
Accounts receivable	(1,318,999)	(2,572,905)
Prepays and other assets	130,371	(464,507)
Accounts payable	(1,351,339)	2,324,375
Accrued and other liabilities	126,203	779,332
Unearned revenue	(337,973)	578,933
Total adjustments	<u>(5,747,274)</u>	<u>(355,238)</u>
Net cash and cash equivalents used in operating activities	<u>\$ (34,084,540)</u>	<u>\$ (31,620,890)</u>

Significant noncash transactions include assets obtained through subscription-based information technology arrangements for approximately \$117,000 and \$730,000 for the years ended June 30, 2025 and 2024, respectively.

Kellogg Community College

Discretely Presented Component Unit Balance Sheet - Kellogg Community College Foundation

June 30, 2025 and 2024

	2025	2024
Assets		
Cash and investments	\$ 356,747	\$ 548,292
Contributions receivable	7,167,302	7,040,422
Accounts receivable - From Kellogg Community College	-	384,212
Long-term investments	18,806,115	15,309,892
Total assets	\$ 26,330,164	\$ 23,282,818
Liabilities	\$ 83,778	\$ 54,034
Net Position		
Without donor restrictions	3,754,987	3,454,375
With donor restrictions	22,491,399	19,774,409
Total net position	26,246,386	23,228,784
Total liabilities and net position	\$ 26,330,164	\$ 23,282,818

Kellogg Community College

Discretely Presented Component Unit Statement of Activities - Kellogg Community College Foundation

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue		
Contributions of financial assets	\$ 2,004,427	\$ 7,063,583
Contributions of nonfinancial assets	454,540	397,895
Special event revenue	151,328	147,551
Investment income	489,536	399,876
Unrealized and realized gain on investments	<u>1,040,506</u>	<u>1,495,456</u>
Total revenue	4,140,337	9,504,361
Expenses		
Scholarships and grant expense	603,610	630,689
Management and general	237,310	212,134
Fundraising	<u>281,815</u>	<u>263,035</u>
Total expenses	<u>1,122,735</u>	<u>1,105,858</u>
Change in Net Assets	3,017,602	8,398,503
Net Assets - Beginning of year	<u>23,228,784</u>	<u>14,830,281</u>
Net Assets - End of year	<u><u>\$ 26,246,386</u></u>	<u><u>\$ 23,228,784</u></u>

Note 1 - Industry Information and Significant Accounting Policies

Reporting Entity

Kellogg Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles applicable to public colleges and universities, as outlined in Governmental Accounting Standards Board (GASB) Statement No. 35.

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 Kellogg Community College Foundation have been discretely presented in Kellogg Community College's financial statements.

Kellogg Community College Foundation (the "Foundation"), a nonprofit organization, was formed to solicit, collect, and invest donations made for the promotion of educational activities and capital campaigns at the College. Separate financial statements of the Foundation may be obtained by contacting Kellogg Community College, 450 North Avenue, Battle Creek, MI 49017.

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 Kellogg Community College are prepared using the economic resources measurement focus accrual basis of accounting in accordance with accounting principles generally accepted in the United States, wherein revenue is recognized when earned, and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

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

Investments

Investments are recorded at fair value. Level 1 investments are based on quoted market prices, and Level 2 investments are recorded using a matrix pricing technique. Matrix pricing is used to value the investments' relationship to benchmark quoted prices.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable resulting from government and state grants, state appropriations, and student tuition consist of operating revenue recognized, but not received, as of June 30, 2025 and 2024. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

Capital Assets

Capital assets are recorded at cost. Gifts of property are recorded at acquisition value at the time gifts are received. Library books are recorded using a historically based estimated value. Expenditures for maintenance and repairs are expensed 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:

	Depreciable Life - Years
Building and building improvements	25-40
Land improvements	10-20
Furniture, fixtures, and equipment	5-15

Subscription Arrangements

The College obtains the right to use vendors' information technology software through various long-term contracts. The College recognizes a subscription liability and an intangible right-of-use subscription asset. Subscription assets are reported within capital assets, and subscription liabilities are reported within long-term obligations.

At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the College determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The College generally uses its estimated incremental borrowing rate as the discount rate. Implementation costs incurred prior to the commencement date of the subscription agreement are capitalized and separately stated on the balance sheet.

The College has prepaid information technology costs of \$1,923,427 and \$705,960 as of June 30, 2025 and 2024, respectively. The College is recording payments made for initial implementation of a subscription-based IT arrangement before commencement of the subscription term as a prepaid asset. The subscription commencement date is expected to be begin in fiscal year 2026, at which time the College will recognize a right-of-use asset and liability.

Unearned Revenue

Revenue received prior to year end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue consists of approximately \$1,295,000 and \$1,021,000 for the 2025 and 2024 summer semesters and approximately \$190,000 and \$346,000 for the 2025 and 2024 fall semesters, respectively. The remaining amount included in unearned revenue relates to grant funding received during the year that will either be spent in future years or returned to granting agencies.

Note 1 - Industry Information 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 specific purposes by action of management or the board of trustees.

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.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. The restricted balance primarily consists of funds restricted for student loans, scholarships, capital improvements, assets held for pension liability, and other purposes. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

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 are 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.

Effective for the fiscal year ended 2025, the College changed its accounting methodology for determining scholarship discounts and allowances. This change was implemented following the guidance provided in National Association of College and University Business Officers (NACUBO) Advisory Report 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*, which supersedes prior guidance and provides updated methods for calculating tuition discounts. This change is considered a change in accounting estimate, as defined by GASB Statement No. 100, *Accounting Changes and Error Corrections*.

The College has adopted method A, an allocation-based approach, for calculating the portion of student financial aid to be recorded as scholarship discounts and allowances. This method leverages the institution's financial and student information systems to more accurately reflect the institution's aid-awarding policies and related business rules. Management believes that this change represents a preferable accounting principle because it results in a more precise and systematic method for determining scholarship discounts, leading to more reliable financial reporting.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

This change has been applied prospectively and impacts the following financial statement line items: tuition and fees - net of scholarship allowance and student services. The effect of this change resulted in allocating more student financial aid as scholarship allowance and less to operating expenses as student financial aid expense.

Operating Revenue and Expenses

Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be nonexchange, such as tax revenue, federal Pell Grant revenue, and state appropriations, is nonoperating revenue.

Grant Revenue

Revenue from grant and contract agreements is recognized as it is earned through expenditure 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

During 2025 and 2024, the College distributed \$3,629,435 and \$4,103,703, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Pensions

For the purpose 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS 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 benefit terms. Related plan investments are reported at fair value.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

For the purpose of measuring the net other postemployment benefit OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of 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 of one year or less at the time of purchase, which are reported at cost.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period 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, such as changes in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plans' investments, the difference between expected and actual experience, changes in proportion, and payments included in the state aid payments from the State of Michigan. More detailed information can be found in Note 8.

Adoption of New Accounting Pronouncement

During the current year, the College adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the College has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement resulted in the College recording an additional liability of \$1,690,000 as of June 30, 2024. The accrual related to compensated absences is recorded within accrued retirement and compensated absences on the statement of net position. Net Position was previously stated at \$41,226,510 and has been adjusted for the change in accounting pronouncement and restated at \$39,536,510 for the year ended June 30, 2024.

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; and financial trends information in the statistical section. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2026.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2026.

Note 2 - Property Taxes

Property tax revenue is recognized in the year for which taxes have been levied.

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

During the years ended June 30, 2025 and 2024, \$2.8615 of tax per \$1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property. Total operating property tax revenue was \$13,508,382 and \$12,199,537 for the years ended June 30, 2025 and 2024, respectively.

For capital improvement and debt retirement purposes, \$0.7494 per \$1,000 of taxable property value in the College's taxing district was levied for the years ended June 30, 2025 and 2024. Total property tax revenue for the retirement of debt related to the 2014 and 2017 bond issuance and capital improvements projects was \$3,442,640 and \$3,195,152 for the years ended June 30, 2025 and 2024, respectively.

Note 3 - Cash 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, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 6,770,178	\$ 10,716,960
Short-term investments	12,345,430	8,832,468
Long-term Investments	6,171,294	4,918,577
Total cash and investments	\$ 25,286,902	\$ 24,468,005

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

	2025	2024
Cash and cash equivalents	\$ 6,743,790	\$ 10,694,755
Investments in securities and similar instruments	18,516,724	13,751,045
Petty cash and cash on hand	26,388	22,205
Total cash and investments	\$ 25,286,902	\$ 24,468,005

Note 3 - Cash and Investments (Continued)

As of June 30, 2025, the College had the following investments and maturities:

	Total	Less Than 1 Year	1-5 Years
Certificates of deposit	\$ 15,541,722	\$ 11,389,191	\$ 4,152,531
Notes and bonds	2,975,002	956,239	2,018,763
Total	<u>\$ 18,516,724</u>	<u>\$ 12,345,430</u>	<u>\$ 6,171,294</u>

As of June 30, 2024, the College had the following investments and maturities:

	Total	Less Than 1 Year	1-5 Years
Certificates of deposit	\$ 11,247,137	\$ 8,832,468	\$ 2,414,669
Notes and bonds	2,503,908	-	2,503,908
Total	<u>\$ 13,751,045</u>	<u>\$ 8,832,468</u>	<u>\$ 4,918,577</u>

The College's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. At June 30, 2025 and 2024, the carrying amount of the College's deposits was approximately \$22,235,000 and \$21,896,000, respectively. Of that amount, approximately \$3,420,000 and \$3,750,000 at June 30, 2025 and 2024, respectively, was insured by the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund. The remaining approximately \$18,815,000 and \$18,146,000 at June 30, 2025 and 2024, respectively, was uninsured and uncollateralized. The College does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased. The table below represents investments as a percentage of total investments as of June 30, 2025 and 2024 held at each respective institution:

	2025	2024
Fifth Third Bank	10.00 %	10.00 %
JPMorgan Chase Bank	5.00	7.00
Kellogg Community Federal Credit Union	4.00	5.00
Morgan Stanley	1.00	3.00
Omni Credit Union	2.00	3.00
Blue Ox Credit Union	2.00	2.00
Advia Credit Union	2.00	2.00
Marshall Community Credit Union	2.00	2.00
Honor Credit Union	2.00	2.00
Southern Michigan Bank & Trust	23.00	2.00
Bank of America	1.00	2.00
MI Finance Authority	6.00	9.00
Chippewa Valley MI Schools	1.00	1.00
Federal Home Loan Mortgage Corp	3.00	5.00

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.

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. The Foundation invests in mutual funds with a long-term growth objective.

Note 3 - Cash and Investments (Continued)

At June 30, 2025 and 2024, the College's investments (notes and bonds) subject to credit risk (interest rate fluctuations) and related ratings consisted of the following:

Investment	2025		2024	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
MI State Housing Development Authority - 1.38%, 10/1/2025	\$ 79,427	AA+	\$ 76,256	AA+
Westland MI Taxable Bonds - 0.724%, 11/1/2025	54,362	AA	51,793	AA
Midland MI Public Schools Taxable Bonds - 1.103%, 5/1/2026	53,672	AA	51,268	AA
Roseville MI Community Schools Taxable Bonds - 0.881%, 5/1/2026	72,992	AA	69,682	AA
University Of Michigan Regents Bond Series - 1.372%, 4/1/2027	129,284	AAA	123,069	AAA
East Grand Rapids MI Public School District Bonds - 2.364%, 5/1/2027	58,246	AA	56,056	AA
Chippewa Valley MI Schools Taxable Bonds - 2.287%, 5/1/2028	147,948	Aa1	142,318	Aa1
Federal National Mortgage Association Note - 4.875%, 3/26/2027	99,930	AA+	99,620	AA+
Federal Home Loan Mortgage Corp - 5.00%, 1/26/2028	-		499,650	AA+
Federal Home Loan Mortgage Corp - 4.55%, 6/20/2028	-		173,254	AA+
Federal Home Loan Bank Gov't Bond, 1.50%, 1/28/2028	96,287	AA+	-	
Federal Home Loan Mortgage Corp - 4.00%, 6/24/2030	99,727	AA+	-	
Federal Home Loan Mortgage Corp Pool - 4.10%, 10/1/2029	395,036	Not rated	-	
FNMA Mortgage Pass Through Pool - 4.06%, 10/1/2029	496,665	Not rated	-	
Michigan Finance Authority Rev Bond, 2.61%, 11/1/2025	695,786	Aa2	676,682	Aa2
Michigan Finance Authority Rev School Loan, 3.396%, 9/1/2026	495,640	Aa2	484,260	Aa2
Total	\$ 2,975,002		\$ 2,503,908	

The nationally recognized statistical rating organizations (NRSRO) utilized are primarily Moody's Investors Service or Standard & Poor's.

Note 3 - Cash and Investments (Continued)

Foundation Investments

Investments at Kellogg Community College Foundation are as follows:

	2025	2024
Mutual funds	\$ 8,659,028	\$ 8,228,254
Exchange-traded funds	4,209,735	3,543,255
Stocks	4,820,062	3,388,383
Alternative investments	161,387	150,000
Government securities	873,772	-
Fixed income	82,131	-
Total	\$ 18,806,115	\$ 15,309,892

The Foundation invests in mutual funds with a long-term objective to preserve principal and provide appreciation. Due to the long-term nature of the investments, the Foundation does not limit investment maturities. The Foundation is also not limited to the investing restrictions imposed on the College by state law.

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 assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the 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 following tables present information about the College's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the College to determine those values:

	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, 2025
Notes and bonds	\$ -	\$ 2,975,002	\$ -	\$ 2,975,002

Note 4 - Fair Value Measurements (Continued)

The College has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in			Balance at June 30, 2024
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Notes and bonds	\$ -	\$ 2,503,908	\$ -	\$ 2,503,908

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments 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.

The Foundation's investments classified as Level 1 are valued quoted prices in active markets for identical assets the Foundation has the ability to access. The following tables represent the Foundation's assets measured at fair value on a recurring basis at June 30, 2025 and 2024.

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. As of June 30, 2025 and 2024, \$161,387 and \$150,000, respectively, was held by the College at net asset value. This investment is excluded from the table below.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in			Balance at June 30, 2025
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds	\$ 8,659,028	\$ -	\$ -	\$ 8,659,028
Exchange-traded funds	4,209,735	-	-	4,209,735
Stocks	4,820,062	-	-	4,820,062
Government securities	-	873,772	-	873,772
Fixed income	-	82,131	-	82,131
Total investments by fair value level	\$ 17,688,825	\$ 955,903	\$ -	\$ 18,644,728

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in			Balance at June 30, 2024
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual funds	\$ 8,228,254	\$ -	\$ -	\$ 8,228,254
Exchange-traded funds	3,543,255	-	-	3,543,255
Stocks	3,388,383	-	-	3,388,383
Total investments by fair value level	\$ 15,159,892	\$ -	\$ -	\$ 15,159,892

Note 5 - Accounts Receivable

The following is the detail of accounts receivable:

	2025	2024
Student and third party	\$ 6,866,186	\$ 5,620,657
Grants and contracts	4,141,586	4,547,674
State appropriations	2,588,498	2,678,344
Other	788,278	308,721
Less allowance for uncollectibles	5,030,000	4,550,000
Net accounts receivable	<u>\$ 9,354,548</u>	<u>\$ 8,605,396</u>

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, 2025 was as follows:

	Beginning Balance	Additions	Disposals and Transfers	Ending Balance
Land	\$ 290,602	\$ -	\$ (100)	\$ 290,502
Construction in progress	3,777,443	729,558	(3,668,217)	838,784
Subtotal - Nondepreciable assets	4,068,045	729,558	(3,668,317)	1,129,286
Land improvements	3,665,124	336,487	(19,210)	3,982,401
Building and building improvements	97,368,226	67,938	3,507,114	100,943,278
Furniture, fixtures, and equipment	16,921,726	3,282,166	(1,557,288)	18,646,604
Right-of-use assets - IT subscriptions	1,345,431	117,058	(107,254)	1,355,235
Subtotal - Depreciable assets	119,300,507	3,803,649	1,823,362	124,927,518
Accumulated depreciation and amortization:				
Building and building improvements	39,373,756	2,414,328	(86,995)	41,701,089
Land improvements	1,624,796	231,705	(2,882)	1,853,619
Furniture, fixtures, and equipment	12,233,370	958,642	(1,557,388)	11,634,624
Right-of-use assets - IT subscriptions	277,112	433,084	(107,254)	602,942
Total accumulated depreciation and amortization	<u>53,509,034</u>	<u>4,037,759</u>	<u>(1,754,519)</u>	<u>55,792,274</u>
Capital assets - Net	<u>\$ 69,859,518</u>	<u>\$ 495,448</u>	<u>\$ (90,436)</u>	<u>\$ 70,264,530</u>

Note 6 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Capital assets not being depreciated:				
Land	\$ 290,602	\$ -	\$ -	\$ 290,602
Construction in progress	84,249	3,693,194	-	3,777,443
Subtotal - Nondepreciable assets	374,851	3,693,194	-	4,068,045
Capital assets being depreciated:				
Land improvements	4,030,154	62,273	(427,303)	3,665,124
Building and building improvements	96,931,353	436,873	-	97,368,226
Furniture, fixtures, and equipment	18,835,969	773,227	(2,687,470)	16,921,726
Right-of-use assets - IT subscriptions	1,176,749	1,248,769	(1,080,087)	1,345,431
Subtotal	120,974,225	2,521,142	(4,194,860)	119,300,507
Accumulated depreciation:				
Buildings and improvements	37,089,811	2,283,945	-	39,373,756
Land improvements	1,813,907	219,220	(408,331)	1,624,796
Furniture, fixtures, and equipment	14,003,966	835,976	(2,606,572)	12,233,370
Right-of-use assets - IT subscriptions	564,519	729,895	(1,017,302)	277,112
Total accumulated depreciation and amortization	53,472,203	4,069,036	(4,032,205)	53,509,034
Capital assets - Net	<u>\$ 67,876,873</u>	<u>\$ 2,145,300</u>	<u>\$ (162,655)</u>	<u>\$ 69,859,518</u>

Note 7 - Long-term Obligations

Long-term debt activity for the years ended June 30, 2025 and 2024 can be summarized as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable:					
College Building and Site Bonds - Series 2014	\$ 1,475,000	\$ -	\$ (495,000)	\$ 980,000	\$ 490,000
College Building and Site Bonds - Series 2017	4,855,000	-	(1,085,000)	3,770,000	1,180,000
Other long-term liabilities:					
Accrued retirement and compensated absences	5,730,000	-	(25,000)	5,705,000	1,480,000
Unamortized bond premium - Series 2014	49,918	-	(18,129)	31,789	18,129
Unamortized bond premium - Series 2017	192,948	-	(48,238)	144,710	48,237
Subscription arrangements	821,408	117,058	(370,135)	568,331	205,499
Total long-term obligations	\$ 13,124,274	\$ 117,058	\$ (2,041,502)	\$ 11,199,830	\$ 3,421,865
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable:					
College Building and Site Bonds - Series 2014	\$ 1,970,000	\$ -	\$ (495,000)	\$ 1,475,000	\$ 495,000
College Building and Site Bonds - Series 2017	5,890,000	-	(1,035,000)	4,855,000	1,085,000
Other long-term liabilities:					
Accrued retirement and compensated absences	5,505,000	225,000	-	5,730,000	1,040,000
Unamortized bond premium - Series 2014	68,097	-	(18,179)	49,918	18,179
Unamortized bond premium - Series 2017	241,185	-	(48,237)	192,948	48,237
Subscription arrangements	612,232	780,823	(571,647)	821,408	345,210
Total long-term obligations	\$ 14,286,514	\$ 1,005,823	\$ (2,168,063)	\$ 13,124,274	\$ 3,031,626

College Building and Site Bonds - Series 2017

Bonds were issued in June 2017 for \$9,375,000. Interest on the bonds ranges from 2.00 percent to 3.00 percent and is payable semiannually in April and October. The principal payments range from \$410,000 to \$1,320,000, with the final principal installment of \$1,320,000 due on April 1, 2028. The proceeds from the bonds have been used for capital projects.

College Building and Site Bonds - Series 2014

Bonds were issued in March 2014 for \$9,750,000. Interest on the bonds ranges from 2.00 percent to 3.00 percent and is payable semiannually in April and October. The principal payments range from \$490,000 to \$995,000, with the final principal installment of \$490,000 due on April 1, 2027. The proceeds from the bonds were used for capital projects.

Note 7 - Long-term Obligations (Continued)

Total principal and interest maturities on the bonds payable as of June 30, 2024 are as follows:

Years Ending June 30	Debt Obligations		
	Principal	Interest	Total
2026	\$ 1,670,000	\$ 144,950	\$ 1,814,950
2027	1,760,000	94,850	1,854,850
2028	1,320,000	39,600	1,359,600
Total	<u>\$ 4,750,000</u>	<u>\$ 279,400</u>	<u>\$ 5,029,400</u>

Accrued Retirement and Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay and vacation pay are accrued when earned. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The College provides termination benefits upon departure from the College resulting from unused sick time and years of service and defined by each respective labor contract and administrative policy under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible, and certain assumptions are used to determine the probability of reaching the criteria required for eligibility.

Included in the current portion of the accrual is earned but not used sick leave, vacation leave, and amounts to be provided to employees who will be retiring in the upcoming fiscal year. Management believes these calculations accurately reflect the College's liability as a result of offering these benefits.

Subscription Arrangements

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.

The College's future principal and interest payment requirements related to the right-of-use IT assets at June 30, 2025 are as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 205,499	\$ 3,255	\$ 208,754
2027	199,244	11,273	210,517
2028	151,081	16,760	167,841
2029	12,507	1,562	14,069
Total	<u>\$ 568,331</u>	<u>\$ 32,850</u>	<u>\$ 601,181</u>

Note 8 - Retirement Plans

Plan Description

The College participates in the Michigan Public School Employees' Retirement System (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 health care benefits through the System. MPSERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries. MPSERS also provides postemployment health care 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 supplementary information for MPSERS. 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 48909-7671.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service 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 by 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.

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 nonduty 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 health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Note 8 - Retirement Plans (Continued)

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 health care 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 participants in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions are deposited into their 401(k) accounts.

The College's contributions are determined based on employee elections. There are multiple different pension and health care 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.

The range of rates is as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.09% - 8.31%
October 1, 2024 - June 30, 2025	20.96% - 30.11%	0.00% - 1.25%

Depending on the plan selected, plan member 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, 2025 and 2024 were \$5,858,884 and \$5,920,082, 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 \$1,505,623 and \$2,494,039 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, 2025 and 2024, respectively. In addition, for the year ended June 30, 2025, the College received \$333,831 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, 2025 and 2024 were \$573,074 and \$1,299,791, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Note 8 - Retirement Plans (Continued)

Net Pension Liability

At June 30, 2025 and 2024, the College reported a liability of \$31,031,324 and \$42,071,060, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and 2022, which used update procedures to roll forward the estimated liability to September 30, 2024 and 2023. 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, 2024, 2023, and 2022, the College's proportion was 0.12675 percent, 0.12999 percent, and 0.13149 percent, respectively.

Net OPEB Asset

At June 30, 2025 and 2024, the College reported an asset of \$5,637,311 and \$741,674, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023 and 2022, which used update procedures to roll forward the estimated liability to September 30, 2024 and 2023. The College's proportion of the net OPEB asset 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, 2024, 2023, and 2022, the College's proportion was 0.13097 percent, 0.13111 percent, and 0.13873 percent, respectively.

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

For the years ended June 30, 2025 and 2024, the College recognized pension expense of \$1,139,178 and \$3,934,448, respectively, inclusive of payments to fund the MSPERS UAAL stabilization rate.

At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 841,902	\$ (337,160)	\$ 1,328,055	\$ (64,446)
Changes of assumptions	3,235,199	(2,273,615)	5,700,820	(3,286,963)
Net difference between projected and actual earnings on pension plan assets	-	(5,922,092)	-	(860,910)
Changes in proportion and differences between college contributions and proportionate share of contributions	47,045	(2,230,507)	66,746	(2,637,882)
College contributions subsequent to the measurement date	4,745,243	-	4,937,467	-
Total	\$ 8,869,389	\$ (10,763,374)	\$ 12,033,088	\$ (6,850,201)

Note 8 - Retirement Plans (Continued)

The \$1,505,623 and \$2,494,039 reported as deferred inflows of resources resulting from the pension portion of the state aid payments will be recognized as state appropriations revenue for the years ended June 30, 2025 and 2024, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (2,145,590)
2027	(399,110)
2028	(2,451,029)
2029	(1,643,499)
Total	<u>\$ (6,639,228)</u>

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

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

For the years ended June 30, 2025 and 2024, the College recognized OPEB recovery of \$2,232,179 and \$1,551,852, respectively.

At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (5,973,828)	\$ -	\$ (5,604,464)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,067,208)	2,260	-
Changes of assumptions	1,231,270	(141,524)	1,651,094	(198,823)
Changes in proportion and differences between college contributions and proportionate share of contributions	135,680	(548,159)	148,554	(785,369)
College contributions subsequent to the measurement date	131,657	-	888,257	-
Total	<u>\$ 1,498,607</u>	<u>\$ (7,730,719)</u>	<u>\$ 2,690,165</u>	<u>\$ (6,588,656)</u>

Note 8 - Retirement Plans (Continued)

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 increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	\$ (2,089,163)
2026	(1,325,074)
2027	(1,180,753)
2028	(1,076,232)
2029	(586,826)
Thereafter	<u>(105,721)</u>
Total	<u>\$ (6,363,769)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 and 2023 are based on the results of an actuarial valuation date of September 30, 2023 and 2022 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

	2024	2023
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return - Pension	6.00 percent - Net of investment expenses based on the groups	6.00 percent - Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00 percent - Net of investment expenses based on the groups	6.00 percent - Net of investment expenses based on the groups
Salary increases	2.75 - 11.55 percent, including wage inflation of 2.75 percent	2.75 - 11.55 percent, including wage inflation of 2.75 percent
Health care cost trend rate	Pre-65 - 7.25 percent (year 1 graded to 3.5 percent in year 15; 3.0 percent in year 120); Post-65: 6.5 percent (year 1 graded to 3.5 percent in year 15; 3.0 percent in year 120)	Pre-65 - 7.5 percent (year 1 graded to 3.5 percent in year 15; 3.0 percent in year 120); Post-65: 6.25 percent (year 1 graded to 3.5 percent in year 15; 3.0 percent in year 120)
Mortality basis	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) adjusted for mortality improvements using projection scale MP-2021 from 2010	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00 percent, annual noncompounded for MIP members	3.00 percent, annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 measurement date. The total pension liability and OPEB liability of September 30, 2024 are based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percentage points for member over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Note 8 - Retirement Plans (Continued)

Significant assumption changes since the measurement date, September 30, 2022, for the pension and OPEB plan include the impact of an updated experience study for periods from 2017 to 2022. Significant assumption changes since the measurement date, September 30, 2022, for the OPEB plan include the health care cost trend rate used in the September 30, 2023 actuarial valuation decreasing by 0.25 percentage points for members under 65 and increasing 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent as of September 30, 2024 and 2023. The discount rate used to measure the total OPEB liability was 6.00 percent as of September 30, 2024 and 2023. 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.

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.

Investment Rate of Return

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:

Asset Class	September 30, 2024		September 30, 2023	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %	25.00 %	5.80 %
Private equity pools	16.00	9.00	16.00	9.60
International equity pools	15.00	6.50	15.00	6.80
Real return/Opportunistic pools	13.00	2.20	13.00	1.30
Fixed-income pools	10.00	7.10	10.00	6.40
Real estate and infrastructure pools	9.00	5.20	9.00	4.80
Absolute return pools	10.00	6.90	10.00	7.30
Short-term investment pools	2.00	1.40	2.00	0.30

Long-term rates of return are net of administrative expense and inflation of 2.3 percent and 2.7 percent as of September 30, 2024 and 2023, respectively.

Note 8 - Retirement Plans (Continued)

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:

	2025		
	1 Percentage Point Decrease (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability	\$ 45,492,254	\$ 31,031,324	\$ 18,989,817

The following presents the net pension liability of the College, calculated using the discount rate of 6.00 percent, as well as 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:

	2024		
	1 Percentage Point Decrease (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability	\$ 56,837,879	\$ 42,071,060	\$ 29,777,150

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the College, calculated using the current discount rate. The following also reflects what the College's net OPEB (asset) 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:

	2025		
	1 Percentage Point Decrease (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset	\$ 4,356,560	\$ 5,637,311	\$ 6,744,655

	2024		
	1 Percentage Point Decrease (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset)	\$ 768,893	\$ (741,674)	\$ (2,039,856)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the College, calculated using the current health care cost trend rate. The following also reflects what the College's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2025		
	1 Percentage Point Decrease	Current Trend Rate	1 Percentage Point Increase
Net OPEB asset	\$ 6,744,667	\$ 5,637,311	\$ 4,449,677

Note 8 - Retirement Plans (Continued)

	2024		
	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability	\$ (2,043,093)	\$ (741,674)	\$ 666,890

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB

At June 30, 2025, the College reported a payable of \$638,908 and \$14,840 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025. At June 30, 2024, the College reported a payable of \$944,832 and \$178,628 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Defined Contribution Plan

As an alternative pension option, the College offers full-time faculty and administrative employees the opportunity to participate in the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Funding for the plan consists of employer contributions of 10.59 percent and employee contributions of 4.03 percent of covered compensation for the years ended June 30, 2025 and 2024 and has no liability beyond its own contribution. Benefits vest immediately. Compensation covered under the plan for the years ended June 30, 2025 and 2024 was \$11,283,376 and \$10,624,615, resulting in contributions of \$1,194,627 and \$1,125,302 for the College and \$455,090 and \$430,795 for employees, respectively.

Note 9 - Tax Abatements

The College receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within Barry, Branch, Calhoun, Hillsdale, Kalamazoo, and St. Joseph counties that impact the College. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers who remediate environmental contamination on their properties.

For the years ended June 30, 2025 and 2024, the College's property tax revenue was reduced by \$32,855 and \$27,362, respectively, under these programs.

The College is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The College received \$32,855 in reimbursements from the State of Michigan. There are no abatements made by the College.

Note 10 - Kellogg Community College Foundation

The Foundation was incorporated in 1998 and was organized to provide support exclusively for the objectives and purposes of Kellogg Community College and to augment the facilities of the College in such a manner as may be designated by its board of trustees. During the years ended June 30, 2025 and 2024, the Foundation made grants and distributions to and on behalf of the College totaling \$603,610 and \$630,689, respectively. If the Foundation was dissolved, its remaining assets would be distributed to the College.

Note 10 - Kellogg Community College Foundation (Continued)

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. Endowment net assets with donor restrictions are \$15,819,803 and \$14,068,114 as of June 30, 2025 and 2024, respectively. Excess earnings on the endowments, classified as earnings with donor restrictions, are \$3,696,912 and \$3,028,479 as of June 30, 2025 and 2024, respectively.

Note 11 - Risk Management

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College has purchased commercial insurance for property loss, errors and omissions, and medical benefits provided to employees and claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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 claims that have been reported and those that have not yet been reported. The College has purchased insurance to protect the College for claims in excess of \$65,000.

	Medical Claims		
	2025	2024	2023
Estimated liability - Beginning of year	\$ 560,000	\$ 300,000	\$ 325,000
Less claim payments	(2,334,388)	(2,136,034)	(1,355,262)
Estimated claims incurred, including changes in estimates	2,424,388	2,396,034	1,330,262
Estimated liability - End of year	<u>\$ 650,000</u>	<u>\$ 560,000</u>	<u>\$ 300,000</u>

Required Supplementary Information

Required Supplementary Information
 Schedule of the College's Proportionate Share of the Net Pension Liability
 Michigan Public School Employees' Retirement System

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective MPSERS net pension liability - As a percentage	0.12675 %	0.12999 %	0.13149 %	0.14246 %	0.14720 %	0.14815 %	0.15119 %	0.15319 %	0.15533 %	0.15909 %
College's proportionate share of the net pension liability	\$ 31,031,324	\$ 42,071,060	\$ 49,453,021	\$ 33,728,951	\$ 50,565,083	\$ 49,063,382	\$ 45,450,930	\$ 39,698,031	\$ 38,754,345	\$ 38,858,498
College's covered payroll	\$ 14,072,893	\$ 13,256,804	\$ 13,617,493	\$ 12,403,329	\$ 13,147,668	\$ 12,861,160	\$ 12,782,002	\$ 12,976,426	\$ 13,306,128	\$ 13,571,978
College's proportionate share of the collective pension liability as a percentage of the College's covered payroll	220.50 %	317.35 %	363.16 %	271.93 %	384.59 %	381.48 %	355.59 %	305.92 %	291.25 %	286.31 %
MPSERS fiduciary net position as a percentage of the total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

Required Supplementary Information
Schedule of the College's Pension Contributions
Michigan Public School Employees' Retirement System

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 5,568,884	\$ 5,652,142	\$ 6,320,968	\$ 4,644,306	\$ 4,425,530	\$ 4,167,765	\$ 4,018,085	\$ 3,890,197	\$ 3,524,952	\$ 3,639,846
Contributions in relation to the statutorily required contribution	5,568,884	5,652,142	6,320,968	4,644,306	4,425,530	4,167,765	4,018,085	3,890,197	3,524,952	3,639,846
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's Covered Payroll	\$ 14,477,702	\$ 14,316,619	\$ 13,254,351	\$ 13,471,154	\$ 12,336,717	\$ 13,156,439	\$ 12,846,523	\$ 12,632,265	\$ 12,597,901	\$ 12,846,838
Contributions as a Percentage of Covered Payroll	38.47 %	39.48 %	47.69 %	34.48 %	35.87 %	31.68 %	31.28 %	30.80 %	27.98 %	28.33 %

Notes to Required Supplementary Information

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

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 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 was decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation was decreased by 0.50 percentage points.

Kellogg Community College

Required Supplementary Information Schedule of the College's Proportionate Share of the Net OPEB (Asset) Liability Michigan Public School Employees' Retirement System

	Last Eight Plan Years For the Plan Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB (asset) liability - As a percentage	0.13097 %	0.13111 %	0.13873 %	0.13581 %	0.14745 %	0.14658 %	0.14930 %	0.15389 %
College's proportionate share of the net OPEB (asset) liability	\$ (5,637,311)	\$ (741,674)	\$ 2,938,295	\$ 2,072,979	\$ 7,899,418	\$ 10,521,035	\$ 11,893,676	\$ 13,627,456
College's covered payroll	\$ 14,072,893	\$ 13,256,804	\$ 13,617,493	\$ 12,403,329	\$ 13,147,668	\$ 12,861,160	\$ 12,782,002	\$ 12,976,426
College's proportionate share of the collective OPEB (asset) liability as a percentage of the College's covered payroll	(40.06)%	(5.59)%	21.58 %	16.71 %	60.08 %	81.80 %	93.05 %	105.02 %
MPSERS fiduciary net position as a percentage of the total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

**Required Supplementary Information
Schedule of the College's OPEB Contributions
Michigan Public School Employees' Retirement System**

**Last Eight Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 431,074	\$ 1,176,171	\$ 1,066,869	\$ 1,097,791	\$ 1,026,631	\$ 1,057,199	\$ 1,009,099	\$ 912,394
Contributions in relation to the actuarially determined contractually required contribution	431,074	1,176,171	1,066,869	1,097,791	1,026,631	1,057,199	1,009,099	912,394
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,477,702	\$ 14,316,619	\$ 13,254,351	\$ 13,471,154	\$ 12,336,717	\$ 13,156,439	\$ 12,846,523	\$ 12,632,265
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

Notes to Required Supplementary Information

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

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decrease by 0.25 percentage points for members under 65 and increased 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decrease by 0.25 percentage points for members under 65 and increase 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care 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 members over 65. In addition, actual per person health benefit cost was lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points, and actual per person health benefit cost was lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation was decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation was decreased by 0.35 percentage points. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Kellogg Community College

	General Fund	MPSERS Fund	Auxiliary Fund
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,770,178	\$ -	\$ -
Short-term investments	12,345,430	-	-
Accounts receivable - Net	4,752,686	-	49,526
Other current assets	529,319	-	332,939
Due from other funds	-	1,700,000	456,143
Total current assets	24,397,613	1,700,000	838,608
Noncurrent assets:			
Long-term investments	6,171,294	-	-
Other noncurrent assets	-	-	-
Capital assets - Net	-	-	-
Net OPEB asset	-	5,637,311	-
Total noncurrent assets	6,171,294	5,637,311	-
Total assets	30,568,907	7,337,311	838,608
Deferred Outflows of Resources	-	10,367,996	-
Liabilities			
Current liabilities:			
Accounts payable	1,050,651	-	-
Accrued payroll and related liabilities	2,616,674	-	-
Unearned revenue	1,510,423	-	-
Subscription based IT arrangements - Current	-	-	-
Accrued retirement and compensated absences - Current	1,385,000	-	25,000
Bonds payable - Current	-	-	-
Unamortized bond premium - Current	-	-	-
Other current liabilities	1,090,129	-	95,629
Due to other funds	11,258,553	-	-
Total current liabilities	18,911,430	-	120,629
Noncurrent liabilities:			
Accrued retirement and compensated absences	4,225,000	-	-
Bonds payable - Net of current portion	-	-	-
Unamortized bond premium - Net of current portion	-	-	-
Subscription based IT arrangements - Net of current portion	-	-	-
Net pension liability	-	31,031,324	-
Total noncurrent liabilities	4,225,000	31,031,324	-
Total liabilities	23,136,430	31,031,324	120,629
Deferred Inflows of Resources	-	19,999,716	-
Net Position			
Net investment in capital assets	-	-	-
Restricted:			
Expendable grants and scholarships	-	-	-
Net OPEB asset	-	5,637,311	-
Capital improvements	-	-	-
Unrestricted	7,432,477	(38,963,044)	717,979
Total net position	\$ 7,432,477	\$ (33,325,733)	\$ 717,979

Combining Statement of Net Position

June 30, 2025
(with comparative totals for 2024)

Restricted Fund	Plant Fund	Fund Total	Eliminations	2025	2024 (as restated)
\$ -	\$ -	\$ 6,770,178	\$ -	\$ 6,770,178	\$ 10,716,960
-	-	12,345,430	-	12,345,430	8,832,468
4,552,336	-	9,354,548	-	9,354,548	8,605,396
-	-	862,258	-	862,258	992,629
-	11,945,695	14,101,838	(14,101,838)	-	-
4,552,336	11,945,695	43,434,252	(14,101,838)	29,332,414	29,147,453
-	-	6,171,294	-	6,171,294	4,918,577
-	1,923,427	1,923,427	-	1,923,427	705,960
-	70,264,530	70,264,530	-	70,264,530	69,859,518
-	-	5,637,311	-	5,637,311	741,674
-	72,187,957	83,996,562	-	83,996,562	76,225,729
4,552,336	84,133,652	127,430,814	(14,101,838)	113,328,976	105,373,182
-	-	10,367,996	-	10,367,996	14,723,253
-	-	1,050,651	-	1,050,651	2,401,990
-	-	2,616,674	-	2,616,674	2,153,954
1,530,080	-	3,040,503	-	3,040,503	3,378,476
-	205,499	205,499	-	205,499	345,210
70,000	-	1,480,000	-	1,480,000	1,040,000
-	1,670,000	1,670,000	-	1,670,000	1,580,000
-	66,366	66,366	-	66,366	66,416
-	-	1,185,758	-	1,185,758	1,497,275
2,843,285	-	14,101,838	(14,101,838)	-	-
4,443,365	1,941,865	25,417,289	(14,101,838)	11,315,451	12,463,321
-	-	4,225,000	-	4,225,000	4,690,000
-	3,080,000	3,080,000	-	3,080,000	4,750,000
-	110,133	110,133	-	110,133	176,450
-	362,832	362,832	-	362,832	476,198
-	-	31,031,324	-	31,031,324	42,071,060
-	3,552,965	38,809,289	-	38,809,289	50,473,708
4,443,365	5,494,830	64,226,578	(14,101,838)	50,124,740	62,937,029
-	-	19,999,716	-	19,999,716	15,932,896
-	66,693,127	66,693,127	-	66,693,127	63,171,204
108,971	-	108,971	-	108,971	108,971
-	-	5,637,311	-	5,637,311	741,674
-	6,954,850	6,954,850	-	6,954,850	6,039,371
-	4,990,845	(25,821,743)	-	(25,821,743)	(30,524,710)
\$ 108,971	\$ 78,638,822	\$ 53,572,516	\$ -	\$ 53,572,516	\$ 39,536,510

Kellogg Community College

	General Fund	MPSERS Fund	Auxiliary Fund
Operating Revenue			
Tuition and fees - Net of scholarship allowance	\$ 20,528,026	\$ -	\$ 800,495
Federal grants and contracts	-	-	-
State grants and contracts	-	-	-
Private gifts, grants, and contracts	-	-	-
Sales and services of auxiliary activities	-	-	1,475,623
Other sources	685,645	-	223,296
Total operating revenue	21,213,671	-	2,499,414
Operating Expenses			
Instruction	19,324,098	(2,785,591)	-
Information technology	1,926,908	(277,766)	-
Public service	166,136	(23,949)	-
Instructional support	7,785,677	(1,122,314)	-
Student services	5,086,359	(733,204)	1,134,758
Institutional administration	5,700,486	(821,731)	-
Physical plant operations	5,274,507	(760,326)	-
Auxiliary enterprises	-	-	1,617,648
Depreciation	-	-	-
Total operating expenses	45,264,171	(6,524,881)	2,752,406
Operating (Loss) Income	(24,050,500)	6,524,881	(252,992)
Nonoperating Revenue (Expenses)			
State appropriations	14,257,735	988,415	29,356
Property taxes	13,508,382	-	-
Pell revenue	-	-	-
Investment income	1,442,540	-	-
Gain (loss) on disposal of capital assets	-	-	-
Interest on capital asset - Related debt	-	-	-
Net nonoperating revenue (expense)	29,208,657	988,415	29,356
Income (Loss) - Before other revenue	5,158,157	7,513,296	(223,636)
Transfers In (Out)	(3,253,727)	-	-
Change in Net Position	1,904,430	7,513,296	(223,636)
Net Position - Beginning of year	5,528,047	(40,839,029)	941,615
Net Position - End of year	\$ 7,432,477	\$ (33,325,733)	\$ 717,979

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

June 30, 2025
(with comparative totals for 2024)

Restricted Fund	Plant Fund	Fund Total	Eliminations	2025	2024 (as restated)
\$ -	\$ -	\$ 21,328,521	\$ (9,225,106)	\$ 12,103,415	\$ 14,515,094
1,828,571	-	1,828,571	-	1,828,571	1,701,331
3,215,624	-	3,215,624	(43,503)	3,172,121	1,531,074
3,265,949	750	3,266,699	(246,950)	3,019,749	3,427,666
-	-	1,475,623	-	1,475,623	1,065,328
-	-	908,941	(60,000)	848,941	725,019
<u>8,310,144</u>	<u>750</u>	<u>32,023,979</u>	<u>(9,575,559)</u>	<u>22,448,420</u>	<u>22,965,512</u>
2,219,116	-	18,757,623	(12,685)	18,744,938	18,414,982
-	-	1,649,142	-	1,649,142	1,779,687
-	-	142,187	-	142,187	177,752
-	-	6,663,363	-	6,663,363	7,094,720
12,437,252	-	17,925,165	(9,407,671)	8,517,494	11,662,499
-	-	4,878,755	(51,700)	4,827,055	4,630,206
93,115	82,307	4,689,603	(43,503)	4,646,100	4,821,914
-	-	1,617,648	(60,000)	1,557,648	1,580,368
-	4,037,759	4,037,759	-	4,037,759	4,069,036
<u>14,749,483</u>	<u>4,120,066</u>	<u>60,361,245</u>	<u>(9,575,559)</u>	<u>50,785,686</u>	<u>54,231,164</u>
(6,439,339)	(4,119,316)	(28,337,266)	-	(28,337,266)	(31,265,652)
49,691	215,420	15,540,617	-	15,540,617	18,070,352
-	3,442,640	16,951,022	-	16,951,022	15,394,689
8,676,980	-	8,676,980	-	8,676,980	6,630,130
-	-	1,442,540	-	1,442,540	1,196,147
-	(90,436)	(90,436)	-	(90,436)	(99,872)
-	(147,451)	(147,451)	-	(147,451)	(179,162)
<u>8,726,671</u>	<u>3,420,173</u>	<u>42,373,272</u>	<u>-</u>	<u>42,373,272</u>	<u>41,012,284</u>
2,287,332	(699,143)	14,036,006	-	14,036,006	9,746,632
<u>(2,287,332)</u>	<u>5,541,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,841,916	14,036,006	-	14,036,006	9,746,632
<u>108,971</u>	<u>73,796,906</u>	<u>39,536,510</u>	<u>-</u>	<u>39,536,510</u>	<u>29,789,878</u>
<u>\$ 108,971</u>	<u>\$ 78,638,822</u>	<u>\$ 53,572,516</u>	<u>\$ -</u>	<u>\$ 53,572,516</u>	<u>\$ 39,536,510</u>

Schedule of General Fund Expenditures

Year Ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	Salaries and Related Expenses	Other Expenses	Equipment	June 30, 2025 Total	June 30, 2024 Total (as restated)
Instruction					
General education	\$ 6,482,292	\$ 135,916	\$ -	6,618,208	\$ 6,574,153
Business and human services	3,195,069	127,870	-	3,322,939	3,293,469
Technical and industrial trades	1,709,380	449,444	-	2,158,824	2,122,729
Health occupations	5,522,177	550,945	-	6,073,122	6,603,690
Developmental and basic skills	760,598	2,323	-	762,921	732,530
Human development	266,625	-	-	266,625	303,527
Personal interest	90,333	31,126	-	121,459	80,211
Equipment	-	-	-	-	-
Total instruction	18,026,474	1,297,624	-	19,324,098	19,710,309
Information Technology	1,100,888	709,777	116,243	1,926,908	1,957,573
Public Service	166,136	-	-	166,136	195,519
Instructional Support					
Instructional support	6,870,635	902,496	-	7,773,131	7,795,352
Equipment	-	-	12,546	12,546	8,509
Total instructional support	6,870,635	902,496	12,546	7,785,677	7,803,861
Student Services					
Student services programs and administration	3,414,642	533,349	-	3,947,991	3,869,300
Financial aid	860,738	138,109	-	998,847	1,065,247
Intercollegiate athletics	-	125,170	-	125,170	141,925
Equipment	-	-	14,351	14,351	15,111
Total student services	4,275,380	796,628	14,351	5,086,359	5,091,583
Institutional Administration					
Institutional administration	3,209,682	2,468,178	-	5,677,860	5,057,334
Equipment	-	-	22,626	22,626	35,676
Total institutional administration	3,209,682	2,468,178	22,626	5,700,486	5,093,010
Physical Plant Operations					
Physical plant operations	1,152,268	2,126,914	-	3,279,182	3,378,858
Energy services	-	1,097,461	-	1,097,461	867,429
Campus security	296,302	550,839	-	847,141	850,278
Equipment	-	-	50,723	50,723	44,145
Total physical plant operations	1,448,570	3,775,214	50,723	5,274,507	5,140,710
Total expenditures	\$ 35,097,765	\$ 9,949,917	\$ 216,489	\$ 45,264,171	\$ 44,992,565