Kalamazoo Valley Community College

Financial Report

with Supplementary Information

June 30, 2024

Kalamazoo Valley Community College

Contents

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Kalamazoo Valley 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 Kalamazoo Valley Community College (the "College") as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise Kalamazoo Valley Community College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Kalamazoo Valley Community College as of June 30, 2024 and 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Kalamazoo Valley Community College Foundation were not audited under *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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To the Board of Trustees
Kalamazoo Valley Community College

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of net pension liability, schedule of pension contributions, schedule of the College's proportionate share of 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kalamazoo Valley Community 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Kalamazoo Valley Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024 on our consideration of Kalamazoo Valley Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kalamazoo Valley Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kalamazoo Valley Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 4, 2024

The discussion and analysis of Kalamazoo Valley Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2024, 2023, and 2022. 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 management.

Using this Report

The College's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* The College's foundation has also been discretely presented within these financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.*

The annual financial report includes the independent auditor's report, the management's discussion and analysis, the basic financial statements, notes to the financial statements, and supplementary information.

Activities of the College are reported as either operating or nonoperating in accordance with Governmental Accounting Standards Board Statement No. 35. Charges for services are recorded as operating revenue. Essentially all other types of revenue, including state appropriations, property tax levies, and Pell federal grant revenue, are nonoperating. The College's reliance on state funding, local property taxes, and Pell federal grant assistance to students results in reporting an operating deficit.

Increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, nonfinancial factors also need to be considered.

Financial Highlights

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of June 30, 2024 and 2023 and the change in net position for the years then ended. The College's financial position remained strong at June 30, 2024, with assets of $175.5 million, deferred outflows of $22.4 million, liabilities of $77.4 million, and deferred inflows of $24.9 million. Net position, which represents the residual interest in the College's assets after liabilities are deducted, increased by $7.9 million or 9.1 percent.

The College's financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into the categories of operating and nonoperating.

Statement of Net Position at June 30	2024	2023	2022
Assets			
Current assets	$ 46,663,583	$ 67,852,816	$ 64,527,389
Noncurrent assets:			
Right to use assets	3,339,163	1,292,633	8,736,676
Other noncurrent assets	45,606,109	23,955,651	27,883,557
Capital assets - Net	79,858,630	79,773,703	75,162,500
Total assets	175,467,485	172,874,803	176,310,122
Deferred Outflows	22,371,499	24,872,739	12,450,968
Total assets and deferred outflows	**$ 197,838,984**	**$ 197,747,542**	**$ 188,761,090**
Liabilities			
Current liabilities	$ 12,338,709	$ 11,592,829	$ 10,731,297
Long-term liabilities	65,257,217	75,367,142	63,129,681
Total liabilities	77,595,926	86,959,971	73,860,978
Deferred Inflows	24,942,884	23,404,266	36,752,529
Net Position			
Net investment in capital assets	75,332,638	74,566,713	68,621,005
Restricted - Expendable Scholarships and grants	667,037	630,752	460,956
Restricted - OPEB asset	1,096,515	-	-
Unrestricted (deficit)	18,203,984	12,185,840	9,065,622
Total net position	95,300,174	87,383,305	78,147,583
Total liabilities, deferred inflows, and net position	**$ 197,838,984**	**$ 197,747,542**	**$ 188,761,090**

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2024 were the result of the following:

- Current assets decreased by approximately $21.2 million, or 31.2 percent. This was due mainly to a change in the College's investment strategy, resulting in a decrease in short-term investments.
- Noncurrent assets increased by approximately $23.8 million, or 22.6 percent. This was due mainly to the change in the College's investment strategy, resulting in an increase in long-term investments.
- Current liabilities increased by approximately $0.7 million, or 6.4 percent. This was due mainly to an increase in accrued payroll, accrued vacation, and other related payables.
- Long-term liabilities decreased by approximately $10.1 million, or 13.4 percent. This was due mainly to the decrease in MPSERS net pension liability of approximately $7.5 million and a decrease in the MPSERS Net OPEB liability of approximately $3.9 million, partially offset by an increase in other long-term obligations due to an increase in new subscription liabilities.
- Total net position increased by approximately $7.9 million, or 9.1 percent. This was due mainly to a decrease in certain operating expenses due to the MPSERS net pension and OPEB changes.

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2023 were the result of the following:

- Current assets increased by approximately $3.3 million, or 5.2 percent. This was due mainly to an increase in short-term investments.
- Noncurrent assets decreased by approximately $6.8 million, or 6.0 percent. This was due mainly to the unwind of the new market tax credit. This resulted in the forgiveness of the $5.3 million note receivable.
- Current liabilities increased by approximately $0.9 million, or 8.0 percent. This was due mainly to the timing of payments and the accounts payable balance at year-end.
- Long-term liabilities increased by approximately $12.2 million, or 19.4 percent. This was due mainly to the increase in MPSERS net pension liability of approximately $19.8 million and an increase in the MPSERS Net OPEB liability of approximately $1.0 million, partially offset by a decrease in other long-term obligations as a result of the unwind of the new market tax credit, which resulted in the cancellation of the long-term lease liability.
- Total net position increased by approximately $9.2 million, or 11.8 percent. This was due mainly to a decrease in certain operating expenses due to the MPSERS net pension and OPEB liability changes as well as the recognition of lost revenue as part of the Higher Education Emergency Relief Funds (HEERF) grant and the grant revenue from the Kalamazoo Valley Community College (KVCC) Foundation as a result of the unwind of the new market tax credit.

Operating Revenue

Operating revenue includes charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and revenue from the Kalamazoo Valley Museum. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating Revenue for the Years Ended June 30

	2024	2023	2022
Tuition and fees	$ 19,626,664	$ 18,811,221	$ 17,442,749
Federal grants	2,371,508	2,058,385	1,387,050
State and other grants	2,086,783	2,196,035	1,409,996
Sales and service revenue	3,802,654	3,221,066	2,674,084
Other operating	336,076	1,296,149	607,948
Total operating revenue	**$ 28,223,685**	**$ 27,582,856**	**$ 23,521,827**

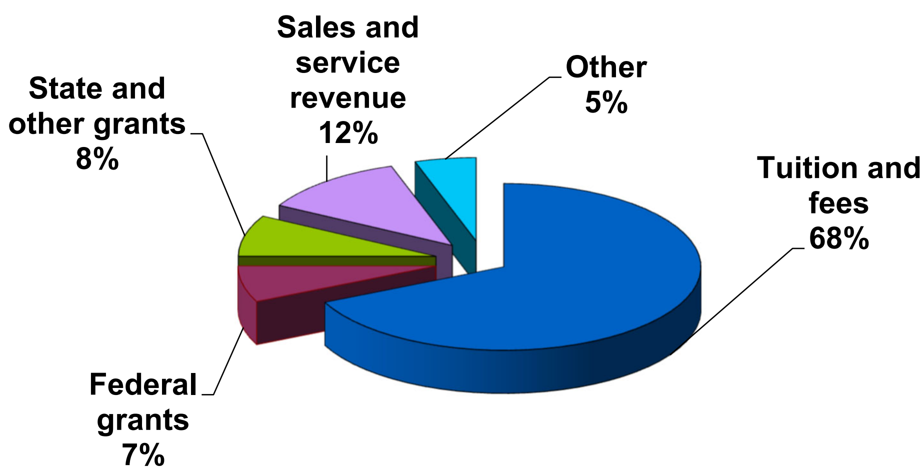
Operating revenue changes for fiscal year 2024 were the result of the following:

- Tuition and fees increased by $0.8 million, or 4.3 percent. This was due mainly to an increase in the tuition rate coupled with a slight increase in enrollment.
- Federal grants increased by $0.3 million, or 15.2 percent. This was due mainly to a large U.S. Department of Agriculture grant having a full year of expenditures.
- Sales and service revenue increased by $0.6 million, or 18.1 percent. This was due mainly to continued growth with the College's corporate training, continuing education, and food hub operations.
- Other operating decreased by $1.0 million, or 74.1 percent. This was due mainly to the unwind of the new market tax credit and the cancellation of the right to use asset and corresponding lease liability in fiscal year 2023.

Operating revenue changes for fiscal year 2023 were the result of the following:

- Tuition and fees increased by $1.4 million, or 7.9 percent. This was due mainly to a decrease in the scholarship allowance due to fewer emergency grants to students.
- State and other grants increased by $0.8 million, or 55.8 percent. This was due mainly to new grant programs from the state regarding wrap around services and academic catch up.
- Sales and service revenue increased by $0.5 million, or 20.5 percent. This was due mainly to facility rental increases coming out of the pandemic as well as some growth in corporate training, continuing education, and the food hub operations.
- Other operating increased by $0.7 million, or 113.2 percent. This was due mainly to the unwind of the new market tax credit and the cancellation of the right to use asset and corresponding lease liability.

The following is a graphic illustration of operating revenue by source for fiscal year 2024:



Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College.

Operating Expenses for the Years Ended June 30			
	2024	2023	2022 (As Restated)
Instruction	$ 27,942,443	$ 27,261,354	$ 24,639,524
Information technology	5,276,452	5,363,285	5,660,697
Public service	6,967,840	5,233,827	4,312,353
Instructional support	6,337,813	6,771,970	5,275,214
Student services	15,917,671	15,182,338	23,497,409
Institutional administration	6,696,506	6,404,606	5,770,576
Physical plant	9,195,760	7,475,022	6,761,323
Amortization	1,033,649	1,139,802	1,068,479
Depreciation	6,385,605	5,989,367	5,559,171
Total operating expenses	**$ 85,753,739**	**$ 80,821,571**	**$ 82,544,746**

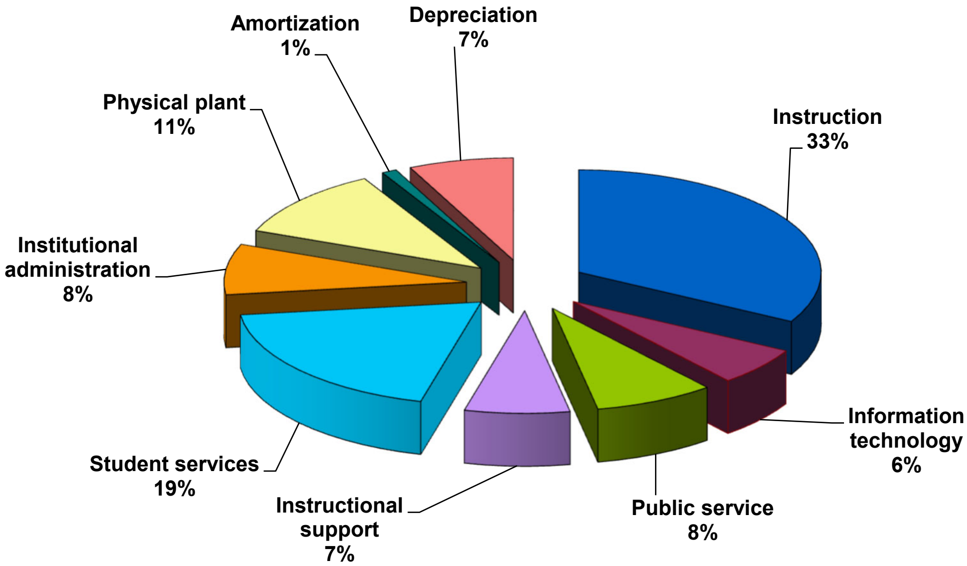
Operating expense changes for fiscal year 2024 were the result of the following:

- Public service expenses increased by $1.7 million, or 33.1 percent. This was mainly due to increased spending as the Kalamazoo Valley Museum continued to increase hours of operation being open to the public coming out of the pandemic as well as increased spending from various grants received.
- Instructional support expenses decreased by $0.4 million or 6.4 percent. This was mainly due to vacancy savings in the current year.
- Student services expenses increased by $0.7 million, or 4.8 percent. This was mainly due to an increase in Pell grant expenditures.
- Physical plant expenses increased by $1.7 million, or 23.0 percent. This was mainly due to significant increases to the minimum pay rates as well as increases to utilities costs.
- Depreciation expenses increased by $0.4 million, or 7.7 percent. This was mainly due to a large amount of fixed assets being transferred to the College during the previous fiscal year, making this the first year will a full year of depreciation.

Operating expense changes for fiscal year 2023 were the result of the following:

- Instruction expenses increased by $2.6 million, or 10.6 percent. This was mainly due to an increase in expenses related to the MPSERS UAAL and an increase in expenses related to health insurance coverage.
- Information technology expenses decreased by $0.3 million, or 5.3 percent. This was mainly due to less spending of HEERF grant dollars on technology as a result of the pandemic.
- Public service expenses increased by $0.9 million, or 21.3 percent. This was mainly due to increased spending as the Kalamazoo Valley Museum continued to increase hours of operation being open to the public coming out of the pandemic as well as increased spending from various grants received.
- Instructional support expenses increased by $1.5 million or 28.4 percent. This was mainly due to vacancy savings in the previous year as well as additional staffing support provided in the current year in our instructional support areas.
- Student services expenses decreased by $8.3 million, or 35.4 percent. This was mainly due to an decrease in financial aid expenditures related to the HEERF student emergency grants.
- Institutional administration expenses increased by $0.6 million, or 11.0 percent. This was mainly due to an increase in expenses related to the MPSERS UAAL.
- Physical plant expenses increased by $0.7 million, or 10.6 percent. This was mainly due to increases to utilities costs as well as additional capital expenditures in the current year.
- Depreciation expenses increased by $0.4 million, or 7.7 percent. This was mainly due to a large amount of fixed assets being transferred to the College during the fiscal year.

The following is a graphic illustration of operating expenses by source for fiscal year 2024:



Nonoperating Revenue (Expenses)

Nonoperating revenue represents all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and gifts and grants, including Pell federal grants to students.

Nonoperating revenue (expenses) were comprised of the following:

Nonoperating Revenue (Expenses) for the Years Ended June 30

	2024	2023	2022 (As Restated)
State appropriations - Operating	$ 15,653,003	$ 14,330,677	$ 14,353,990
State appropriations - MPSERS	4,839,732	2,718,591	2,815,307
State appropriations - LCSA	3,502,682	3,446,141	3,063,040
Property taxes	29,489,137	27,914,111	26,666,027
Pell revenue	8,392,181	7,218,355	7,509,350
HEERF/CRF revenue	-	3,435,185	17,137,670
Investment income	2,611,337	1,325,358	224,857
Net unrealized gain (loss) on investments	657,682	(95,047)	(904,850)
Net gain (loss) on sale of assets	457,464	-	(4,379)
Interest on capital asset - Related debt	(143,072)	(158,051)	(172,301)
Interest on right to use asset - Related debt	(16,989)	(58,499)	(101,350)
Forgiveness of notes receivable	-	(5,348,000)	-
Gifts and contributions	3,766	7,049	2,005
Net nonoperating revenue	**$ 65,446,923**	**$ 54,735,870**	**$ 70,589,366**

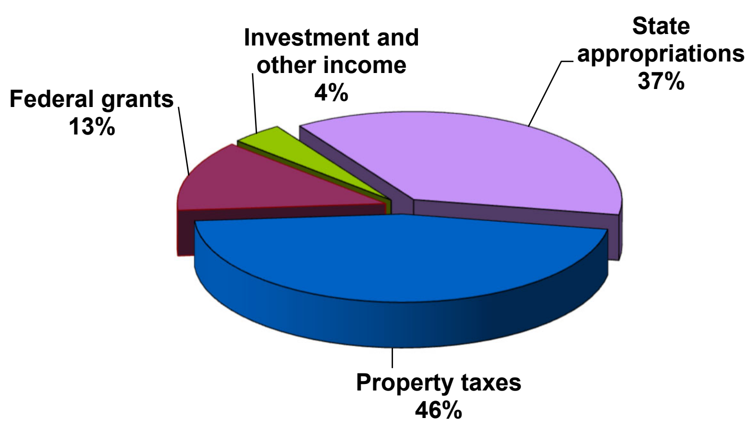
Nonoperating revenue (expense) changes for fiscal year 2024 were the result of the following factors:

- Property taxes increased $1.6 million, or 5.6 percent. This increase was caused by an increase in the College district's taxable value.
- HEERF/CRF revenue decreased $3.4 million, or 100.0 percent. This decrease was due to the HEERF grant concluding during the previous fiscal year.
- Investment income increased $1.3 million, or 97.0 percent. This increase was due to the change in investment strategy during the year and interest rates remaining high.
- Net unrealized gain (loss) on investments increased $0.8 million, or 792.0 percent. This was due to the stability and expected decrease of interest rates.
- Forgiveness of notes receivable decreased $5.3 million, or 100.0 percent. This decrease was due to the new market tax credit arrangement that was unwound during the previous fiscal year.

Nonoperating revenue (expense) changes for fiscal year 2023 were the result of the following factors:

- Property taxes increased $1.2 million, or 4.7 percent. This increase was caused by an increase in the College district's taxable value.
- HEERF/CRF revenue decreased $13.7 million, or 80.0 percent. This decrease was due to the HEERF grant concluding during the year with the majority of the spending taking place in the prior fiscal year.
- Investment income increased $1.1 million, or 489.4 percent. This increase was due to the rising interest rates during the year as well as an increase to the amounts invested.
- Net unrealized loss on investments increased $0.8 million, or 89.5 percent. This was due to the rising interest rates. Because the College's practice is to hold investments to maturity, it is unlikely any of the unrealized loss would be realized.
- Forgiveness of notes receivable decreased $5.3 million. This decrease was due to the new market tax credit arrangement that was unwound during the fiscal year.

The following is a graphic illustration of nonoperating revenue by source for fiscal year 2024, excluding the forgiveness of notes receivable and interest on related debt:



Statement of Cash Flows

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

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

Cash flows for the year consist of the following:

Cash Flows for the Years Ended June 30	2024	2023	2022
			(As Restated)
Cash (Used in) Provided by			
Operating activities	$ (58,643,939)	$ (52,410,638)	$ (59,111,249)
Noncapital financing activities	62,554,547	60,764,617	69,151,536
Capital and related financing activities	(7,752,276)	(4,578,249)	(4,942,755)
Investing activities	16,369,406	(2,709,389)	(4,711,804)
Net Increase (Decrease) in Cash and Cash Equivalents	12,527,738	1,066,341	385,728
Cash and Cash Equivalents - Beginning of year	15,064,126	13,997,785	13,612,057
Cash and Cash Equivalents - End of year	**$ 27,591,864**	**$ 15,064,126**	**$ 13,997,785**

Net cash used for operating activities in 2024 totaled $58.6 million. This was financed by $62.5 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used for capital and related financing activities totaled $7.6 million during 2024. Net cash provided by investing activities totaled $16.4 million. The net result of all cash flows is an increase in cash of $12.5 million for 2024.

Net cash used for operating activities in 2023 totaled $52.4 million. This was financed by $60.8 million of net cash flows from noncapital financing activities such as property taxes, state appropriations, and HEERF revenue. Net cash used for capital and related financing activities totaled $4.6 million during 2023. Net cash used for investing activities totaled $2.7 million. The net result of all cash flows is an increase in cash of $1.1 million for 2023.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the College had approximately $212.0 million invested in capital assets, net of accumulated depreciation of $132.3 million. Depreciation charges totaled $6.4 million for the current fiscal year.

The College has planned capital expenditures for the fiscal year ending June 30, 2025, of approximately $8.1 million. This includes upgrades to elevators, mechanical systems, security systems, parking lots, roofs, furniture, and computer equipment. The College will also complete the renovation of the Redwood Building.

The Kalamazoo Valley Museum has planned capital expenditures for the fiscal year ending June 30, 2025 of approximately $1.5 million. This includes updates to the elevators, safety systems, and renovations to the theatre.

More detailed information about the College's capital assets is presented in the notes to the financial statements.

Debt

At year-end, the College had $4.5 million in debt outstanding from the issuance of its 2014 Facilities Bonds (LTGO) authorized in October 2014. Bond principal payments are due annually each May through maturity in fiscal year 2030. Interest payments are due semiannually through maturity at the rates ranging from 3.00 percent to 3.25 percent. The College's general obligation bond rating was listed Aa1 by Moody's in December 2014 upon issuance.

Economic Factors That Will Affect the Future

Kalamazoo Valley Community College receives funding from three major sources - property taxes, tuition and fees, and state appropriations.

Property taxes provide the largest proportion of revenue for operations and are split between support for the College and support for the Kalamazoo Valley Museum based on their respective millage rates.

Prior to 2017, personal property taxes represented approximately 10 percent of Kalamazoo Valley Community College's tax revenue. Legislation passed in 2014 phased out personal property tax for most businesses and replaced the revenue lost by taxing jurisdictions with a use tax. In 2017, personal property tax was eliminated as a revenue source for the College and Local Community Stabilization Authority (LCSA) funding was received. Although the initial distribution of LCSA funding exceeded the personal property tax lost in 2017, future years' tax replacement is not guaranteed. Since the College is not in the highest priority tier for reimbursement, if the funding available is insufficient, the College could receive less than the personal property tax lost.

Although additional funds have been provided for the unfunded actuarial accrued liability, long-term viability of the MPSERS plan remains a concern. It is likely that the contribution rate will need to be increased if conditions do not improve, creating an even heavier burden for colleges to pay out of operating funds. As of June 30, 2024 and 2023, the College has recognized $58,880,484 and $66,394,215, respectively, in long-term liabilities related to the MPSERS net pension liability.

With limited growth in the other revenue sources, tuition and fees have been increased to maintain programs and services.

Fiscal Year	In-District Tuition Rate	Percent Change by Year
2024	$ 124.00	3.3%
2023	$ 120.00	1.7%
2022	$ 118.00	3.5%

Since 2021, in-district tuition rates have increased $10.00 per contact hour or 8.8 percent. Although tuition increases have sometimes exceeded inflation, tuition charged to Kalamazoo Valley Community College students was still below the state average.

Institutional efforts to reduce operating costs through attrition and cost-cutting initiatives have been made and are an ongoing priority. Through these efforts, it has been possible to maintain affordable tuition for our community while providing outstanding educational programs and services in an inviting learning environment with qualified faculty and support staff.

In the coming years, several economic factors are expected to influence our financial operations and strategic decisions. First, meeting the basic needs of our students continues to be a top priority, particularly in light of the increased living costs everyone has experienced recently. Students face pressures on a number of fronts, including housing and food insecurity, transportation and childcare needs, and overall mental health. As part of our commitment to serving our students holistically, we continually are looking for ways to invest in additional support services and programs designed to mitigate these burdens. Another key economic factor is the rising cost of information technology, which is becoming integral in almost every aspect of the College. The demand for digital resources, cybersecurity infrastructure, and remote learning capabilities are just a few areas continuing to evolve. While these advancements are necessary to enhance the student and employee experience and remain competitive, they come with additional costs. The final economic factor is striking the balance between maintaining the affordability for the College's students by limiting the tuition increases while remaining competitive in attracting and retaining talent in a competitive labor market.

The College has worked to address these factors in several ways. The College is continuing to seek out grant opportunities aligned with the College's strategic plan and also addressing the factors listed above such as basic needs or information technology infrastructure. The College has taken steps to convey the total compensation package to employee, which includes monetary and non-monetary benefits as well as other initiatives aimed at ensuring employees morale and engagement level is high and they feel valued.

Statement of Net Position

	June 30 2024	June 30 2023
Assets		
Current:		
Cash and cash equivalents (Note 2)	$ 27,591,864	$ 15,064,126
Short-term investments (Note 2)	3,945,552	37,599,882
Accounts receivable - Net (Note 4)	12,681,151	12,444,223
Inventories	665,403	796,067
Prepaid expenses and other assets	1,779,613	1,948,518
Total current assets	46,663,583	67,852,816
Noncurrent:		
Right to use assets (Note 6)	3,339,163	1,292,633
Net OPEB asset (Note 8)	1,096,515	-
Long-term investments (Note 2)	44,509,594	23,955,651
Capital assets (Note 5)	79,858,630	79,773,703
Total noncurrent assets	128,803,902	105,021,987
Total assets	175,467,485	172,874,803
Deferred Outflows (Note 8)	22,371,499	24,872,739
Total assets and deferred outflows	**$ 197,838,984**	**$ 197,747,542**
Liabilities		
Current:		
Accounts payable	$ 3,165,450	$ 3,076,143
Accrued payroll, vacation, and other compensation	5,257,274	4,915,099
Other accrued liabilities	23,269	26,060
Deposits	42,472	41,301
Unearned revenue	2,180,581	2,090,930
Long-term obligations - Current (Note 12)	1,669,663	1,443,296
Total current liabilities	12,338,709	11,592,829
Noncurrent:		
Long-term obligations - Net of current portion (Note 12)	6,376,733	5,113,066
Net OPEB liability (Note 8)	-	3,859,861
Net pension liability (Note 8)	58,880,484	66,394,215
Total noncurrent liabilities	65,257,217	75,367,142
Deferred Inflows (Note 8)	24,942,884	23,404,266
Net Position		
Net investment in capital assets	75,332,638	74,566,713
Restricted for expendable scholarships and grants	667,037	630,752
Restricted for expendable OPEB asset	1,096,515	-
Unrestricted net position (Note 1)	18,203,984	12,185,840
Total net position	95,300,174	87,383,305
Total liabilities, deferred inflows, and net position	**$ 197,838,984**	**$ 197,747,542**

The Accompanying Notes are an Integral Part of these Statements.

Kalamazoo Valley Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2024	2023
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $4,059,023 and $4,068,886 for 2024 and 2023, respectively	$ 19,626,664	$ 18,811,221
Federal grants	2,371,508	2,058,385
State grants	563,558	635,791
Foundation grants	767,905	910,971
Other grants	755,320	649,273
Sales and services revenue - Net of scholarship allowance of $411,742 and $408,515 for 2024 and 2023, respectively	3,802,654	3,221,066
Other operating income	336,076	1,296,149
Total operating revenue	28,223,685	27,582,856
Operating Expenses		
Instruction	27,942,443	27,261,354
Information technology	5,276,452	5,363,285
Public services	6,967,840	5,233,827
Instructional support	6,337,813	6,771,970
Student services	15,917,671	15,182,338
Institutional administration	6,696,506	6,404,606
Physical plant	9,195,760	7,475,022
Amortization	1,033,649	1,139,802
Depreciation	6,385,605	5,989,367
Total operating expenses	85,753,739	80,821,571
Operating Loss	(57,530,054)	(53,238,715)
Nonoperating Revenue (Expense)		
State appropriations	23,995,417	20,495,409
Property tax levy	29,278,822	27,671,648
Other taxes and interest	210,315	242,463
Pell revenue	8,392,181	7,218,355
HEERF revenue	-	3,435,185
Investment income	2,611,337	1,325,358
Net unrealized gain (loss) from investments	657,682	(95,047)
Net gain from sale of assets	457,464	-
Interest on capital asset - Related debt	(143,072)	(158,051)
Interest on right to use asset - Related debt	(16,989)	(58,499)
Forgiveness of notes receivable	-	(5,348,000)
Gifts and contributions	3,766	7,049
Net nonoperating revenue	65,446,923	54,735,870
Income Before Other Revenue	7,916,869	1,497,155
Other Revenue		
Contributions of capital assets from KVCC Foundation	-	7,738,567
Change in Net Position	7,916,869	9,235,722
Net Position - Beginning of year	87,383,305	78,147,583
Net Position - End of year	**$ 95,300,174**	**$ 87,383,305**

The Accompanying Notes are an Integral Part of these Statements.

Statement of Cash Flows

	Year Ended June 30	
	2024	2023
Cash Flows from Operating Activities		
Tuition and fees	$ 19,567,138	$ 18,987,687
Grants and contracts	3,175,522	3,927,845
Payments to suppliers	(25,634,359)	(22,545,657)
Payments to employees	(60,343,524)	(56,222,343)
Federal direct lending receipts	7,526,612	7,157,424
Federal direct lending disbursements	(7,526,612)	(7,157,424)
Sales and services revenue	3,802,670	3,226,056
Other	788,614	215,774
Net cash used in operating activities	(58,643,939)	(52,410,638)
Cash Flows from Noncapital Financing Activities		
Federal grant	9,077,854	12,701,988
Local property taxes	29,622,282	27,480,791
Other taxes and interest	210,315	242,463
State appropriations	23,640,330	20,332,326
Gifts and contributions	3,766	7,049
Net cash provided by noncapital financing activities	62,554,547	60,764,617
Cash Flows from Capital and Related Financing Activities		
Principal paid on right to use liability	(909,147)	(848,219)
Interest paid on right to use assets	(16,989)	(58,499)
Principal paid on capital debt	(670,000)	(649,999)
Interest paid on capital debt	(143,072)	(158,051)
Proceeds from sale of capital assets	527,467	-
Purchase of capital assets	(6,540,535)	(2,863,481)
Net cash used in capital and related financing activities	(7,752,276)	(4,578,249)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	58,365,061	50,733,266
Interest income	2,611,337	1,325,358
Purchase of investments	(44,606,992)	(54,768,013)
Net cash provided by investing activities	16,369,406	(2,709,389)
Net Increase in Cash and Cash Equivalents	12,527,738	1,066,341
Cash and Cash Equivalents - Beginning of year	15,064,126	13,997,785
Cash and Cash Equivalents - End of year	**$ 27,591,864**	**$ 15,064,126**

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2024	2023
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (57,530,054)	$ (53,238,715)
Adjustments to reconcile operating loss to net cash from operating activities:		
Bad debt expense	164,381	54,213
Amortization of bond premium	(10,999)	(10,999)
Amortization of right to use assets	1,033,649	1,139,802
Depreciation	6,385,605	5,989,367
Gain on unwind of new market tax credits	-	(837,640)
Change in deferred inflows/outflows	4,039,858	(25,770,034)
Change in pension liability	(7,513,731)	19,832,830
Change in OPEB (asset) liability	(4,956,376)	1,017,009
Decrease (increase) in assets:		
Accounts receivable	(1,075,354)	(610,896)
Inventories	130,664	(35,797)
Prepaid assets and other current assets	168,905	(841,508)
Increase (decrease) in liabilities:		
Accounts payable and other accrued liabilities	86,516	598,508
Accrued payroll, vacation, and other compensation	342,175	237,298
Deposits	1,171	(7,766)
Unearned revenue	89,651	73,690
Net cash used in operating activities	**$ (58,643,939)**	**$ (52,410,638)**
Significant Noncash Transactions		
Right to use assets acquired through a liability	$ 3,080,179	$ 674,540
Unwind related to right to use lease asset	-	6,978,781
Unwind related to right to use lease liability	-	7,817,899
Forgiveness of notes receivable	-	5,348,000
Contribution of capital assets	-	7,762,863

Balance Sheet

	June 30	
	2024	2023
Assets		
Cash	$ 1,582,232	$ 1,957,056
Marketable securities (Note 2)	25,932,010	22,229,208
Prepaid expenses	2,300	-
Contributions receivable (Note 1)	88,800	-
Total assets	**$ 27,605,342**	**$ 24,186,264**
Liabilities		
Payable to Kalamazoo Valley Community College	$ 842,654	$ 970,057
Deferred revenue	43,500	42,400
Total liabilities	886,154	1,012,457
Net Assets		
Without donor restriction	8,926,163	7,639,650
With donor restriction	17,793,025	15,534,157
Total net assets	26,719,188	23,173,807
Total liabilities and net assets	**$ 27,605,342**	**$ 24,186,264**

Statement of Activities

	Year Ended June 30	
	2024	2023
Revenue		
Contributions	$ 534,062	$ 485,204
Income from investments	705,445	649,286
Contributed services	213,065	184,449
Rental income	-	156,734
Other income	8,625	8,556
Net gain from investments (Note 2)	3,115,058	2,096,440
Total revenue	4,576,255	3,580,669
Expenditures		
Program expenditures:		
Grants to Kalamazoo Valley Community College	642,149	8,449,348
Grants to Kalamazoo Valley Museum	129,484	194,190
Property management and rentals	-	358,338
Management and general	50,677	49,533
Fundraising	208,564	179,266
Total expenditures	1,030,874	9,230,675
Change in Net Assets - Before nonoperating activities	3,545,381	(5,650,006)
Nonoperating activities		
Forgiveness of accrued rent receivable	-	(1,760,267)
Forgiveness of notes payable	-	7,720,000
Total nonoperating activities	-	5,959,733
Change in Net Assets	3,545,381	309,727
Net Assets - Beginning of year	23,173,807	22,864,080
Net Assets - End of year	**$ 26,719,188**	**$ 23,173,807**

Note 1 - Basis of Presentation and Significant Accounting Policies

Reporting Entity - Kalamazoo Valley 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.

The accompanying financial statements have been prepared using the economic resource management focus and in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, three affiliated organizations have been included. Each organization is described below, with additional information provided regarding the impact to the College’s financial statements and accompanying condensed financial statements.

Kalamazoo Valley Community College Foundation (“KVCCF”) is a separate Michigan not-for-profit corporation, with its own independent board, established to accept, collect, hold, and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. In accordance with the criteria of GASB, KVCCF is reported as a discrete component unit. In the past, funding has been used to support student scholarships, capital initiatives, and Kalamazoo Valley Museum programming. The College provides personnel support, supplies, and equipment to the Foundation. Separate financial statements of the Foundation may be obtained by contacting Kalamazoo Valley Community College Foundation, P.O. Box 4070, Kalamazoo, Michigan 49003-4070.

KVCCF is a private organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to KVCCF’s financial information included in the College’s financial report to account for these differences.

FSIC, LLC (FSIC) was a Michigan limited liability company formed in the year ended June 30, 2016. KVCCF was the sole owner of FSIC. As a single member limited liability company, FSIC was disregarded for tax purposes. FSIC was formed exclusively to acquire, own, and construct a 16,130 gross square foot food production and distribution building and a 9,504 square foot greenhouse (the “Project”). The Project was located in a census tract that makes a taxpayer eligible to receive new markets tax credits (NMTC) for making a qualified equity investment in a community development entity (CDE), if the CDE then makes an equity investment or a loan to a qualified active low-income community business and all other criteria of the NMTC are met. FSIC subleased the Project to the College (see Notes 6 and 12). During the year ended June 30, 2023, the NMTC was unwound and the FSIC was dissolved.

As a sole member of KVCCF, FSIC is consolidated within the financial statements of KVCCF. FSIC is audited as a component of the KVCCF financial statement audit as required by its financing agreement. The audited financial statements may be obtained by contacting Kalamazoo Valley Community College Foundation, P.O. Box 4070, Kalamazoo, Michigan 49003-4070.

The Holding Company is a separate Michigan not-for-profit corporation established to purchase, acquire title to, lease, develop, maintain, rent, and sell real estate and personal property within the College district, exclusively for the purpose of benefiting the College. At June 30, 2024 and 2023, the stated value of the net assets of the Holding Company totaled $147,705 and $(256,700), respectively. These assets, liabilities, and all activity of the Holding Company are included in the financial statements of the College as a blended component unit.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

FSIC Lending Company, LLC (FSIC Lending) was a Michigan limited liability company formed in the year ended June 30, 2016. The College was the sole owner of FSIC Lending. As a single member limited liability company, FSIC Lending was disregarded for tax purposes. FSIC Lending was formed as part of the New Investment Program used for the Food Innovation Center for the exclusive benefit of the College. The primary purpose was to be the leveraged lender for the project and was to establish and provide a loan to the investment fund, WF KVCC Food Sustainability and Innovation Center Investment Fund, LLC, investing in FSIC of $5,348,000. These assets, liabilities, and all activity of FSIC Lending are included in the financial statements of the College as a blended component unit. During the year ended June 30, 2023, the NMTC was unwound, which included the forgiveness of the $5,348,000 note receivable. The Project was granted to FSIC Lending and ultimately to the College, and FSIC Lending was dissolved.

Financial statements for each entity blended in the College's financial reporting are as follows:

Condensed Statement of Net Position

	FSIC Lending		Holding Company	
	2024	2023	2024	2023
Assets				
Current assets	$ -	$ -	$ 863,913	$ 838,162
Capital assets (net)	-	-	164,946	224,145
Other assets	-	-	-	-
Total assets	**$ -**	**$ -**	**$ 1,028,859**	**$ 1,062,307**
Liabilities - Current liabilities	$ -	$ -	$ 881,154	$ 1,319,007
Net Position				
Net investment in capital assets	-	-	164,946	224,145
Unrestricted	-	-	(17,241)	(480,845)
Total net position	-	-	147,705	(256,700)
Total liabilities and net position	**$ -**	**$ -**	**$ 1,028,859**	**$ 1,062,307**

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

	FSIC Lending		Holding Company	
	2024	2023	2024	2023
Operating Revenue				
Foundation grants	$ -	$ 7,738,567	$ -	$ -
Operating Expense				
Institutional administration	-	1,025	15,525	6,344
Operating Loss	-	7,737,542	(15,525)	(6,344)
Nonoperating Revenue (Expense)				
Investment income	-	30,454	23,085	14,325
Forgiveness of notes receivable	-	(5,348,000)	-	-
Net gain from sale of assets	-	-	423,136	-
Total nonoperating revenue	-	(5,348,000)	446,221	-
Transfers from (to) related entities	-	(8,115,763)	(26,291)	-
Increase (Decrease) in Net Position	-	(5,695,767)	404,405	7,981
Net Position - Beginning of year	-	5,695,767	(256,700)	(264,681)
Net Position - End of year	**$ -**	**$ -**	**$ 147,705**	**$ (256,700)**

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Condensed Statement of Cash Flows

	FSIC Lending		Holding Company	
	2024	2023	2024	2023
Net cash used in operating activities	$ -	$ (378,371)	$ (459,569)	$ 14,025
Net cash provided by capital financing activities	-	-	-	-
Net cash provided by investing activities	-	30,454	482,355	-
Net increase in cash and cash equivalents	-	(347,917)	22,786	14,025
Cash and Cash Equivalents - Beginning of year	-	347,917	836,531	822,506
Cash and Cash Equivalents - End of year	**$ -**	**$ -**	**$ 859,317**	**$ 836,531**

Basis of Presentation - These statements have also been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The College follows all applicable GASB pronouncements. 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.

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

Accrual Basis - The financial statements have been prepared on the economic resource measurement focus and 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.

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

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

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on historical loss experience.

Inventories - Inventories, including books and miscellaneous supplies, are stated at the lower of cost or market using the first-in, first-out method.

Note Receivable - During the year ended June 30, 2016, a leveraged loan of $5,348,000 was provided to WF KVCC Food Sustainability and Innovation Center Investment Fund, LLC for the purpose of financing the construction of the Food Innovation Center. Interest accrues at 1 percent, payable quarterly beginning March 20, 2016. The note was due December 30, 2040. During the year ended June 30, 2023, this note receivable was forgiven as part of the unwinding of the NMTC and the grant of the Project to the College.

Right to Use Assets - Right to use assets are assets the College has the right to use due to the existence of a lease or a subscription based IT arrangement. The asset is recorded at the net present value based on the lease payment schedule and is amortized over the lesser of the lease term or the useful life of the underlying asset.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

The corresponding liability is initially measured at the present value of payments expected to be made during the lease or subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The College generally uses its estimated incremental borrowing rate as the discount rate. The liabilities are reported with long-term obligations on the statement of net position.

Capital Assets - Property and equipment are recorded at cost. However, 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 over the estimated useful lives of the assets. 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 for the College and its component units:

Buildings	40 years
Site improvements	10 years
Building improvements	10 years
Furniture and equipment	5 years
Library materials	5 years
Museum exhibits	10 years
Museum assets	5 years

Unearned Revenue - Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue consists of approximately $1,477,000 and $1,324,000 for the 2024 and 2023 summer semesters, and approximately $300,500 and $277,500 for the 2024 and 2023 fall semesters, respectively. Other small amounts are due to student payments for a future term (not specifically identified) and gift certificates in the bookstore.

Scholarship Discounts and Allowances - Student tuition and fee revenue and certain other revenue from students are reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

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

Gifts and Pledges - Gifts are recorded at estimated fair value when received. Pledges are recorded as contributions in the year received, if there is sufficient evidence that a promise to contribute cash or other assets in the future has been made and collection is reasonably assured.

Compensated Absences - Compensated absences represent the accumulated liability to be paid under the College's policy; employees earn vacation time based on time of service with the College and the liability is included on the accrued payroll, vacation, and other compensation line.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

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 the purpose 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 and so will not be recognized as an outflow of resources (expense) until then.

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as changes in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

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

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 8. The College also reports deferred inflows of resources for a certain lessor agreement.

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 county in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the county's tax revolving funds. These payments are usually received within three to five months after the delinquency date.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

During the years ended June 30, 2024 and 2023, 2.7802 mills of tax per $1,000 of taxable property value in the community college taxing district were levied for general operating purposes on all property, respectively. Total operating property tax revenue was $29,278,822 and $27,671,648 for the years ended June 30, 2024 and 2023, respectively.

Pell Grant Reimbursements - Pell grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. For the years ended June 30, 2024 and 2023, the College received $8,392,181 and $7,218,355, respectively.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Tax Abatements - The College’s property tax revenue is affected by tax abatements entered into by other governments. The tax abatements also consist of Industrial Facilities Tax (IFT) exemptions and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the College’s taxing district. The College has evaluated the tax abatements and deemed the property tax abatements to be not significant for the years ended June 30, 2024 and 2023.

Net Position - When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the College’s policy is to first apply restricted resources.

Net Investment in Capital Assets - Net investment in capital assets consists of capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets as well as the right to use assets net of their corresponding lease liability.

Restricted Net Position - Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board.

Unrestricted Net Position - The College has designated the use of unrestricted net position as follows:

	2024	2023
Designated for future capital outlay and major maintenance	$ 35,819,034	$ 36,439,183
Designated for equipment replacement	884,009	3,735,487
Designated for debt service	1,007,608	1,150,680
Designated for technology	368,810	1,052,468
Designated for program development	3,746,550	4,297,339
Designated for trustee scholarships	25,000	25,000
Designated per board policy	6,700,000	6,490,000
Designated for auxiliary activities	451,962	300,581
Designated for auxiliary activities - Kalamazoo Valley Museum	5,751,523	4,921,373
Designated for auxiliary activities - Kalamazoo Valley Museum - Per board policy	768,000	732,000
Designated for Kalamazoo Valley Museum:		
Future capital outlay and major maintenance	4,299,905	3,983,145
Equipment replacement	3,462,548	3,392,041
Exhibit major maintenance	5,943,483	5,281,055
Designated for KVCC Holding Company purposes	147,705	(256,701)
Designated for MPSERS liability	(61,417,075)	(68,681,220)
Unrestricted and unallocated	10,244,922	9,323,409
Total unrestricted (deficit) net position	$ 18,203,984	$ 12,185,840

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

COVID-19 - On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus, a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the “shelter-at-home” guidelines during April 2020, the College shifted to a remote online learning environment. The College had pay freezes, limited hiring for open positions, and expense cuts. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College was allocated Higher Education Emergency Relief Fund (HEERF) grants and other relief primarily from three federal stimulus bills - the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP). As of June 30, 2023, the College was allocated a total of approximately $17,700,000 for institutional purposes, $609,000 for Strengthening Institutions Program (SIP), and $12,588,000 required to be given directly to students. As of June 30, 2023, the College had disbursed all of the funds allocated to the institution.

Note 2 - Cash and Investments

Cash and Short-term Investments - Investment policies for cash and short-term investments authorize the College to invest in negotiable certificates of deposit, savings accounts, or other interest-bearing deposit accounts of a financial institution.

Investments - Investment policies also authorize the College to invest in bonds, bills, or notes of the United States, or of an agency or instrumentality of the United States, or obligations of the State of Michigan. Funds may also be invested in commercial paper of corporations rated prime by at least one of the standard rating services and in bankers’ acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

Interest Rate Risk - The College’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The College does, however, manage its exposure to interest rate risk by generally limiting investment maturities to less than three years.

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

	Fair Market Value	Less Than 1 Year	1-3 Years	More Than 3 Years	S&P Ratings
Money market	$ 14,753,557	$ 14,753,557	$ -	$ -	AAA
U.S. agency securities*	48,455,146	3,945,552	43,771,998	737,596	AA+
Total investments	$ 63,208,703	$ 18,699,109	$ 43,771,998	$ 737,596	

Note 2 - Cash and Investments (Continued)

As of June 30, 2023, the College had the following investments and maturities:

	Fair Market Value	Less Than 1 Year	1-3 Years	More Than 3 Years	Moody's/ S&P Ratings
Certificates of deposit	$ 24,768,215	$ 24,768,215	$ -	$ -	N/A
State of Michigan bonds*	631,246	-	631,246	-	AA+
U.S. agency securities*	36,156,072	12,831,667	23,324,405	-	AAA/AA+
Total investments	$ 61,555,533	$ 37,599,882	$ 23,955,651	$ -	

* Some of these investments are callable.

Credit Risk - According to Michigan Public Act 331 of 1966, as amended through 2015, the College may invest in bonds, bills, or notes of the United States or its agencies; obligations of the State of Michigan; corporate commercial paper rated prime by at least one of the standard rating services; bankers' acceptances issued by and certificates of deposit of financial institutions that are members of the Federal Deposit Insurance Corporation; mutual funds and investment pools that are composed of authorized investment instruments; and certain repurchase agreements.

Certificates of deposit at any one financial institution may not exceed 25 percent of the total investable balance or more than 15 percent of the net worth of the financial institution. Commercial paper may not exceed 30 percent of the total investable balance or $1,000,000 per corporation. The College's investment policy does not limit investments in U.S. agencies or treasuries.

The nationally recognized statistical rating organization (NRSRO) utilized is both Moody's and Standard & Poor's rating services.

More than 5 percent of the College's cash equivalents and investments at June 30, 2024 and 2023 were invested as follows:

Issuer	2024	2023
Federal Farm Credit Banks - U.S. Securities	3%	14%
Federal Home Loan Bank - U.S. Securities	8%	24%
Federal Home Loan Mortgage Corporation - U.S. Securities	2%	6%
Federal National Mortgage Association - U.S. Securities	1%	8%
U.S. Treasuries Notes - U.S. Securities	63%	6%
1st Source Bank - Certificates of Deposit	- %	5%
Comerica Bank - Certificates of Deposit	- %	8%
Flagstar Bank - Certificates of Deposit	- %	5%
Michigan Liquid Asset Fund - Money Market	23%	- %
Mercantile Bank of Michigan - Certificates of Deposit	- %	5%
Old National Bank - Certificates of Deposit	- %	7%
Southern Michigan Bank & Trust - Certificates of Deposit	- %	5%

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. As of June 30, 2024, the College's deposit balances of $27,867,704 had $26,867,704 of bank deposits (money markets and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2023, the College's deposit balances of $39,399,525 had $36,880,202 of bank deposits (money markets, certificates of deposit, and checking and savings accounts) that were uninsured and uncollateralized.

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. 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.

Foundation Investments - Investments at Kalamazoo Valley Community College Foundation at June 30, 2024 and 2023 are as follows:

	2024			2023		
		Market	Unrealized		Market	Unrealized
Description	Cost	Value	Gain	Cost	Value	Gain
Mutual funds	$16,318,860	$25,932,010	$ 9,613,150	$15,006,945	$22,229,208	$ 7,222,263

Net gains from security transactions for the years ended June 30, 2024 and 2023 include net unrealized gains of $2,390,887 and $2,134,316, respectively, and net realized gains (losses) of $724,171 and $(37,876), respectively.

Note 3 - 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 3 - Fair Value Measurements (Continued)

The following tables present information about the College's assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the College to determine those values.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Investments:				
U.S. Agency Securities	$ -	$ 48,455,146	$ -	$ 48,455,146

Assets Measured at Fair Value on a Recurring Basis at June 30, 2023

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Investments:				
State of Michigan bonds	$ -	$ 631,246	$ -	$ 631,246
U.S. Agency Securities	-	36,156,072	-	36,156,072
Total	$ -	$ 36,787,318	$ -	$ 36,787,318

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.

KVCCF's investments are all classified as Level 1 inputs using quoted prices in active markets for identical assets KVCCF has the ability to access.

Note 4 - Accounts Receivable

Accounts receivable held at the College consist of the following at June 30, 2024 and 2023:

	2024	2023
Appropriations from the State of Michigan for operations	$ 3,531,087	$ 3,176,000
Property taxes receivable	2,080,213	1,866,482
Federal and state grants receivable	5,560,516	4,963,420
Student receivables	945,072	795,895
Lease receivable	29,788	99,393
Other receivables	2,685,686	3,137,053
Total	14,832,362	14,038,243
Less allowances for doubtful accounts	(2,151,211)	(1,594,020)
Net accounts receivable	$ 12,681,151	$ 12,444,223

Note 5 - Capital Assets

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2024:

	June 30, 2023 Balance	Additions	Transfer/ Deletions	June 30, 2024 Balance
Nondepreciable capital assets:				
Land	$ 5,828,284	$ -	$ (59,199)	$ 5,769,085
Easements	5,115	-	-	5,115
Construction in progress	179,052	4,065,029	(125,317)	4,118,764
Museum collection	63,131	320	-	63,451
College collection	32,035	-	-	32,035
Depreciable capital assets:				
Site improvements	11,185,593	26,291	-	11,211,884
Buildings	134,598,904	-	-	134,598,904
Building improvements	9,022,902	277,221	125,317	9,425,440
Furniture and equipment	33,778,354	2,022,614	(65,365)	35,735,603
Museum assets	1,477,123	100,060	-	1,577,183
Library books	842,110	-	(104,377)	737,733
Museum exhibits	8,831,809	49,000	-	8,880,809
Total capital assets	205,844,412	6,540,535	(228,941)	212,156,006
Less accumulated depreciation:				
Site improvements	(6,750,190)	(683,309)	-	(7,433,499)
Buildings	(74,557,269)	(3,048,060)	-	(77,605,329)
Building improvements	(6,220,684)	(600,216)	-	(6,820,900)
Furniture and equipment	(29,481,559)	(1,545,074)	54,561	(30,972,072)
Museum assets	(1,115,780)	(121,121)	-	(1,236,901)
Library books	(824,105)	(13,721)	104,377	(733,449)
Museum exhibits	(7,121,122)	(374,104)	-	(7,495,226)
Total accumulated depreciation	(126,070,709)	($ 6,385,605)	$ 158,938	(132,297,376)
Total capital assets - Net	$ 79,773,703			$ 79,858,630

Note 5 - Capital Assets (Continued)

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2023:

	June 30, 2022 Balance	Additions	Transfer/ Deletions	June 30, 2023 Balance
Nondepreciable capital assets:				
Land	$ 5,298,390	$ -	$ 529,894	$ 5,828,284
Easements	5,115	-	-	5,115
Construction in progress	853,820	179,052	(853,820)	179,052
Museum collection	59,831	3,300	-	63,131
College collection	32,035	-	-	32,035
Depreciable capital assets:				
Site improvements	6,439,364	27,500	4,718,729	11,185,593
Buildings	128,882,162	-	5,716,742	134,598,904
Building improvements	8,232,365	786,391	4,146	9,022,902
Furniture and equipment	31,156,385	1,798,067	823,902	33,778,354
Museum assets	1,407,952	69,171	-	1,477,123
Library books	890,190	-	(48,080)	842,110
Museum exhibits	8,831,809	-	-	8,831,809
Total capital assets	192,089,418	2,863,481	10,891,513	205,844,412
Less accumulated depreciation:				
Site improvements	(3,984,419)	(563,697)	(2,202,074)	(6,750,190)
Buildings	(70,580,238)	(2,976,601)	(1,000,430)	(74,557,269)
Building improvements	(5,620,596)	(600,088)	-	(6,220,684)
Furniture and equipment	(28,167,614)	(1,313,945)	-	(29,481,559)
Museum assets	(978,598)	(137,182)	-	(1,115,780)
Library books	(845,985)	(26,200)	48,080	(824,105)
Museum exhibits	(6,749,468)	(371,654)	-	(7,121,122)
Total accumulated depreciation	(116,926,918)	($ 5,989,367)	$ (3,154,424)	(126,070,709)
Total capital assets - Net	$ 75,162,500			$ 79,773,703

There was no capital asset activity for KVCCF for the year ended June 30, 2024. Consolidated capital asset activity for KVCCF (including FSIC) for the year ended June 30, 2023 was as follows:

	July 1, 2022 Balance	Additions	Transfer/ Deletions	June 30, 2023 Balance
Nondepreciable capital assets - Land	$ 529,894	$ -	$ (529,894)	$ -
Depreciable capital assets:				
Site improvements	4,718,730	-	(4,718,730)	-
Buildings	5,716,742	-	(5,716,742)	-
Total capital assets	10,965,366	-	(10,965,366)	-
Less accumulated depreciation:				
Site improvements	(2,044,784)	(157,291)	2,202,075	-
Buildings	(928,969)	(71,459)	1,000,428	-
Total accumulated depreciation	(2,973,753)	(228,750)	3,202,503	-
Total capital assets - Net	$ 7,991,613			$ -

Note 5 - Capital Assets (Continued)

The Arcadia Commons Campus Phase II (Commons and Allied Health), Texas Township Campus Expansion (Student Success Center), and the Healthy Living Campus 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. The Arcadia Commons Campus Phase II title will transfer in 2036, Texas Township Campus Expansion in 2046, and the Healthy Living Campus in 2051 unless the SBA bonds are paid or refunded in advance.

Note 6 - Right to Use Assets

The College leases certain assets from various third parties. The assets leased include a building and a parking lot. During the year ended June 30, 2023, the lease related to the building was terminated as part of unwinding the NMTC. Payments are fixed and made quarterly.

The College obtains the right to use vendors' information technology software through various long-term contracts. The College recognizes a subscription liability and an intangible right to use subscription asset.

The subscription asset is initially measured as the initial amount of the subscription liability, which is the present value of payments expected to be made during the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

The following table presents the changes in the various right to use asset categories for the year ended June 30, 2024:

	June 30, 2023 Balance	Additions	Transfer/ Deletions	June 30, 2024 Balance
Right to use assets				
Site improvements	$ 199,616	$ -	$ -	$ 199,616
Subscription arrangements	2,846,163	3,080,179	(1,455,153)	4,471,189
Total right to use assets	3,045,779	3,080,179	(1,455,153)	4,670,805
Less accumulated amortization:				
Site improvements	(76,519)	(39,929)	-	(116,448)
Subscription arrangements	(1,676,627)	(993,720)	1,455,153	(1,215,194)
Total accumulated amortization	(1,753,146)	$ (1,033,649)	$ 1,455,153	(1,331,642)
Total right to use assets - Net	$ 1,292,633			$ 3,339,163

Note 6 - Right to Use Assets (Continued)

The following table presents the changes in the various right to use asset categories for the year ended June 30, 2023:

	June 30, 2022 Balance	Additions	Transfer/ Deletions	June 30, 2023 Balance
Right to use assets				
Site improvements	$ 199,616	$ -	$ -	$ 199,616
Building	7,737,341	-	(7,737,341)	-
Subscription arrangements	2,171,623	674,540	-	2,846,163
Total right to use assets	10,108,580	674,540	(7,737,341)	3,045,779
Less accumulated amortization:				
Site improvements	(36,596)	(39,923)	-	(76,519)
Building	(606,850)	(151,710)	758,560	-
Subscription arrangements	(728,458)	(948,169)	-	(1,676,627)
Total accumulated amortization	(1,371,904)	$ (1,139,802)	$ 758,560	(1,753,146)
Total right to use assets - Net	$ 8,736,676			$ 1,292,633

Note 7 - Recognition of State Appropriations

The College records revenue from state operating appropriations in accordance with the accounting method described in the annual funding bill passed by the State of Michigan (the “State”) legislation, which provides that state appropriations are recorded as revenue in the period for which they were appropriated. Accordingly, the College recognizes 100 percent of the State’s fiscal year appropriations as revenue during the College’s fiscal year. Also, since state appropriations are distributed over an 11-month period, October through August, the College records a receivable at June 30 each year for the subsequent payments received in July and August.

Note 8 - 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 supplementary information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

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

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 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 50.00 percent employer match (up to 3.00 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability 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 2.00 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 3.00 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80.00 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 employer'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.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Under Public Act 300 of 2012, members were given the choice between continuing the 3.00 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3.00 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 2.00 percent employee contribution into their 457 account as of their transition date, earning them a 2.00 percent employer match into a 401(k) account. Members who selected this option stop paying the 3.00 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, 2021 - September 30, 2022	13.73 - 20.14 percent	7.23 - 8.09 percent
October 1, 2022 - September 30, 2023	13.75 - 20.16 percent	7.21 - 8.07 percent
October 1, 2023 - June 30, 2024	13.90 - 23.03 percent	7.06 - 8.31 percent

Depending on the plan selected, member pension contributions range from 0.00 percent up to 7.00 percent of gross wages. For certain plan members, a 4.00 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3.00 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to the plan for years ended June 30, 2024 and 2023 were approximately $8,559,000 and $9,029,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $3,701,419 and $4,839,732 in revenue received from the State of Michigan and remitted to MPSERS to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2024 and 2023, respectively.

In addition, for the year ended June 30, 2023, the College received $1,848,811 of a onetime state payment and remitted to the System for the purpose of contributing additional assets to the System.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2024 and 2023 were approximately $1,845,000 and $1,724,000, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Net Pension - At June 30, 2024 and 2023, the College reported a liability of $58,880,484 and $66,394,215, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022 and 2021, respectively, which used updated procedures to roll forward the estimated liability to September 30, 2023 and 2022.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB - At June 30, 2024 and 2023, the College reported an (asset) liability of $(1,096,515) and $3,859,861, respectively, for its proportionate share of the net OPEB (asset) liability. The net OPEB (asset) liability for fiscal year 2024 and 2023 was measured as of September 30, 2023 and 2022, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of September 30, 2022 and 2021, which used updated procedures to roll forward the estimated (asset) liability to September 30, 2023 and 2022.

Proportionate Share - The College's proportionate share of the net pension liability and the net OPEB (asset) liability was based on a projection of its long-term share of contributions to the pension plan and OPEB plan, respectively, relative to the projected contributions of all participating reporting units, actuarially determined. The College's proportionate share and change in proportionate share for the net pension liability and the net OPEB (asset) liability is as follows:

Year Ending	Pension		OPEB	
September 30	Proportion	Change	Proportion	Change
2023	0.181920 percent	0.00538 percent	0.193834 percent	0.01160 percent
2022	0.176539 percent	-0.02013 percent	0.182235 percent	-0.00401 percent
2021	0.196666 percent	-0.01445 percent	0.186248 percent	-0.01821 percent

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2024 and 2023, the College recognized pension expense of approximately $4,451,000 and $4,703,000, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,858,677	$ 90,196
Changes of assumptions	7,978,574	4,600,264
Net difference between projected and actual earnings on pension plan assets	-	1,204,885
Changes in proportion and differences between College contributions and proportionate share of contributions	1,282,699	5,236,198
College contributions subsequent to the measurement date	7,131,545	-
Total	$ 18,251,495	$ 11,131,543

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 664,174	$ 148,450
Changes of assumptions	11,408,905	-
Net difference between projected and actual earnings on pension plan assets	155,694	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	8,397,078
College contributions subsequent to the measurement date	7,735,342	-
Total	$ 19,964,115	$ 8,545,528

Note 8 - Michigan Public School Employees' Retirement System (Continued)

In addition to the above tables, the $3,701,419 and $4,839,732 reported as deferred inflows of resources resulting from the pension portion of state aid payments, will be recognized as state appropriations revenue for the years ended June 30, 2024 and 2023, 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 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
2025	$ (1,121,158)
2026	(564,127)
2027	2,376,288
2028	(702,596)
Total	$ (11,593)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2024 and 2023, the College recognized OPEB (recovery) of approximately $(2,474,000) and $(2,157,400), respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 8,285,829
Changes of assumptions	2,441,033	293,947
Net difference between projected and actual earnings on pension plan assets	3,343	-
Changes in proportion and differences between College contributions and proportionate share of contributions	428,678	1,495,352
College contributions subsequent to the measurement date	1,246,950	-
Total	$ 4,120,004	$ 10,075,128

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 7,559,989
Changes of assumptions	3,440,418	280,138
Net difference between projected and actual earnings on pension plan assets	301,679	-
Changes in proportion and differences between College contributions and proportionate share of contributions	-	2,074,496
College contributions subsequent to the measurement date	1,166,527	-
Total	$ 4,908,624	$ 9,914,623

Note 8 - Michigan Public School Employees' Retirement System (Continued)

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

Years Ending June 30		Amount
2025		$ (2,508,246)
2026		(2,311,461)
2027		(942,978)
2028		(711,410)
2029		(485,496)
Thereafter		(242,483)
	Total	$ (7,202,074)

Actuarial Assumptions - The total pension liability and total OPEB (asset) liability as of September 30, 2023 and 2022 are based on the results of an actuarial valuation date of September 30, 2022 and 2021, respectively, and rolled forward. The total pension liability and total OPEB (asset) liability was determined using the following actuarial assumptions:

	2023	2022
Actuarial cost method	Entry age normal cost actuarial cost	Entry age normal cost actuarial cost
Investment rate of return - Pension	6.00 percent (net of investment	6.00 percent (net of investment expenses)
Investment rate of return - OPEB	6.00 percent (net of investment	6.00 percent (net of investment expenses)
Salary increases	2.75 - 11.55 percent (includes wage inflation of 2.75 percent)	2.75 - 11.55 percent (includes wage inflation of 2.75 percent)
Healthcare cost trend rate - OPEB	Pre-65: 7.50 percent (year 1 graded to 3.50 percent year 15) Post-65: 6.25 percent (year 1 graded to 3.50 percent year 15)	Pre-65: 7.75 percent (year 1 graded to 3.5 percent year 15; 3.0 percent year 120) Post-65: 5.25 percent (year 1 graded to 3.5 percent year 15; 3.0 percent year 120)
Mortality basis	PubT-2010 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 116% male and 116% for females) and adjusted for mortality improvements using projection scale MP2021 from 2010	RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 82% male and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living adjustments	3.00 percent (annual non-compounded for MIP members)	3.00 percent (annual non-compounded for MIP members)

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 measurement date.

Significant assumption changes since the measurement date, September 30, 2022, for the OPEB plan includes the healthcare cost trend rate used in the September 30, 2023 actuarial valuation decrease by 0.25 precentfor members under 65 and increased 1.00 percent for members over 65. In addition, actual per person health benefit costs were lower than projected.

Significant assumption changes since the measurement date, September 30, 2021, for both the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent.

There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.00 percent as of September 30, 2023 and 2022. The discount rate used to measure the total OPEB (asset) liability was 6.00 percent as of September 30, 2023 and 2022. 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 employer 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 for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB (asset) liability.

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

	2024		2023	
Investment Category	Target Allocation Percentage	Long-term Expected Real Rate of Return	Target Allocation Percentage	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.80%	25.0%	5.10%
Private equity pools	16.0%	9.60%	16.0%	8.70%
International equity pools	15.0%	6.80%	15.0%	6.70%
Fixed-income pools	13.0%	1.30%	13.0%	-0.20%
Real estate and infrastructure pools	10.0%	6.40%	10.0%	5.30%
Absolute return pools	9.0%	4.80%	9.0%	2.70%
Real return, opportunistic pools	10.0%	7.30%	10.0%	5.80%
Short-term investment pools	2.0%	0.30%	2.0%	-0.50%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent and 2.2 percent as of September 30, 2023 and 2022, respectively.

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension 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, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	2024	
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 79,547,361	$ 58,880,484	$ 41,674,561

	2023	
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 87,615,698	$ 66,394,215	$ 48,906,757

Sensitivity of the Net OPEB to Changes in the Discount Rate - The following presents the net OPEB (asset) liability of the College, calculated using the current discount rate, as well as what the College's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	2024	
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 1,136,757	$ (1,096,515)	$ (3,015,793)

	2023	
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 6,474,545	$ 3,859,861	$ 1,657,972

Sensitivity of the Net OPEB to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB (asset) liability of the College, calculated using the current healthcare cost trend rate, as well as what the College's net OPEB (asset) liability would be if were calculated using a healthcare cost trend rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	2024	
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ (3,020,578)	$ (1,096,515)	$ 985,952

	2023	
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ 1,616,325	$ 3,859,861	$ 6,378,274

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

Note 8 - Michigan Public School Employees' Retirement System (Continued)

Payable to the Pension Plan and OPEB Plan - At June 30, 2024, the College reported a payable of $1,183,991 and $185,766, for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024. At June 30, 2023, the College reported a payable of $843,496 and $120,734, for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

Note 9 - Optional Retirement Plan

In January 1997, the College began providing a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt-status employees can elect certain investment choices offered within the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) plan portfolio. The TIAA-CREF plan is a defined contribution retirement plan whereby benefits vest immediately. The College contributes a specified percentage of employee wages and has no liability beyond its own contribution. For the years ended June 30, 2024 and 2023, that contribution rate was determined to be 11.50 percent. This resulted in the College contributing approximately $2,076,000 and $2,032,000 to the retirement plan for 2024 and 2023, respectively.

Note 10 - Risk Management

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in the Michigan Community College Risk Management Authority (the "Authority") risk pool for claims relating to auto, property, and liability.

The Michigan Community College Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The College participates in the West Michigan Health Insurance Pool (the "Pool") for medical benefits provided to employees. As a member of the Pool, the College is fully insured for medical claims.

Note 11 - Federal Direct Lending Program

The College distributed $7,526,612 and $7,157,424 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2024 and 2023, respectively. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

Note 12 - Long-term Obligations

The College's long-term liability activity for the year ended June 30, 2024 is as follows:

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
2014 Bonds	$ 5,206,990	$ -	$ (680,999)	$ 4,525,991	$ (695,999)
Lease liability	126,914	-	(50,580)	76,334	(30,323)
Subscription liability	1,222,458	3,080,179	(858,566)	3,444,071	(943,341)
Total	$ 6,556,362	$ 3,080,179	$ (1,590,145)	$ 8,046,396	$ (1,669,663)

The College's long-term liability activity for the year ended June 30, 2023 is as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Current Portion
2014 Bonds	$ 5,867,988	$ -	$ (660,998)	$ 5,206,990	$ (680,999)
Lease liability	7,967,017	-	(7,840,103)	126,914	(39,781)
Subscription liability	1,373,933	674,540	(826,015)	1,222,458	(722,516)
Total	$ 15,208,938	$ 674,540	$ (9,327,116)	$ 6,556,362	$ (1,443,296)

The 2014 general obligation, limited-tax bonds were issued in December 2014, as authorized by the board of trustees for the construction of capital projects. Bond principal payments range from $685,000 to $800,000 and are due annually each May through maturity in fiscal year 2030. Interest payments are due semiannually through maturity at rates ranging from 3.00 percent to 3.25 percent. At June 30, 2024 and 2023, the unamortized bond premium outstanding amounts to $65,991 and $76,990, respectively.

As of June 30, 2024, bond maturities are as follows:

	Debt Obligations			
Years Ending June 30	Principal	Premium	Interest	Total
2025	$ 685,000	$ 10,999	$ 139,613	$ 835,612
2026	715,000	10,999	119,062	845,061
2027	735,000	10,999	97,613	843,612
2028	750,000	10,999	75,562	836,561
2029	775,000	10,999	51,188	837,187
2030	800,000	10,996	26,000	836,996
Total	$ 4,460,000	$ 65,991	$ 509,038	$ 5,035,029

The College's future principal and interest payment requirements related to right to use assets for the lease liability at June 30, 2024 are as follows:

	Lease Liability		
Years Ending June 30	Principal	Interest	Total
2025	$ 30,323	$ 2,077	$ 32,400
2026	42,421	751	43,172
2027	3,590	10	3,600
Total	$ 76,334	$ 2,838	$ 79,172

Note 12 - Long-term Obligations (Continued)

The College's future principal and interest payment requirements related to the right to use assets for the subscription liability at June 30, 2024 are as follows:

	Subscription Liability		
Years Ending June 30	Principal	Interest	Total
2025	$ 943,341	$ 94,614	$ 1,037,955
2026	758,678	80,899	839,577
2027	694,094	59,079	753,173
2028	512,023	36,817	548,840
2029	535,935	18,840	554,775
Total	$ 3,444,071	$ 290,249	$ 3,734,320

The FSIC had a note payable to New Markets Investment 94, LLC (the Sub CDE) in the amount of $7,720,000 as of June 30, 2016. The loan consisted of Tranche A for $5,348,000 and Tranche B for $2,372,000. The note was evidenced by a note document and an agreement and bore an interest rate of 1.2109 percent. The note was collateralized by the real property assets of the Project. Interest-only payments totaling $23,371 commenced on March 10, 2016 and were due quarterly through and including December 10, 2022. On December 10, 2022, a residual repayment in the amount of $20,000 was due. During the year ended June 30, 2023, the NMTC was unwound, and as part of the process, the note payable was forgiven in full.

Note 13 - Upcoming Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability:										
As a percentage	0.18192%	0.17654%	0.19667%	0.21112%	0.22296%	0.22595%	0.22682%	0.23043%	0.22830%	0.22568%
Amount	$ 58,880,484	$ 66,394,215	$ 46,561,385	$ 72,520,484	$ 73,836,581	$ 67,923,636	$ 58,779,985	$ 57,491,043	$ 55,763,460	$ 49,709,091
College's covered payroll	$ 19,649,241	$ 17,943,265	$ 17,070,050	$ 18,308,739	$ 19,396,271	$ 19,283,487	$ 19,117,987	$ 19,219,436	$ 19,425,889	$ 19,310,993
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	299.66%	370.02%	272.77%	396.10%	380.67%	352.24%	307.46%	299.13%	287.06%	257.41%
MPSERS fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

Schedule of the College's Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 8,134,818	$ 8,699,579	$ 6,214,782	$ 6,181,056	$ 6,045,367	$ 6,137,252	$ 5,844,463	$ 5,388,993	$ 5,454,673	$ 5,911,507
Contributions in relation to the actuarially determined contractually required contribution	$ 8,134,818	$ 8,699,579	$ 6,214,782	$ 6,181,056	$ 6,045,367	$ 6,137,252	$ 5,844,463	$ 5,388,993	$ 5,454,673	$ 5,911,507
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,097,914	$ 19,335,295	$ 17,606,092	$ 17,261,513	$ 18,542,685	$ 19,514,993	$ 19,208,229	$ 19,146,178	$ 19,324,683	$ 19,582,516
Contributions as a percentage of covered payroll	40.48%	44.99%	35.30%	35.81%	32.60%	31.45%	30.43%	28.15%	28.23%	30.19%

Notes to Required Supplementary Information

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

Changes of Assumptions - There were no changes to assumptions for the plan years ended September 30, except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percent.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percent.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percent. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percent.

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

	2023	2022	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB liability:							
As a percentage	0.19383%	0.18224%	0.18625%	0.20446%	0.22043%	0.22552%	0.22830%
Amount	$ (1,096,515)	$ 3,859,861	$ 2,842,852	$ 10,953,345	$ 15,822,137	$ 17,926,419	$ 20,217,393
College's covered payroll	$ 19,649,241	$ 17,943,265	$ 17,070,050	$ 18,308,739	$ 19,396,271	$ 19,283,487	$ 19,117,987
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	-5.58%	21.51%	16.65%	59.83%	81.57%	92.96%	105.75%
MPSERS fiduciary net position as a percentage of the total OPEB liability	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

Schedule of the College's Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,651,129	$ 1,556,337	$ 1,434,756	$ 1,436,460	$ 1,490,016	$ 1,546,749	$ 1,387,358
Contributions in relation to the actuarially determined contractually required contribution	$ 1,651,129	$ 1,556,337	$ 1,434,756	$ 1,436,460	$ 1,490,016	$ 1,546,749	$ 1,387,358
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,097,914	$ 19,335,295	$ 17,606,092	$ 17,261,513	$ 18,542,685	$ 19,517,993	$ 19,208,229
Contributions as a percentage of covered payroll	8.22%	8.05%	8.15%	8.32%	8.04%	7.92%	7.22%

Notes to Required Supplementary Information

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

Changes of Assumptions - There were no changes to assumptions for the plan year ended September 30, except for the following:

2023 - The healthcare cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percent for members under 65 and increased by 1.00 percent for members over 65. In addition, actual per person health benefits were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percent. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

2021- The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percent for members under 65 and decreased by 1.75 percent for members over 65. In addition, actual per person health benefit costs were lower than projected. This resulted in a reduction to 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 percent and actual per person health benefit costs were lower than projected. This resulted in a reduction to the plan's total OPEB liability by $1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percent. 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 an additional $1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percent. 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.

Supplementary Information

Kalamazoo Valley Community College

Combining Statement of Net Position
Year Ended June 30, 2024

	General Fund	MPSERS Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund	Agency Fund	Holding Company	Combined Total
Assets									
Current:									
Cash and cash equivalents	$ 9,729,947	$ -	$ 4,000,000	$ 4,002,600	$ -	$ 9,000,000	$ -	$ 859,317	$ 27,591,864
Short-term investments	945,552	-	-	1,000,000	-	2,000,000	-	-	3,945,552
Accounts receivable - Net	5,779,950	-	-	489,956	6,381,871	-	29,374	-	12,681,151
Inventories	126,489	-	-	538,914	-	-	-	-	665,403
Prepaid expenses and other assets	1,141,511	-	112,051	71,307	-	450,148	-	4,596	1,779,613
Other receivable from Foundation - Current	-	-	-	-	-	-	-	-	-
Due from (to) other funds	3,530,106	-	38,487	592,904	(5,122,453)	943,729	17,227	-	-
	-								
Total current assets	21,253,555	-	4,150,538	6,695,681	1,259,418	12,393,877	46,601	863,913	46,663,583
Noncurrent:									
Restricted cash	-	-	-	-	0	-	-	-	-
Note receivable	-	-	-	-	-	-	-	-	-
Right to use assets	3,273,195	-	63,588	2,380	-	-	-	-	3,339,163
Net OPEB asset	-	1,096,515	-	-	-	-	-	-	1,096,515
Long-term investments	4,509,594	-	-	-	-	40,000,000	-	-	44,509,594
Total noncurrent assets	7,782,789	1,096,515	63,588	2,380	-	40,000,000	-	-	48,945,272
Capital assets:									
Land and improvements	-	-	-	-	-	16,821,138	-	164,946	16,986,084
Buildings and improvements	-	-	-	-	-	144,024,343	-	-	144,024,343
Construction in progress	-	-	-	-	-	4,118,764	-	-	4,118,764
Equipment	-	-	-	-	-	37,312,786	-	-	37,312,786
Library and educational materials	-	-	-	-	-	737,734	-	-	737,734
Exhibits	-	-	-	-	-	8,880,809	-	-	8,880,809
Collections	-	-	-	-	-	95,486	-	-	95,486
Accumulated depreciation	-	-	-	-	-	(132,297,376)	-	-	(132,297,376)
Total capital assets	-	-	-	-	-	79,693,684	-	164,946	79,858,630
Total assets	29,036,344	1,096,515	4,214,126	6,698,061	1,259,418	132,087,561	46,601	1,028,859	175,467,485
Deferred Outflows									
Deferred outflows	-	22,371,499	-	-	-	-	-	-	22,371,499
Liabilities - Current									
Accounts payable	868,105	-	49,635	216,151	192,255	954,021	4,129	881,154	3,165,450
Accrued payroll, vacation, and other compensation	5,257,274	-	-	-	-	-	-	-	5,257,274
Other accrued liabilities	-	-	-	-	-	23,269	-	-	23,269
Deposits	-	-	-	-	-	-	42,472	-	42,472
Unearned revenue	1,778,030	-	-	2,425	400,126	-	-	-	2,180,581
Long-term obligations - Current portion	949,533	-	24,131	-	-	695,999	-	-	1,669,663
			-						
Total liabilities - Current	8,852,942	-	73,766	218,576	592,381	1,673,289	46,601	881,154	12,338,709
Liabilities - Long term									
Long-term obligations - Net of current portion	2,546,740	-	-	-	-	3,829,993	-	-	6,376,733
Net OPEB liability	-	-	-	-	-	-	-	-	-
Net pension liability	-	58,880,484	-	-	-	-	-	-	58,880,484
Total liabilities - Long term	2,546,740	58,880,484	-	-	-	3,829,993	-	-	65,257,217
Deferred Inflows									
Deferred inflows	34,794	24,908,090	-	-	-	-	-	-	24,942,884
Net Position									
Net investment in capital assets	-	-	-	-	-	75,167,692	-	164,946	75,332,638
Restricted for expendable scholarships and grants	-		-	-	667,037	-	-	-	667,037
Restricted for expendable OPEB asset	-	1,096,515	-	-	-	-	-	-	1,096,515
Unrestricted net position (deficit)	17,601,868	(61,417,075)	4,140,360	6,479,485	-	51,416,587	-	(17,241)	18,203,984
Total net position	**$ 17,601,868**	**$ (60,320,560)**	**$ 4,140,360**	**$ 6,479,485**	**$ 667,037**	**$ 126,584,279**	**$ -**	**$ 147,705**	**$ 95,300,174**

Kalamazoo Valley Community College

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2024

	Eliminations	General Fund	MPSERS Fund	Designated Fund	Auxiliary Activites Fund	Expendable Restricted Fund	Plant Fund	Holding Company	Combined Total
Operating Revenue									
Tuition and fees - Net of scholarship allowance ($4,059,023)	$ (4,059,023)	$ 23,685,687	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,626,664
Federal grants	-	-	-	-	-	2,371,508	-	-	2,371,508
State grants	-	-	-	-	-	563,558	-	-	563,558
Gifts and grants from Kalamazoo Valley Community College Foundation	-	-	-	-	-	767,905	-	-	767,905
Other grants	-	-	-	-	-	755,320	-	-	755,320
Sales and services revenue - Net of scholarship allowance ($411,742)	(468,246)	1,778,312	-	-	2,492,588	-	-	-	3,802,654
Other income	-	644,862	-	-	(308,786)	-	-	-	336,076
Current funds capital expenditures	(6,321,045)	-	-	-	-	-	6,321,045	-	-
Total operating revenue	(10,848,314)	26,108,861	-	-	2,183,802	4,458,291	6,321,045	-	28,223,685
Operating Expenses									
Instruction	(1,141,384)	30,479,867	(3,221,704)	595,004	-	501,863	728,797	-	27,942,443
Information technology	(334,185)	5,419,022	(572,788)	279,163	28,533	-	456,707	-	5,276,452
Public services	(236,833)	3,298,433	(348,643)	-	2,712,844	1,439,337	102,702	-	6,967,840
Instructional support	(47,398)	6,471,973	(684,084)	177,597	-	334,429	85,296	-	6,337,813
Student services	(4,546,460)	7,446,515	(787,093)	637,183	2,628,264	10,466,823	72,439	-	15,917,671
Institutional administration	(2,139)	7,389,912	(781,110)	71,250	-	3,068	-	15,525	6,696,506
Physical plant	(4,539,915)	7,823,366	(826,925)	41,434	479,660	98,030	6,120,110	-	9,195,760
Amortization expense	-	942,757	-	81,373	9,519	-	-	-	1,033,649
Depreciation expense	-	-	-	-	-	-	6,385,605	-	6,385,605
Total operating expenses	(10,848,314)	69,271,845	(7,222,347)	1,883,004	5,858,820	12,843,550	13,951,656	15,525	85,753,739
Operating Loss	-	(43,162,984)	7,222,347	(1,883,004)	(3,675,018)	(8,385,259)	(7,630,611)	(15,525)	(57,530,054)
Nonoperating Revenue (Expenses)									
State appropriations	-	22,353,418	1,138,313	-	503,686	-	-	-	23,995,417
Property tax levy	-	25,068,601	-	-	4,210,221	-	-	-	29,278,822
Other taxes and interest	-	180,072	-	-	30,243	-	-	-	210,315
Pell revenue	-	-	-	-	-	8,392,181	-	-	8,392,181
Investment income	-	906,488	-	13,773	202,910	633	1,464,448	23,085	2,611,337
Net Unrealized gain on investments	-	878,966	-	(1,130)	(29,769)	-	(190,385)	-	657,682
Net gain from sale of assets	-	-	-	-	4,645	-	29,683	423,136	457,464
Interest on capital asset - Related debt	-	-	-	-	-	-	(143,072)	-	(143,072)
Interest on right to use asset - Related debt	-	(15,682)	-	(1,269)	(38)	-	-	-	(16,989)
Gifts and contributions	-	-	-	-	-	-	3,766	-	3,766
Net nonoperating revenue	-	49,371,863	1,138,313	11,374	4,921,898	8,392,814	1,164,440	446,221	65,446,923
Income (Loss) Before Other Revenue	-	6,208,879	8,360,660	(1,871,630)	1,246,880	7,555	(6,466,171)	430,696	7,916,869
Increase (Decrease) in Net Position - Before transfers	-	6,208,879	8,360,660	(1,871,630)	1,246,880	7,555	(6,466,171)	430,696	7,916,869
Transfers	-	(5,104,565)	-	637,183	(261,348)	28,730	4,726,291	(26,291)	-
Increase (Decrease) in Net Position	-	1,104,314	8,360,660	(1,234,447)	985,532	36,285	(1,739,880)	404,405	7,916,869
Net Position - Beginning of year	-	16,497,554	(68,681,220)	5,374,807	5,493,953	630,752	128,324,159	(256,700)	87,383,305
Net Position - End of year	$ -	$ 17,601,868	$ (60,320,560)	$ 4,140,360	$ 6,479,485	$ 667,037	$ 126,584,279	$ 147,705	$ 95,300,174

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FIELD	VALUES
Company Name (Headings)	Kalamazoo Valley Community College
Company Name (Text)	Kalamazoo Valley Community College
D/B/A	d/b/a
Year End	June 30, 2024
Prior Year	June 30, 2023
2 Year Prior	June 30, 2022
Opinion Date	Opinion Date
Comparative Date	June 30, 2024 and 2023
2006	2024
2005	2023
2004	2022