Grand Rapids Community College

Financial Report

with Supplemental Information

June 30, 2026

Grand Rapids Community College

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community College

Report on the Audits of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the 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, 2026 and 2025 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 Audits of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. Grand Rapids Community College Foundation was not audited under *Government Auditing Standards*.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2026, the College adopted new accounting guidance under GASB 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Board of Trustees
Grand Rapids Community College

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2026 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 19, 2026

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, 2026, 2025, and 2024. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Overview of the Financial Statements

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 position and depreciated over their estimated useful lives.

Activities are reported as either operating, noncapital subsidies or other nonoperating in accordance with GASB Statement No. 103, which was implemented during 2026. Nonoperating activities are defined in GASB 103 as subsidies received or provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Operating activities as reported in the Statement of Revenues, Expenses, and Changes in Net Position are those activities other than nonoperating revenues and expenses as defined in GASB Statement No. 103. Noncapital subsidies reflect resources received by the College from another party for which the College does not provide goods or services to the other party and that may directly or indirectly keep the College's current or future fees and charges lower than they would be otherwise.

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.

Detailed Analyses

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:

	2026	2025	2024
Assets			
Current assets	$ 72,247	$ 70,419	$ 77,730
Noncurrent assets:			
Capital assets - Net of depreciation	217,434	197,433	186,623
Net OPEB asset	25,764	19,068	2,604
Investments and other long-term assets	99,882	96,500	68,310
Total assets	415,327	383,420	335,267
Deferred Outflow of Resources	28,033	35,746	48,574
Liabilities			
Current liabilities	41,171	35,146	30,189
Noncurrent liabilities:			
Long-term debt	15,179	17,664	19,909
Net pension liability	88,939	107,817	147,869
Total liabilities	145,289	160,627	197,967
Deferred Inflow of Resources	64,254	75,095	58,861
Net Position			
Net investment in capital assets	203,795	181,258	167,948
Restricted Expendable	25,764	19,068	2,605
Unrestricted (deficit)	4,258	(16,882)	(43,540)
Total net position	**$ 233,817**	**$ 183,444**	**$ 127,013**

Current assets are comprised primarily of cash and cash equivalents, which total $55.8, $56.6, and $64.7, million for 2026, 2025, and 2024, 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 ($15.9, $13.1, and $12.7, million for 2026, 2025, and 2024, 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 49 percent, 46 percent, and 44 percent of current liabilities for 2026, 2025, and 2024, 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 (MPSERS). Bond, capital lease, and interest payments due in November and May of the subsequent fiscal year accounted for another 13 percent ,15 percent, and 16 percent of current liabilities for 2026, 2025, and 2024, 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, 2026) 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 $19.9 million due in 2024 to $17.6 million in 2025 to $15.2 million due in 2026 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 $88.9 million at June 30, 2026, $107.8 million at June 30, 2025, and $147.9 million at June 30, 2024, and a net OPEB asset of $25.8 million at June 30, 2026, $19.1 million at June 30, 2025, and net OPEB liability of $2.6 million at June 30, 2024. Year to year changes in the net pension liability and OPEB asset are the result of changes in actuarial assumption, market returns and funding for the programs provided by the State of Michigan.

In accordance with the statement, the College is also required to report deferred outflows and deferred inflows. Deferred outflows are $28.0 million at June 30, 2026, $35.7 million at June 30, 2025, and $48.6 million at June 30, 2024. Deferred inflows are $64.3 million at June 30, 2026, $75.0 million at June 30, 2025, and $58.9 million at June 30, 2024.

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, noncapital subsidies as well as other nonoperating revenue and expenses. Annual state appropriations and property tax collections, while budgeted for operational purposes, are considered noncapital subsidies according to GASB 103.

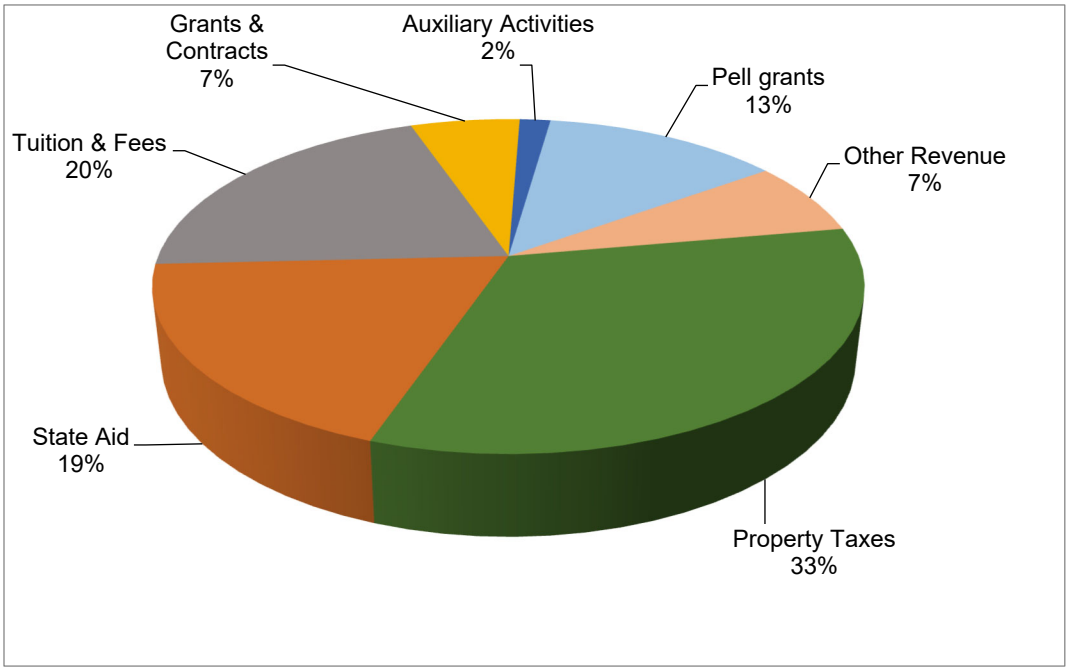
The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

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

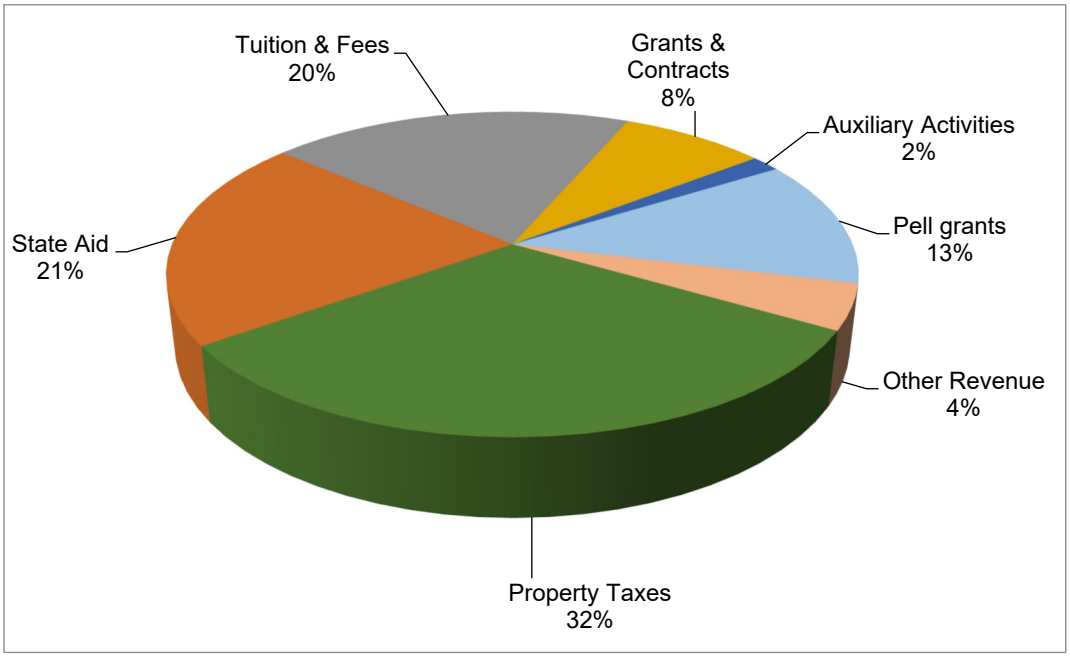
	2026	2025	2024
Operating Revenue			
Tuition and fees - Net	$ 37,169	$ 35,980	$ 39,430
Federal and State grants and contracts	10,727	14,416	12,175
Federal Pell grants	23,331	22,530	16,998
Sales and services of auxiliary activities	3,019	2,870	2,525
Other sources	4,895	6,013	5,427
Total operating revenue	79,141	81,809	76,555
Operating Expenses			
Instruction	42,042	41,171	46,526
Information Technology	8,346	8,322	8,048
Public service	7,617	9,820	10,283
Instructional support	11,401	11,346	12,585
Student services	24,160	24,628	23,105
Institutional administration	12,866	12,913	13,556
Physical plant operations	17,099	15,633	16,770
Depreciation	8,251	8,115	8,074
Total operating expenses	131,782	131,948	138,947
Operating Loss	(52,641)	(50,139)	(62,392)
Noncapital Subsidies			
State appropriations	34,402	37,691	40,824
Private gifts, grants and contracts	852	2,168	1,668
Property taxes	60,072	56,734	52,527
Total noncapital subsidies	95,326	96,593	95,019
Operating Loss and Noncapital Subsidies	42,685	46,454	32,627
Other Nonoperating Revenue (Expenses)			
Capital appropriations	458	-	-
Investment income (loss)	5,643	8,056	6,372
Interest expense on bonds	(346)	(397)	(444)
Capital Contributions	-	315	1,720
Other revenue	1,932	2,003	1,953
Net other nonoperating revenue	7,687	9,977	9,601
Increase in Net Position	50,372	56,431	42,228
Net Position - Beginning of year	183,444	127,013	84,785
Net Position - End of year	**$ 233,816**	**$ 183,444**	**$ 127,013**

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, 2026 and 2025:

Revenue Sources – 2026



Revenue Sources – 2025



Operating Revenues

Student tuition and fees (20 percent, 20 percent, and 23 percent of revenue for 2026, 2025, and 2024, 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 2026, thus placing an ever increasing share of the responsibility for funding the institution on students. However, larger increases in property tax revenue in 2026 and 2025 allowed the College to minimize the impact on tuition increases to students. Billing units for Fall 2025 increased by approximately 4.7 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 $17.6 million, $17.0 million, and $10.4 million, for 2026, 2025, and 2024, 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 (7 percent, 8 percent, and 7 percent of revenue for 2026, 2025, and 2024, 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. The decrease in 2026 was due to several large federal grants ending that were not renewed.

The remainder of the College's operating 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.

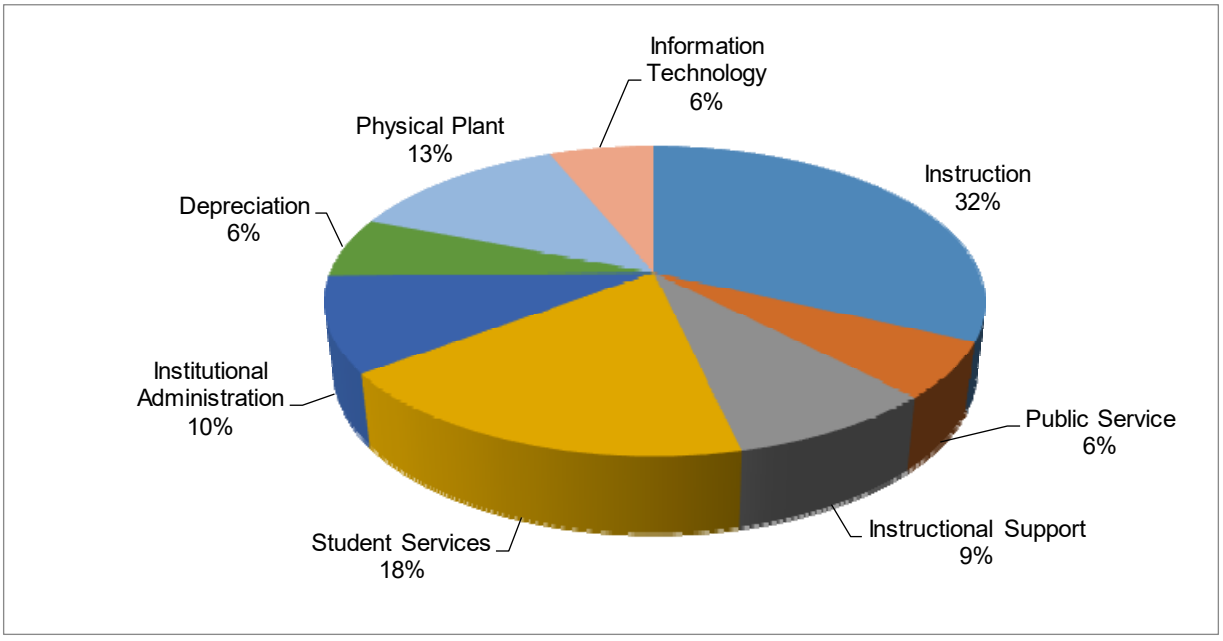
Noncapital Subsidies

Property tax revenue (33 percent, 32 percent, and 31 percent of revenue for 2026, 2025, and 2024, 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 1.6793 for 2026, 1.6951 for 2025, and 1.7085 for 2024.

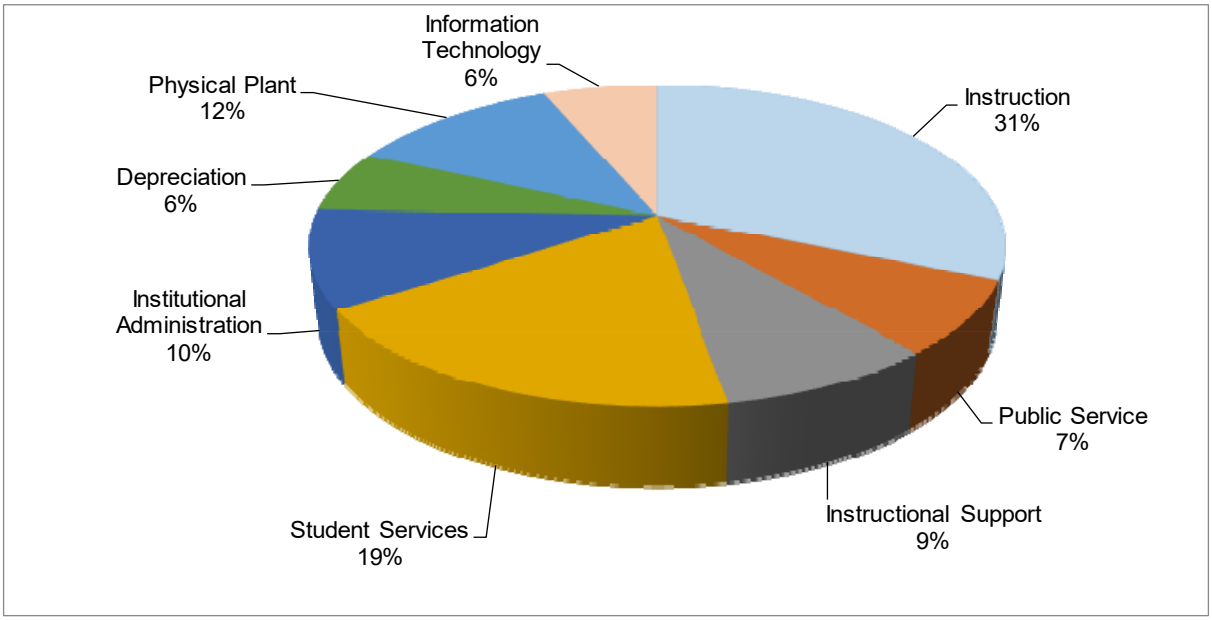
State appropriations (19 percent, 21 percent, and 24 percent of revenue for 2026, 2025, and 2024, respectively) remained consistent along with an increase in the MPSERS UAAL subsidy that is remitted back to the State. In addition, approximately $2.7 million in personal property tax reimbursement was also allocated to state appropriations in 2026, 2025, and 2024, respectively.

Operating expenses are reported using functional classifications. For the years ended June 30, 2026 and 2025, the following shows the breakdown of operating expenses:

Operating Expenses – 2026



Operating Expenses – 2025



The College expends the largest percentage (32 percent in 2026, 31 percent in 2025, and 33 percent in 2024) 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 increased due to large increase in student services expenditures.

Student services expenditures (18 percent in 2026, 19 percent in 2025, and 17 percent in 2024) 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 2026, 9 percent in 2025, and 9 percent in 2024) 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 2026, 10 percent in 2025, and 10 percent in 2024) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (13 percent in 2026, 12 percent in 2025, and 12 percent in 2024) and depreciation (6 percent in 2026, 6 percent in 2025, and 6 percent in 2024) 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 (6 percent in 2026, 7 percent in 2025, and 7 percent in 2024) 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 2026, 6 percent in 2025, and 6 percent in 2024) 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.

Significant Capital Assets and Long-Term Financing Activity

At June 30, 2026, 2025, and 2024, the College had $217.4, $197.4, and $186.6 million invested in capital assets, net of accumulated depreciation of approximately $166.7, $161.0, and $153.6, million, respectively. Depreciation charges were $8.3 million in 2026, $8.1 million in 2025, and $8.1 million in 2024, respectively.

Capital expenditures in 2026 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 2025 and 2024, 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, 2026, the College had $145.3 million in long-term obligations outstanding ($160.6 million in 2025 and $195.3 million in 2024), which includes a net pension liability of $88.9 million ($107.8 million in 2025 and $147.9 million in 2024). Capital debt and lease obligations totaled $15.2 million ($17.7 million in 2025 and $19.9 million in 2024). 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.

Currently Known Facts, Decisions and Conditions

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

Growth in the Local Property Tax Base

Property tax revenue increased by $3.3 million in fiscal year 2026, reflecting continued expansion within the College's tax district. Property tax revenues are a key component of the College's long-term financial stability, and future economic conditions in the region will directly influence this revenue source.

Enrollment Trends

Billing units for the last three Fall semesters have increased with Fall 2025 up by approximately 4.7 percent from the previous year. We anticipate increased billing units for Fall 2026 as well. We believe this is largely due to more financial aid and scholarship available to students, especially Michigan Reconnect.

State Capital Outlay Funding Deferred for Future Recognition

The State of Michigan partially funded the renovation of the Learning Resource Center with $18,200,000 of bonds issued by the State Building Authority (SBA). This will help cover just under half of the project's $35 million price tag. The building will be transformed into a dynamic learning space that will include traditional and innovative library resources, student services, enhanced technology, individual study space and collaborative learning space. Students, faculty, staff and the community will benefit from this funding for years to come.

Expected Budgetary Changes

The College's approved fiscal year 2027 budget reflects stable enrollment trends and continued growth in property tax revenues, supported by increases in taxable values within the district. In addition, the College has implemented cost containment measures and identified operational efficiencies. As a result, the College expects an increase in net position for the upcoming fiscal year. This increase will strengthen financial reserves and provide flexibility to address future capital needs and strategic initiatives.

Grand Rapids Community College

Statement of Net Position

	June 30 2026	June 30 2025
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 55,755,277	$ 56,585,974
Accounts receivable - Net (Note 6)	15,778,691	13,106,546
Prepaid expenses and other current assets	712,675	726,780
Total current assets	72,246,643	70,419,300
Noncurrent assets:		
Accounts receivable - Net (Note 6)	105,000	45,658
Long-term investments (Note 3)	99,747,540	96,424,986
Unamortized bond discount	29,046	29,046
Net OPEB asset (Note 10)	25,763,922	19,068,271
Capital assets - Net (Note 7)	217,434,485	197,433,122
Total noncurrent assets	343,079,993	313,001,083
Total assets	415,326,636	383,420,383
Deferred Outflow of Resources (Note 10)	28,032,911	35,746,366
Liabilities		
Current liabilities:		
Accounts payable	7,704,694	5,139,093
Accrued salaries and related amounts	12,510,161	10,992,635
Unearned revenue	14,790,707	13,377,236
Interest payable	49,783	59,231
Long-term obligations - Current (Note 8)	5,459,509	5,070,808
Deposits held in custody for others	655,806	507,094
Total current liabilities	41,170,660	35,146,097
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 8)	15,179,248	17,663,705
Net pension liability (Note 10)	88,938,995	107,817,398
Total liabilities	145,288,903	160,627,200
Deferred Inflow of Resources (Note 10)	64,254,207	75,095,298
Net Position		
Net investment in capital assets	203,794,485	181,258,122
Restricted Expendable - Net OPEB asset	25,763,922	19,068,271
Unrestricted net position (deficit)	4,258,030	(16,882,142)
Total net position	**$ 233,816,437**	**$ 183,444,251**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Grand Rapids Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2026	2025
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $17,613,000 and $17,028,000 for 2026 and 2025, respectively	$ 37,169,301	$ 35,979,716
Federal grants and contracts	8,494,391	12,949,183
State grants and contracts	2,233,405	1,467,608
Pell revenue	23,331,113	22,530,053
Sales and services of auxiliary activities	3,019,154	2,870,113
Seminars, workshops, and other revenue	4,894,087	6,012,899
Total operating revenue	79,141,451	81,809,572
Operating Expenses		
Instruction	42,041,675	41,171,159
Information technology	8,345,978	8,321,514
Public service	7,616,902	9,819,731
Instructional support	11,401,143	11,346,266
Student services	24,159,963	24,628,026
Institutional administration	12,866,041	12,913,036
Physical plant operations	17,099,236	15,632,569
Depreciation	8,250,825	8,115,353
Total operating expenses	131,781,763	131,947,654
Operating Loss	(52,640,312)	(50,138,082)
Noncapital Subsidies		
State appropriations	34,402,244	37,691,215
Private gifts, grants, and contracts	851,580	2,167,896
Property taxes	60,071,869	56,734,396
Total noncapital subsidies	95,325,693	96,593,507
Operating Loss and Noncapital Subsidies	42,685,381	46,455,425
Other Nonoperating Revenue (Expenses)		
Capital appropriations	458,128	-
Capital contributions	-	314,629
Interest income	6,992,742	4,941,448
Interest expense on bonds	(345,953)	(397,293)
Unrealized gain (loss) on investments	(1,350,262)	3,114,391
Other revenue	1,932,150	2,002,872
Net other nonoperating revenue	7,686,805	9,976,047
Increase in Net Position	50,372,186	56,431,472
Net Position - Beginning of year	183,444,251	127,012,779
Net Position - End of year	**$ 233,816,437**	**$ 183,444,251**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Grand Rapids Community College

Discretely Presented Component Unit
Grand Rapids Community College Foundation

Statement of Financial Position

	June 30 2026	June 30 2025
Assets		
Cash and cash equivalents	$ 4,258,016	$ 3,571,355
Other current assets	131,769	107,311
Long-term investments	46,995,886	41,865,128
Contribution receivable - Net (Note 5)	62,971	109,223
Total assets	**$ 51,448,642**	**$ 45,653,017**
Liabilities - Scholarships payable and related amounts	$ 3,121,562	$ 1,957,653
Net Assets		
Without donor restrictions	13,323,923	11,503,547
With donor restrictions	35,003,157	32,191,817
Total net assets	48,327,080	43,695,364
Total liabilities and net assets	**$ 51,448,642**	**$ 45,653,017**

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2026	Year Ended June 30 2025
Revenue		
Investment income	$ 1,672,401	$ 4,690,112
Contributions from the College	377,464	2,272,580
Contributions	6,242,663	382,718
Total revenue	8,292,528	7,345,410
Expenses		
Scholarships and grants expense	2,745,614	2,334,284
General and administrative	475,446	508,641
Fundraising	439,752	460,291
Total expenditures	3,660,813	3,303,216
Change in Net Assets	4,631,715	4,042,194
Net Assets - Beginning of year	43,695,364	39,653,170
Net Assets - End of year	**$ 48,327,080**	**$ 43,695,364**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Grand Rapids Community College

Statement of Cash Flow

	Year Ended June 30	
	2026	2025
Cash Flows from Operating Activities		
Tuition and fees	$ 54,782,372	$ 53,885,590
Grants and contracts	10,727,796	14,387,269
Payments to suppliers	(10,825,659)	(16,995,293)
Payments for utilities	(3,962,635)	(3,166,341)
Payments to employees	(72,076,518)	(68,324,551)
Payments for benefits	(41,410,736)	(39,989,186)
Payments for scholarships and grants	(34,534,898)	(32,540,969)
Auxiliary enterprise charges - Net	2,030,017	2,432,518
Federal direct lending receipts	7,871,365	8,536,122
Federal direct lending disbursements	(7,871,365)	(8,536,122)
Other	4,894,087	6,012,899
Net cash used in operating activities	(90,376,174)	(84,298,064)
Cash Flows from Noncapital Financing Activities		
Local property taxes	60,071,869	56,734,396
Federal Pell grant	23,331,113	22,530,053
Private gifts, grants and contracts	851,580	2,167,896
State appropriations	37,256,445	38,167,334
Net cash provided by noncapital financing activities	121,511,007	119,599,679
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(28,501,998)	(20,725,091)
Capital contributions	-	314,629
Principal paid on long-term obligations including capital debt	(2,535,000)	(2,500,000)
Interest paid on capital debt	(345,953)	(397,293)
Net cash used in capital and related financing activities	(31,382,951)	(23,307,755)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	18,779,807	16,317,344
Purchase of investments	(26,355,128)	(41,323,021)
Interest on investments	6,992,742	4,941,448
Net cash (used in) provided by investing activities	(582,579)	(20,064,229)
Net (Decrease) Increase in Cash and Cash Equivalents	(830,697)	(8,070,369)
Cash and Cash Equivalents - Beginning of year	$ 56,585,974	64,656,343
Cash and Cash Equivalents - End of year	**$ 55,755,277**	**$ 56,585,974**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Grand Rapids Community College

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2026	2025
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (52,640,312)	$ (50,138,082)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	8,250,825	8,115,353
Federal Pell Revenue	(23,331,113)	(22,530,053)
Change in assets and liabilities:		
Accounts receivable	(2,731,487)	(420,528)
Other assets	14,105	(344,177)
Accounts payable and accrued liabilities	4,083,127	2,800,019
Unearned revenue	1,413,471	1,704,720
Deposits held in custody for others	148,712	111,087
Interest payable	(9,448)	(8,379)
Net OPEB asset	(6,695,651)	16,463,686
Net pension liability	(18,878,403)	(40,051,710)
Net cash used in operating activities	**$ (90,376,174)**	**$ (84,298,064)**

There were no noncash activities during 2026 or 2025.

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 2026 includes property taxes that were levied on July 1, 2025 and generally collected before September 30, 2025, and revenue for fiscal year 2025 includes property taxes that were levied on July 1, 2024 and generally collected before September 30, 2024. 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, 2026 and 2025. 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.

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

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.

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 and Nonoperating Revenue and Expenses - Nonoperating activities are defined in GASB 103 as subsidies received or provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient College department within the guidelines of donor restrictions, if any. Operating activities as reported in the Statement of Revenues, Expenses, and Changes in Net Position are those activities other than nonoperating revenues and expenses as defined in GASB Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103")

Noncapital Subsidies - Noncapital subsidies reflect resources received by the College from another party for which the College does not provide goods or services to the other party and that may directly or indirectly keep the College's current or future fees and charges lower than they would be otherwise.

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

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, 2026 and 2025, the College distributed $7,871,365 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

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 MPSERS and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, MPSERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(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.

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

Deferred Inflows of Resources - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(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

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 and were applied retrospectively to all periods presented.

The implementation of this standard did not result in a change to the College's total net position; however, the following line items have been reclassified on the statement of revenues, expenses, and changes in net position to conform to the new presentation requirements: Pell grant revenues, state appropriation revenues, private gifts, grants and contracts and property taxes.

During the current year, the College adopted GASB Standard No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the College. The impact to the financial statements was insignificant.

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, 2026 and 2025, $1.6793 and $1.6951 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 $60,072,000 and $56,734,000 for the years ended June 30, 2026 and 2025, 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, 2026 and 2025:

	2026	2025
Cash and cash equivalents	$ 55,755,277	$ 56,585,974
Long-term investments	99,747,540	96,424,986
Total cash and investments	$ 155,502,817	$ 153,010,960

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%

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, 2026, 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	$ 53,351,885	$ 53,351,885	$ -	$ -
Bonds and notes	98,103,151	759,417	50,274,065	47,069,669
U.S. agency securities	4,047,781	1,643,975	1,002,486	1,401,320
Total	$ 155,502,817	$ 55,755,277	$ 51,276,551	$ 48,470,989

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	$ 153,010,961	$ 56,585,974	$ 49,194,721	$ 47,230,266

Note 3 - Cash and Investments (Continued)

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, 2026 and 2025, the College's investments (notes and bonds) subject to credit risk (interest rate fluctuations and related ratings consisted of the following:

	June 30, 2026 S&P Quality Rating				
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	$ -	$ 98,103,151	$ -	$ -	$ 98,103,151
U.S. Agency Securities	4,047,781	-	-	-	4,047,781
Total	$ 4,047,781	$ 98,103,151	$ -	$ -	$ 102,150,932

	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	$ 3,318,189	$ 96,008,059	$ -	$ -	$ 99,326,248

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, 2026 and 2025, the carrying amount of the College's deposits was $15,548,222, and $10,274,345, respectively. Of that amount, $250,000 for both 2026 and 2025, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining $15,298,222 and $10,024,345 at June 30, 2026 and 2025, 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.

Note 3 - Cash and Investments (Continued)

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

Issuer	2026	2025
PNC Bank	10%	7%
Michigan Liquid Asset Fund - Money Markets	17%	26%
United States Agencies and Treasuries	66%	66%
Hunginton Bank	7%	- %

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2026		June 30, 2025	
	Cost	Fair Value	Cost	Fair Value
Bonds	$ 14,102,140	$ 13,960,392	$ 13,089,478	$ 12,945,863
Common stock	27,160,005	33,035,494	27,360,800	28,919,265
Total	$ 41,262,145	$ 46,995,886	$ 40,450,278	$ 41,865,128

Net gains (losses) from security transactions for the Foundation for the years ended June 30, 2026 and 2025 are as follows:

	2026	2025
Unrealized appreciation (depreciation)	$ 4,318,891	$ (7,658,503)
Realized gains	1,058,475	11,378,738
Total	$ 5,377,366	$ 3,720,235

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 $985,914 at June 30, 2026 and $1,126,859 at June 30, 2025, plus realized and unrealized gains from above less investment fees of $120,616 at June 30, 2026 and $156,983 at June 30, 2025.

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.

Note 4 - Fair Value Measurements (Continued)

The College has the following recurring fair value measurements as of June 30, 2026 and 2025:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2026	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	$ 4,047,781	$ -	$ 4,047,781	$ -
Bonds and Notes	98,103,151	-	98,103,151	-
Total investments by fair value level	$ 102,150,932	$ -	$ 102,150,932	$ -

Assets Measured at Fair Value on a Recurring Basis

	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	$ 99,326,248	$ -	$ 99,326,248	$ -

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 range between 4.52 percent and 4.78 percent for the years ended June 30, 2026 and 2025, respectively, and is expected to be collected as follows:

	2026	2025
2026	$ -	$ 45,000
2027	45,000	40,000
2028	20,000	30,000
Total	65,000	115,000
Less discount to present value	(2,029)	(5,777)
Net present value	$ 62,971	$ 109,223

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	2026	2025
Tuition and other	$ 8,328,328	$ 7,044,191
Grants and contracts	2,591,228	1,581,022
State appropriations - Operating	5,853,317	5,418,547
Total accounts receivable	16,772,873	14,043,760
Less allowance for uncollectibles	(889,182)	(891,556)
Net accounts receivable	$ 15,883,691	$ 13,152,204

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, 2026 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Depreciable assets:				
Building and building improvements	$ 283,983,662	$ 559,348	$ -	$ 284,543,010
Furniture, fixtures, and equipment	51,288,058	2,995,700	(2,463,674)	51,820,084
Total depreciable assets	335,271,720	3,555,048	(2,463,674)	336,363,094
Nondepreciable assets:				
Land and improvements	7,043,534	-	-	7,043,534
Construction in progress	16,070,190	24,946,950	(246,618)	40,770,522
Total nondepreciable assets	23,113,724	24,946,950	(246,618)	47,814,056
Total depreciable and nondepreciable assets	358,385,444	28,501,998	(2,710,292)	384,177,150
Less accumulated depreciation:				
Building and building improvements	(123,391,435)	(6,296,547)	-	(129,687,982)
Furniture, fixtures, and equipment	(37,560,888)	(1,954,278)	2,460,482	(37,054,684)
Total accumulated depreciation	(160,952,322)	(8,250,825)	2,460,482	(166,742,665)
Capital assets - Net	$ 197,433,122			$ 217,434,485

Note 7 - Capital Assets (Continued)

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	$ 186,622,643			$ 197,433,122

Note 8 - Long-term Obligations

At June 30, 2026, there was approximately $8.7 million in constuction commitments outstanding in connection with ongoing capital projects.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$ 13,000,000	$ -	$ 1,785,000	$ 11,215,000	$ 1,805,000
Series bonds, 2019 series	3,175,000	-	750,000	2,425,000	780,000
Other Long-term Liabilities					
Unamortized bond premium	328,564	-	91,692	236,872	91,692
Accrued employee leave	6,110,291	3,357,520	2,810,926	6,656,885	2,782,817
Michigan job training grants	120,658	30,000	45,658	105,000	-
Total	$ 22,734,513	$ 3,387,520	$ 5,483,276	$ 20,638,757	$ 5,459,509

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	$ 24,630,714	$ 3,256,995	$ 5,153,196	$ 22,734,513	$ 5,070,808

Note 8 - Long-term Obligations (Continued)

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.

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, 2026 are as follows:

Years Ending June 30	Debt Obligations Principal	Interest	Total
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	1,910,000	74,148	1,984,148
2032	1,940,000	36,763	1,976,763
Total	$ 13,640,000	$ 921,000	$ 14,561,000

Cash Paid for Interest - Cash paid for interest was approximately $346,000 and $397,000 for the years ended June 30, 2026 and 2025, respectively.

Note 8 - Long-term Obligations (Continued)

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, 2026 and 2025, the College has outstanding bonds payable to various employers of $105,000 and $120,658, respectively. The bonds mature at various dates through 2030.

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 leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. 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 (MPSERS) plan as required by state law. Eligible employees may elect to participate in the MPSERS 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 $2,271,000 and $2,001,000 for the years ended June 30, 2026 and 2025, respectively.

Note 10 - Michigan Public School Employees' Retirement System

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

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

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 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.

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

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

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

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

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

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

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%
October 1, 2025 - September 30, 2026	15.21% - 26.08%	3.830%

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

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, 2026 and 2025 were $21,691,720 and $20,073,256, 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 $7,062,021 and $6,137,489 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2026 and 2025, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2026 and 2025 were $1,698,000 and $1,840,000, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Net Pension Liability - At June 30, 2026 and 2025, the College reported a liability of $88,938,995 and $107,817,398, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025 and 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024 and 2023, which used updated procedures to roll forward the estimated liability to September 30, 2025 and 2024. 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, 2025, 2024, and 2023 the College's proportion was 0.4440, 0.4404, and 0.4568 percent, respectively, representing a change of 0.8174 and 3.5914 percent, respectively.

Net OPEB Asset - At June 30, 2026 and 2025, the College reported an asset of $25,763,922 and $19,068,271 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of September 30, 2025 and 2024 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024 and 2023, which used updated procedures to roll forward the estimated liability to September 30, 2025 and 2024. The College's proportion of the net OPEB asset 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, 2025, 2024, and 2023 the College's proportion was 0.4238, 0.4430, and 0.4604 percent, respectively, representing a change of 4.3341 and 3.7804 percent, respectively.

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended 2026 and 2025, the College recognized pension expense of $1,465,447 and $2,307,938, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

At June 30, 2026 and 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 3,192,275	$ (4,700,640)
Differences between expected and actual experience	3,444,863	(792,172)
Net difference between projected and actual earnings on pension plan assets	-	(21,254,515)
Changes in proportion and differences between college contributions and proportionate share of contributions	774,672	(7,180,552)
College contributions subsequent to the measurement date	16,069,870	-
Total	$ 23,481,680	$ (33,927,879)

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows 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	$ 31,126,744	$ (42,271,089)

The $924,532 and $967,138 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, 2026 and 2025, respectively.

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

Years Ending June 30	Amount
2027	$ (5,159,450)
2028	(11,496,376)
2029	(7,738,149)
2030	(2,122,094)
	$ (26,516,069)

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

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

For the year ended June 30, 2026 and 2025, the College recognized OPEB recovery of $8,997,999 and $7,910,066, respectively.

At June 30, 2026 and 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 3,438,472	$ (273,249)
Differences between expected and actual experience	-	(17,639,202)
Net difference between projected and actual earnings on OPEB plan assets	-	(3,620,393)
Changes in proportion and differences between college contributions and proportionate share of contributions	5,213	(1,731,463)
College contributions subsequent to the measurement date	1,107,546	-
Total	$ 4,551,231	$ (23,264,307)

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows 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	$ 4,619,622	$ (26,686,720)

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 OPEB expense):

Years Ending June 30	Amount
2027	$ (5,442,135)
2028	(5,261,446)
2029	(4,712,029)
2030	(3,049,827)
2031	(1,041,833)
Thereafter	(313,352)
	$ (19,820,622)

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

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2025 and 2024 based on the results of an actuarial valuation as of September 30, 2024 and 2023 and rolled forward. The total OPEB and 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

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, 2025 and 2024. The discount rate used to measure the total OPEB liability was 6.0 percent as of September 30, 2025 and 2024. 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.

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

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:

	June 30, 2026			June 30, 2025		
Investment Category	Target Allocation (pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return	Target Allocation (pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic Equity Pools	21.0%	16%	5.8%	25.0%	25.0%	5.3%
Private Equity Pools	16.0%	16%	9.3%	16.0%	16.0%	9.0%
International Equity Pools	14.0%	11%	5.6%	15.0%	15.0%	6.5%
Fixed Income Pools	15.0%	26%	2.5%	13.0%	13.0%	2.2%
Real Estate and Infrastructure Pools	8.0%	5%	7.0%	10.0%	10.0%	7.1%
Absolute Return Pools	13.0%	15%	4.4%	9.0%	9.0%	5.2%
Real Return/Opportunistic Pools	9.0%	7%	7.0%	10.0%	10.0%	1.4%
Short-term Investment Pools	4.0%	4%	1.3%	2.0%	2.0%	6.9%
Total	100.0%	100.0%		100.0%	100.0%	

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

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:

2026		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
$ 140,350,640	$ 88,938,996	$ 46,119,676

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

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

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the net OPEB asset of the College, calculated using the current discount rate. The following also reflects what the College's net OPEB asset 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:

2026		
1.00 Percent Decrease (5.00%)	Current Discount Rate (6.00%)	1.00 Percent Increase (7.00%)
$ (22,197,249)	$ (25,763,922)	$ (28,885,534)

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)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Tend Rate The following presents the net OPEB asset of the College, calculated using the current healthcare cost trend rate. The following also reflects what the College's net OPEB asset 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:

2026		
1.00 Percent Decrease	Current Rate	1.00 Percent Increase
$ (28,857,049)	$ (25,763,922)	$ (22,516,240)

2025		
1.00 Percent Decrease	Current Rate	1.00 Percent Increase
$ (22,813,916)	$ (19,068,271)	$ (15,051,086)

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

Payable to the Pension and OPEB Plan - At June 30, 2026, the College reported a payable of $2,460,011 and $65,658 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026. 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.

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, 2026 and 2025:

	Amount of Property Taxes Abated	
Government with Tax Abatement Agreement	June 30, 2026	June 30, 2025
Ada Township	$ 24,694	$ 24,927
Algoma Township	1,532	1,547
Alpine Township	24,149	24,376
Byron Township	7,775	7,848
Caledonia Township	21,047	21,245
Cascade Township	36,802	37,148
Gaines Township	63,223	63,818
Sparta Township	11,719	11,829
Thornapple Township	13,409	10,326
Vergennes Township	5,240	5,289
City of Cedar Springs	1,346	1,358
City of Grand Rapids	969,375	949,235
City of Grandville	13,658	6,970
City of Kentwood	54,493	55,006
City of Lowell	8,396	-
City of Rockford	6,091	5,078
City of Walker	60,323	53,237
City of Wyoming	83,851	106,499
Total	$ 1,407,121	$ 1,385,736

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, Cook Hall and Learning Resource Center (LRC) 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, the ATC in 2055 and the LRC in 2060 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, 2026	June 30, 2025
Other capital related	$ 93,350	$ 94,393
Tech Center capital campaign	475,351	527,035
Scholarships and other	34,434,456	31,570,389
Total	$ 35,003,157	$ 32,191,817

Assets restricted for Scholarships and other includes $12,528,991 as of June 30, 2026 and $12,306,575 as of June 30, 2025, 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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net pension liability:										
As a percentage	0.4440%	0.44039%	0.45686%	0.48345%	0.51954%	0.52691%	0.54127%	0.56041%	0.57280%	0.59322%
Amount	$ 88,938,996	$ 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
College's covered payroll	$ 48,898,915	$ 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
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	181.88%	229.06%	319.94%	386.85%	268.80%	395.08%	389.53%	360.44%	312.06%	323.09%
MPSERS fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 19,645,699	$ 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
Contributions in relation to the actuarially determined contractually required contribution	$ 19,645,699	$ 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
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 51,409,163	$ 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
Contributions as a percentage of covered payroll	38.21%	40.75%	37.18%	37.04%	36.55%	34.99%	32.08%	31.55%	29.07%	27.51%

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 OPEB (Asset) Liability
Michigan Public School Employees' Retirement System
(amounts were determined as of September 30 of each fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
College's proportion of the collective MPSERS net OPEB liability: As a percentage	0.42381%	0.44300%	0.46042%	0.48307%	0.50562%	0.51651%	0.52608%	0.54944%	0.57312%
Amount	$(25,763,922)	$ (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	$ 48,898,915	$ 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	-52.69%	-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 liabili	164.94%	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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,228,036	$ 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	$ 1,228,036	$ 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	$ 51,409,163	$ 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	2.39%	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:

2025 - The healthcare cost trend rate used in the September 30, 2024 actuarial valuation increased by 0.50%for members under 65.

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 addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 – The discount rate and investment rate of return used in September 30, 2022 actuarial valuation decreased by 0.95%percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.1 billion in 2022.

2021 – The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

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

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, 2026

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 26,212,000	$ 6,715,928	$ -	$ 12,284,101
Accounts receivable - Net	10,580,284	2,758,469	-	31,083
Prepaid expenses and other current assets	654,839	-	-	42,979
Due (to) from other funds	23,113,739	(152,449)	-	(210,813)
Total current assets	60,560,862	9,321,948	-	12,147,350
Noncurrent assets:				
Accounts receivable - Net	-	-	-	-
Long-term investments	-	-	-	18,029,281
Unamortized bond discounts	-	-	-	-
Net OPEB asset	-	-	25,763,922	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	-	-	25,763,922	18,029,281
Total assets	60,560,862	9,321,948	25,763,922	30,176,631
Deferred Outflow of Resources	-	-	28,032,911	-
Liabilities				
Current liabilities:				
Accounts payable	1,474,874	398,824	-	106,424
Accrued salaries and related amounts	12,206,485	131,464	-	15,092
Unearned revenue	14,762,415	-	-	-
Interest payable	-	-	-	-
Long-term obligations - Current	2,782,817	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	31,226,591	530,288	-	121,516
Noncurrent liabilities:				
Long-term obligations - Net of current portion	3,874,068	-	-	-
Net OPEB liability	-	-	-	-
Net pension liability	-	-	88,938,995	-
Total liabilities	35,100,659	530,288	88,938,995	121,516
Deferred Inflow of Resources	-	-	64,254,207	-
Net Position				
Net investment in capital assets	-	-	-	-
Restricted Expendable - Net OPEB asset	-	-	25,763,922	-
Unrestricted (deficit)	25,460,203	8,791,660	(125,160,291)	30,055,115
Total net position	**$ 25,460,203**	**$ 8,791,660**	**$ (99,396,369)**	**$ 30,055,115**

Grand Rapids Community College

Combining Statement of Net Position
June 30, 2026

Expendable Restricted Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
$ 9,754,111	$ 789,137	$ -	$ 55,755,277	$ -	$ 55,755,277
21,497	-	2,387,358	$ 15,778,691	-	15,778,691
-	-	14,857	712,675	-	712,675
(8,922,213)	(74,410)	(13,753,854)	-	-	-
853,395	714,727	(11,351,639)	72,246,643	-	72,246,643
-	-	105,000	105,000	-	105,000
-	-	81,718,259	99,747,540	-	99,747,540
-	-	29,046	29,046	-	29,046
-	-	-	25,763,922	-	25,763,922
-	-	217,434,485	217,434,485	-	217,434,485
-	-	299,286,790	343,079,993	-	343,079,993
853,395	714,727	287,935,151	415,326,636	-	415,326,636
-	-	-	28,032,911	-	28,032,911
696,275	30,629	4,997,668	7,704,694	-	7,704,694
157,120	-	-	12,510,161	-	12,510,161
-	28,292	-	14,790,707	-	14,790,707
-	-	49,783	49,783	-	49,783
-	-	2,676,692	5,459,509	-	5,459,509
-	655,806	-	655,806	-	655,806
853,395	714,727	7,724,143	41,170,660	-	41,170,660
-	-	11,305,180	15,179,248	-	15,179,248
-	-	-	-	-	-
-	-	-	88,938,995	-	88,938,995
853,395	714,727	19,029,323	145,288,903	-	145,288,903
-	-	-	64,254,207	-	64,254,207
-	-	203,794,485	203,794,485	-	203,794,485
-	-	-	25,763,922	-	25,763,922
-	-	65,111,343	4,258,030	-	4,258,030
$ -	**$ -**	**$ 268,905,828**	**$ 233,816,437**	**$ -**	**$ 233,816,437**

Grand Rapids Community College

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2026
(with comparative totals for the year ended June 30, 2025)

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	$ 54,782,372	$ -	$ -	$ -
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Pell revenue	-	-	-	-
Sales and services of auxiliary activities	-	-	-	3,801,916
Seminars, workshops, and other revenue	1,999,057	2,895,030	-	-
Total operating revenue	56,781,429	2,895,030	-	3,801,916
Operating Expenses				
Instruction	54,526,608	1,011,560	(14,602,615)	-
Information Technology	10,175,600	-	(1,818,154)	-
Public service	2,236,107	1,513,493	(594,804)	-
Instructional support	14,994,935	-	(3,554,962)	-
Student services	14,540,426	532,222	(3,470,423)	3,218,480
Institutional administration	14,629,963	1,108,584	(2,874,091)	-
Physical plant operations	15,983,931	12,671	(2,711,173)	-
Depreciation	-	-	-	-
Total operating expenses	127,087,570	4,178,530	(29,626,222)	3,218,480
Operating (Loss) Income	(70,306,141)	(1,283,500)	29,626,222	583,436
Noncapital Subsidies				
State appropriations	35,326,776	-	(924,532)	-
Private gifts, grants, and contracts	-	-	-	-
Property taxes	47,610,345	-	-	-
Total noncapital subsidies	82,937,121	-	(924,532)	-
Operating Loss and Noncapital Subsidies	12,630,980	(1,283,500)	28,701,690	583,436
Other Nonoperating Revenue (Expenses)				
Capital appropriations	-	-	-	-
Capital contributions	-	-	-	-
Interest income	1,433,015	-	-	1,792,752
Interest expense on bonds	-	-	-	-
Current fund expenditures for capital assets	-	-	-	-
Unrealized loss on investments	(276,708)	-	-	(346,171)
Other revenue	-	-	-	-
Net other nonoperating revenue (expenses)	1,156,307	-	-	1,446,581
Increase (Decrease) in Net Position - Before trans	13,787,287	(1,283,500)	28,701,690	2,030,017
Transfers - Mandatory and nonmandatory	(13,206,784)	1,197,375	-	(3,100,250)
Increase (Decrease) in Net Position	580,503	(86,125)	28,701,690	(1,070,233)
Net Position - Beginning of year	24,879,700	8,877,785	(128,098,059)	31,125,348
Net Position - End of year	$ 25,460,203	$ 8,791,660	$ (99,396,369)	$ 30,055,115

Grand Rapids Community College

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2026
(with comparative totals for the year ended June 30, 2025)

Expendable Restricted Fund	Plant Fund	Total	Eliminations	2026	2025
$ -	$ -	$ 54,782,372	$ (17,613,071)	$ 37,169,301	$ 35,979,716
8,494,391	-	8,494,391	-	8,494,391	12,949,183
2,233,405	-	2,233,405	-	2,233,405	1,467,608
23,331,113	-	23,331,113	-	23,331,113	22,530,053
-	-	3,801,916	(782,762)	3,019,154	2,870,113
-	-	4,894,087	-	4,894,087	6,012,899
34,058,909	-	97,537,284	(18,395,833)	79,141,451	81,809,572
2,375,829	-	43,311,382	(1,269,707)	42,041,675	41,171,159
85,661	-	8,443,107	(97,129)	8,345,978	8,321,514
4,576,230	-	7,731,026	(114,124)	7,616,902	9,819,731
200,244	-	11,640,217	(239,074)	11,401,143	11,346,266
27,723,949	-	42,544,654	(18,384,691)	24,159,963	24,628,026
157,985	-	13,022,441	(156,400)	12,866,041	12,913,036
-	3,825,025	17,110,454	(11,218)	17,099,236	15,632,569
-	8,250,825	8,250,825	-	8,250,825	8,115,353
35,119,898	12,075,850	152,054,106	(20,272,343)	131,781,763	131,947,654
(1,060,989)	(12,075,850)	(54,516,822)	1,876,510	(52,640,312)	(50,138,082)
-	-	34,402,244	-	34,402,244	37,691,215
851,580	-	851,580	-	851,580	2,167,896
-	12,461,524	60,071,869	-	60,071,869	56,734,396
851,580	12,461,524	95,325,693	-	95,325,693	96,593,507
(209,409)	385,674	40,808,871	1,876,510	42,685,381	46,455,425
-	458,128	458,128	-	458,128	-
-	-	-	-	-	314,629
-	3,766,975	6,992,742	-	6,992,742	4,941,448
-	(345,953)	(345,953)	-	(345,953)	(397,293)
-	1,876,510	1,876,510	(1,876,510)	-	-
-	(727,383)	(1,350,262)	-	(1,350,262)	3,114,391
-	1,932,150	1,932,150	-	1,932,150	2,002,872
-	6,960,427	9,563,315	(1,876,510)	7,686,805	9,976,047
(209,409)	7,346,101	50,372,186	-	50,372,186	56,431,472
209,409	14,900,250	-	-	-	-
-	22,246,351	50,372,186	-	50,372,186	56,431,472
-	246,659,477	183,444,251	-	183,444,251	127,012,779
$ -	$ 268,905,828	$ 233,816,437	$ -	$ 233,816,437	$ 183,444,251

Grand Rapids Community College

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual
Year Ended June 30, 2026

	Original Budget	Final Authorized Budget	Variance Favorable (Unfavorable)	Actual	Variance Favorable (Unfavorable)
Revenue					
Student tuition and fees	$ 53,810,000	$ 55,568,000	$ 1,758,000	$ 54,782,372	$ (785,628)
Property taxes	46,200,000	46,200,000	-	47,610,345	1,410,345
State operating appropriations	31,225,000	35,000,000	3,775,000	35,326,776	326,776
Interest income	1,000,000	1,400,000	400,000	1,156,307	(243,693)
Seminars, workshops, and other revenue	1,785,000	1,785,000	-	1,999,057	214,057
Total revenue	134,020,000	139,953,000	5,933,000	140,874,857	921,857
Expenditures and Transfers					
Instruction	54,689,086	55,993,820	(1,304,734)	54,526,608	1,467,212
Information Technology	10,205,921	10,449,407	(243,486)	10,175,600	273,807
Public service	2,242,770	2,296,277	(53,506)	2,236,107	60,170
Instructional support	15,039,617	15,398,422	(358,805)	14,994,935	403,487
Student services	14,583,753	14,931,682	(347,929)	14,540,426	391,256
Institutional administration	14,673,557	15,023,629	(350,071)	14,629,963	393,666
Physical plant operations	16,031,560	16,414,030	(382,470)	15,983,931	430,099
Total expenditures	127,466,265	130,507,266	(3,041,001)	127,087,570	3,419,696
Transfers from (to) General Fund					
Designated fund support	165,375	92,375	73,000	1,197,375	(1,105,000)
Auxiliary fund support	150,000	150,000	-	1,000,000	(850,000)
Expendable restricted fund support	173,207	290,273	(117,066)	209,409	80,864
Maintenance, equipment, and technology support	5,500,000	8,500,000	(3,000,000)	10,800,000	(2,300,000)
Total transfers	5,988,582	9,032,648	(3,044,066)	13,206,784	(4,174,136)
Total expenditures and transfers	133,454,847	139,539,914	(6,085,067)	140,294,354	(754,440)
Revenue over expenditures and transfers	$ 565,153	$ 413,086	$ (152,067)	$ 580,503	$ 167,417

Grand Rapids Community College

Schedule of Changes in Designated Fund
Year Ended June 30, 2026

	Net Position at June 30, 2025	Revenue	Expenditures	Transfers In	Net Position at June 30, 2026
Workforce/Customized Training	$ 3,073,858	$ 1,213,986	$ 1,833,711	$ -	$ 2,454,133
Ford Concessions	34,429	38,316	23,062	-	49,683
Ford Equipment	93,603	12,616	59,913	-	46,306
HED Programs	58,443	2,020	6,717	-	53,746
Auto Technologies	22,301	5,747	6,725	-	21,323
Occupational Training	77,867	56,120	43,540	-	90,447
Strategic Leadership Team	263,082	-	122,488	-	140,594
Promise Zone	26,994	1,335,006	1,344,119	14,700	32,581
Budget/Enrollment Stabilization	4,179,145	-	534,375	1,000,000	4,644,770
Other Designated Programs	1,048,063	231,219	203,880	182,675	1,258,077
Total	**$ 8,877,785**	**$ 2,895,030**	**$ 4,178,530**	**$ 1,197,375**	**$ 8,791,660**

Grand Rapids Community College

Schedule of Changes in Auxiliary Fund
Year Ended June 30, 2026

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue					
Sales and fees	$ 344,430	$ 1,182,440	$ 1,633,372	$ 641,674	$ 3,801,916
Interest income	-	-	1,792,752	-	1,792,752
Unrealized loss on investments	-	-	(346,171)	-	(346,171)
Total revenue	344,430	1,182,440	3,079,953	641,674	5,248,497
Expenditures					
Cost of sales	-	-	650,201	237,662	887,863
Salaries, w ages, and benefits	-	1,172,631	118,857	316,227	1,607,715
Capital outlay	-	21,193	-	564,864	586,057
Other operating expenses	136,845	-	-	-	136,845
Total expenditures	136,845	1,193,824	769,058	1,118,753	3,218,480
Exceess (Deficit) of Revenue over Expenditures	207,585	(11,384)	2,310,895	(477,079)	2,030,017
Transfers In (Out)	(4,100,250)	-	1,000,000	-	(3,100,250)
Excess (Deficit) of Revenue and Transfers In Over Expenditures	(3,892,665)	(11,384)	3,310,895	(477,079)	(1,070,233)
Net Position - July 1, 2025	3,892,665	81,539	26,464,317	686,827	31,125,348
Net Position - June 30, 2026	**$ -**	**$ 70,155**	**$ 29,775,212**	**$ 209,748**	**$ 30,055,115**

Grand Rapids Community College

Schedule of Changes in Expendable Restricted Fund
Year Ended June 30, 2026

	Net Position at July 1, 2025	Revenue	Expenditures	Transfers In (Out)	Net Position at June 30, 2026
Specifically Funded					
ADN to BSN Completion Grant	-	807,086	807,086	-	-
Automation Laboratory Grant	-	438,404	438,404	-	-
Barrier Removal Direct to Student Grant	-	127,350	127,350	-	-
Barrier Removal Growing Capacity Grant	-	7,387	7,387	-	-
Byrne Discretionary Community Grant	-	445,777	445,777	-	-
DOL - One Workforce Grant	-	736,013	736,013	-	-
DOL - Strengthening Community Colleges Grant	-	1,370,354	1,370,354	-	-
Early Childhood	-	743,629	820,776	77,147	-
Kellogg Foundation	-	233,173	233,173	-	-
MCOLES	-	13,050	13,050	-	-
Metallica Grant	-	6,660	6,660	-	-
Michigan New Jobs Training	-	1,031,784	1,031,784	-	-
Motorcycle Safety Program	-	357,723	357,723	-	-
National Science Foundation - AICERT	-	53,007	53,007	-	-
National Science Foundation - ExLENT	-	254,848	254,848	-	-
Older Learner	-	31,617	31,617	-	-
Reconnect Community Expansion	-	159,167	159,167	-	-
Reconnect Expansion	-	1,207,670	1,207,670	-	-
TRIO - Educational Opportunity Center	-	262,110	262,110	-	-
TRIO - STEM Project	-	289,282	289,282	-	-
TRIO - Student Support Services	-	508,523	508,523	-	-
Vocational Education	-	1,003,733	1,053,984	50,251	-
WIOA Adult Education	-	200,463	200,463	-	-
Workforce Development	-	109,353	109,353	-	-
Other Foundations	-	336,420	336,420	-	-
Miscellaneous - Other	-	87,183	87,183	-	-
Specifically Funded Total	-	10,821,766	10,949,164	127,398	$ -
Student Financial Aid					
Federal Pell Grant Program	-	23,331,113	23,331,113	0	-
Federal Supplemental Education Opportunity Grant Progra	-	346,784	413,073	66,289	-
Federal Work Study	-	410,826	426,548	15,722	-
Grand Total	**$ -**	**$ 34,910,489**	**$ 35,119,898**	**$ 209,409**	**$ -**

Grand Rapids Community College

Schedule of Bonded Debt
Year Ended June 30, 2026

	2020 Refunding Bonds		2019 Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2033	-	-	-	-	-	-
Total	**$ 11,215,000**	**$ 675,750**	**$ 2,425,000**	**$ 245,250**	**$ 13,640,000**	**$ 921,000**

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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, 2026 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 19, 2026. 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*.

PRAXITY™ Empowering Business Globally

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 & Moran, PLLC

October 19, 2026