

Grand Rapids Community College

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

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Grand Rapids Community College (the "College") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise 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 respective financial position of the business-type activities of the College and its discretely presented component unit, Grand Rapids Community College Foundation (the "Foundation"), as of June 30, 2025 and 2024 and the respective changes in their financial position and, where applicable, their cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the 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 opinions. Grand Rapids Community College Foundation was not audited under *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Supplementary Information

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

To the Board of Trustees
Grand Rapids Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025 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, 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.

Plante & Moran, PLLC

October 20, 2025

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited

The discussion and analysis of Grand Rapids Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2025, 2024, and 2023. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These financial statements are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Capital expenditures are recorded as assets on the statement of net assets and depreciated over their estimated useful lives.

Activities are reported as either operating or nonoperating in accordance with GASB Statement No. 35. Charges for services are recorded as operating revenue. Essentially all other types of revenue, including state appropriations and property tax levies, are nonoperating. A public community college's reliance on state funding and local property taxes will result in reporting an operating deficit.

The Grand Rapids Community College Foundation (the "Foundation") is a private nonprofit tax-exempt organization formed for the purpose of receiving funds for the sole benefit of the College. Based on the criteria set forth in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and amended in GASB Statement No. 61, the Foundation is considered a component unit of Grand Rapids Community College. Accordingly, the activity and financial position of the Foundation have been discretely presented within the College's accompanying financial statements.

This annual financial report complies with the above requirements and includes this management's discussion and analysis, the report of independent auditors, the financial statements, notes to financial statements, and additional information similar to commercial enterprises and private-sector institutions.

Over time, increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other nonfinancial factors need to be considered, such as trends in enrollment, condition of facilities, attention to workforce needs, success of students and graduates, and the strength of the faculty and staff.

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

Statement of Net Position

One of the most important questions asked about the College's finances is, "Is Grand Rapids Community College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the College's operating results.

The following are the major components of assets, liabilities, and net position (in thousands) for the College as of June 30:

	2025	2024	2023
Assets			
Current assets	\$ 70,419	\$ 77,730	\$ 53,033
Noncurrent assets:			
Capital assets - Net of depreciation	197,433	186,623	188,824
Net OPEB asset	19,068	2,604	-
Investments and other long-term assets	96,500	68,310	67,053
Total assets	383,420	335,267	308,910
Deferred Outflow of Resources	35,746	48,574	65,750
Liabilities			
Current liabilities	35,146	30,189	27,068
Noncurrent liabilities:			
Long-term debt	17,664	19,909	22,171
Net OPEB liability	-	-	10,232
Net pension liability	107,817	147,869	181,821
Total liabilities	160,627	197,967	241,292
Deferred Inflow of Resources	75,095	58,861	48,584
Net Position			
Net investment in capital assets	181,258	167,948	167,689
Restricted Expendable	19,068	2,605	-
Unrestricted (deficit)	(16,882)	(43,540)	(82,905)
Total net position	<u>\$ 183,444</u>	<u>\$ 127,013</u>	<u>\$ 84,784</u>

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

Current assets are comprised primarily of cash and cash equivalents, which total \$56.6, \$64.7, and \$41.2, million for 2025, 2024, and 2023, respectively. The fluctuation is due to year-to-year timing differences. These funds will be used primarily for operating purposes and, accordingly, are invested to provide liquidity. Receivables resulting from tuition and fees, student loans, and federal, state, and local grants and appropriations (\$ 13.1, \$12.7, and \$11.3, million for 2025, 2024, and 2023, respectively) represent the majority of the remainder of current assets. Changes in these amounts are due largely to changes in enrollment levels as well as the timing of actual receipts from grantors and students relative to recognition of revenue or, in the case of grant programs, funds expended for allowable grant purposes.

Noncurrent assets primarily represent investments with long-term maturity dates, college investments not needed to meet current cash flow obligations and/or designated for future capital projects, as well as the College's investment in its capital assets, net of accumulated depreciation.

Current liabilities are comprised primarily of employee compensation and vendor payments, representing 46 percent, 44 percent, and 45 percent of current liabilities for 2025, 2024, and 2023, respectively. The individual dollar amounts will fluctuate from year to year based on timing of payments to contractors and vendors, timing of pay dates, and the remittance of retirement payments to Michigan Public School Employees' Retirement System (MPERS). Bond, capital lease, and interest payments due in November and May of the subsequent fiscal year accounted for another 15 percent, 16 percent, and 19 percent of current liabilities for 2025, 2024, and 2023, respectively. Student tuition and fee revenue for the portion of the summer session occurring after June 30 of the applicable fiscal year represents the balance of current liabilities.

Noncurrent liabilities include future payments (beyond June 30, 2025) on capital bond debt and leases referenced above, as well as accruals for employee leaves based on current contract parameters and retirement guidelines established by the State of Michigan that are not expected to be paid in the next year. These liabilities decreased from \$22.2 million due in 2023 to \$19.9 million in 2024 to \$17.6 million due in 2025 due to the scheduled retirement of bond debt and capital lease obligations.

In 2015, the College adopted a new Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined pension benefits through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. In 2018, the College adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time. In accordance with these statements, the College has reported net pension liability of \$107.8 million at June 30, 2025, \$147.9 million at June 30, 2024, and \$181.8 million at June 30, 2023, and a net OPEB asset of \$19.1 million at June 30, 2025, \$2.6 million at June 30, 2024, and net OPEB liability of \$10.2 million at June 30, 2023. In accordance with the statement, the College is also required to report deferred outflows and deferred inflows. Deferred outflows are \$35.7 million at June 30, 2025, \$48.6 million at June 30, 2024, and \$65.8 million at June 30, 2023. Deferred inflows are \$75.0 million at June 30, 2025, \$58.9 million at June 30, 2024, and \$48.6 million at June 30, 2023.

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the College, as well as nonoperating revenue and expenses. Annual state appropriations and property tax collections, while budgeted for operational purposes, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

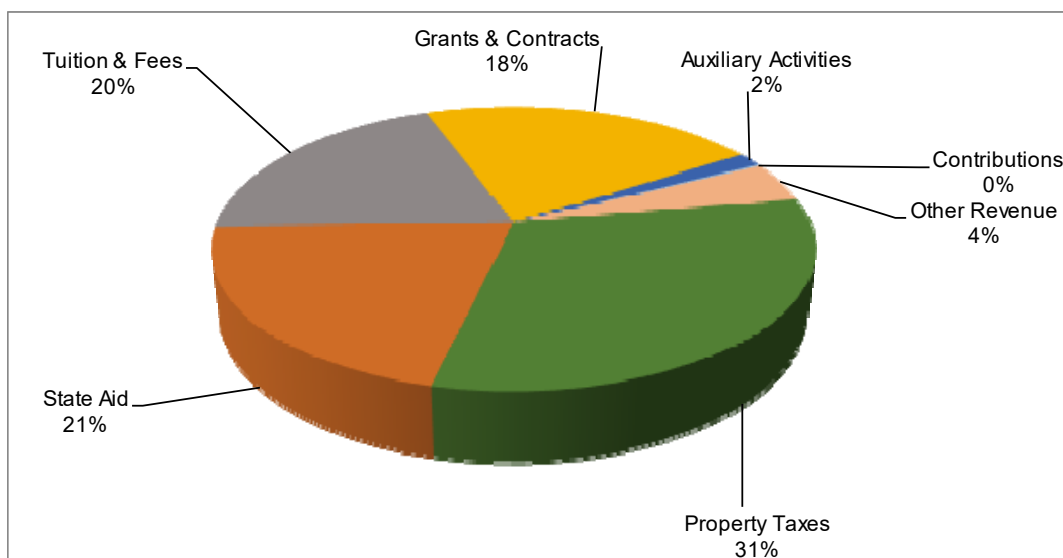
Operating Results for the Years Ended June 30 (in thousands)			
	2025	2024	2023
Operating Revenue			
Tuition and fees - Net	\$ 35,980	\$ 39,430	\$ 37,890
Grants and contracts	16,584	13,843	11,791
Sales and services of auxiliary activities	2,870	2,525	2,602
Other sources	6,013	5,427	4,840
Total operating revenue	61,447	61,225	57,123
Operating Expenses			
Instruction	41,171	46,526	47,027
Information Technology	8,322	8,048	7,783
Public service	9,820	10,283	8,941
Instructional support	11,346	12,585	12,115
Student services	24,628	23,105	20,966
Institutional administration	12,913	13,556	12,488
Physical plant operations	15,633	16,770	15,898
Depreciation	8,115	8,074	7,913
Total operating expenses	131,948	138,947	133,131
Operating Loss	(70,501)	(77,722)	(76,008)
Nonoperating Revenue (Expenses) and Other Revenue			
State appropriations	37,691	40,824	31,570
Property taxes	56,734	52,527	48,690
Federal Pell grant	22,530	16,998	13,066
Investment income (loss)	8,056	6,372	1,159
Interest expense on bonds	(397)	(444)	(484)
Higher Education Emergency Relief Funds and Coronavirus Relief Funds	-	-	57
Capital Contributions	315	1,720	-
Other revenue	2,003	1,953	1,784
Net nonoperating and other revenue	126,932	119,950	95,842
Increase in Net Position	56,431	42,228	19,834
Net Position - Beginning of year	127,013	84,785	64,951
Net Position - End of year	\$ 183,444	\$ 127,013	\$ 84,785

Grand Rapids Community College

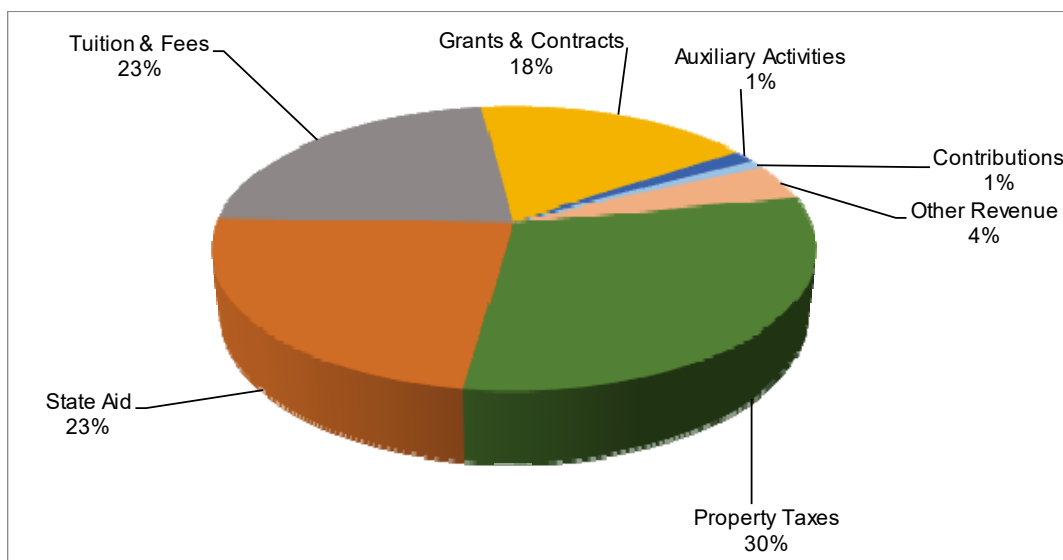
Management's Discussion and Analysis - Unaudited (Continued)

College revenue is derived from four primary sources: property taxes, student tuition and fees, grants and contracts, and state appropriations. The following graphs show the percentage of revenue from the component sources less investment income (loss) for the years ended June 30, 2025 and 2024:

Revenue Sources – 2025



Revenue Sources – 2024



Property tax revenue (31 percent, 30 percent, and 32 percent of revenue for 2025, 2024, and 2023, respectively) reflects changes in taxable values in the Kent Intermediate School District (the tax base for the College). The College is authorized to levy 1.9 mills, which the board of trustees has allocated to support operating expenditures (1.5 mills) and capital expenditures and debt retirement (.4 mills). However, the cumulative impact of the Headlee Rollback has reduced the effective levy to 1.6951 for 2025, 1.7085 for 2024, and 1.7085 for 2023.

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

Student tuition and fees (20 percent, 23 percent, and 25 percent for 2025, 2024, and 2023, respectively) are driven by enrollment and board-approved tuition and fee adjustments. With limited increases in state aid and property tax revenue, the College found it necessary to continue annual tuition increases in 2025, thus placing an ever increasing share of the responsibility for funding the institution on students. However, larger increases in property tax revenue in 2024 and 2024 allowed the College to minimize the impact on tuition increases to students. Billing units for Fall 2024 increased by approximately 3 percent from the previous year. We believe this is largely due to more financial aid and scholarship available to students, especially Michigan Reconnect. Net student tuition and fees reflects a scholarship allowance of approximately and \$17.0 million \$10.4 million, and \$8.7 million, for 2025, 2024, and 2023, respectively. The increase in scholarship allowance during 2025 can be attributed to the implementation of NACUBO Advisory 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount* (the "Advisory"). The Advisory focuses on transitioning from treating institutional aid as expenses to identifying them as reductions of revenue. The Advisory also emphasizes student account details to formulate the estimate as opposed to aggregate analysis. Utilizing the old methodology, the net tuition and fees revenue would have increased 2.5 percent by comparison. As a result of this implementation institutional aid that was previously accounted for as expense was treated as a reduction to tuition and fee revenues. This was partially offset by an increase in enrollment in fall 2024 and an increase in tuition rates.

Grants and contracts (18 percent, 18 percent, and 16 percent for 2025, 2024, and 2023, respectively) are primarily federal and state funding for financial aid programs. In addition, the College receives federal and state funding for economic job development grant programs, employment services, and training to work programs, among others.

State appropriations (21 percent for 2025, 23 percent for 2024, and 21 percent for 2023, respectively) remained consistent along with an decrease in the MPSERS UAAL subsidy that is remitted back to the State. In addition, approximately \$2.7 million, \$2.7 million, and \$2.5 million in personal property tax reimbursement was also allocated to state appropriations in 2025, 2024, and 2023, respectively.

The remainder of the College's revenue is derived from the following sources:

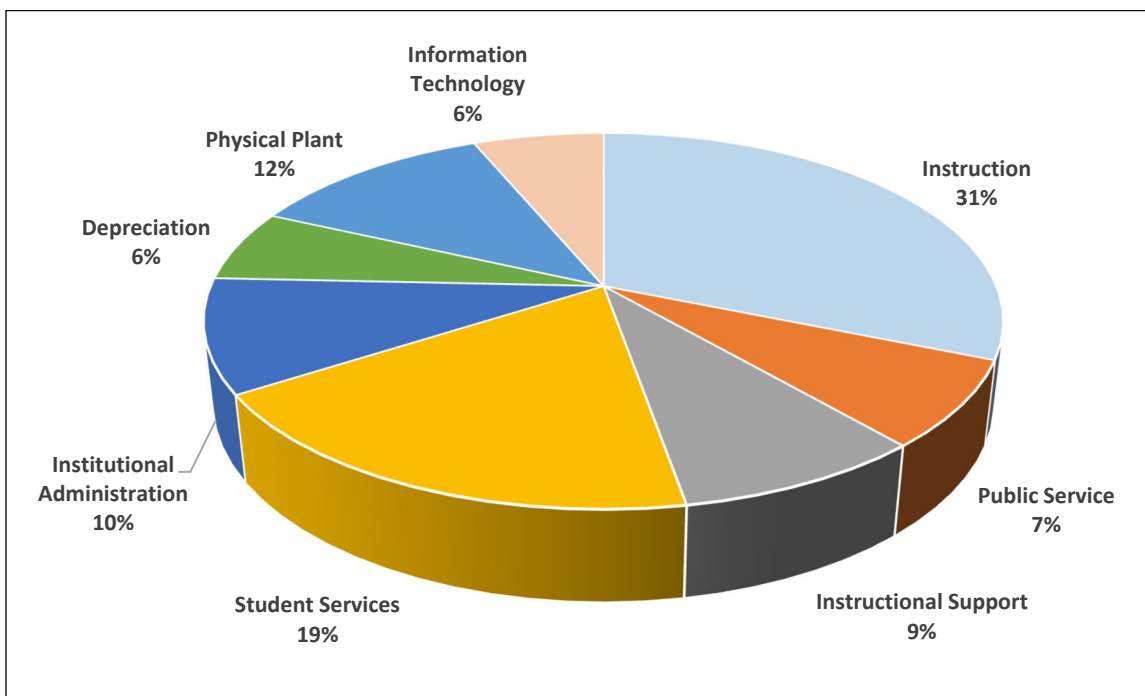
- Auxiliary activities, which include the College's parking ramps, food service, bookstore, media services, and printing operations. The day-to-day operations of the parking ramps, bookstore, and food service are managed by external providers through a variety of rental and management agreements.
- Seminars and workshops. Customized training programs for business and industry are offered through the College's Training Solutions/Job Training unit.
- Rental of college facilities.
- Contributions to the College, primarily from the Foundation for scholarships, facility improvements, and faculty/staff professional development.
- Interest and investment income. There were unrealized (losses) gains in the investment portfolios of approximately \$3,114,000, \$2,318,000, and \$(709,000) in 2025, 2024, and 2023, respectively. However, since the College's practice is to hold investments until maturity, it is unlikely that any of the losses or gains will be realized.

Grand Rapids Community College

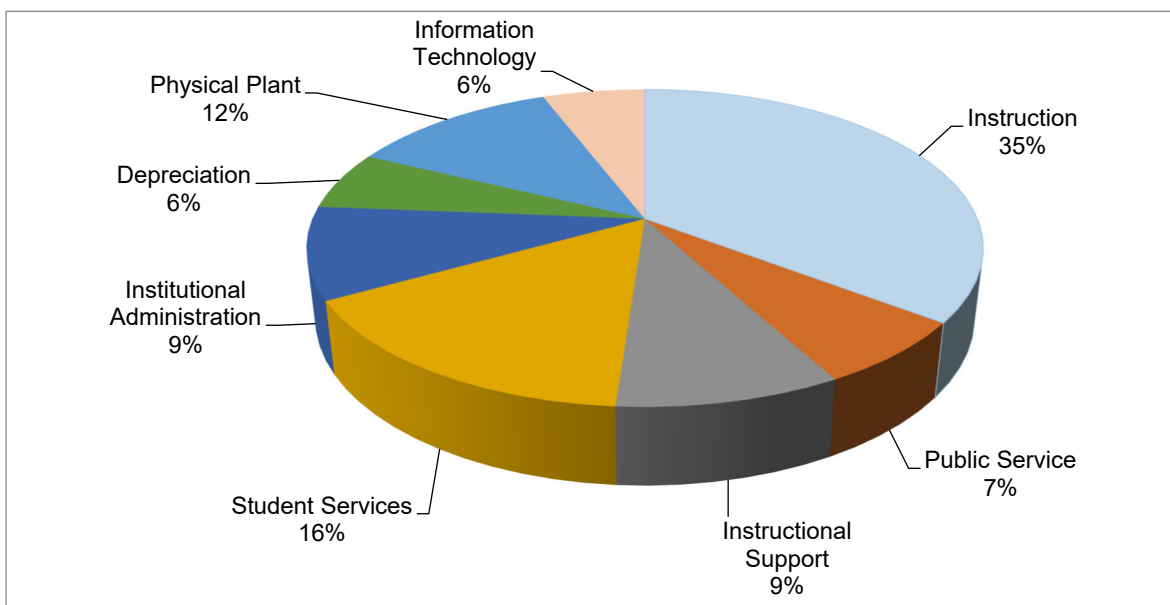
Management's Discussion and Analysis - Unaudited (Continued)

Operating expenses are reported using functional classifications. For the years ended June 30, 2025 and 2024, the following shows the breakdown of operating expenses:

Operating Expenses – 2025



Operating Expenses – 2024



Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

The College expends the largest percentage (31 percent in 2025, 33 percent in 2024, and 35 percent in 2023) of its available operating dollars on instruction. Expenditures for instruction include all costs required to provide direct instruction in the classroom such as faculty salaries and fringe benefits, classroom supplies, printing supplies, and instructional equipment. Contractual compensation adjustments, fringe benefit cost increases, and equipment and technology upgrades, as well as the number of class sections delivered, all impact instructional costs. Because this expense category consists primarily of salaries, wages, and fringe benefits, it can be the most sensitive to year-to-year fluctuations in these costs. In addition, the percentage decreased due to large increase in student services expenditures.

Student services expenditures (19 percent in 2025, 17 percent in 2024, and 16 percent in 2023) include support services for students such as counseling, academic advising, financial aid, registrar's, and job placement. Also included are other ancillary costs associated with operating a comprehensive community college such as athletics, student clubs and organizations, and auxiliary activities.

Instructional support (9 percent in 2025, 9 percent in 2024, and 9 percent in 2023) includes the costs of the academic support structure for the delivery of instruction. Expenditures in this area include the provost and deans, departmental support, instructional technology support, and the library operations.

Institutional administration (10 percent in 2025, 10 percent in 2024, and 9 percent in 2023) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (12 percent in 2025, 12 percent in 2024, and 12 percent in 2023) and depreciation (6 percent in 2025, 6 percent in 2024, and 6 percent in 2023) reflect the cost of operating and maintaining the College's physical environment and the safety of students, staff, and visitors to the campus.

Public service expenditures (7 percent in 2025, 7 percent in 2024, and 6 percent in 2023) include activities that make available to the public unique resources for the specific purpose of responding to a community need or solving a community problem.

Information technology expenditures (6 percent in 2025, 6 percent in 2024, and 6 percent in 2023) include all costs associated with providing software, hardware, network, and infrastructure for the instructional and administrative computing needs of the College. The increase is reflective of the ongoing cost of providing current technology and information security to support college operations.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows may also help users assess:

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

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

The College's liquidity increased during the year. Highlights from the College's cash flow for the years ended 2025, 2024, and 2023 include:

- Cash used in operating activities totaled \$84.0 million in 2025 (\$87.2 million in 2024 and \$76.3 million in 2023) with the most significant use of cash flow being in the form of payments related to employee compensation and fringe benefits of \$108.3 million (\$106.0 million in 2024 and \$84.3 million in 2023). Payments to vendors \$17.0 million in 2025 (\$16.1 million in 2024 and \$25.3 million in 2023) and for building utilities \$3.2 million in 2025 (\$3.6 million in 2024 and \$3.9 million in 2023) also represent use of cash for operations. These operating uses of cash, including payments to students for scholarships and grants \$32.5 million in 2025 (\$30.9 million in 2024 and \$25.1 million in 2023), were offset by cash provided by operations from tuition and fees collected of \$53.9 million (\$48.2 million in 2024 and \$45.7 million in 2023), federal, state, and local grants and contracts collected of \$16.6 million (\$14.4 million in 2024 and \$11.8 million in 2023), auxiliary sales of \$2.4 million (\$1.4 million in 2024 and \$0.1 million in 2023), and other cash collections of \$4.1 million (\$5.4 million in 2024 and \$4.8 million in 2023) primarily from rentals, seminars, and workshops.
- Noncapital financing activities provided \$117.4 million (\$109.9 million in 2024 and \$93.1 million in 2023) in cash flow for the College, the most significant sources being local property taxes collected of \$56.7 million (\$52.5 million in 2024 and \$48.7 million in 2023), federal Pell grants for students of \$22.5 million (\$17.0 million in 2024 and \$13.1 million in 2023), federal Higher Education Emergency Relief funds of \$x million in 2025, \$0 million in 2024, and \$0.01 million in 2023, and state appropriations of \$38.2 million (\$40.3 million in 2024 and \$31.3 million in 2023). Gifts and contributions account for the remainder of cash provided by noncapital financing activities.
- The College used approximately \$23.3 million in 2025 (\$9.4 million in cash in 2024 and \$21.0 million in 2023) of cash from capital and related financing activities. Receipt of capital contributions provided was \$0.3 million in 2025, \$1.7 million in 2024, and \$0 million in 2023. Purchase of capital assets used \$20.7 million (\$8.2 million in 2024 and \$16.8 million in 2023). Principal paid on capital debt and leases of \$2.5 million (\$2.5 million in 2024 and \$3.7 million in 2023) and interest paid on debt and capital leases of \$0.4 million (\$0.45 million in 2024 and \$0.48 million in 2023) accounted for the remainder of the use of cash from capital and related financing activities in 2025.
- Investing activities provided \$18.2 million of cash in 2025 (\$10.3 million of cash in 2024 compared to receiving \$1.6 million in 2023). This variation reflects investing activity in the College's operating and bond portfolios to match maturities with payroll dates, student refund periods, debt payments, construction schedules, and other cash needs. Interest on investments provided \$4.9 million in cash (\$4.1 million in cash for 2024 compared to \$1.9 million in 2023), reflecting slightly higher interest rates and smaller average balances in lower-earning sweep accounts.

Capital Assets and Debt Administration

At June 30, 2025, 2024, and 2023, the College had \$197.4, \$186.6, and \$188.8 million invested in capital assets, net of accumulated depreciation of approximately \$161.0, \$153.6, and \$146.6, million, respectively. Depreciation charges were \$8.1, \$8.1, and \$7.9 million in 2025, 2024, and 2023, respectively.

Grand Rapids Community College

Management's Discussion and Analysis - Unaudited (Continued)

Capital expenditures in 2025 included renovations to the Ford Rec Center and the Learning Resource Center. Other projects included HVAC upgrades, ongoing deferred maintenance, and parking ramp enhancements.

In 2024 and 2023, significant capital expenditures were the Sneden Hall renovations and various HVAC projects across campus. Other projects included renovations to Sneden Hall and College Park Plaza, ongoing deferred maintenance and equipment and technology replacements and upgrades.

At June 30, 2025, the College had \$125.5 million in long-term obligations outstanding (\$195.3 million in 2024 and \$241.4 million in 2023), which includes a net pension liability of \$107.8 million (\$147.9 million in 2024 and \$181.8 million in 2023) and a net OPEB liability of \$0 in 2025 (\$0 million in 2024 and \$10.2 million in 2023) (see Note 10). Capital debt and lease obligations totaled \$17.7 million (\$19.9 million in 2024 and \$21.4 million in 2023). As an objective indication of its financial stability, the College's debt is rated AA+ (Standard & Poor's) and Aa1 (Moody's). The Standard & Poor's rating was upgraded from AA to AA+ in fiscal year 2023. Annual bond payment obligations are met by the .4 mill property tax allocation authorized by the board of trustees.

The fortunes of the local economy will also impact the College in the future. Property tax revenue is dependent on home sales, assessed values, new construction, and commercial development. For 2025, we've budgeted for an increase of 4.0 percent without a Headlee Rollback. With a strong real estate market and local economy, we are optimistic that this trend will continue.

Enrollment levels declined for several years before increasing slightly in the year ended 6/30/24. Fall 2025 enrollment is also trending up compared to the prior year. With an uncertain economy, enrollment levels are being closely analyzed, as community college enrollment in Michigan has historically run counter-cyclical to the State's economy. Other colleges have experienced similar enrollment reductions. However, since student tuition and fees now provide nearly 50 percent of General Fund revenue, the potential impact on the College's operating budget is significant.

Now in its second century, the administration and board of trustees are of the opinion that, in spite of some critical challenges, the College is positioned to meet the needs of its students and the community during the current year and has established a financial foundation to carry the College into the future. The College remains committed to the ideals of 'open door' access and 'student success'. With a dedicated staff, board of trustees, and the support of the community, Grand Rapids Community College will continue to strive to be 'distinctive' in all that it does in 2025 and beyond.

Grand Rapids Community College

Statement of Net Position

	June 30	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 56,585,974	\$ 64,656,343
Accounts receivable - Net (Note 6)	13,106,546	12,696,016
Prepaid expenses and other current assets	726,780	377,954
Total current assets	70,419,300	77,730,313
Noncurrent assets:		
Accounts receivable - Net (Note 6)	45,658	35,660
Long-term investments (Note 3)	96,424,986	68,240,823
Unamortized bond discount	29,046	33,695
Net OPEB asset (Note 10)	19,068,271	2,604,585
Capital assets - Net (Note 7)	197,433,122	186,622,643
Total noncurrent assets	313,001,083	257,537,406
Total assets	383,420,383	335,267,719
Deferred Outflow of Resources (Note 10)	35,746,366	48,573,515
Liabilities		
Current liabilities:		
Accounts payable	5,139,093	3,040,405
Accrued salaries and related amounts	10,992,635	10,291,304
Unearned revenue	13,377,236	11,672,516
Interest payable	59,231	67,610
Long-term obligations - Current (Note 8)	5,070,808	4,721,421
Deposits held in custody for others	507,094	396,007
Total current liabilities	35,146,097	30,189,263
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 8)	17,663,705	19,909,293
Net OPEB liability (Note 10)	-	-
Net pension liability (Note 10)	107,817,398	147,869,108
Total liabilities	160,627,200	197,967,664
Deferred Inflow of Resources (Note 10)	75,095,298	58,860,792
Net Position		
Net investment in capital assets	181,258,122	167,947,644
Restricted Expendable - Net OPEB asset	19,068,271	2,604,585
Unrestricted deficit	(16,882,142)	(43,539,450)
Total net position	<u>\$ 183,444,251</u>	<u>\$ 127,012,779</u>

Grand Rapids Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2025	2024
Operating Revenue		
Tuition and fees - Net of scholarship allowance of \$17,028,000 and \$10,377,000 for 2025 and 2024, respectively	\$ 35,979,716	\$ 39,430,593
Federal grants and contracts	12,949,183	8,790,425
State grants and contracts	1,467,608	3,384,847
Private gifts, grants, and contracts	2,167,896	1,667,594
Sales and services of auxiliary activities	2,870,113	2,525,273
Seminars, workshops, and other revenue	6,012,899	5,426,670
Total operating revenue	61,447,415	61,225,402
Operating Expenses		
Instruction	41,171,159	46,525,952
Information technology	8,321,514	8,047,943
Public service	9,819,731	10,282,727
Instructional support	11,346,266	12,585,445
Student services	24,628,026	23,104,690
Institutional administration	12,913,036	13,556,364
Physical plant operations	15,632,569	16,769,787
Depreciation	8,115,353	8,073,871
Total operating expenses	131,947,654	138,946,779
Operating Loss	(70,500,239)	(77,721,377)
Nonoperating Revenue (Expenses)		
State appropriations	37,691,215	40,823,571
Property taxes	56,734,396	52,527,130
Pell revenue	22,530,053	16,997,900
Interest income	4,941,448	4,053,393
Interest expense on bonds	(397,293)	(443,756)
Unrealized gain on investments	3,114,391	2,318,342
Other revenue	2,002,872	1,952,532
Net nonoperating revenue	126,617,082	118,229,112
Income - Before other revenue	56,116,843	40,507,735
Other Revenue - Capital contributions	314,629	1,720,491
Increase in Net Position	56,431,472	42,228,226
Net Position - Beginning of year	127,012,779	84,784,553
Net Position - End of year	\$ 183,444,251	\$ 127,012,779

Grand Rapids Community College

Statement of Cash Flows

	Year Ended June 30	
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	\$ 53,885,590	\$ 48,239,720
Grants and contracts	16,555,165	14,404,339
Payments to suppliers	(16,995,293)	(16,147,371)
Payments for utilities	(3,166,341)	(3,614,351)
Payments to employees	(68,324,551)	(65,496,742)
Payments for benefits	(39,989,186)	(40,540,171)
Payments for scholarships and grants	(32,540,969)	(30,913,839)
Auxiliary enterprise charges - Net	2,432,518	1,406,440
Federal direct lending receipts	8,536,122	8,536,122
Federal direct lending disbursements	(8,536,122)	(8,536,122)
Other	6,012,899	5,426,670
Net cash used in operating activities	(82,130,168)	(87,235,305)
Cash Flows from Noncapital Financing Activities		
Local property taxes	56,734,396	52,527,130
Federal Pell grant	22,530,053	16,997,900
State appropriations	38,167,334	40,306,573
Net cash provided by noncapital financing activities	117,431,783	109,831,603
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(20,725,091)	(8,201,540)
Capital contributions	314,629	1,720,491
Principal paid on long-term obligations including capital debt	(2,500,000)	(2,460,000)
Interest paid on capital debt	(397,293)	(443,756)
Net cash used in capital and related financing activities	(23,307,755)	(9,384,805)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	16,317,344	50,805,500
Purchase of investments	(41,323,021)	(44,586,336)
Interest on investments	4,941,448	4,053,393
Net cash (used in) provided by investing activities	(20,064,229)	10,272,557
Net (Decrease) Increase in Cash and Cash Equivalents	(8,070,369)	23,484,050
Cash and Cash Equivalents - Beginning of year	\$ 64,656,343	41,172,293
Cash and Cash Equivalents - End of year	\$ 56,585,974	\$ 64,656,343

Grand Rapids Community College

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2025	2024
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (70,500,239)	\$ (77,721,377)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	8,115,353	8,073,871
Change in assets and liabilities:		
Accounts receivable	(420,528)	(1,269,990)
Other assets	(344,177)	150,356
Accounts payable and accrued liabilities	2,800,019	996,931
Unearned revenue	1,704,720	1,944,740
Deposits held in custody for others	111,087	(67,392)
Interest payable	(8,379)	(7,616)
Net OPEB asset	16,463,686	(9,393,230)
Net pension liability	(40,051,710)	(9,941,598)
Net cash used in operating activities	<u>\$ (82,130,168)</u>	<u>\$ (87,235,305)</u>

There were no noncash activities during 2025 or 2024.

Grand Rapids Community College

Discretely Presented Component Unit Grand Rapids Community College Foundation

Statement of Financial Position

	June 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 3,571,355	\$ 2,227,608
Other current assets	107,311	122,316
Long-term investments	41,865,128	39,287,201
Contribution receivable - Net (Note 5)	109,223	266,669
Total assets	\$ 45,653,017	\$ 41,903,794
Liabilities - Scholarships payable and related amounts	\$ 1,957,653	\$ 2,250,624
Net Assets		
Without donor restrictions	11,503,547	10,378,034
With donor restrictions	32,191,817	29,275,136
Total net assets	43,695,364	39,653,170
Total liabilities and net assets	\$ 45,653,017	\$ 41,903,794

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2025	2024
Revenue		
Investment income	\$ 4,690,112	\$ 3,648,638
Contributions from the College	2,272,580	1,897,107
Contributions	382,718	355,078
Total revenue	7,345,410	5,900,823
Expenses		
Scholarships and grants expense	2,334,284	3,806,891
General and administrative	508,641	434,916
Fundraising	460,291	438,616
Total expenditures	3,303,216	4,680,423
Change in Net Assets	4,042,194	1,220,400
Net Assets - Beginning of year	39,653,170	38,432,770
Net Assets - End of year	\$ 43,695,364	\$ 39,653,170

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 1 - Industry Information and Significant Accounting Policies

Reporting Entity - Grand Rapids Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*.

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

In addition, the accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College.

The Grand Rapids Community College Foundation (the "Foundation"), a not-for-profit corporation, was formed to solicit, collect, and invest donations made for the promotion of educational activities and capital campaigns at the College. In accordance with the GASB, the Foundation is discretely presented in the College's financial statements because of the significance of the resources provided to the College and the Foundation provides services entirely for the benefit of the College. Separate financial statements of the Foundation may be obtained by contacting Grand Rapids Community College, 143 Bostwick Avenue, NE, Grand Rapids, Michigan 49503.

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

Basis of Presentation - The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

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

Internal Service Activities - Both revenue and expense related to internal service activities, including print shops, office equipment, maintenance, telecommunications, and institutional computing, have been eliminated.

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

Revenue Recognition - The College generally follows the revenue recognition methods set forth from Governmental Accounting Standards Board (GASB). Property taxes are recorded as revenue in the year taxes are levied. Under this method, revenue for fiscal year 2025 includes property taxes that were levied on July 1, 2024 and generally collected before September 30, 2024, and revenue for fiscal year 2024 includes property taxes that were levied on July 1, 2023 and generally collected before September 30, 2023. State appropriations are recorded as revenue in the period for which they are appropriated. Reductions to state appropriations are recorded in the College's fiscal year in which the changes are approved by the state legislature.

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

Cash and Cash Equivalents - Cash and cash equivalents consist of all highly liquid investments, including certificates of deposit, with an initial maturity of 12 months or less.

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

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

Scholarship Allowances - Student tuition and fee revenue and certain other revenue from students are reported net of scholarship allowances in the statement of revenue, 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 students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

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

In April 2023, the National Association of College and University Business Officers (NACUBO) issued Advisory Report 2023-01 Public Institutions: Accounting for and Reporting Financial Aid as a Discount. Advisory Report (AR) 2023-01 provides estimation and measurement methodologies that more accurately reflect how financial aid is provided to students at public colleges and universities and applies the basic concepts for dealing with scholarship allowances found in NACUBO Advisory Report (AR) 97-1, Accounting and Reporting Scholarship Allowances to Tuition and Other Fee Revenues by Higher Education. The amount reported as operating expense continues to represent the portion of aid that was provided to the student in the form of excess of the amounts charged by the university for student tuition and auxiliary services. Scholarship allowances continue to represent the portion of aid provided to the student in the form of reduced tuition.

The University adopted NACUBO AR 2023-01 in 2025, which resulted in use of a new calculation to estimate the scholarship allowance. Previously, the use of pooled student refunds as the basis for allocation of the allowance introduced non-discountable transactions into the calculation process, reducing the accuracy of estimates. Enterprise system advancements have created the capacity for more accurate estimates using a methodology that reflects the financial aid process flow. The scholarship allowances for "Tuition and fees" and the "Student services" line items within the Statement of Revenues, Expenses, and Changes in Net Position are affected by the allocation change described in the methodology.

Bond Discount and Premium - Bond discount or premium relates to the value of the bonds issued by the College at the issuance date. The premium or discount on issuance is amortized on a straight-line basis over the life of the related outstanding bond issue.

Property and Equipment - Property and equipment are recorded at cost. Gifts of property are recorded at acquisition value at the time gifts are received. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Land improvements and infrastructure	20 years
Equipment	5-15 years

Unearned Revenue - Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue relates primarily to Summer-term tuition received prior to June 30. The remaining amount included in unearned revenue relates to grant and award monies received in excess of costs incurred as of year-end for college programs financed by government agencies and other organizations.

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

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

Net Position - Net position is classified according to external donor restrictions or availability of assets for satisfaction of college obligations. Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and net of related debt.

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

Federal Financial Assistance Programs - The College participates in federally funded Pell grants, SEOG grants, Federal Work Study, and the federal direct lending program. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the compliance supplement.

During the years ended June 30, 2025 and 2024, the College distributed \$8,266,596 and \$8,536,122, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures in the accompanying financial statements.

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

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

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

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

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

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 10.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 10.

Adoption of a New Accounting Pronouncement

During the current year, the College adopted GASB Statement No. 101, *Compensated Absences*. As a result, the University calculated the liability for compensated absences to comply with this new pronouncement. The effects of this adoption of a new accounting pronouncement were not significant to the College.

Upcoming Accounting Pronouncements

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

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

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 2 - Property Taxes

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

Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships and cities 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.

During the years ended June 30, 2025 and 2024, \$1.6951 and \$1.7085 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 \$56,734,000 and \$52,527,000 for the years ended June 30, 2025 and 2024, respectively.

Note 3 - Cash and Investments

The College considers all highly liquid investments with a maturity of 12 months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 56,585,974	\$ 64,656,343
Long-term investments	96,424,986	68,240,823
Total cash and investments	<u>\$ 153,010,960</u>	<u>\$ 132,897,166</u>

Investments - The investment policy of the Foundation, as established by the Foundation's board of directors, authorizes investments in a diversified portfolio of stocks and bonds based on the following asset allocation ranges:

Investment Type	Range	Benchmark
Stocks	55% - 65%	60%
Fixed income	30% - 50%	35%
Cash	0% - 15%	5%

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 3 - Cash and Investments (Continued)

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

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

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

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	\$ 53,684,713	\$ 53,684,713	\$ -	\$ -
Bonds and notes	96,008,129	2,462,669	47,120,590	46,424,870
U.S. agency securities	3,318,119	438,593	2,074,131	805,395
Total	<u>\$ 153,010,961</u>	<u>\$ 56,585,974</u>	<u>\$49,194,721</u>	<u>\$47,230,266</u>

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

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	\$ 58,852,312	\$ 58,852,312	\$ -	\$ -
Bonds and notes	3,663,350	575,025	3,088,325	-
U.S. agency securities	70,381,504	5,229,006	33,620,934	31,531,564
Total	<u>\$ 132,897,166</u>	<u>\$ 64,656,343</u>	<u>\$36,709,259</u>	<u>\$31,531,564</u>

Credit Risk - According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services. The Foundation invests in mutual funds with a long-term growth objective.

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

June 30, 2025 S&P Quality Rating					
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	\$ 3,318,189	\$92,689,940	\$ -	\$ -	\$96,008,129
U.S. Agency Securities	-	3,318,119	-	-	3,318,119
Total	<u>\$ 3,318,189</u>	<u>\$96,008,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$99,326,248</u>

June 30, 2024 S&P Quality Rating					
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	\$ 3,519,449	\$ -	\$ 143,901	\$ -	\$ 3,663,350
U.S. Agency Securities	-	70,381,503	-	-	70,381,503
Total	<u>\$ 3,519,449</u>	<u>\$70,381,503</u>	<u>\$ 143,901</u>	<u>\$ -</u>	<u>\$74,044,853</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 3 - Cash and Investments (Continued)

The nationally recognized statistical rating organization (NRSRO) utilized is primarily Standard & Poor's Rating Services.

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. At June 30, 2025 and 2024, the carrying amount of the College's deposits was \$10,274,345 and \$9,603,448, respectively. Of that amount, \$250,000 for both 2025 and 2024, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining \$10,024,345 and \$9,353,448 at June 30, 2025 and 2024, respectively, was uninsured and uncollateralized. The College does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

Concentration of Credit Risk - The College's investment policy limits investments in any one institution to an upper limit of 5 percent of the net worth of that institution. Also, commercial paper investments are limited to no more than \$5,000,000 in any single issuer. The College's investment policy does not limit investments in U.S. agencies or treasuries. The Foundation's investment policy limits investments in any single equity security to no more than 5 percent of the market value of all equity securities.

More than 5 percent of the College's investments at June 30 were invested as follows:

Issuer	2025	2024
PNC Bank	7%	7%
Michigan Liquid Asset Fund - Money Markets	26%	34%
United States Agencies and Treasuries	66%	53%

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2025		June 30, 2024	
	Cost	Fair Value	Cost	Fair Value
Bonds	\$ 13,089,478	\$ 12,945,863	\$ 14,203,223	\$ 13,640,615
Common stock	27,360,800	28,919,265	16,010,626	25,646,586
Total	<u>\$ 40,450,278</u>	<u>\$ 41,865,128</u>	<u>\$ 30,213,849</u>	<u>\$ 39,287,201</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 3 - Cash and Investments (Continued)

Net gains (losses) from security transactions for the Foundation for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Unrealized appreciation (depreciation)	\$ (7,658,503)	\$ (117,071)
Realized gains	11,378,738	3,236,614
Total	<u>\$ 3,720,235</u>	<u>\$ 3,119,543</u>

Total investment gains and losses on the statement of activities and changes in net assets for the Grand Rapids Community College Foundation are comprised of interest and dividend income of \$1,126,859 at June 30, 2025 and \$777,325 at June 30, 2024, plus realized and unrealized gains from above less investment fees of \$156,983 at June 30, 2025 and \$248,230 at June 30, 2024.

Note 4 - Fair Value Measurements

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

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

The College has the following recurring fair value measurements as of June 30, 2025 and 2024:

	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Securities	\$ 3,318,119	\$ -	\$ 3,318,119	\$ -
Bonds and Notes	96,008,129	-	96,008,129	-
Total investments by fair value level	<u>\$ 99,326,248</u>	<u>\$ -</u>	<u>\$ 99,326,248</u>	<u>\$ -</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis

		Quoted Prices in Active Markets			
	Balance at June 30, 2024	for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level					
U.S. Agency Securities	\$ 70,381,504	\$ -	\$ 70,381,504	\$ -	
Bonds and Notes	3,663,350	-	3,663,350	-	
Total investments by fair value level	\$ 74,044,854	\$ -	\$ 74,044,854	\$ -	

Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value the investments' relationship to benchmark quoted prices.

The Foundation common stock is valued using Level 1 inputs, while the bonds are valued using Level 2 inputs.

Note 5 - Foundation Contributions Receivable

Foundation contributions receivable consist of unconditional promises to give. The present value of contributions receivable is calculated using a discount rate of 4.78 percent and 4.52 percent for the years ended June 30, 2025 and 2024, respectively, and is expected to be collected as follows:

	2025	2024
2025	\$ -	\$ 215,400
2026	45,000	60,000
2027	40,000	-
2028	30,000	-
Total	115,000	275,400
Less discount to present value	(5,777)	(8,731)
Net present value	<u>\$ 109,223</u>	<u>\$ 266,669</u>

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	2025	2024
Tuition and other	\$ 7,044,191	\$ 6,197,063
Grants and contracts	1,581,022	1,551,500
State appropriations - Operating	5,418,547	5,894,666
Total accounts receivable	14,043,760	13,643,229
Less allowance for uncollectibles	(891,556)	(911,553)
Net accounts receivable	<u>\$ 13,152,204</u>	<u>\$ 12,731,676</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 6 - Accounts Receivable (Continued)

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

Note 7 - Capital Assets

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

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Depreciable assets:				
Building and building improvements	\$ 282,507,521	\$ 1,476,141	\$ -	\$ 283,983,662
Furniture, fixtures, and equipment	48,844,633	3,178,760	(735,335)	51,288,058
Total depreciable assets	331,352,154	4,654,901	(735,335)	335,271,720
Nondepreciable assets:				
Land and improvements	7,043,534	-	-	7,043,534
Construction in progress	1,791,298	16,070,190	(1,791,298)	16,070,190
Total nondepreciable assets	8,834,832	16,070,190	(1,791,298)	23,113,724
Total depreciable and nondepreciable assets	340,186,986	20,725,091	(2,526,633)	358,385,444
Less accumulated depreciation:				
Building and building improvements	(117,128,101)	(6,263,334)	-	(123,391,435)
Furniture, fixtures, and equipment	(36,436,242)	(1,852,019)	727,374	(37,560,888)
Total accumulated depreciation	(153,564,343)	(8,115,353)	727,374	(160,952,322)
Capital assets - Net	<u>\$ 186,622,643</u>			<u>\$ 197,433,122</u>

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

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Depreciable assets:				
Building and building improvements	\$ 277,889,308	\$ 4,818	\$ -	\$ 282,507,521
Furniture, fixtures, and equipment	48,290,614	1,792,029	(1,238,010)	48,844,633
Total depreciable assets	326,179,922	1,796,847	(1,238,010)	331,352,154
Nondepreciable assets:				
Land and improvements	7,043,534	-	-	7,043,534
Construction in progress	2,230,681	1,791,298	(2,230,681)	1,791,298
Total nondepreciable assets	9,274,215	1,791,298	(2,230,681)	8,834,832
Total depreciable and nondepreciable assets	335,454,137	3,588,145	(3,468,691)	340,186,986
Less accumulated depreciation:				
Building and building improvements	(110,952,924)	(6,175,177)	-	(117,128,101)
Furniture, fixtures, and equipment	(35,676,884)	(1,898,694)	1,139,336	(36,436,242)
Total accumulated depreciation	(146,629,808)	(8,073,871)	1,139,336	(153,564,343)
Capital assets - Net	<u>\$ 188,824,329</u>			<u>\$ 186,622,643</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 8 - Long-term Obligations

At June 30, 2025, there was approximately \$4.2 million in construction commitments outstanding in connection with ongoing capital projects.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	\$14,770,000	\$ -	\$1,770,000	\$13,000,000	\$1,785,000
Series bonds, 2019 series	3,905,000	-	730,000	3,175,000	750,000
Other Long-term Liabilities					
Unamortized bond premium	420,256	-	91,692	328,564	91,692
Accrued employee leave	5,324,323	3,246,995	2,461,027	6,110,291	2,444,116
Michigan job training grants	211,135	10,000	100,477	120,658	-
Total	<u>\$24,630,714</u>	<u>\$ 3,256,995</u>	<u>\$5,153,196</u>	<u>\$22,734,513</u>	<u>\$ 5,070,808</u>

Long-term obligation activity during the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	\$16,530,000	\$ -	\$1,760,000	\$14,770,000	\$1,770,000
Series bonds, 2019 series	4,605,000	-	700,000	3,905,000	730,000
Other Long-term Liabilities					
Unamortized bond premium	511,948	-	91,692	420,256	91,692
Accrued employee leave	4,785,395	2,638,467	2,099,539	5,324,323	2,129,729
Michigan job training grants	205,659	55,476	50,000	211,135	-
Total	<u>\$26,638,002</u>	<u>\$ 2,693,943</u>	<u>\$4,701,231</u>	<u>\$24,630,714</u>	<u>\$4,721,421</u>

Series Bonds, 2020 Refunding - The College issued \$18,285,000 in general obligation bonds (2020 Series Bonds) with an average interest rate of 1.44 percent. The 2020 Series Bonds were issued to refund \$16,810,000 outstanding of 2012 Series Facilities Bonds with an average interest rate of 3.39 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2012 Series Facilities Bonds. As a result, the 2012 Series Facilities Bonds are considered to be defeased, \$16,810,000 in liability for the bonds was removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The defeased bonds were fully called in 2022. The principal and interest on the 2020 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from .61 percent to 1.90 percent and have remaining annual maturities ranging from \$1,785,000 to \$1,940,000. The bonds mature in 2032.

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2019 Refunding - The College issued \$7,080,000 in general obligation bonds (2019 Series Bonds) with an average interest rate of 2.57 percent. The 2019 Series Bonds were issued to refund \$7,850,000 outstanding of 2009 Series Bonds with an average interest rate of 3.88 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2009 Series Bonds. As a result, the 2009 Series Bonds are considered to be defeased, \$7,850,000 in liability for the bonds was removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2009 Series Bonds was \$3,450,000 at June 30, 2025. The principal and interest on the 2019 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 5.99 percent to 6.50 percent and have remaining annual maturities ranging from \$750,000 to \$835,000. The bonds mature in 2029.

Total principal and interest maturities on the bonds payable as of June 30, 2025 are as follows:

Years Ending	Debt Obligations		
June 30	Principal	Interest	Total
2026	\$ 2,535,000	\$ 355,401	\$ 2,890,401
2027	2,585,000	298,712	2,883,712
2028	2,635,000	238,143	2,873,143
2029	2,690,000	171,636	2,861,636
2030	1,880,000	101,598	1,981,598
2031-2032	3,850,000	110,911	3,960,911
Total	<u>\$ 16,175,000</u>	<u>\$ 1,276,401</u>	<u>\$ 17,451,401</u>

Cash Paid for Interest - Cash paid for interest was approximately \$397,000 and \$451,000 for the years ended June 30, 2025 and 2024, respectively.

Michigan Job Training Grants - During 2010, the College became involved in the Michigan New Jobs Training Program. The Michigan New Jobs Training Program was created by State of Michigan Public Acts 359 and 360 of 2008 and provides the ability for community college districts to enter into agreements with employers to (1) provide education and training to workers in order to create new jobs and (2) to establish a funding mechanism to pay for the education and training. In connection with this program, the College has entered into agreements with various local employers for the purpose of establishing projects to educate and train certain persons employed in new jobs. The local employers prepay training costs to the College and the College subsequently issues noninterest-bearing revenue bonds payable to the employers equal to the prepayments. The employer remits state income tax withholdings for these new employees directly to the College. The College then remits these withholdings back to the employer on a quarterly basis to reimburse the company for the costs of training, thus reducing bonds payable. As of June 30, 2025 and 2024, the College has outstanding bonds payable to various employers of \$120,658 and \$211,135, respectively. The bonds mature at various dates through 2030.

Note 8 - Long-term Obligations (Continued)

Accrued Employee Leave - The College provides termination benefits upon departure from the College resulting from unused vacation and sick time and years of service and defined by each respective labor contract and administrative policy under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions are used to determine probability of reaching the criteria required for eligibility. Included in the current portion of the accrual is earned but not used vacation and amounts to be provided to employees that will be retiring in the upcoming fiscal year.

Note 9 - Defined Contribution (Optional) Retirement Plan

The College has established an Optional Retirement Plan (ORP) in addition to the Michigan Public School Employees' Retirement System (MPERS) plan as required by state law. Eligible employees may elect to participate in the MPERS plan or join the ORP. Eligible employees are defined as full-time faculty and professional staff. Participants are immediately vested in the ORP, which requires an employer and employee contribution of 12.00 percent and 3.00 percent, respectively. In general, a participant may request payment of benefits at any time after total disability, termination of employment, or age 65 unless deferred until age 70½. College contributions to the ORP were approximately \$2,001,000 and \$1,849,000 for the years ended June 30, 2025 and 2024, respectively.

Note 10 - Michigan Public School Employees' Retirement System

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

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided - Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment healthcare plan.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

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

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

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

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

The College's required and actual pension contributions to the plan for the years ended June 30, 2025 and 2024 were \$20,073,256 and \$17,800,818, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions included an allocation of \$6,137,489 and \$7,104,627 in revenue received from the State of Michigan, and remitted to the System, to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2025 and 2024, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2025 and 2024 were \$1,840,000 and \$4,216,628, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability - At June 30, 2025 and 2024, the College reported a liability of \$107,817,398 and \$147,869,108, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024 and 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated liability to September 30, 2024 and 2023. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023, and 2022 the College's proportion was 0.4404, 0.4568, and 0.4835 percent, respectively, representing a change of 3.5914 and 5.5222 percent, respectively.

Net OPEB Asset - At June 30, 2025 and 2024, the College reported an asset of \$19,068,271 and \$2,604,585 for its proportionate share of the net OPEB asset or liability. The net OPEB asset or liability was measured as of September 30, 2024 and 2023 and the total OPEB asset or liability used to calculate the net OPEB asset or liability was determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated liability to September 30, 2024 and 2023. The College's proportion of the net OPEB asset or liability was based on a projection of its long-term share of contributions to the plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023, and 2022 the College's proportion was 0.4430, 0.4604, and 0.4831 percent, respectively, representing a change of 3.7804 and 4.6988 percent, respectively.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended 2025 and 2024, the College recognized pension expense of \$2,307,938 and \$12,154,893, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

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

	June 30, 2025	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Changes of assumptions	\$ 11,240,603	\$ (7,899,605)
Differences between expected and actual experience	2,925,162	(1,171,451)
Net difference between projected and actual earnings on pension plan assets	-	-
	-	(20,576,130)
Changes in proportion and differences between college contributions and proportionate share of contributions	-	(12,623,903)
College contributions subsequent to the measurement date	16,960,979	-
Total	<u>\$ 31,126,744</u>	<u>\$ (42,271,089)</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

	June 30, 2024	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Changes of assumptions	\$ 20,036,937	\$ (11,552,843)
Differences between expected and actual experience	4,667,777	(226,512)
Net difference between projected and actual earnings on pension plan assets	-	(3,025,881)
Changes in proportion and differences between college contributions and proportionate share of contributions	-	(20,746,488)
College contributions subsequent to the measurement date	15,122,914	-
Total	<u>\$ 39,827,628</u>	<u>\$ (35,551,724)</u>

The \$967,138 and \$7,104,627 reported as deferred inflows of resources resulting from the pension portion of state aid payments is recognized as state appropriations revenue for the years ended June 30, 2025 and 2024, respectively.

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

Years Ending June 30	Amount
2026	\$ (9,150,146)
2027	(3,385,311)
2028	(9,654,975)
2029	(5,914,892)
Total	<u>\$ (28,105,324)</u>

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

For the year ended June 30, 2025 and 2024, the College recognized OPEB recovery of \$7,910,066 and \$5,810,486, respectively.

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

	June 30, 2025	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Changes of assumptions	\$ 4,164,785	\$ (478,708)
Differences between expected and actual experience	-	(20,206,544)
Net difference between projected and actual earnings on OPEB plan assets	-	(3,609,842)
Changes in proportion and differences between college contributions and proportionate share of contributions	14,976	(2,391,626)
College contributions subsequent to the measurement date	439,861	-
Total	<u>\$ 4,619,622</u>	<u>\$ (26,686,720)</u>

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,798,261	\$ (698,220)
Differences between expected and actual experience	-	(19,681,584)
Net difference between projected and actual earnings on OPEB plan assets	7,941	-
Changes in proportion and differences between college contributions and proportionate share of contributions	24,806	(2,929,264)
College contributions subsequent to the measurement date	2,914,879	-
Total	<u>\$ 8,745,887</u>	<u>\$ (23,309,068)</u>

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

Years Ending June 30	Amount
2026	\$ (7,295,858)
2027	(4,559,943)
2028	(4,376,159)
2029	(3,810,930)
2030	(2,079,842)
Thereafter	(384,227)
Total	<u>\$ (22,506,959)</u>

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2024 and 2023 based on the results of an actuarial valuation as of September 30, 2023 and 2022 and rolled forward. The total pension liability was determined using the following actuarial assumptions for both valuations:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare cost trend rate	6.25 - 7.75%	Year 1 graded to 3.5% in Year 15
Mortality basis	Retirees & Active	Pub-T-2010 Male and Female Employee Mortality Tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods 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.

Discount Rate - The discount rate used to measure the total pension liability was 6.0 percent as of September 30, 2024 and 2023. The discount rate used to measure the total OPEB asset or liability was 6.0 percent as of September 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that College contributions will be made at statutorily required rates.

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

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	June 30, 2025		June 30, 2024	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.0%	5.3%	25.0%	5.8%
Private Equity Pools	16.0%	9.0%	16.0%	9.6%
International Equity Pools	15.0%	6.5%	15.0%	6.8%
Fixed Income Pools	13.0%	2.2%	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	7.1%	10.0%	6.4%
Absolute Return Pools	9.0%	5.2%	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	1.4%	10.0%	7.3%
Short-term Investment Pools	2.0%	6.9%	2.0%	0.3%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

2025		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
\$ 158,061,465	\$ 107,817,399	\$ 65,979,547
2024		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
\$ 199,770,733	\$ 147,869,108	\$ 104,659,130

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

2025		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
\$ (14,736,117)	\$ (19,068,271)	\$ (22,813,876)
2024		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
\$ 2,700,173	\$ (2,604,585)	\$ (7,163,504)

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

2025		
1.00 Percent Decrease	Current Rate	1.00 Percent Increase
\$ (22,813,916)	\$ (19,068,271)	\$ (15,051,086)
2024		
1.00 Percent Decrease	Current Rate	1.00 Percent Increase
\$ (7,174,871)	\$ (2,604,585)	\$ 2,341,962

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Payable to the Pension and OPEB Plan - At June 30, 2025, the College reported a payable of \$1,884,223 and \$20,894 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025. At June 30, 2024, the College reported a payable of \$2,751,580 and \$139,367 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 11 - Tax Abatements

The College's property tax revenue is affected by tax abatements entered into by other governments. The College's property tax revenues were reduced as follows for the years ended June 30, 2025 and 2024:

Government with Tax Abatement Agreement	Amount of Property Taxes Abated	
	June 30, 2025	June 30, 2024
Ada Township	\$ 24,927	\$ 64,702
Algoma Township	1,547	1,237
Alpine Township	24,376	17,050
Byron Township	7,848	8,112
Caledonia Township	21,245	23,414
Cascade Township	37,148	33,956
Gaines Township	63,818	84,054
Plainfield Township	-	2,345
Sparta Township	11,829	8,570
Tallmadge Township	-	3,351
Thornapple Township	10,326	2,016
Vergennes Township	5,289	4,764
City of Cedar Springs	1,358	1,433
City of Grand Rapids	949,235	958,621
City of Grandville	6,970	6,885
City of Kentwood	55,006	48,553
City of Rockford	5,078	1,288
City of Walker	53,237	44,512
City of Wyoming	106,499	122,956
Total	\$ 1,385,736	\$ 1,437,819

Grand Rapids Community College

Notes to Financial Statements June 30, 2025 and 2024

Note 12 - Risk Management

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

Note 13 - State Building Authority

Certain institutional facilities, including the Applied Technology Center (ATC), Calkins Science Center, Main Building and Cook Hall renovations, have been financed in part by State Building Authority (SBA) bond issuance, which are secured by a pledge of rentals to be received by the SBA from the State of Michigan pursuant to an arrangement between SBA, State of Michigan, and the College. While the SBA bonds are outstanding, SBA will hold title to the respective buildings, although the College has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the buildings to the College. During the year ended June 30, 2021, the Calkins Science Center title was transferred to the College from the SBA. The Main Building title will transfer in March 2037, Cook Hall in 2050 and the ATC in 2055 unless the SBA bonds are paid or refunded in advance.

Note 14 - Foundation Net Assets with Donor Restrictions

Foundation net assets with donor restrictions were restricted for the following purposes:

	June 30, 2025	June 30, 2024
Capital campaigns	\$ -	\$ 280,785
Other capital related	94,393	94,381
Tech Center capital campaign	527,035	581,577
Scholarships and other	31,570,389	28,318,393
Total	<u>\$ 32,191,817</u>	<u>\$ 29,275,136</u>

Assets restricted for Scholarships and other includes \$12,306,575 as of June 30, 2025 and \$11,219,859 as of June 30, 2024, restricted in perpetuity.

Required Supplementary Information

Grand Rapids Community College

Required Supplementary Information

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective MPERS net pension liability:											
As a percentage	0.44039%	0.45686%	0.48345%	0.51954%	0.52691%	0.54127%	0.56041%	0.57280%	0.59322%	0.59710%	0.61095%
Amount	\$ 107,817,399	\$ 147,869,108	\$ 181,820,918	\$ 123,004,056	\$ 181,000,242	\$ 179,249,084	\$ 168,470,788	\$ 148,436,081	\$ 148,003,349	\$ 145,842,419	\$ 134,569,167
College's covered payroll	\$ 47,070,314	\$ 46,217,206	\$ 47,000,715	\$ 45,759,750	\$ 45,813,579	\$ 46,016,178	\$ 46,740,187	\$ 47,565,876	\$ 48,505,242	\$ 49,129,485	\$ 52,048,878
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	229.06%	319.94%	386.85%	268.80%	395.08%	389.53%	360.44%	312.06%	323.09%	296.85%	258.54%
MPERS fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

Schedule of Pension Contributions Michigan Public School Employees' Retirement System (amounts were determined as of June 30 of each fiscal year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 19,712,739	\$ 17,468,172	\$ 16,985,823	\$ 16,576,734	\$ 15,911,517	\$ 14,663,731	\$ 14,557,430	\$ 13,750,838	\$ 12,396,670	\$ 13,751,793	\$ 9,488,294
Contributions in relation to the actuarially determined contractually required contribution	\$ 19,712,739	\$ 17,468,172	\$ 16,985,823	\$ 16,576,734	\$ 15,911,517	\$ 14,663,731	\$ 14,557,430	\$ 13,750,838	\$ 12,396,670	\$ 13,751,793	\$ 9,488,294
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,369,626	\$ 46,981,028	\$ 45,854,407	\$ 45,357,251	\$ 45,479,070	\$ 45,711,582	\$ 46,137,226	\$ 47,300,505	\$ 45,064,027	\$ 48,088,254	\$ 51,268,145
Contributions as a percentage of covered payroll	40.75%	37.18%	37.04%	36.55%	34.99%	32.08%	31.55%	29.07%	27.51%	28.60%	18.51%

Note to Required Supplemental Information

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

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

2023 – The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

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

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

2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45% percentage points.

The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

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

Grand Rapids Community College

Required Supplementary Information

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

	2025	2024	2023	2022	2021	2020	2019	2018
College's proportion of the collective MPSERS net OPEB liability:								
As a percentage	0.44300%	0.46042%	0.48307%	0.50562%	0.51651%	0.52608%	0.54944%	0.57312%
Amount	\$ (19,068,271)	\$ (2,604,585)	\$ 10,231,690	\$ 7,717,606	\$ 27,670,604	\$ 37,760,595	\$ 43,674,707	\$ 50,752,538
College's covered payroll	\$ 47,070,314	\$ 46,217,206	\$ 47,000,715	\$ 45,759,750	\$ 45,813,579	\$ 46,016,178	\$ 46,740,187	\$ 47,565,876
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	-40.51%	-5.64%	21.77%	16.87%	60.40%	82.06%	93.44%	106.70%
MPSERS fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

Schedule of OPEB Contributions Michigan Public School Employees' Retirement System (amounts were determined as of June 30 of each fiscal year)

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 1,440,206	\$ 3,859,691	\$ 3,690,913	\$ 3,696,253	\$ 3,784,654	\$ 3,673,200	\$ 3,624,091	\$ 3,376,239
Contributions in relation to the actuarially determined contractually required contribution	\$ 1,440,206	\$ 3,859,691	\$ 3,690,913	\$ 3,696,253	\$ 3,784,654	\$ 3,673,200	\$ 3,624,091	\$ 3,376,239
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,369,626	\$ 46,981,028	\$ 45,854,407	\$ 45,357,251	\$ 45,479,070	\$ 45,711,582	\$ 46,137,226	\$ 47,300,505
Contributions as a percentage of covered payroll	2.98%	8.22%	8.05%	8.15%	8.32%	8.04%	7.86%	7.14%

Note to Required Supplemental Information

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

Changes in Assumptions – There were no changes of benefit assumptions each of the plan years ended September 30 except for the following:

2024 - The healthcare cost trend rate used in the September 30, 2024 actuarial valuation decrease by 0.25% for members under 65 and increased 0.25% for members over 65.

2023 – The healthcare cost trend rate used in the September 30, 2023 actuarial valuation decrease by 0.25% for members under 65 and increased 1.00% for members over 65. In

2022 – The discount rate and investment rate of return used in September 30, 2022 actuarial valuation decreased by 0.95% percentage points. This resulted in a lower than

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

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

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

2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Grand Rapids Community College

Combining Statement of Net Position June 30, 2025

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,852,184	\$ 547,641	\$ -	\$ 13,645,694
Accounts receivable - Net	10,590,368	2,471,589	-	8,355
Prepaid expenses and other current assets	664,201	13,255	-	44,676
Due (to) from other funds	12,000,416	(40,102)	-	(11,480,609)
Total current assets	32,107,169	2,992,383	-	2,218,116
Noncurrent assets:				
Accounts receivable - Net	-	-	-	-
Long-term investments	24,130,986	6,123,000	-	29,200,000
Unamortized bond discounts	-	-	-	-
Net OPEB asset	-	-	19,068,271	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	24,130,986	6,123,000	19,068,271	29,200,000
Total assets	56,238,155	9,115,383	19,068,271	31,418,116
Deferred Outflow of Resources	-	-	35,746,366	-
Liabilities				
Current liabilities:				
Accounts payable	1,206,949	109,098	-	270,332
Accrued salaries and related amounts	10,689,542	128,500	-	22,436
Unearned revenue	13,351,673	-	-	-
Interest payable	-	-	-	-
Long-term obligations - Current	2,444,116	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	27,692,280	237,598	-	292,768
Noncurrent liabilities:				
Long-term obligations - Net of current portion	3,666,175	-	-	-
Net OPEB liability	-	-	-	-
Net pension liability	-	-	107,817,398	-
Total liabilities	31,358,455	237,598	107,817,398	292,768
Deferred Inflow of Resources	-	-	75,095,298	-
Net Position				
Net investment in capital assets	-	-	-	-
Restricted Expendable - Net OPEB asset	-	-	19,068,271	-
Unrestricted (deficit)	24,879,700	8,877,785	(147,166,330)	31,125,348
Total net position	<u>\$ 24,879,700</u>	<u>\$ 8,877,785</u>	<u>\$ (128,098,059)</u>	<u>\$ 31,125,348</u>

Grand Rapids Community College

Combining Statement of Net Position June 30, 2025

Expendable Restricted Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
\$ 1,240,789	\$ 604,055	\$ 31,695,611	\$ 56,585,974	\$ -	\$ 56,585,974
36,234	-	-	13,106,546	-	13,106,546
-	-	4,648	726,780	-	726,780
(717,236)	(67,654)	305,185	-	-	-
559,787	536,401	32,005,444	70,419,300	-	70,419,300
-	-	45,658	45,658	-	45,658
-	-	36,971,000	96,424,986	-	96,424,986
-	-	29,046	29,046	-	29,046
-	-	-	19,068,271	-	19,068,271
-	-	197,433,122	197,433,122	-	197,433,122
-	-	234,478,826	313,001,083	-	313,001,083
559,787	536,401	266,484,270	383,420,383	-	383,420,383
-	-	-	35,746,366	-	35,746,366
407,630	3,744	3,141,340	5,139,093	-	5,139,093
152,157	-	-	10,992,635	-	10,992,635
-	25,563	-	13,377,236	-	13,377,236
-	-	59,231	59,231	-	59,231
-	-	2,626,692	5,070,808	-	5,070,808
-	507,094	-	507,094	-	507,094
559,787	536,401	5,827,263	35,146,097	-	35,146,097
-	-	13,997,530	17,663,705	-	17,663,705
-	-	-	-	-	-
-	-	-	107,817,398	-	107,817,398
559,787	536,401	19,824,793	160,627,200	-	160,627,200
-	-	-	75,095,298	-	75,095,298
-	-	181,258,122	181,258,122	-	181,258,122
-	-	-	19,068,271	-	19,068,271
-	-	65,401,355	(16,882,142)	-	(16,882,142)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,659,477</u>	<u>\$ 183,444,251</u>	<u>\$ -</u>	<u>\$ 183,444,251</u>

Grand Rapids Community College

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

Year Ended June 30, 2025

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

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	\$ 53,008,001	\$ -	\$ -	\$ -
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Sales and services of auxiliary activities	-	-	-	3,672,471
Seminars, workshops, and other revenue	1,866,379	4,146,520	-	-
Total operating revenue	54,874,380	4,146,520	-	3,672,471
Operating Expenses				
Instruction	51,662,361	2,073,873	(13,024,230)	-
Information Technology	9,890,785	-	(1,623,088)	-
Public service	1,687,123	986,552	(392,218)	-
Instructional support	14,740,361	-	(3,280,657)	-
Student services	12,807,870	337,372	(2,894,949)	2,887,936
Institutional administration	14,934,530	717,772	(2,786,761)	-
Physical plant operations	15,282,914	10,547	(2,484,700)	-
Depreciation	-	-	-	-
Total operating expenses	121,005,944	4,126,116	(26,486,603)	2,887,936
Operating (Loss) Income	(66,131,564)	20,404	26,486,603	784,535
Nonoperating Revenue (Expenses)				
State appropriations	36,724,077	-	967,138	-
Property taxes	44,935,849	-	-	-
Pell revenue	-	-	-	-
Interest income	1,143,697	-	-	1,010,872
Interest expense on bonds	-	-	-	-
Current fund expenditures for capital assets	-	-	-	-
Unrealized gain on investments	720,825	-	-	637,111
Other revenue	-	-	-	-
Net nonoperating revenue (expenses)	83,524,448	-	967,138	1,647,983
Income (Loss) Before Other Revenue	17,392,884	20,404	27,453,741	2,432,518
Other Revenue - Capital contributions	-	-	-	-
Increase (Decrease) in Net Position - Before transfers	17,392,884	20,404	27,453,741	2,432,518
Transfers - Mandatory and nonmandatory	(17,282,638)	1,905,409	-	6,800,000
Increase (Decrease) in Net Position	110,246	1,925,813	27,453,741	9,232,518
Net Position - Beginning of year	24,769,454	6,951,972	(155,551,800)	21,892,830
Net Position - End of year	\$ 24,879,700	\$ 8,877,785	\$ (128,098,059)	\$ 31,125,348

Grand Rapids Community College

Combining Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2025 (with comparative totals for the year ended June 30, 2024)

Expendable Restricted Fund	Plant Fund	Total	Eliminations	2025	2024
\$ -	\$ -	\$ 53,008,001	\$ (17,028,285)	\$ 35,979,716	\$ 39,430,593
12,949,183	-	12,949,183	-	12,949,183	8,790,425
1,467,608	-	1,467,608	-	1,467,608	3,384,847
2,167,896	-	2,167,896	-	2,167,896	1,667,594
-	-	3,672,471	(802,358)	2,870,113	2,525,273
-	-	6,012,899	-	6,012,899	5,426,670
16,584,687	-	79,278,058	(17,830,643)	61,447,415	61,225,402
1,962,726	-	42,674,730	(1,503,571)	41,171,159	46,525,952
65,189	-	8,332,886	(11,372)	8,321,514	8,047,943
7,700,751	-	9,982,208	(162,477)	9,819,731	10,282,727
156,929	-	11,616,633	(270,367)	11,346,266	12,585,445
29,170,358	-	42,308,587	(17,680,561)	24,628,026	23,104,690
130,945	-	12,996,486	(83,450)	12,913,036	13,556,364
5,071	2,827,230	15,641,062	(8,493)	15,632,569	16,769,787
-	8,115,353	8,115,353	-	8,115,353	8,073,871
39,191,969	10,942,583	151,667,945	(19,720,291)	131,947,654	138,946,779
(22,607,282)	(10,942,583)	(72,389,887)	1,889,648	(70,500,239)	(77,721,377)
-	-	37,691,215	-	37,691,215	40,823,571
-	11,798,547	56,734,396	-	56,734,396	52,527,130
22,530,053	-	22,530,053	-	22,530,053	16,997,900
-	2,786,879	4,941,448	-	4,941,448	4,053,393
-	(397,293)	(397,293)	-	(397,293)	(443,756)
-	1,889,648	1,889,648	(1,889,648)	-	-
-	1,756,455	3,114,391	-	3,114,391	2,318,342
-	2,002,872	2,002,872	-	2,002,872	1,952,532
22,530,053	19,837,108	128,506,730	(1,889,648)	126,617,082	118,229,112
(77,229)	8,894,525	56,116,843	-	56,116,843	40,507,735
-	314,629	314,629	-	314,629	1,720,491
(77,229)	9,209,154	56,431,472	-	56,431,472	42,228,226
77,229	8,500,000	-	-	-	-
-	17,709,154	56,431,472	-	56,431,472	42,228,226
-	228,950,323	127,012,779	-	127,012,779	84,784,553
\$ -	\$ 246,659,477	\$ 183,444,251	\$ -	\$ 183,444,251	\$ 127,012,779

Grand Rapids Community College

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual Year Ended June 30, 2025

	Actual	Final Authorized Budget	Variance Favorable (Unfavorable)
Revenue			
Student tuition and fees	\$ 53,008,000	\$ 52,732,000	\$ 276,000
Property taxes	44,935,849	44,424,000	511,849
State operating appropriations	36,724,077	34,615,000	2,109,077
Interest income	1,143,697	1,000,000	143,697
Seminars, workshops, and other revenue	2,587,204	1,785,000	802,204
Total revenue	138,398,827	134,556,000	3,842,827
Expenditures and Transfers			
Instruction	51,662,361	53,510,657	1,848,296
Information Technology	9,890,785	10,244,642	353,857
Public service	1,687,123	1,747,482	60,359
Instructional support	14,740,361	15,267,719	527,358
Student services	12,807,870	13,266,090	458,220
Institutional administration	14,934,530	15,468,835	534,305
Physical plant operations	15,282,914	15,829,683	546,769
Total expenditures	121,005,944	125,335,108	4,329,164
Transfers from (to) General Fund			
Designated fund support	1,905,409	165,375	(1,740,034)
Auxiliary fund support	6,800,000	-	(6,800,000)
Expendable restricted fund support	77,228	165,816	88,588
Maintenance, equipment, and technology support	8,500,000	8,500,000	-
Total transfers	17,282,637	8,831,191	(8,451,446)
Total expenditures and transfers	138,288,581	134,166,299	(4,122,282)
Revenue over expenditures and transfers	110,246	389,701	(279,455)

Grand Rapids Community College

Schedule of Changes in Designated Fund Year Ended June 30, 2025

	Net Position at June 30, 2024	Revenue	Expenditures	Transfers In	Net Position at June 30, 2025
Training Solutions	\$ 2,762,209	\$ 2,761,611	\$ 2,450,861	\$ -	\$ 3,072,959
Diversity Lecture Series	(13,538)	18,538	-	-	5,000
Ford Concessions	28,057	25,167	16,924	-	36,300
Ford Equipment	96,892	12,453	30,074	-	79,271
HED Programs	149,593	4,406	4,733	-	149,266
Auto Technologies	14,983	3,893	1,605	-	17,271
Occupational Training	84,853	35,538	42,521	-	77,870
Strategic Leadership Team	286,578	-	96,496	73,000	263,082
Promise Zone	17,148	856,191	875,330	14,700	12,709
Budget/Enrollment Stabilization	1,572,999	-	100,220	1,740,034	3,212,813
Other Designated Programs	1,952,201	428,720	507,352	77,675	1,951,244
Total	\$ 6,951,975	\$ 4,146,517	\$ 4,126,116	\$ 1,905,409	\$ 8,877,785

Grand Rapids Community College

Schedule of Changes in Auxiliary Fund Year Ended June 30, 2025

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue					
Sales and fees	\$ 413,260	\$1,036,724	\$ 1,567,147	\$ 655,340	\$ 3,672,471
Interest income	-	-	1,010,872	-	1,010,872
Unrealized loss on investments	-	-	637,111	-	637,111
Total revenue	413,260	1,036,724	3,215,130	655,340	5,320,454
Expenditures					
Cost of sales	-	-	781,021	385,599	1,166,620
Salaries, wages, and benefits	-	1,010,114	127,812	208,541	1,346,467
Capital outlay	-	46,118	-	19,770	65,888
Other operating expenses	308,961	-	-	-	308,961
Total expenditures	308,961	1,056,232	908,833	613,910	2,887,936
Excess (Deficit) of Revenue over Expenditures	104,299	(19,508)	2,306,297	41,430	2,432,518
Transfers In	-	-	6,200,000	600,000	6,800,000
Excess (Deficit) of Revenue and Transfers In Over Expenditures	104,299	(19,508)	8,506,297	641,430	9,232,518
Net Position - July 1, 2024	3,788,366	101,047	17,958,020	45,397	21,892,830
Net Position - June 30, 2025	<u>\$3,892,665</u>	<u>\$ 81,539</u>	<u>\$ 26,464,317</u>	<u>\$ 686,827</u>	<u>\$ 31,125,348</u>

Grand Rapids Community College

Schedule of Changes in Expendable Restricted Fund Year Ended June 30, 2025

	Net Position at July 1, 2024	Revenue	Expenditures	Transfers In (Out)	Net Position at June 30, 2025
Specifically Funded					
ADN to BSN Completion Grant	\$ -	\$ 304,020	\$ 304,020	\$ -	\$ -
HEERF III - American Rescue Plan	-	200,507	200,507	-	-
Automation Laboratory Grant	-	547,209	547,209	-	-
Barrier Removal Grant	-	120,450	120,450	-	-
Byrne Discretionary Community Grant	-	90,304	90,304	-	-
DOL - One Workforce Grant	-	2,047,525	2,047,525	-	-
DOL - Strengthening Community Colleges Grant	-	1,608,721	1,608,721	-	-
Early Childhood	-	983,187	1,060,416	77,229	-
GEAR UP	-	64,649	64,649	-	-
Kellogg Foundation	-	234,263	234,263	-	-
Metallica Grant	-	5,000	5,000	-	-
Michigan New Jobs Training	-	1,514,620	1,514,620	-	-
Motorcycle Safety Program	-	225,329	225,329	-	-
National Science Foundation - ExLENT	-	88,717	88,717	-	-
Older Learner	-	22,606	22,606	-	-
Reconnect Expansion	-	3,596,596	3,596,596	-	-
Title III-Strengthening Institution Program	-	66,257	66,257	-	-
TRIO - Educational Opportunity Center	-	233,886	233,886	-	-
TRIO - STEM Project	-	342,935	342,935	-	-
TRIO - Student Support Services	-	533,351	533,351	-	-
Veterans Success Center	-	2,554	2,554	-	-
Vocational Education	-	890,742	890,742	-	-
WIOA Adult Education	-	196,885	196,885	-	-
Workforce Development	-	957,139	957,139	-	-
Other Foundations	-	472,895	472,895	-	-
Miscellaneous - Other	-	223,363	223,363	-	-
Specifically Funded Total	-	15,573,710	15,650,939	77,229	-
Student Financial Aid					
Federal Pell Grant Program	-	22,530,053	22,530,053	-	-
Federal Supplemental Education Opportunity Grant Program	-	482,390	583,886	101,496	-
Federal Work Study	-	518,587	417,091	(101,496)	-
Wraparound Service Grant Program	-	10,000	10,000	-	-
Grand Total	\$ -	\$ 39,114,740	\$39,191,969	\$ 77,229	\$ -

Grand Rapids Community College

Schedule of Bonded Debt Year Ended June 30, 2025

	2020 Refunding Bonds		2019 Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,785,000	\$ 196,651	\$ 750,000	\$ 158,750	\$ 2,535,000	\$ 355,401
2027	1,805,000	177,462	780,000	121,250	2,585,000	298,712
2028	1,825,000	155,893	810,000	82,250	2,635,000	238,143
2029	1,855,000	129,886	835,000	41,750	2,690,000	171,636
2030	1,880,000	101,598	-	-	1,880,000	101,598
2031	1,910,000	74,148	-	-	1,910,000	74,148
2032	1,940,000	36,763	-	-	1,940,000	36,763
Total	\$ 13,000,000	\$ 872,401	\$ 3,175,000	\$ 404,000	\$ 16,175,000	\$ 1,276,401

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Grand Rapids Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business-type activities and the discretely presented component unit of Grand Rapids Community College (the "College") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 20, 2025. The financial statements of Grand Rapids Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Grand Rapids Community College

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moren, PLLC

October 20, 2025