Montcalm Community College



Years Ended June 30, 2026 and 2025

Financial Statements and Supplementary Information

Rehmann

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MONTCALM COMMUNITY COLLEGE

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MONTCALM COMMUNITY COLLEGE

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June 30, 2026

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June 30, 2026

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

November 17, 2026

Board of Trustees
Montcalm Community College
Sidney, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of ***Montcalm Community College*** (the "College"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the College, as of June 30, 2026 and 2025, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Implementation of GASB Statement No. 103

As described in Note 2, during the year ended June 30, 2026, the College implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* effective July 1, 2024. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the combining statement of net position (deficit) and the combining statement of revenues, expenses, transfers and changes in net position (deficit), but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 17, 2026, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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MONTCALM COMMUNITY COLLEGE

Management's Discussion and Analysis

The discussion and analysis of ***Montcalm Community College's*** (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2026, 2025, and 2024. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Overview of the Financial Statements

The College issues basic financial statements for a special-purpose government engaged only in business-type activities. The basic statements comprise the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows, along with notes that are an integral part of the statements. These statements present the financial position, operating results, and cash flow activities of the College's business-type activities.

Under the provision of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus,* the Montcalm Community College Foundation (the "Foundation") has been determined to be a component unit. Accordingly, the Foundation is blended with and included in the College's financial statements.

The basic financial statements of the College are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and follow the financial reporting model established by the Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* and No. 103, *Financial Reporting Model Improvements.*

Management's Discussion and Analysis

Financial Summary

Statements of Net Position

The College's statements of net position at June 30, 2026, 2025, and 2024 are summarized as follows:

	2026	2025	2024
Current and other assets	$ 58,020,088	$ 57,454,873	$ 45,927,453
Capital assets, net	22,595,870	16,904,327	16,543,213
Total assets	**80,615,958**	**74,359,200**	**62,470,666**
Deferred outflows of resources	3,664,417	5,124,413	7,480,911
Long-term liabilities	25,317,825	29,079,173	29,898,881
Other liabilities	2,055,248	3,023,847	2,236,211
Total liabilities	**27,373,073**	**32,103,020**	**32,135,092**
Deferred inflows of resources	9,279,733	10,363,355	7,452,382
Net position:			
Net investment in capital assets	11,942,239	12,800,367	10,343,220
Restricted	26,694,083	20,236,644	18,968,860
Unrestricted	8,991,247	3,980,227	1,052,023
Total net position	**$ 47,627,569**	**$ 37,017,238**	**$ 30,364,103**

Management's Discussion and Analysis

Statements of Revenue, Expenses, and Changes in Net Position

The College's major components of operating results for the years ended June 30, 2026, 2025 and 2024 are summarized as follows:

	2026	2025	2024
Operating revenues			
Tuition and fees, net	$ 6,098,066	$ 5,033,591	$ 4,663,412
Federal Pell grants	2,881,751	2,840,839	2,053,580
Other grants and contracts	796,207	937,763	974,608
Sales and services of auxiliary activities, net	83,638	85,179	80,799
Other	110,812	92,495	103,678
Total operating revenues	**9,970,474**	**8,989,867**	**7,876,077**
Operating expenses			
Instruction	5,835,170	5,563,323	5,099,281
Public services	290,574	436,031	418,672
Instructional support	1,585,060	2,206,929	2,309,295
Student services	3,851,068	3,871,231	3,145,874
Institutional administration	1,816,987	2,083,681	1,889,942
Information technology	1,602,009	1,369,147	809,940
Operation and maintenance of plant	1,699,569	2,231,018	1,854,806
Depreciation and amortization	1,414,107	1,449,961	1,414,962
Other	568,696	749,737	940,324
Total operating expenses	**18,663,240**	**19,961,058**	**17,883,096**
Operating loss	**(8,692,766)**	**(10,971,191)**	**(10,007,019)**
Noncapital subsidies			
State appropriations	4,830,909	4,940,517	4,956,977
Property taxes	9,489,172	9,125,139	8,340,251
Contributions	391,610	232,632	262,963
Total noncapital subsidies	**14,711,691**	**14,298,288**	**13,560,191**
Operating loss and noncapital subsidies	**6,018,925**	**3,327,097**	**3,553,172**
Other nonoperating revenues (expenses)			
Net investment income	4,971,784	3,526,579	3,198,826
Interest on capital asset-related debt	(380,378)	(200,541)	(182,992)
Total other nonoperating revenues (expenses)	**4,591,406**	**3,326,038**	**3,015,834**
Change in net position	**10,610,331**	**6,653,135**	**6,569,006**
Net position - beginning of year	37,017,238	30,364,103	23,795,097
Net position - end of year	**$ 47,627,569**	**$ 37,017,238**	**$ 30,364,103**

Management's Discussion and Analysis

Detailed Analysis

The following analysis focuses on significant current-year changes and the underlying reasons for those changes. Fiscal year 2026 results were shaped primarily by completion of the student housing, Carbonelli Villas, use of bond proceeds for capital activity, changes in pension and OPEB measurements, higher tuition and fee billings, growth in the local property tax base, and the investment performance of the Montcalm Community College Foundation. Comparative 2025 information has been presented using the GASB 103 classifications so that the current-year discussion is based on consistent categories.

Financial Position

2026-2025 Analysis

The primary changes in the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College between 2026 and 2025 are as follows:

Total assets increased $6.2 million, from $74.4 million to $80.6 million. Net capital assets increased $5.7 million due to the completion of the Carbonelli Villas and placement of the related improvements into service. Foundation investments increased $4.7 million as a result of investment earnings and additional contributions, and the net OPEB asset increased $1.0 million based on the updated MPSERS measurement. These increases were largely offset by a $5.1 million decrease in restricted cash as bond proceeds were used for construction and renovation activity. After considering changes in receivables, pledges receivable, prepaid assets, investments, and the net OPEB asset, current and other assets increased $0.6 million overall.

Total liabilities decreased $4.7 million, primarily due to the College's proportionate share of the MPSERS net pension liability declining $3.3 million and outstanding bonds and related obligations declining through scheduled principal payments and bond-premium amortization. Current liabilities also decreased, led by lower accounts payable and accrued payroll and other liabilities. Subscription-based IT arrangement liabilities increased from approximately $0.2 million to $0.3 million, as $0.3 million of current-year additions exceeded $0.2 million of reductions during the year.

Deferred outflows decreased $1.5 million and deferred inflows decreased $1.1 million. These changes reflect the timing and recognition of pension and OPEB actuarial experience, assumption changes, investment experience, changes in the College's proportionate share, and contributions made after the measurement date.

Net investment in capital assets decreased $0.7 million. Although net capital assets increased $5.7 million and outstanding capital-related obligations declined, these favorable changes were more than offset by the $7.0 million decrease in restricted cash as previously received bond proceeds were used for construction and renovation expenditures.

Restricted net position increased $6.5 million, principally from growth in Foundation donor-restricted resources, while unrestricted net position increased $4.8 million because the Foundation's board-designated endowment and the College's operating results improved and the pension and OPEB-related deficit declined.

Taken together, these changes increased total net position $10.6 million, from $37.0 million to $47.6 million at June 30, 2026.

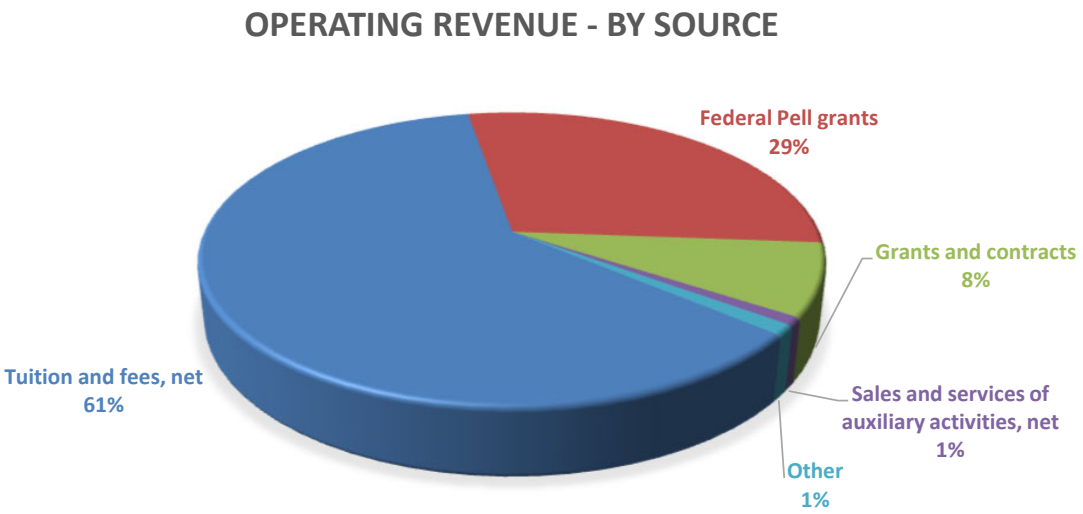
Management's Discussion and Analysis

2025-2024 Analysis

Total assets increased $11.9 million in fiscal year 2025, from $62.5 million to $74.4 million. The increase reflected higher current assets, investments, the net OPEB asset, and capital assets. Total liabilities remained near $32.1 million because decreases in the net pension liability and scheduled debt payments were largely offset by issuance of the 2025 bonds and recognition of additional compensated absences under GASB Statement No. 101. Pension and OPEB activity also reduced deferred outflows and increased deferred inflows. As a result, net position increased $6.7 million, from $30.3 million to $37.0 million.

Operating Revenues

The following is a graphic illustration of operating revenues for fiscal year 2026:



2026-2025 Analysis

The primary changes in operating revenues of the College between 2026 and 2025 are as follows:

Operating revenues increased $1.0 million, or 11.1%, from $9.0 million in fiscal year 2025 to $10.0 million in fiscal year 2026. Net tuition and fee revenue increased $1.1 million, primarily due to growth in enrollment activity and higher fee revenue during fiscal year 2026. Billable student contact hours increased from 14,963 to 17,453, an increase of 2,490 contact hours, or 16.6%, resulting in higher gross tuition billings. Increased course and program-related fees also contributed to the growth in gross tuition and fee revenue. In addition, the scholarship allowance decreased slightly compared with the prior year, further increasing net tuition and fee revenue.

Federal Pell grant revenue was essentially unchanged. Other federal, state, and local grant and contract revenue decreased $0.3 million, primarily because federal grant revenue declined from the prior year, and the increase in state and local grant revenue was not sufficient to offset that reduction. Auxiliary and other operating revenues were generally stable, so the growth in tuition and fee revenue was the principal reason total operating revenue increased.

Management's Discussion and Analysis

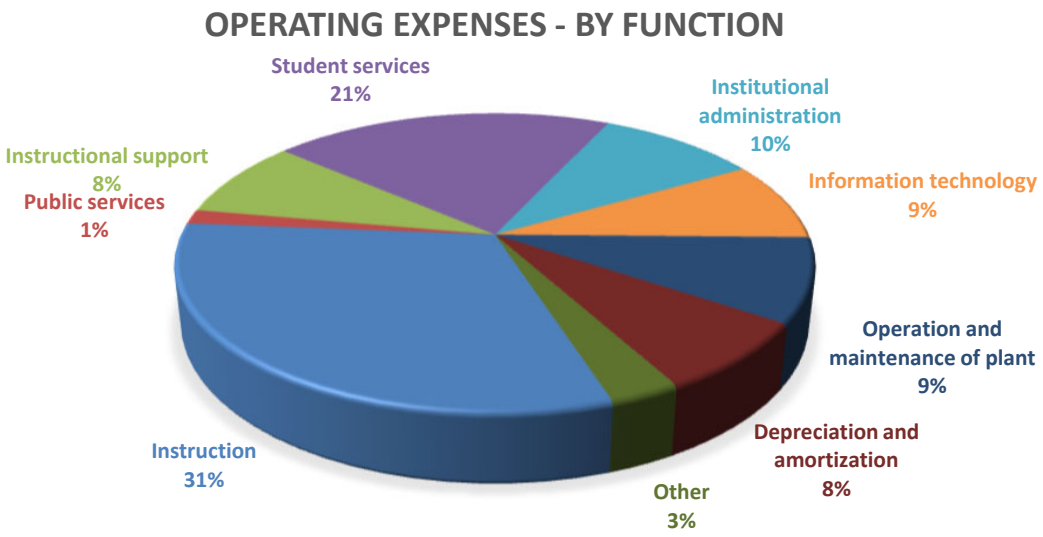
2025-2024 Analysis

The primary changes in operating revenues of the College between 2025 and 2024 are as follows:

Operating revenues increased $1.1 million in fiscal year 2025, from $7.9 million to $9.0 million, after prior-year amounts were reclassified for GASB 103. The increase resulted principally from higher tuition and fee revenue and Federal Pell grants, partially offset by lower state and local grant revenue. The tuition increase reflected higher student billing activity and tuition-rate changes, while the increase in Federal Pell grants reflected the level of eligible student financial aid activity during the year.

Operating Expenses

The following is a graphic illustration of operating expenses for the year ended June 30, 2026:



2026-2025 Analysis

The primary changes in operating expenses of the College between 2026 and 2025 are as follows:

Operating expenses decreased $1.3 million, or 6.5%, from $20.0 million in fiscal year 2025 to $18.7 million in fiscal year 2026. The largest decreases occurred in instructional support, operation and maintenance of plant, institutional administration, student services, and other expenses. These decreases reflect lower costs recorded in those functions and changes in the allocation of pension, OPEB, compensated absences, marketing, insurance, and other shared costs among the functions receiving the benefit.

Instruction expense increased $0.3 million, reflecting personnel, benefit, and pension-related allocations, and information technology expense increased $0.2 million as the College continued to incur software, cybersecurity, and technology-service costs. Operation and maintenance of plant expense decreased $0.5 million, primarily due to lower personnel and benefit costs, decreased repairs and maintenance, and other costs associated with maintaining and operating College facilities.

Public service expense declined $0.1 million, and depreciation and amortization remained near the prior-year level due to depreciation on assets placed in service during the year only affecting part of fiscal year 2026.

Management's Discussion and Analysis

2025-2024 Analysis

The primary changes in operating expenses of the College between 2025 and 2024 are as follows:

Operating expenses increased $2.1 million in fiscal year 2025. The largest increases were in student services, information technology, instruction, and operation and maintenance of plant, reflecting expanded athletics and student-support activity, higher software and cybersecurity costs, facility projects, and changes in functional cost allocations. These increases were partially offset by lower instructional support and other expenses. Depreciation and amortization increased modestly as additional capital and subscription assets were placed into service.

Noncapital Subsidies and Other Nonoperating Revenues (Expenses)

2026-2025 Analysis

2026-2025 significant revenue changes in noncapital subsidies and other nonoperating revenues were the result of the following factors:

State appropriations decreased $0.1 million, or 2.2%, to $4.8 million. The decrease was driven primarily by lower MPSERS-related State funding, while base operating support remained comparatively stable. Property tax revenue increased $0.4 million, or 4.0%, to $9.5 million because growth in taxable values more than offset the reduction in the operating millage rate from 2.6464 mills to 2.6044 mills.

Contributions increased $0.2 million due to additional Foundation gifts, and net investment income increased $1.4 million as the Foundation earned higher interest, dividends, and realized and unrealized investment gains.

Interest expense on capital asset-related debt increased $0.2 million as fiscal year 2026 included a full year of interest associated with the 2025 bond issuance.

Collectively, stronger property tax revenue and Foundation investment performance more than offset the decreases in State appropriations and the increase in interest expense.

2025-2024 Analysis

2025-2024 significant revenue changes in noncapital subsidies and other nonoperating revenues were the result of the following factors:

In fiscal year 2025, State appropriations were essentially unchanged, while property tax revenue increased $0.8 million as the taxable values within the College's district grew. Contributions decreased slightly, while net investment income increased $0.3 from interest, dividends, and market activity in the Foundation's investment portfolio. The 2025 bond issuance provided cash for planned capital activity and also increased capital asset-related debt and future debt-service requirements.

Management's Discussion and Analysis

Significant Capital Asset and Long-term Financing Activity

Capital Assets

At June 30, 2026, the College had $22.6 million invested in capital assets, net of accumulated depreciation and amortization, compared with $16.9 million at June 30, 2025. The increase occurred because fiscal year 2026 capital additions exceeded depreciation and disposals. During the fiscal year 2026, $6.0 million of project costs were added to construction in progress. Upon completion of the Carbonelli Villas, $7.4 million was transferred from construction in progress to buildings and improvements, resulting in no construction-in-progress balance at June 30, 2026.

Other additions included land improvements, building improvements, equipment, subscription assets, and intangible software.

Depreciation and amortization expense was $1.4 million in fiscal year 2026, compared with $1.5 million in fiscal year 2025. Although expense decreased modestly in the current year, the completed renovation will increase depreciation in future periods because the related assets were placed into service during fiscal year 2026.

Long-term Financing Activity

Long-term liabilities, including the current portion and unamortized bond premium, decreased from $11.7 million at June 30, 2025 to $11.1 million at June 30, 2026. The decrease reflects $0.5 million of scheduled bond principal payments and $0.03 million of bond-premium amortization, with no new debt issued during fiscal year 2026. Subscription-based IT arrangement liabilities increased from $0.2 million to $0.3 million due to $0.3 million of current-year additions exceeded $0.2 million principal payments and reductions. These changes reduced outstanding long-term financing liabilities, although the College will continue to make scheduled principal and interest payments on the 2017, 2021, and 2025 bond issues.

Currently Known Facts, Decisions, or Conditions

The College is aware of the following items that will impact future finances:

The College continues to monitor enrollment, student retention, dual-enrollment activity, athletics, and student-housing utilization because these factors affect tuition and fee revenue, Federal Pell grants, auxiliary revenue, and student-service costs.

Property tax revenue will continue to depend on taxable-value growth, authorized millage rates after Headlee reductions, and amounts captured or deferred under local development agreements. State appropriations, including MPSERS-related funding, will also affect future operating results.

Completion of the Carbonelli Villas increased the College's depreciable asset base and will result in future depreciation, facility operating costs, and scheduled debt-service requirements.

Pension and OPEB balances and expense will remain sensitive to MPSERS investment performance, actuarial assumptions, the College's proportionate share, and State funding decisions.

The fiscal year 2027 budget incorporates ongoing personnel, technology, cybersecurity, facility, student-service, and debt-service commitments; actual results will depend on enrollment, State support, taxable values, investment performance, and the timing of capital and operating expenditures.

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FINANCIAL STATEMENTS

MONTCALM COMMUNITY COLLEGE

Statements of Net Position

	June 30	
	2026	2025
Assets		
Current assets		
Cash	$ 16,743,811	$ 14,955,396
Restricted cash	739,834	7,780,973
Receivables, net	1,988,780	1,439,450
Pledges receivable	83,085	532,920
Prepaids and other assets	309,023	266,169
Total current assets	**19,864,533**	**24,974,908**
Noncurrent assets		
Investments	34,225,521	29,484,209
Pledges receivable, net of current portion	90,005	195,984
Capital assets not being depreciated/amortized	755,926	2,104,904
Capital assets being depreciated/amortized, net	21,839,944	14,799,423
Net other postemployment benefits asset	3,840,029	2,799,772
Total noncurrent assets	**60,751,425**	**49,384,292**
Total assets	**80,615,958**	**74,359,200**
Deferred outflows of resources		
Deferred pension amounts	3,028,379	4,460,310
Deferred other postemployment benefits amounts	636,038	664,103
Total deferred outflows of resources	**3,664,417**	**5,124,413**
Liabilities		
Current liabilities		
Accounts payable	253,126	780,840
Accrued interest	63,416	79,882
Accrued payroll and other liabilities	891,936	1,325,951
Deposits	640,963	635,397
Unearned revenue	205,807	201,777
Current portion of bonds payable	573,279	563,015
Current portion of accrued compensated absences	410,500	379,902
Current portion of subscription-based IT arrangement liabilities	223,368	187,061
Total current liabilities	**3,262,395**	**4,153,825**
Noncurrent liabilities		
Bonds payable, net of current portion	10,551,314	11,134,857
Accrued compensated absences, net of current portion	599,527	599,499
Subscription-based IT arrangement liabilities, net of current portion	45,504	-
Net pension liability	12,914,333	16,214,839
Total noncurrent liabilities	**24,110,678**	**27,949,195**
Total liabilities	**27,373,073**	**32,103,020**
Deferred inflows of resources		
Deferred pension amounts	5,905,018	6,595,347
Deferred other postemployment benefits amounts	3,374,715	3,768,008
Total deferred inflows of resources	**9,279,733**	**10,363,355**
Net position		
Net investment in capital assets	11,942,239	12,800,367
Restricted for		
OPEB	3,840,029	2,799,772
Scholarships and grants	22,531,390	17,114,708
Endowments (Note 15)	322,664	322,164
Unrestricted (Note 11)	8,991,247	3,980,227
Total net position	**$ 47,627,569**	**$ 37,017,238**

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

MONTCALM COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2026	2025
Operating revenues		
Tuition and fees, net of scholarship allowance of $1,540,802 and $1,571,837 in 2026 and 2025, respectively	$ 6,098,066	$ 5,033,591
Federal Pell grants	2,881,751	2,840,839
Other Federal grants and contracts	578,233	927,562
State and local grants and contracts	217,974	10,201
Sales and services of auxiliary activities, net	83,638	85,179
Other	110,812	92,495
Total operating revenues	**9,970,474**	**8,989,867**
Operating expenses		
Instruction	5,835,170	5,563,323
Public services	290,574	436,031
Instructional support	1,585,060	2,206,929
Student services	3,851,068	3,871,231
Institutional administration	1,816,987	2,083,681
Information technology	1,602,009	1,369,147
Operation and maintenance of plant	1,699,569	2,231,018
Depreciation and amortization	1,414,107	1,449,961
Other	568,696	749,737
Total operating expenses	**18,663,240**	**19,961,058**
Operating loss	**(8,692,766)**	**(10,971,191)**
Noncapital subsidies		
State appropriations	4,830,909	4,940,517
Property taxes	9,489,172	9,125,139
Contributions	391,610	232,632
Total noncapital subsidies	**14,711,691**	**14,298,288**
Operating loss and noncapital subsidies	**6,018,925**	**3,327,097**
Other nonoperating revenues (expenses)		
Net investment income	4,971,784	3,526,579
Interest on capital asset-related debt	(380,378)	(200,541)
Total nonoperating revenues (expenses)	**4,591,406**	**3,326,038**
Change in net position	**10,610,331**	**6,653,135**
Net position - beginning of year	37,017,238	30,364,103
Net position - end of year	**$ 47,627,569**	**$ 37,017,238**

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

MONTCALM COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2026	2025
Cash flows from operating activities		
Tuition and fees	$ 5,819,182	$5,113,192
Grants and contracts	578,897	1,381,218
Auxiliary activity receipts	83,638	85,179
Payments to suppliers	(8,823,919)	(5,034,293)
Payments to employees	(13,391,273)	(15,671,546)
Other receipts	110,812	92,495
Net change in cash from operating activities	**(15,622,663)**	**(14,033,755)**
Cash flows from noncapital financing activities		
Local property taxes	9,517,197	9,097,856
State appropriations	4,753,778	4,918,279
Federal direct lending receipts	873,491	943,515
Federal direct lending disbursements	(873,491)	(943,515)
Federal Pell grants	2,881,751	2,840,839
Contributions	931,825	640,806
Net change in cash from noncapital financing activities	**18,084,551**	**17,497,780**
Cash flows from capital and related financing activities		
Purchases of capital assets	(6,793,244)	(1,811,075)
Proceeds from issuance of capital debt	-	5,646,876
Principal paid on capital debt	(540,000)	(540,000)
Interest paid on capital asset - related debt	(396,844)	(154,112)
Principal paid on subscription-based IT arrangement liabilities	(230,595)	(238,823)
Net change in cash from capital and related financing activities	**(7,960,683)**	**2,902,866**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	239,667	2,839,401
Purchase of investments	(1,567,206)	(3,080,439)
Interest and dividends on investments	1,573,610	1,266,242
Net change in cash from investing activities	**246,071**	**1,025,204**
Net change in cash and restricted cash	**(5,252,724)**	**7,392,095**
Cash and restricted cash		
beginning of year	22,736,369	15,344,274
Cash and restricted cash		
end of year	**$ 17,483,645**	**$ 22,736,369**

continued…

MONTCALM COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2026	2025
Reconciliation to Statements of Net Position		
Cash	$ 16,743,811	$ 14,955,396
Restricted cash	739,834	7,780,973
Cash and restricted cash - end of year	**$ 17,483,645**	**$ 22,736,369**
Reconciliation of operating loss to net change in cash from operating activities		
Operating loss	$ (8,692,766)	$ (10,971,191)
Adjustments to reconcile operating loss to net change in cash from operating activities:		
Federal Pell grants	(2,881,751)	(2,840,839)
Depreciation and amortization expense	1,414,107	1,449,961
Amortization of bond premium	(33,279)	(23,015)
Change in operating assets and liabilities which provided (used) cash:		
Receivables, net	(500,224)	491,304
Prepaids and other assets	(42,854)	(80,375)
Accounts payable	(527,714)	348,296
Accrued payroll and other liabilities	(434,015)	366,558
Accrued compensated absences	30,626	595,994
Deposits	5,566	(5,400)
Unearned revenue	4,030	31,752
Change in net OPEB asset	(1,040,257)	(2,403,531)
Change in net pension liability	(3,300,506)	(6,260,740)
Change in deferred outflows of resources of pension amounts	1,431,931	1,717,756
Change in deferred outflows of resources of OPEB amounts	28,065	638,742
Change in deferred inflows of resources of pension amounts	(690,329)	2,359,403
Change in deferred inflows of resources of OPEB amounts	(393,293)	551,570
Net change in cash from operating activities	**$ (15,622,663)**	**$ (14,033,755)**
Non-cash activities		
Contribution of investments	$ 15,599	$ 26,269
Subscription-based IT arrangement acquisitions	312,406	-

concluded

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

MONTCALM COMMUNITY COLLEGE

Notes to Financial Statements

1. MISSION

Montcalm Community College (the "College") is a Michigan community college whose mission is to create a learning community, contributing to shared economic, cultural and social prosperity for all citizens. The College offers associate degrees, numerous certificate programs, and other educational programs while being accredited by the Higher Learning Commission. The primary education centers for the College are its main campus situated northeast of Greenville, and extension center located in Greenville.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The College's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board ("GASB") Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.* The College reports as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities and the State of Michigan Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001,* and GASB Statement No. 103, *Financial Reporting Model Improvements.* Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The College's financial statements have been prepared in accordance with GASB No. 61, *The Financial Reporting Entity Omnibus,* which requires examination of significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

The Montcalm Community College Foundation (the "Foundation") is a legally separate, tax-exempt not-for-profit organization that was formed to solicit, collect, and invest donations made for the promotion of educational activities at and to augment the facilities of the College. The Foundation acts primarily as a fundraising organization to supplement the resources of the College in support of its programs and facilities. Since the restricted resources held by the Foundation can be used only by, or for the benefit of, the College, the Foundation is considered a component unit of the College under governmental accounting standards. Because College management has operational responsibility for the Foundation in addition to meeting other criteria, the Foundation is blended into the College's financial statements.

Notes to Financial Statements

The condensed financial information for the Foundation as of and for the years ended June 30 is as follows:

	2026	2025
Condensed statements of net position		
Total assets	$ 34,801,850	$ 30,597,097
Total liabilities	(64,775)	(13,969)
Total net position	**$ 34,737,075**	**$ 30,583,128**
Condensed statements of revenues, expenses and changes in net position		
Revenues and net investment gains	$ 5,182,064	$ 3,583,689
Expenses	(1,028,117)	(967,255)
Change in net position	4,153,947	2,616,434
Beginning net position	30,583,128	27,966,694
Ending net position	**$ 34,737,075**	**$ 30,583,128**
Condensed statements of cash flows		
Net change in cash from:		
Operating activities	$ 145,597	$ (66,114)
Non-capital financing activities	947,423	668,692
Investing activities	(1,343,138)	(267,307)
Net change in cash	(250,118)	335,271
Beginning cash	742,320	407,049
Ending cash and cash equivalents	**$ 492,202**	**$ 742,320**

Change in Accounting Principle

For 2026, the College adopted GASB Statement No. 103, *Financial Reporting Model Improvements,* on a retrospective basis. This new standard introduces targeted enhancements to key components of the financial reporting model in order to improve clarity, consistency, and decision-usefulness of governmental financial statements. As part of the implementation, Management's Discussion and Analysis content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. The College has updated reporting processes and presentation formats to comply with these requirements. The adoption of GASB 103, effective July 1, 2024, and as of and for the year ended June 30, 2026, did not have an impact on the College's net position, changes in net position, or overall financial reporting results.

Notes to Financial Statements

Significant Accounting Policies

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

Basis of Accounting and Presentation

The financial statements have been prepared using the economic resource management focus and accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. The College follows all applicable GASB pronouncements. Certain revenue recognition criteria and presentation features are different under the Financial Accounting Standards Board ("FASB"), which is applicable to the Foundation, from GASB. However, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the assumptions based on historical trends and industry standards used in the actuarial valuations of the Michigan Public School Employees' Retirement System ("MPSERS") pension and other postemployment benefits ("OPEB") plans.

Cash

Cash consists of demand deposits and cash on hand.

Restricted Cash

Restricted cash includes unspent bond proceeds to be used to pay the costs of constructing and renovating several campus facilities.

Investments

The College carries investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position within net investment income. Realized and unrealized gains and losses from securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances at year-end. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts, when necessary. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the Foundation transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

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

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

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

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

For a further discussion of Fair Value Measurements, refer to Note 4 to the financial statements.

Capital Assets and Depreciation/Amortization

Capital assets are recorded at cost. Gifts of capital assets are recorded at estimated acquisition value at the time gifts are received. Expenditures for maintenance and repairs are expensed as incurred. Depreciation and amortization is computed using the straight-line method. Land is not depreciated. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. Management reviews these assets to determine whether carrying values have been impaired. The College's capitalization policy is to capitalize individual amounts of $5,000 or more.

Classifications	Estimated Useful Lives
Buildings	40 years
Infrastructure and land improvements	15 years
Building improvements	10 years
Furniture and fixtures	5 years
Computer equipment	4 years
Vehicles	4 - 5 years
Library materials	7 years
Software (including SBITAs)	2 - 5 years

Subscription-Based Information Technology Arrangements (SBITA)

The College has noncancellable subscription-based information technology arrangements. The College recognizes a subscription liability and an intangible right-to-use subscription asset in the basic financial statements. The College recognizes subscription liabilities with an initial, individual value of $10,000 or more.

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 certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the term of the agreement or its useful life.

Key estimates and judgments related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Compensated Absences

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - *vacation* and *sick* leave. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: The College's policy permits employees to accumulate earned but unused vacation benefits, to a maximum limit annually, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave: The College's policy permits employees to accumulate earned but unused sick leave to a maximum limit that can be carried over to subsequent years. All sick leave lapses when employees leave the employ of the College, and upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences. Accordingly, the liability for compensated absences includes the estimated value of vacation and the applicable portion of sick leave benefits expected to be paid upon employee separation.

Revenue Recognition

Net tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Amounts received from another party are considered a noncapital subsidy if it is unrelated to the services provided by the College and keeps the fees charged at the same amount or lower if the subsidy was not received. Noncapital subsidies consist of property taxes, state appropriations, and contributions. State appropriation revenue is recognized in the period for which it is appropriated. Property taxes are recorded as revenue in the year for which taxes have been levied. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the College that are responsible for adhering to any donor restrictions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the College's policy is to first apply restricted net position.

Scholarship Allowance

Tuition and fee revenue, and certain other revenue from students, is reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students and/or third parties making payments on the students' behalf. Governmental grants, such as Federal Pell grants, and other federal, state, or nongovernmental programs are recorded as operating 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 allowance.

During the fiscal year ended June 30, 2025, the College revised its methodology for estimating scholarship allowances applied against tuition and fee revenue. Previously, the College employed an allocation-based approach, which utilized summary-level financial aid data due to limitations in system capabilities. In alignment with updated guidance from the National Association of College and University Business Officers ("NACUBO") Advisory Report 2023-01, and following enhancements to the student information system, the College adopted a high-level estimation by fiscal year methodology (Method C). This change allows for more precise identification and classification of discountable student financial aid transactions and improves the accuracy of scholarship allowance estimates. The change in estimate resulted in an increase in the reported scholarship allowance and a corresponding decrease in net tuition revenue. Management believes this change provides a more faithful representation of financial aid activity and complies with GASB Statements No. 34 and 35.

Operating Revenue

Operating activities reported on the statements of revenues, expenses, and changes in net position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Operating revenues of the College include activities, such as (1) tuition and fees, net of scholarship allowances; (2) Federal Pell grants; (3) auxiliary activities; and (4) most federal, state, and local grants. Nonoperating revenues of the College include activities that have the characteristics of nonexchange transactions.

Unearned Revenue

Tuition and fees and room and board revenue received and related to periods of instruction that will occur after financial year-end, have been recorded as unearned.

Classification of Expenses

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

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

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

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income" ("UBTI"). The College is also subject to UBTI.

The Foundation considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Foundation determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Foundation has evaluated fiscal years 2023 through 2026, the years which remain subject to examination by major tax jurisdictions as of June 30, 2026, for uncertain tax positions. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2026 or 2025, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Deferred Outflows of Resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and other OPEB-related amounts. More detailed information can be found in Note 10.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB-related amounts. More detailed information can be found in Note 10.

Notes to Financial Statements

Pension and Other Postemployment Benefits ("OPEB")

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

Internal Service Activities

Both revenue and expenses related to internal service activities including office equipment, maintenance, and telecommunications have been eliminated in the presentation of these financial statements.

Net Position

Net position is classified into the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets, and restricted cash from the unspent bond proceeds to be used to pay the costs of constructing and renovating certain campus facilities.

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

Nonexpendable endowments: Contains donor-imposed restrictions that are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Subsequent Events - Foundation

In preparing these financial statements, Foundation management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent statement of net position presented herein, through the date these financial statements were available to be issued.

Notes to Financial Statements

3. PROPERTY TAXES

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

During the years ended June 30, 2026 and 2025, $2.6044 and $2.6464, respectively, 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 $9,489,172 and $9,125,139 for the years ended June 30, 2026 and 2025, respectively.

4. DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENTS

State of Michigan (“State”) statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services. The College is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers’ acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The College’s investment policy allows for all of these types of investments. The Foundation invests primarily in exchange traded funds.

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

2026	College	Foundation	Total
Cash	$ 16,251,609	$ 492,202	$ 16,743,811
Restricted cash	739,834	-	739,834
Investments	-	34,225,521	34,225,521
Total	**$ 16,991,443**	**$ 34,717,723**	**$ 51,709,166**

Notes to Financial Statements

2025	College	Foundation	Total
Cash	$ 14,213,076	$ 742,320	$ 14,955,396
Restricted cash	7,780,973	-	7,780,973
Investments	-	29,484,209	29,484,209
Total	**$ 21,994,049**	**$ 30,226,529**	**$ 52,220,578**

The above amounts are categorized as follows at June 30:

2026	College	Foundation	Total
Bank deposits (checking, savings and cash sweep accounts)	$ 16,988,043	$ 492,202	$ 17,480,245
Petty cash	3,400	-	3,400
Exchange traded funds	-	34,225,521	34,225,521
Total	**$ 16,991,443**	**$ 34,717,723**	**$ 51,709,166**

2025	College	Foundation	Total
Bank deposits (checking, savings and cash sweep accounts)	$ 21,990,649	$ 742,320	$ 22,732,969
Petty cash	3,400	-	3,400
Exchange traded funds	-	29,484,209	29,484,209
Total	**$ 21,994,049**	**$ 30,226,529**	**$ 52,220,578**

Investments

The Foundation utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

Notes to Financial Statements

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodology used at June 30, 2026 or 2025.

Exchange traded funds: Shares held in exchange traded funds are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Foundation at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of a different methodology or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments at fair value at June 30:

2026	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Large blend	$ 16,152,803	$ -	$ -	$ 16,152,803
Intermediate-term bond	8,039,775	-	-	8,039,775
Foreign equity large cap	4,111,507	-	-	4,111,507
Foreign large blend	4,705,694	-	-	4,705,694
World blend	1,195,170	-	-	1,195,170
Money market	20,572	-	-	20,572
Total investments at fair value	**$ 34,225,521**	**$ -**	**$ -**	**$ 34,225,521**

2025	Level 1	Level 2	Level 3	Total
Exchange traded funds				
Large blend	$ 13,285,699	$ -	$ -	$ 13,285,699
Intermediate-term bond	7,578,339	-	-	7,578,339
Foreign equity large cap	3,731,475	-	-	3,731,475
Foreign large blend	3,732,879	-	-	3,732,879
World blend	1,155,817	-	-	1,155,817
Total investments at fair value	**$ 29,484,209**	**$ -**	**$ -**	**$ 29,484,209**

As of June 30, 2026 and 2025, all deposits with financial institutions consist of depository accounts.

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.

Credit Risk

State law limits the College's investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The College's investment policy does not have specific limits on concentration of credit risk. The Foundation's investment policy limits the cost basis of individual company securities to 12% of its total investment portfolio as measured at market value or 5% as measured at cost.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College and the Foundation do not have a policy for deposit custodial credit risk. As of June 30, 2026 and 2025, $16,539,374 and $21,296,857, respectively, of the College and $402,737 and $498,638, respectively, of the Foundation's bank deposits balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments

For an investment, 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 that are in the possession of an outside party. State law does not require and the College and the Foundation do not have a policy for investment custodial credit risk. However, all investments are in the name of the College or Foundation, as applicable, and the investments are held in trust accounts with each financial institution from which they were purchased. Custodial credit risk for the exchange traded funds cannot be determined as these investments are not evidenced by specifically identifiable securities.

Foreign Currency Risk

The College is not authorized by state law to invest in investments which have this type of risk.

Notes to Financial Statements

5. RECEIVABLES, NET

Receivables, net consists of the following at June 30:

	2026	2025
Student	$ 592,163	$ 309,249
Grants and contracts	165,262	44,054
Property tax	-	28,025
State appropriations	1,135,253	1,058,122
Other	96,102	-
Net receivables	**$ 1,988,780**	**$ 1,439,450**

The College receives unconditional promises to give from alumni, foundations, corporations, and other individual donors in support of scholarships, academic programs, and capital projects. Unconditional promises to give are recognized as receivables and revenue in the period the promises are made. Pledges receivable, representing unconditional promises to give, are as follows at June 30:

	2026	2025
Receivable in less than one year	$ 83,085	$ 532,920
Receivable in one to five years	90,005	195,984
Pledges receivable, net	**$ 173,090**	**$ 728,904**

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Retirements	Transfers	Balance June 30, 2026
Capital assets not being depreciated/amortized					
Land	$ 755,926	$ -	$ -	$ -	$ 755,926
Construction in progress	1,348,978	6,035,762	-	(7,384,740)	-
Subtotal nondepreciable/ nonamortizable capital assets	**2,104,904**	**6,035,762**	**-**	**(7,384,740)**	**755,926**
Capital assets being depreciated/amortized					
Land improvements	1,726,511	216,175	-	-	1,942,686
Buildings and improvements	38,247,226	112,000	-	7,384,740	45,743,966
Infrastructure	1,465,140	-	-	-	1,465,140
Subscription assets	1,404,033	312,406	(569,163)	-	1,147,276
Furniture, fixtures and equipment, including vehicles	4,435,438	613,425	-	-	5,048,863
Library materials	452,000	-	-	-	452,000
Intangible software	-	73,946	-	-	73,946
Subtotal depreciable/ amortizable capital assets	**47,730,348**	**1,327,952**	**(569,163)**	**7,384,740**	**55,873,877**
Less accumulated depreciation and amortization					
Land improvements	1,331,050	43,891	-	-	1,374,941
Buildings and improvements	25,417,001	817,323	-	-	26,234,324
Infrastructure	1,318,900	20,022	-	-	1,338,922
Subscription assets	849,555	230,197	(311,099)	-	768,653
Furniture, fixtures and equipment, including vehicles	3,565,355	287,647	-	-	3,853,002
Library materials	449,064	1,469	-	-	450,533
Intangible software	-	13,558	-	-	13,558
Total accumulated depreciation and amortization	**32,930,925**	**1,414,107**	**(311,099)**	**-**	**34,033,933**
Capital assets being depreciated/amortized, net	**14,799,423**	**(86,155)**	**(258,064)**	**7,384,740**	**21,839,944**
Capital assets, net	**$ 16,904,327**	**$ 5,949,607**	**$ (258,064)**	**$ -**	**$ 22,595,870**

Notes to Financial Statements

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Additions	Reductions	Transfers	Balance June 30, 2025
Capital assets not being depreciated/amortized					
Land	$ 755,926	$ -	$ -	$ -	$ 755,926
Construction in progress	203,010	1,537,192	-	(391,224)	1,348,978
Subtotal nondepreciable/ nonamortizable capital assets	**958,936**	**1,537,192**	**-**	**(391,224)**	**2,104,904**
Capital assets being depreciated/amortized					
Land improvements	1,335,287	-	-	391,224	1,726,511
Buildings and improvements	38,200,726	46,500	-	-	38,247,226
Infrastructure	1,465,140	-	-	-	1,465,140
Subscription assets	1,404,033	-	-	-	1,404,033
Furniture, fixtures and equipment, including vehicles	4,208,055	227,383	-	-	4,435,438
Library materials	452,000	-	-	-	452,000
Subtotal depreciable/amortizable capital assets	**47,065,241**	**273,883**	**-**	**391,224**	**47,730,348**
Less accumulated depreciation and amortization					
Land improvements	1,319,359	11,691	-	-	1,331,050
Buildings and improvements	24,625,992	791,009	-	-	25,417,001
Infrastructure	1,291,147	27,753	-	-	1,318,900
Subscription assets	535,056	314,499	-	-	849,555
Furniture, fixtures and equipment, including vehicles	3,262,820	302,535	-	-	3,565,355
Library materials	446,590	2,474	-	-	449,064
Total accumulated depreciation and amortization	**31,480,964**	**1,449,961**	**-**	**-**	**32,930,925**
Capital assets being depreciated/amortized, net	**15,584,277**	**(1,176,078)**	**-**	**391,224**	**14,799,423**
Capital assets, net	**$ 16,543,213**	**$ 361,114**	**$ -**	**$ -**	**$ 16,904,327**

Notes to Financial Statements

7. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College is involved in four arrangements that qualify as long-term subscription-based information technology arrangements (SBITAs). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the College has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using interest rates that range from 3.68% to 4.00% based on the College's incremental borrowing rate at the time the subscription commenced.

The assets acquired through subscription-based information technology arrangements are summarized as follows at June 30:

	2026	2025
Subscription assets	$ 1,147,276	$ 1,404,033
Less accumulated amortization	(768,653)	(849,555)
Net book value	**$ 378,623**	**$ 554,478**

The net present value of future minimum payments as of June 30 were as follows:

Year Ending June 30,	Principal	Interest
2027	$ 223,368	$ 4,304
2028	45,504	1,729
Total	**$ 268,872**	**$ 6,033**

Subscription liability activity for the year ended June 30, 2026, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Subscription-based IT arrangement liabilities	$ 187,061	$ 312,406	$ (230,595)	$ 268,872	$ 223,368

Subscription liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Subscription-based IT arrangement liabilities	$ 425,884	$ -	$ (238,823)	$ 187,061	$ 187,061

8. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
2017 bonds payable	$ 1,115,000	$ -	$ 300,000	$ 815,000	$ 295,000
2021 bonds payable	4,655,000	-	240,000	4,415,000	245,000
2025 bonds payable	5,185,000	-	-	5,185,000	-
Total bonds payable	10,955,000	-	540,000	10,415,000	540,000
Other long-term obligations					
Bond premium bonds payable	742,872	-	33,279	709,593	33,279
Total long-term obligations	**$ 11,697,872**	**$ -**	**$ 573,279**	**$ 11,124,593**	**$ 573,279**

Notes to Financial Statements

Long-term obligation activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
2017 bonds payable	$ 1,420,000	$ -	$ 305,000	$ 1,115,000	$ 300,000
2021 bonds payable	4,890,000	-	235,000	4,655,000	240,000
2025 bonds payable	-	5,185,000	-	5,185,000	-
Total bonds payable	6,310,000	5,185,000	540,000	10,955,000	540,000
Other long-term obligations					
Bond premium bonds payable	304,011	461,876	23,015	742,872	23,015
Total long-term obligations	**$ 6,614,011**	**$ 5,646,876**	**$ 563,015**	**$ 11,697,872**	**$ 563,015**

2017 bonds payable include general obligation limited tax obligations to be repaid from the General Fund of the College, require principal payments ranging from $80,000 to $310,000 and are due annually through 2031. Interest is payable semiannually in May and November at a rate of 2.19%.

2021 bonds payable include general obligation limited tax obligations to be repaid from the General Fund of the College, require principal payments ranging from $225,000 to $350,000 and are due annually through 2041. Interest is payable semiannually in May and November at a rate of 4.00% through May 2029 and 2.00% from May 2030 through May 2041. The bond premium associated with this issue is being amortized using the straight line method over the term of the bond.

2025 bonds payable include general obligation limited tax obligations to be repaid from the General Fund of the College, require principal payments ranging from $95,000 to $340,000 and are due annually starting in 2029 through 2055. Interest is payable semiannually in May and November at a rate of 5.00% through May 2055. The bond premium associated with this issue is being amortized using the straight line method over the term of the bond.

Notes to Financial Statements

Scheduled annual principal and interest requirements on debt for each of the next five years and thereafter are summarized as follows as of June 30:

Year Ending June 30,	Principal Bonds Payable	Interest	Total
2027	$ 540,000	$ 377,788	$ 917,788
2028	375,000	362,115	737,115
2029	480,000	348,519	828,519
2030	490,000	331,440	821,440
2031	520,000	365,846	885,846
2032-2036	2,070,000	1,430,376	3,500,376
2037-2041	2,430,000	1,098,133	3,528,133
2042-2046	990,000	779,500	1,769,500
2047-2051	1,265,000	488,583	1,753,583
2052-2055	1,255,000	75,708	1,330,708
Total	**$ 10,415,000**	**$ 5,658,008**	**$ 16,073,008**

9. COMPENSATED ABSENCES

The following is a summary of the changes in compensated absences (including current portion) of the College for the year ended:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Compensated absences	$ 979,401	$ 577,272	$ 546,646	$ 1,010,027	$ 410,500

	Balance July 1, 2024	Additions	Reductions	Balance July 1, 2025	Due Within One Year
Compensated absences	$ 383,407	$ 1,047,753	$ 451,759	$ 979,401	$ 379,902

Notes to Financial Statements

10. RETIREMENT PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

Notes to Financial Statements

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

Other Postemployment Benefits Provided

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

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

Notes to Financial Statements

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2026, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 10.58% - 15.02% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	26.08% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	26.08% - 30.11%
Pension Plus	3.00% - 6.40%	21.34% - 26.27%
Pension Plus 2	6.00% - 6.20%	21.41% - 27.16%
Defined Contribution	0.00%	15.21% - 20.96%

Required contributions to the pension plan from the College were $2,603,781, $2,541,665 and $2,738,451 for the years ended June 30, 2026, 2025 and 2024, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	0.00% - 3.00%	1.25% - 3.83%
Personal Healthcare Fund (PHF)	0.00%	0.00%

Notes to Financial Statements

Required contributions to the OPEB plan from the College were $128,971, $182,502 and $541,843 for the years ended June 30, 2026, 2025 and 2024, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2026:

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

For the years ended June 30, 2026, 2025 and 2024, required and actual contributions from the College for those members with a defined contribution benefit were $89,142, $82,150 and $81,071, respectively.

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

At June 30, 2026 and 2025, the College reported a liability of $12,914,333 and $16,214,839, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2024 and 2023. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the College's proportion was 0.06447%, which was a decrease of 0.00176% points from its proportion measured as of September 30, 2024 of 0.06623%.

Notes to Financial Statements

For the year ended June 30, 2026, the College recognized pension expense of $26,400. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2026	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 500,209	$ 115,027	$ 385,182
Changes in assumptions	463,532	682,554	(219,022)
Net difference between projected and actual earnings on pension plan investments	-	3,086,249	(3,086,249)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,193,845	(1,193,845)
	963,741	5,077,675	(4,113,934)
College contributions subsequent to the measurement date	2,064,638	-	2,064,638
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	827,343	(827,343)
Total	**$ 3,028,379**	**$ 5,905,018**	**$ (2,876,639)**

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2027	$ (671,584)
2028	(1,779,203)
2029	(1,290,865)
2030	(372,282)
Total	**$ (4,113,934)**

For the year ended June 30, 2025, the College recognized pension expense of $884,670. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 439,920	$ 176,176	$ 263,744
Changes in assumptions	1,690,493	1,188,035	502,458
Net difference between projected and actual earnings on pension plan investments	-	3,094,479	(3,094,479)
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,591	1,236,823	(1,226,232)
	2,141,004	5,695,513	(3,554,509)
College contributions subsequent to the measurement date	2,319,306	-	2,319,306
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	899,834	(899,834)
Total	**$ 4,460,310**	**$ 6,595,347**	**$ (2,135,037)**

OPEB Asset, OPEB, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026 and 2025, the College reported an asset of $3,840,029 and $2,799,772, respectively, for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025 and 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2024 and 2023. The College's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the College's proportion was 0.06317%, which was a decrease of 0.00187% points from its proportion measured as of September 30, 2024 of 0.06504%.

Notes to Financial Statements

For the year ended June 30, 2026, the College recognized an OPEB benefit of $1,271,585. At June 30, 2026, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2026	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 2,629,066	$ (2,629,066)
Changes in assumptions	512,493	40,727	471,766
Net difference between projected and actual earnings on OPEB plan investments	-	539,608	(539,608)
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,663	165,314	(156,651)
	521,156	3,374,715	(2,853,559)
College contributions subsequent to the measurement date	114,882	-	114,882
Total	**$ 636,038**	**$ 3,374,715**	**$ (2,738,677)**

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2027	$ (757,098)
2028	(743,431)
2029	(691,244)
2030	(457,597)
2031	(157,658)
Thereafter	(46,531)
Total	**$ (2,853,559)**

Notes to Financial Statements

For the year ended June 30, 2025, the College recognized an OPEB benefit of $1,052,522. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 2,966,904	$ (2,966,904)
Changes in assumptions	611,511	70,288	541,223
Net difference between projected and actual earnings on OPEB plan investments	-	530,029	(530,029)
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,272	200,787	(186,515)
	625,783	3,768,008	(3,142,225)
College contributions subsequent to the measurement date	38,320	-	38,320
Total	**$ 664,103**	**$ 3,768,008**	**$ (3,103,905)**

Actuarial Assumptions

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

Notes to Financial Statements

The total pension and OPEB liabilities in the September 30, 2024 and 2023 actuarial valuations (for the fiscal years ended June 30, 2026 and 2025) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living pension adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 (7.25% Year 1 graded to 3.5% Year 15 in 2023) Post-65: 6.50% Year 1 graded to 3.5% Year 15 (6.50% Year 1 graded to 3.5% Year 15 in 2023)
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2025, are based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4524 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.4654 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Notes to Financial Statements

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as 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. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions - September 30, 2024 Valuation. Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.

Changes in assumptions - September 30, 2023 Valuation. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

Notes to Financial Statements

Long-Term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension 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 pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2025 and 2024, are summarized in the following tables:

Pension

2025 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	21.00%	5.48%	1.15%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	14.00%	5.29%	0.74%
Fixed income pools	15.00%	2.36%	0.35%
Real estate and infrastructure pools	8.00%	6.61%	0.53%
Absolute return pools	13.00%	4.15%	0.54%
Real return/opportunistic pools	9.00%	6.61%	0.59%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		5.35%
Inflation			2.40%
Risk adjustment			-1.75%
Investment rate of return			**6.00%**

Notes to Financial Statements

Pension

2024 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools			
Private equity pools	25.00%	5.02%	1.26%
International equity pools	16.00%	8.53%	1.36%
Fixed income pools	15.00%	6.16%	0.92%
Real estate and infrastructure pools	13.00%	2.08%	0.27%
Absolute return pools	10.00%	6.73%	0.67%
Real return/opportunistic pools	9.00%	4.93%	0.44%
Short-term investment pools	10.00%	6.54%	0.65%
	2.00%	1.33%	0.03%
	100.00%		5.60%
			2.30%
			-1.90%
			6.00%

OPEB

2025 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	16.00%	5.48%	0.88%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	11.00%	5.29%	0.58%
Fixed income pools	26.00%	2.36%	0.61%
Real estate and infrastructure pools	5.00%	6.61%	0.33%
Absolute return pools	15.00%	4.15%	0.62%
Real return/opportunistic pools	7.00%	6.61%	0.46%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		4.93%
Inflation			2.40%
Risk adjustment			-1.33%
Investment rate of return			**6.00%**

OPEB

2024 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	100.00%		5.57%
Inflation			2.30%
Risk adjustment			-1.87%
Investment rate of return			6.00%

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, respectively. For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2025 and 2024, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 20,379,530	$ 12,914,333	$ 6,696,780

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 23,771,128	$ 16,214,839	$ 9,922,774

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

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$ (3,308,428)	$ (3,840,029)	$ (4,305,295)

Notes to Financial Statements

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	$ (2,163,687)	$ (2,799,772)	$ (3,349,735)

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

The following presents the College's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2026:

	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of the net OPEB asset	$ (4,301,049)	$ (3,840,029)	$ (3,355,972)

The following presents the College's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of the net OPEB asset	$ (3,349,741)	$ (2,799,772)	$ (2,209,934)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2026, the College reported a payable of $183,854 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2026. At June 30, 2025, the College reported a payable of $133,914 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

There were no required outstanding OPEB contributions to the Plan for the years ended June 30, 2026 and 2025.

Defined Contribution Plan

Effective January 1, 1998, existing professional MPSERS members and new professional employees of the College may elect to participate in the Montcalm Community College Optional Retirement Program (ORP) in lieu of participating in the MPSERS plan. The ORP was established by the College's Board of Trustees, is administered by TIAA-CREF, and is a defined contribution plan qualified under Section 414(d) of the Internal Revenue Code. Effective September 2012, the College Board of Trustees approved the removal of this plan to new participants. Under the ORP, the College contributed 12% and the participant contributed 4% of the participant's compensation. At June 30, 2026 and 2025 the College had 13 and 9 participants, respectively. Total covered payroll and College contributions were approximately $1,320,000 and $160,000, respectively, for 2026, and $854,000 and $103,000, respectively, for 2025. Total employee contributions were approximately $53,000 and $34,000, respectively, for 2026 and 2025.

11. UNRESTRICTED NET POSITION

The College has designated the use of a portion of unrestricted net position as follows at June 30:

	2026	2025
Foundation board-designated endowment	$ 11,854,071	$ 10,245,104
Pension and OPEB liability deficit	(18,529,649)	(18,654,009)
Undesignated	15,666,825	12,389,132
Total unrestricted net position	**$ 8,991,247**	**$ 3,980,227**

Notes to Financial Statements

12. NET INVESTMENT IN CAPITAL ASSETS

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

	2026	2025
Capital assets, not being depreciated	$ 755,926	$ 2,104,904
Capital assets, being depreciated/amortized	21,839,944	14,799,423
Restricted cash for capital expenditures	739,834	7,780,973
Subscription-based IT arrangement liabilities - current	(223,368)	(187,061)
Subscription-based IT arrangement liabilities - noncurrent	(45,504)	-
Long-term obligations - current	(573,279)	(563,015)
Long-term obligations - noncurrent	(10,551,314)	(11,134,857)
Total net investment in capital assets	**$ 11,942,239**	**$ 12,800,367**

13. MONTCALM COMMUNITY COLLEGE FOUNDATION

The Foundation was formed to award scholarships and grants to students, faculty, and staff of the College and to maintain and develop its facilities and services for educational opportunities and service. During the years ended June 30, 2026 and 2025, the Foundation made grants and distributions, from restricted net position, to and on behalf of the College to be used for scholarships totaling $369,151 and $311,143, respectively. The components of the Foundation's restricted net position are both for programs and scholarships as of June 30, 2026 and 2025.

Restricted net position consists of the following at June 30:

	2026	2025
Donor restricted endowments subject to expenditures for specified purpose, spending policy, and appropriation for scholarships	**$ 22,883,004**	**$ 20,338,024**

Notes to Financial Statements

14. FOUNDATION LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following for the Foundation as of June 30:

	2026	2025
Cash and investments	$ 34,717,723	$ 30,226,529
Current portion of pledge receivables	83,085	532,920
Subtotal	**34,800,808**	**30,759,449**
Less amounts unavailable for general expenditures within one year due to:		
Board-designated endowment funds	(11,854,071)	(10,245,104)
Restricted net position	(22,883,004)	(20,338,024)
Restricted net position attributable to long-term pledge receivables	90,005	195,984
Total financial assets available for general use within one year	**$ 153,738**	**$ 372,305**

Board-designated endowment funds can be designated for general use at any time, upon approval by the board of directors.

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity plan, there is an annual distribution from Foundation endowment investments subject to an annual spending policy as described in Note 15.

15. FOUNDATION ENDOWMENTS

The Foundation’s endowments consists of six individual funds established for student scholarships. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based upon the existence or absence of donor-imposed restrictions.

Notes to Financial Statements

Interpretation of Relevant Law

The Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SMPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted nonexpendable endowments (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument, if any, at the time the accumulation is added to the fund. Any donor-restricted endowment fund that would not be classified as restricted nonexpendable endowments is classified as restricted expendable net position until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SMPMIFA. In accordance with SMPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund, 2) The purpose of the Foundation and the donor-restricted endowment fund, 3) General economic conditions, 4) The possible effect of inflation and deflation, 5) The expected total return from income and the appreciation (depreciation) of investments, 6) Other resources of the Foundation, and 7) The investment policies of the Foundation.

The restricted expendable net position of the Foundation as of June 30, 2026 and 2025, are for scholarships. The restricted nonexpendable endowments of the Foundation as of June 30, 2026 and 2025, consist of permanent endowment funds.

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2026 and 2025, the Foundation did not have any underwater endowments.

Notes to Financial Statements

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

	Unrestricted	Restricted	Total
Endowment net position Comparison by type of fund as of June 30, 2026			
Board-designated endowment funds	$ 11,854,071	$ -	$ 11,854,071
Donor-restricted endowment funds			
Restricted for specific purpose - scholarships and grants	-	2,685,895	2,685,895
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	322,664	322,664
Original donor-restricted term endowment gift amount	-	7,324,896	7,324,896
Accumulated investment gains	-	12,549,549	12,549,549
Total endowment funds	**$ 11,854,071**	**$ 22,883,004**	**$ 34,737,075**
Endowment net position Comparison by type of fund as of June 30, 2025			
Board-designated endowment funds	$ 10,245,104	$ -	$ 10,245,104
Donor-restricted endowment funds			
Restricted for specific purpose - scholarships and grants	-	2,036,230	2,036,230
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	322,164	322,164
Original donor-restricted term endowment gift amount	-	7,324,896	7,324,896
Accumulated investment gains	-	10,654,734	10,654,734
Total endowment funds	**$ 10,245,104**	**$ 20,338,024**	**$ 30,583,128**

Notes to Financial Statements

Changes in endowment net position for the years ended June 30:

	Unrestricted	Restricted	Total
Changes in endowment net position			
For the Year Ended June 30, 2026			
Interest and dividend income	$ 561,531	$ 830,749	$ 1,392,280
Net realized and unrealized gains on investments	1,375,812	2,022,362	3,398,174
Contributions	123,405	268,205	391,610
Appropriation of endowment position for expenditure	(451,781)	(576,336)	(1,028,117)
Changes in endowment net position	1,608,967	2,544,980	4,153,947
Endowment net position Beginning of year	10,245,104	20,338,024	30,583,128
End of year	**$ 11,854,071**	**$ 22,883,004**	**$ 34,737,075**
Changes in endowment net position			
For the Year Ended June 30, 2025			
Interest and dividend income	$ 422,361	$ 668,359	$ 1,090,720
Net realized and unrealized gains on investments	870,565	1,389,772	2,260,337
Contributions	46,815	185,817	232,632
Appropriation of endowment position for expenditure	(472,375)	(494,880)	(967,255)
Changes in endowment net position	867,366	1,749,068	2,616,434
Endowment net position Beginning of year	9,377,738	18,588,956	27,966,694
End of year	**$ 10,245,104**	**$ 20,338,024**	**$ 30,583,128**

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, which includes those assets of donor-restricted funds that must be held in perpetuity as well as board-designated funds. Under this policy the assets are invested in a manner that is intended to produce results that meet or exceed the price and yield results of established indexes for differing investment classes while assuming an average level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of 5.0% over the consumer price index. Actual returns in any given year may vary from this range.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has an annual spending policy of 4.0% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return of its endowment. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment to grow at an average of 2.5% to 3.5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. FUNCTIONAL ALLOCATION OF EXPENSES - FOUNDATION

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

	Year Ended June 30, 2026				
		Other			
	Student Services	Program Services	Administrative	Fundraising	Total
Scholarships and grants	$ 369,151	$ -	$ -	$ -	$ 369,151
Salaries and wages	-	70,720	85,535	22,211	178,466
Benefits	-	32,584	46,780	10,492	89,856
Payroll taxes	-	3,496	7,129	1,703	12,328
Marketing and advertising	-	5,861	-	-	5,861
Professional development	-	5,395	-	-	5,395
Supplies and equipment		11,696	-	-	11,696
Professional fees	-	-	68,355	-	68,355
Other	-	263,765	23,244	-	287,009
Total expenses	**$ 369,151**	**$ 393,517**	**$ 231,043**	**$ 34,406**	**$ 1,028,117**

Notes to Financial Statements

	Year Ended June 30, 2025				
		Other			
	Student Services	Program Services	Administrative	Fundraising	Total
Scholarships and grants	$ 311,143	$ -	$ -	$ -	$ 311,143
Salaries and wages	-	59,787	76,255	24,893	160,935
Benefits	-	18,072	32,601	9,499	60,172
Payroll taxes	-	2,565	5,612	1,885	10,062
Software	-	6,300	-	-	6,300
Professional fees	-	-	64,220	-	64,220
Other	-	301,146	53,277	-	354,423
Total expenses	**$ 311,143**	**$ 387,870**	**$ 231,965**	**$ 36,277**	**$ 967,255**

17. RELATED PARTY TRANSACTIONS

The College did not have any transactions with related parties other than with the Foundation as presented and disclosed throughout the accompanying basic financial statements and notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportionate share of the net pension liability	$ 12,914,333	$ 16,214,839	$ 22,475,579	$ 26,481,815	$ 17,222,416	$ 24,864,884	$ 23,929,364	$ 21,157,952	$ 17,710,136	$ 16,904,228
College's proportion of the net pension liability	0.06447%	0.06623%	0.06944%	0.07041%	0.07274%	0.07238%	0.07226%	0.07038%	0.06834%	0.06775%
College's covered payroll	$ 6,988,966	$ 6,894,366	$ 7,030,615	$ 7,006,921	$ 6,481,412	$ 6,385,119	$ 6,313,771	$ 6,123,733	$ 5,854,993	$ 5,648,042
College's proportionate share the net pension liability as a percentage of its covered payroll	184.78%	235.19%	319.68%	377.94%	265.71%	389.42%	379.00%	345.51%	302.48%	299.29%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See notes to required supplementary information.

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans
Schedule of the College's Pension Contributions

	Year Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 2,603,781	$ 2,541,665	$ 2,738,451	$ 3,219,903	$ 2,325,021	$ 2,172,521	$ 1,975,475	$ 1,917,870	$ 1,919,043	$ 1,623,914
Contributions in relation to the statutorily required contributions	(2,603,781)	(2,541,665)	(2,738,451)	(3,219,903)	(2,325,021)	(2,172,521)	(1,975,475)	(1,917,870)	(1,919,043)	(1,623,914)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,376,226	$ 6,949,614	$ 6,915,446	$ 7,015,391	$ 6,688,428	$ 6,410,104	$ 6,412,530	$ 6,330,881	$ 6,088,670	$ 5,788,609
Contributions as a percentage of covered payroll	35.30%	36.57%	39.60%	45.90%	34.76%	33.89%	30.81%	30.29%	31.52%	28.05%

See notes to required supplementary information.

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans
Schedule of the College's Proportionate Share of the Net
Other Postemployment Benefits ("OPEB") (Asset) Liability

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	$ (3,840,029)	$ (2,799,772)	$ (396,241)	$ 1,516,691	$ 1,087,478	$ 3,838,030	$ 5,166,831	$ 5,699,199	$ 6,092,951
College's proportion of the net OPEB (asset) liability	0.06317%	0.06504%	0.07004%	0.07161%	0.07125%	0.07164%	0.07198%	0.07170%	0.06880%
College's covered payroll	$ 6,988,966	6,894,366	7,030,615	$ 7,006,921	$ 6,481,712	$ 6,385,119	$ 6,313,771	$ 6,123,733	$ 5,854,993
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-54.94%	-40.61%	-5.64%	21.65%	16.78%	60.11%	81.83%	93.07%	104.06%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

MONTCALM COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 128,971	$ 182,502	$ 541,843	$ 543,565	$ 523,365	$ 520,527	$ 503,817	$ 490,770	$ 435,766
Contributions in relation to the statutorily required contributions	(128,971)	(182,502)	(541,843)	(543,565)	(523,365)	(520,527)	(503,817)	(490,770)	(435,766)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 7,376,226	$ 6,949,614	$ 6,915,446	$ 7,015,391	$ 6,688,428	$ 6,410,104	$ 6,412,530	$ 6,330,881	$ 6,088,670
Contributions as a percentage of covered payroll	1.75%	2.63%	7.84%	7.75%	7.82%	8.12%	7.86%	7.75%	7.16%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the College's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - There have been no material changes in the valuation assumptions.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

Notes to Required Supplementary Information

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

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SUPPLEMENTARY INFORMATION

MONTCALM COMMUNITY COLLEGE

Combining Statement of Net Position (Deficit)

June 30, 2026 (Unaudited)
(with comparative totals for 2025)

	General Fund	Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Auxiliary Fund	College Total June 30, 2026	Foundation	Combined Total June 30, 2026	Combined Total June 30, 2025
Assets										
Current assets										
Cash	$ 15,333,148	$ 377,781	$ 7,824	$ 532,856	$ -	$ -	$ 16,251,609	$ 492,202	$ 16,743,811	$ 14,955,396
Restricted cash	-	-	739,834	-	-	-	739,834	-	739,834	7,780,973
Receivables, net	1,823,518	165,262	-	-	-	-	1,988,780	-	1,988,780	1,439,450
Pledges receivable	-	-	-	-	-	-	-	83,085	83,085	532,920
Prepaids and other assets	309,023	-	-	-	-	-	309,023	-	309,023	266,169
Due (to) from other funds	(2,360,193)	(564,184)	3,009,519	61,941	-	(58,120)	88,963	(88,963)	-	-
Total current assets	**15,105,496**	**(21,141)**	**3,757,177**	**594,797**	**-**	**(58,120)**	**19,378,209**	**486,324**	**19,864,533**	**24,974,908**
Noncurrent assets										
Investments	-	-	-	-	-	-	-	34,225,521	34,225,521	29,484,209
Pledges receivable, net of current portion	-	-	-	-	-	-	-	90,005	90,005	195,984
Capital assets not being depreciated/amortized	-	-	755,926	-	-	-	755,926	-	755,926	2,104,904
Capital assets being depreciated/amortized, net	-	-	21,839,944	-	-	-	21,839,944	-	21,839,944	14,799,423
Net other postemployment benefits asset	-	-	-	-	3,840,029	-	3,840,029	-	3,840,029	2,799,772
Total noncurrent assets	**-**	**-**	**22,595,870**	**-**	**3,840,029**	**-**	**26,435,899**	**34,315,526**	**60,751,425**	**49,384,292**
Total assets	**15,105,496**	**(21,141)**	**26,353,047**	**594,797**	**3,840,029**	**(58,120)**	**45,814,108**	**34,801,850**	**80,615,958**	**74,359,200**
Deferred pension amounts	-	-	-	-	3,028,379	-	3,028,379	-	3,028,379	4,460,310
Deferred other postemployment benefits amounts	-	-	-	-	636,038	-	636,038	-	636,038	664,103
Total deferred outflows of resources	**-**	**-**	**-**	**-**	**3,664,417**	**-**	**3,664,417**	**-**	**3,664,417**	**5,124,413**

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MONTCALM COMMUNITY COLLEGE

Combining Statement of Net Position (Deficit)

June 30, 2026 (Unaudited)
(with comparative totals for 2025)

	General Fund	Restricted Fund	Plant Fund	Agency Fund	Pension and OPEB Fund	Auxiliary Fund	College Total June 30, 2026	Foundation	Combined Total June 30, 2026	Combined Total June 30, 2025
Liabilities										
Current liabilities										
Accounts payable	$ 177,154	$ -	$ 10,970	$ 227	$ -	$ -	$ 188,351	$ 64,775	$ 253,126	$ 780,840
Accrued interest	-	-	63,416	-	-	-	63,416	-	63,416	79,882
Accrued payroll and other liabilities	891,936	-	-	-	-	-	891,936	-	891,936	1,325,951
Deposits	10,324	-	36,069	594,570	-	-	640,963	-	640,963	635,397
Unearned revenue	197,998	7,809	-	-	-	-	205,807	-	205,807	201,777
Current portion of bonds payable	-	-	573,279	-	-	-	573,279	-	573,279	563,015
Current portion of accrued compensated absences	410,500	-	-	-	-	-	410,500	-	410,500	379,902
Current portion of subscription-based IT arrangement liabilities	-	-	223,368	-	-	-	223,368	-	223,368	187,061
Total current liabilities	**1,687,912**	**7,809**	**907,102**	**594,797**	**-**	**-**	**3,197,620**	**64,775**	**3,262,395**	**4,153,825**
Noncurrent liabilities										
Bonds payable, net of current portion	-	-	10,551,314	-	-	-	10,551,314	-	10,551,314	11,134,857
Accrued compensated absences, net of current portion	599,527	-	-	-	-	-	599,527	-	599,527	599,499
Subscription-based IT arrangement liabilities, net of current portion	-	-	45,504	-	-	-	45,504	-	45,504	-
Net pension liability	-	-	-	-	12,914,333	-	12,914,333	-	12,914,333	16,214,839
Total noncurrent liabilities	**599,527**	**-**	**10,596,818**	**-**	**12,914,333**	**-**	**24,110,678**	**-**	**24,110,678**	**27,949,195**
Total liabilities	**2,287,439**	**7,809**	**11,503,920**	**594,797**	**12,914,333**	**-**	**27,308,298**	**64,775**	**27,373,073**	**32,103,020**
Deferred inflows of resources										
Deferred pension amounts	-	-	-	-	5,905,018		5,905,018	-	5,905,018	6,595,347
Deferred other postemployment benefits amounts	-	-	-	-	3,374,715	-	3,374,715	-	3,374,715	3,768,008
Total deferred inflows of resources	**-**	**-**	**-**	**-**	**9,279,733**	**-**	**9,279,733**	**-**	**9,279,733**	**10,363,355**
Net position (deficit)										
Net investment in capital assets	-	-	11,942,239	-	-	-	11,942,239	-	11,942,239	12,800,367
Restricted for										
OPEB	-	-	-	-	3,840,029	-	3,840,029	-	3,840,029	2,799,772
Scholarships and grants	-	(28,950)	-	-	-	-	(28,950)	22,560,340	22,531,390	17,114,708
Endowments (Note 15)	-	-	-	-	-	-	-	322,664	322,664	322,164
Unrestricted (deficit) (Note 11)	12,818,057	-	2,906,888	-	(18,529,649)	(58,120)	(2,862,824)	11,854,071	8,991,247	3,980,227
Total net position (deficit)	**$ 12,818,057**	**$ (28,950)**	**$ 14,849,127**	**$ -**	**$ (14,689,620)**	**$ (58,120)**	**$ 12,890,494**	**$ 34,737,075**	**$ 47,627,569**	**$ 37,017,238**

concluded

MONTCALM COMMUNITY COLLEGE

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

Year Ended June 30, 2026 (Unaudited)
(with comparative totals for 2025)

	General Fund	Restricted Fund	Plant Fund	Pension and OPEB Fund	Auxiliary Fund	College Total June 30, 2026	Foundation	Elimination	Combined Total June 30, 2026	Combined Total June 30, 2025
Operating revenues										
Tuition and fees, net	$ 7,638,868	$ -	$ -	$ -	$ -	$ 7,638,868	$ -	$ (1,540,802)	$ 6,098,066	$ 5,033,591
Federal Pell grants	-	2,881,751	-	-	-	2,881,751	-	-	2,881,751	2,840,839
Other Federal grants and contracts	-	578,233	-	-	-	578,233	-	-	578,233	927,562
State and local grants and contracts	162,172	55,802	-	-	-	217,974	-	-	217,974	10,201
Sales and services of auxiliary activities, net	83,638	-	-	-	-	83,638	-	-	83,638	85,179
Current funds expensed for capital improvements	-	-	744,007	-	-	744,007	-	(744,007)	-	-
Other	85,612	22,000	-	-	3,200	110,812	-	-	110,812	92,495
Total operating revenues	**7,970,290**	**3,537,786**	**744,007**	**-**	**3,200**	**12,255,283**	**-**	**(2,284,809)**	**9,970,474**	**8,989,867**
Operating expenses										
Instruction	7,808,586	128,717	-	(2,102,133)	-	5,835,170	-	-	5,835,170	5,563,323
Public services	407,013	-	-	(116,439)	-	290,574	-	-	290,574	436,031
Instructional support	2,245,872	37,936	-	(631,071)	-	1,652,737	-	(67,677)	1,585,060	2,206,929
Student services	2,314,292	3,299,025	-	(599,925)	61,320	5,074,712	369,151	(1,592,795)	3,851,068	3,871,231
Institutional administration	2,476,849	-	-	(621,009)	-	1,855,840	-	(38,853)	1,816,987	2,083,681
Information technology	1,867,950	-	-	(265,941)	-	1,602,009	-	-	1,602,009	1,369,147
Operation and maintenance of plant	2,643,355	-	-	(455,214)	-	2,188,141	-	(488,572)	1,699,569	2,231,018
Depreciation and amortization	-	-	1,414,107	-	-	1,414,107	-	-	1,414,107	1,449,961
Other	-	-	6,642	-	-	6,642	658,966	(96,912)	568,696	749,737
Total operating expenses	**19,763,917**	**3,465,678**	**1,420,749**	**(4,791,732)**	**61,320**	**19,919,932**	**1,028,117**	**(2,284,809)**	**18,663,240**	**19,961,058**
Operating (loss) income	**(11,793,627)**	**72,108**	**(676,742)**	**4,791,732**	**(58,120)**	**(7,664,649)**	**(1,028,117)**	**-**	**(8,692,766)**	**(10,971,191)**
Noncapital subsidies										
State appropriations	5,658,252	-	-	(827,343)	-	4,830,909	-	-	4,830,909	4,940,517
Property taxes	9,489,172	-	-	-	-	9,489,172	-	-	9,489,172	9,125,139
Contributions	-	-	-	-	-	-	391,610	-	391,610	232,632
Total noncapital subsidies	**15,147,424**	**-**	**-**	**(827,343)**	**-**	**14,320,081**	**391,610**	**-**	**14,711,691**	**14,298,288**
Operating income (loss) and noncapital subsidies	**3,353,797**	**72,108**	**(676,742)**	**3,964,389**	**(58,120)**	**6,655,432**	**(636,507)**	**-**	**6,018,925**	**3,327,097**
Other nonoperating revenues (expenses)										
Net investment income	170,001	322	11,007	-	-	181,330	4,790,454	-	4,971,784	3,526,579
Interest on capital asset - related debt	-	-	(380,378)	-	-	(380,378)	-	-	(380,378)	(200,541)
Total other nonoperating revenues (expenses)	**170,001**	**322**	**(369,371)**	**-**	**-**	**(199,048)**	**4,790,454**	**-**	**4,591,406**	**3,326,038**
Transfers (out) in	(1,970,000)	-	1,970,000	-	-	-	-	-	-	-
Change in net position	**1,553,798**	**72,430**	**923,887**	**3,964,389**	**(58,120)**	**6,456,384**	**4,153,947**	**-**	**10,610,331**	**6,653,135**
Net position (deficit) - beginning of year	11,264,259	(101,380)	13,925,240	(18,654,009)	-	6,434,110	30,583,128	-	37,017,238	30,364,103
Net position (deficit) - end of year	**$ 12,818,057**	**$ (28,950)**	**$ 14,849,127**	**$ (14,689,620)**	**$ (58,120)**	**$ 12,890,494**	**$ 34,737,075**	**$ -**	**$ 47,627,569**	**$ 37,017,238**