

Glen Oaks
Community
College



Years Ended
June 30, 2025
and 2024

Financial
Statements
and
Supplementary
Information

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GLEN OAKS COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

November 13, 2025

Board of Trustees
Glen Oaks Community College
Centreville, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of **Glen Oaks Community College** (the "College"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 13, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehman Loban LLC". The signature is written in a cursive style with a large, prominent 'R' at the beginning.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Introduction

The discussion and analysis of *Glen Oaks Community College's* (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2025, 2024, and 2023. Management has prepared the financial statements and the related footnote 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 annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information, and other information. The basic financial statements are comprised of three components: the statement of net position, the statement of revenues, expenses, changes in net position, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

Glen Oaks Community College Foundation is included within these statements as a discretely presented component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College. In addition, following the basic financial statements and footnotes is required supplementary information (pension and OPEB schedules) and two supplementary schedules (combining statement of net position and the combining statement of revenues, expenses, transfers, and changes in net position) as of and for the year ended June 30, 2025 for the College.

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement No. 101, *Compensated Absences*. The primary objective of this statement is to improve the recognition and measurement guidance for the College's compensated absences. This statement establishes a more uniform approach for accounting and financial reporting of compensated absences such as vacation, sick leave, and similar benefits. Under this statement, the College is required to recognize a liability for leave time that is attributable to services already rendered, is accumulated, and is more likely than not to be used. The implementation of the standard is effective July 1, 2023. However, management elected not to restate prior year amounts as the impact to the College's liabilities, net position, or expenses was insignificant. As of June 30, 2025 and 2024, compensated absences liabilities were recorded in the amount of approximately \$945,000 and \$340,000, respectively.

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

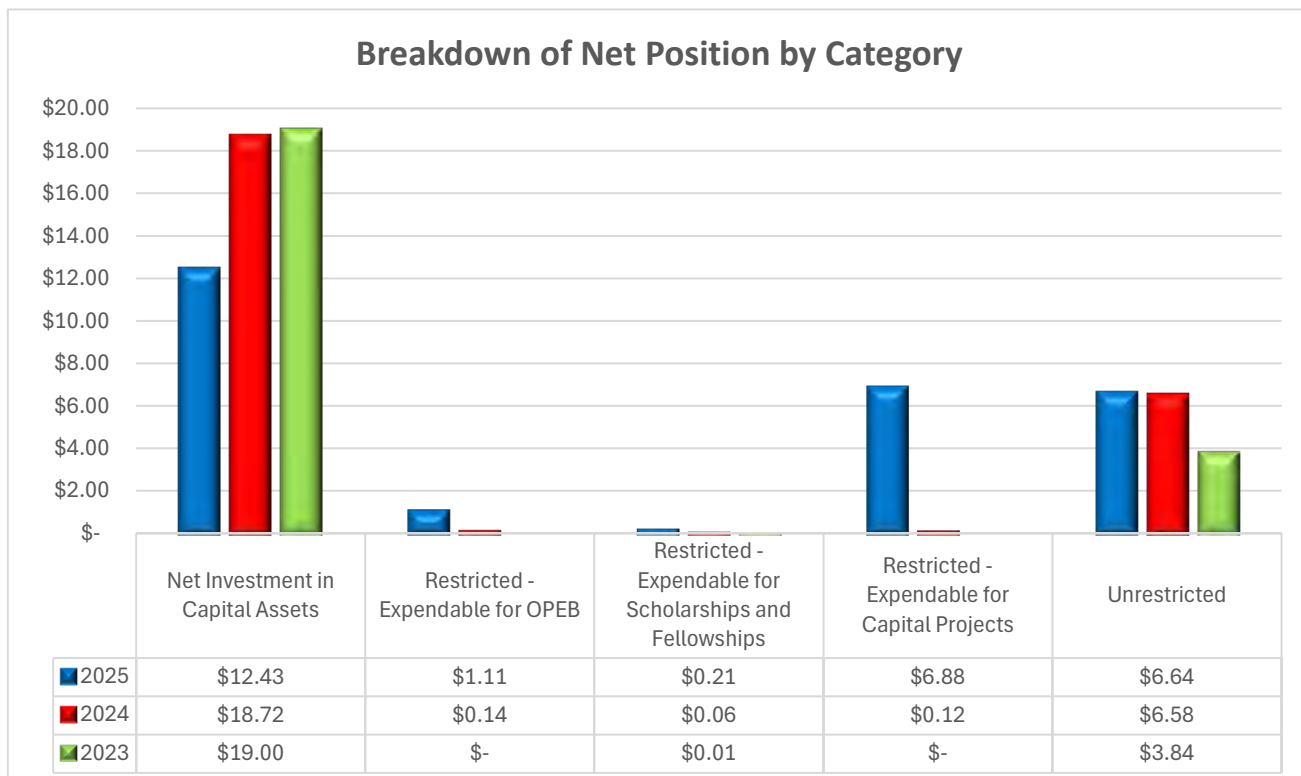
Financial Highlights

The financial statements report information on the College as a whole. Total assets for 2025, 2024, and 2023 were \$50.5 million, \$40.8 million, and \$39.0 million, respectively. Deferred outflows of resources for 2025, 2024, and 2023 were \$2.5 million, \$2.7 million, and \$3.4 million, respectively. Total liabilities for 2025, 2024, and 2023 were \$21.7 million, \$14.7 million, and \$17.0 million, respectively. Deferred inflows of resources for 2025, 2024, and 2023 were \$4.0 million, \$3.2 million, and \$2.6 million, respectively. The College's revenue was more than expenses for 2025, 2024, and 2023 by \$1.6 million, \$2.8 million, and \$5.2 million, respectively. Net position, which represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted, totaled \$27.3 million, \$25.6 million, and \$22.9 million at June 30, 2025, 2024, and 2023, respectively.

As a result of the implementation of GASB No. 68 during fiscal year 2015, the College is required to report its proportionate share of the MPSERS net pension liability on the statement of net position. The College's proportionate share of the MPSERS net pension liability was \$6.0 million, \$7.5 million, and \$9.1 million, as of June 30, 2025, 2024, and 2023, respectively.

GASB No. 75, requiring the College to report its proportionate share of the net other postemployment benefits ("OPEB") (asset) liability on the statement of net position, was implemented in fiscal year 2018. The College's proportionate share of the net OPEB (asset) liability was (\$1.1) million, (\$0.1) million, and \$0.5 million as of June 30, 2025, 2024, and 2023, respectively.

The following chart provides a graphical breakdown of net position by category as of June 30, 2025, 2024, and 2023 (in millions):



GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

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

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

Statements of Net Position

Following are the major components of the statements of net position of the College as of June 30, 2025, 2024, and 2023 (in thousands):

	Condensed Statements of Net Position as of June 30 (in thousands)		
	2025	2024	2023
Current and other assets	\$ 24,230	\$ 16,486	\$ 14,482
Capital assets, net	25,174	24,179	24,538
OPEB asset	1,112	136	-
Total assets	<u>50,516</u>	<u>40,801</u>	<u>39,020</u>
Deferred outflows of resources	<u>2,457</u>	<u>2,731</u>	<u>3,399</u>
Other liabilities	2,052	1,549	1,919
Pension and OPEB liabilities	6,006	7,460	9,547
Long-term liabilities	13,687	5,703	5,538
Total liabilities	<u>21,745</u>	<u>14,712</u>	<u>17,004</u>
Deferred inflows of resources	<u>3,960</u>	<u>3,195</u>	<u>2,559</u>
Net position:			
Net investment in capital assets	12,431	18,721	19,000
Restricted for			
OPEB	1,112	136	-
Scholarships and fellowships	209	60	13
Capital projects	6,877	123	-
Unrestricted	6,639	6,585	3,843
Total net position	<u>\$ 27,268</u>	<u>\$ 25,625</u>	<u>\$ 22,856</u>

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

The significant changes in the assets, deferred outflows, liabilities, and deferred inflows of the College are as follows:

- Current and other assets increase by \$7.7 million in 2025 due to the approved USDA Loan that is funding the current renovation of the South Side of campus. Current and other assets increase by \$2.0 million in 2024 due to increases in cash and short-term investments. Cash increased due to the increased enrollment at the College and no major debt repayments, long and short-term investments increase due to the maturity date of long-term investments.
- Capital assets increased by \$995 thousand in 2025 compared to 2024 due to finishing the North Side renovation that was partially funded through capital outlay money received from the State in 2024.
- Other liabilities increased by \$0.5 million in 2025 compared to 2024 primarily due to implementing the new GASB 101 requirements on reporting sick leave. Other liabilities decreased by \$370 thousand in 2024 compared to 2023 primarily due to a decrease in unearned revenue.
- Pension and OPEB liabilities decreased by \$1.5 million in 2025 compared to 2024 due to changes in assumptions, changes in the College's proportionate share and differences between projected and actual earnings on pension and OPEB plan investments. Pension and OPEB liabilities decreased by \$2.1 million in 2024 compared to 2023 due to changes in assumptions, changes in the College's proportionate share and differences between projected and actual earnings on pension and OPEB plan investments.
- Long-term liabilities increased by \$7.4 million in 2025 compared to 2024 due to adding the new approved USDA Loan to long-term debt. Long-term liabilities decreased by \$174 thousand in 2024 compared to 2023 due to principal payments made on long-term debt.

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Statements of Revenues, Expenses, and Changes in Net Position

Following is the detail of the major components of operating results of the College for the years ended June 30, 2025, 2024, and 2023 (in thousands):

	Operating Results for the Years Ended June 30 (in thousands)		
	2025	2024	2023
Operating revenues			
Tuition and fees, net	\$ 1,633	\$ 2,935	\$ 2,350
Grants and contracts	3,687	3,605	1,577
Auxiliary activities	622	609	592
Other	224	884	756
Total net operating revenues	<u>6,166</u>	<u>8,033</u>	<u>5,275</u>
Operating expenses			
Instruction	3,751	4,098	3,627
Public service	469	356	231
Instructional support	1,060	1,184	1,129
Student services	5,101	5,869	3,678
Institutional administration	3,493	3,273	2,955
Physical plant operations	1,245	1,232	1,284
Information technology	1,547	1,424	1,075
Depreciation	2,297	1,471	1,296
Total operating expenses	<u>18,963</u>	<u>18,907</u>	<u>15,275</u>
Net operating loss	<u>(12,797)</u>	<u>(10,874)</u>	<u>(10,000)</u>

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GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

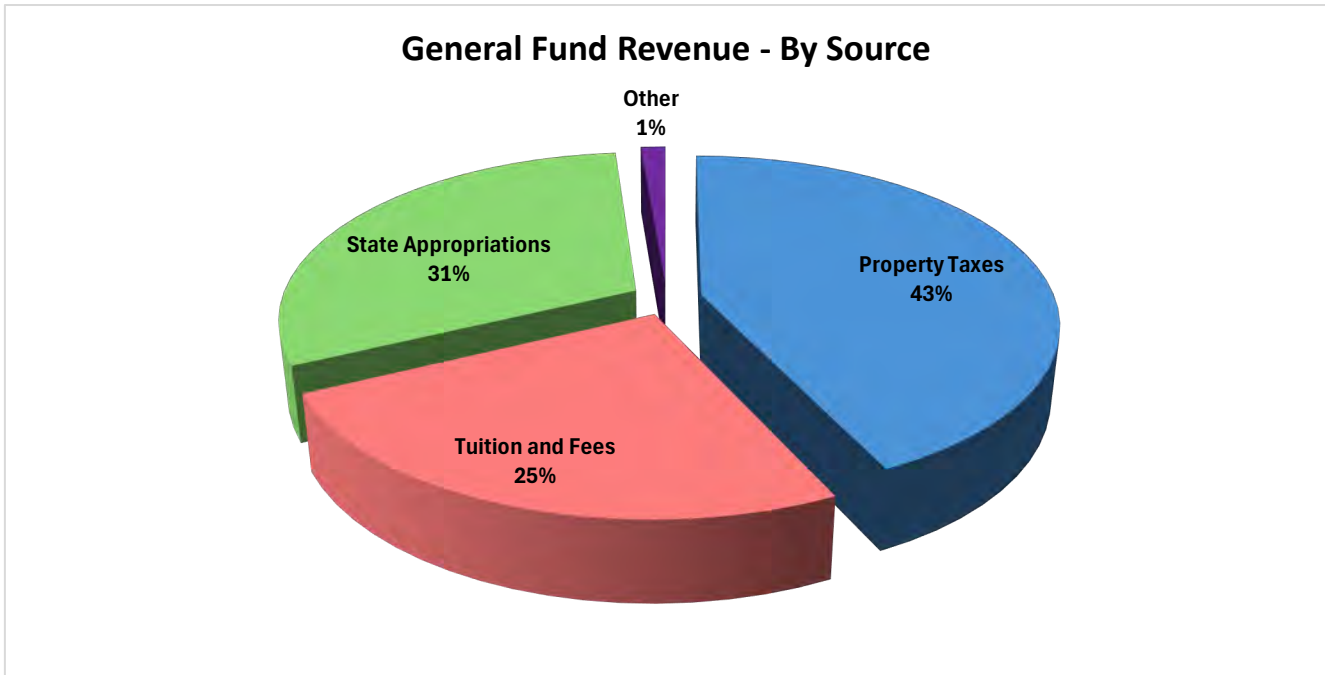
	Operating Results for the Years Ended June 30 (in thousands)		
	2025	2024	2023
Nonoperating revenue (expense)			
State appropriations	\$ 4,880	\$ 4,456	\$ 4,455
Federal Pell grant	2,077	1,598	1,276
Federal Higher Education Relief Funds grant	-	-	219
Property taxes	7,212	6,767	6,276
Investment income	198	179	57
Insurance claim income	3	-	9
Interest on capital asset-related debt	(132)	(129)	(206)
Total nonoperating revenues	<u>14,238</u>	<u>12,871</u>	<u>12,086</u>
Other revenues			
State capital appropriations	-	358	-
State capital grants	202	414	3,114
Total other revenues	<u>202</u>	<u>772</u>	<u>3,114</u>
Increase in net position	1,643	2,769	5,200
Net position, beginning of year	<u>25,625</u>	<u>22,856</u>	<u>17,656</u>
Net position, end of year	<u>\$ 27,268</u>	<u>\$ 25,625</u>	<u>\$ 22,856</u>

concluded

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Internally, the College accounts for its financial statements using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. The College accounts for its primary programs and operations in its General Fund. The General Fund is financed primarily through four sources of revenue - tuition and fees, state appropriations, property taxes, and other. For this report, these sources of revenue are classified as both operating and non-operating. The following chart shows the percentage of these sources of revenue as they were reported in the General Fund for the year ended June 30, 2025.



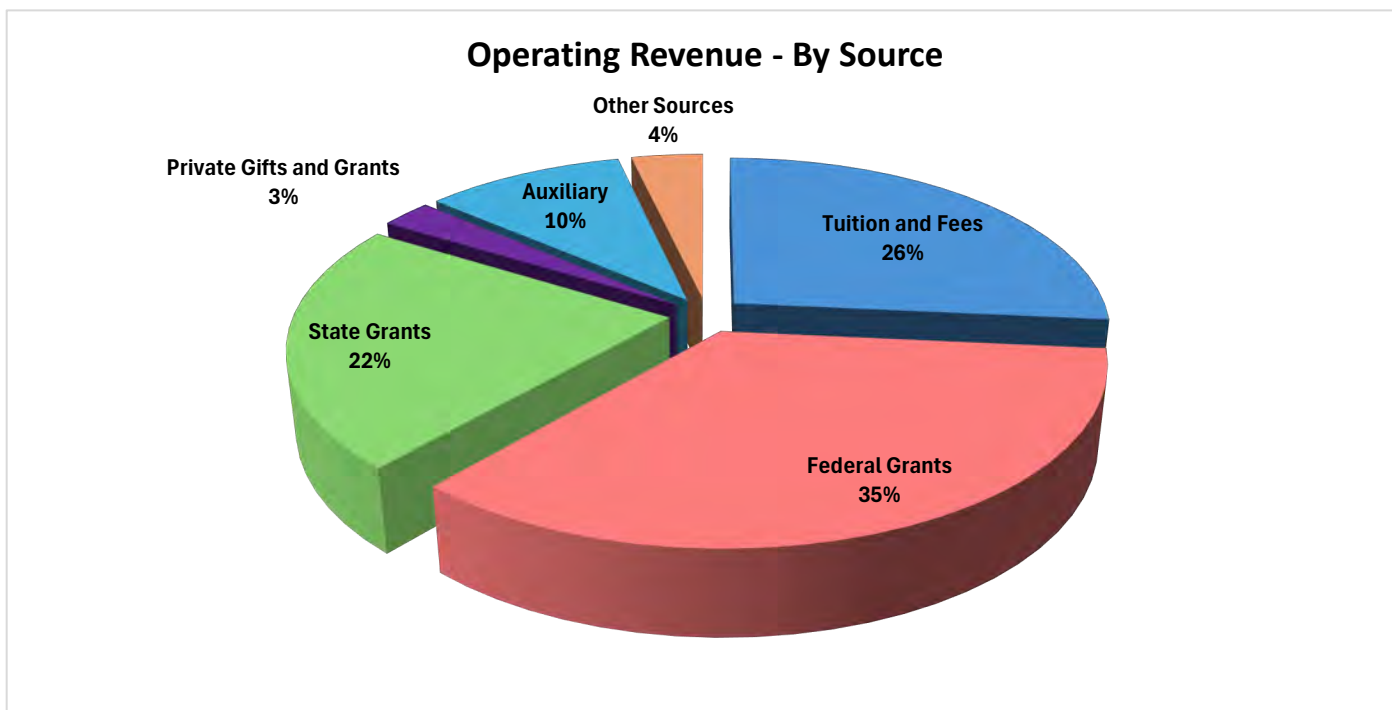
GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Operating Revenue

For the College as a whole, operating revenue includes all transactions that result in the sales and/or receipts from goods and services, such as tuition and fees and other auxiliary operations. 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. For the year ended 2025, overall operating revenue increased in the areas of federal and state grants and contracts; and sales and services of auxiliary activities, while overall operating revenue decreased in the area of tuition and fees. The decrease was primarily attributable to an increase in the scholarship allowance—recorded as a contra-revenue item—which increased approximately \$1.6 million from 2024. For the year ended 2024, overall operating revenue increased in the areas of tuition and fees; federal and state grants and contracts; and sales and services of auxiliary activities.

The following is a graphic illustration of operating revenue by source for the year ended June 30, 2025:



GLEN OAKS COMMUNITY COLLEGE

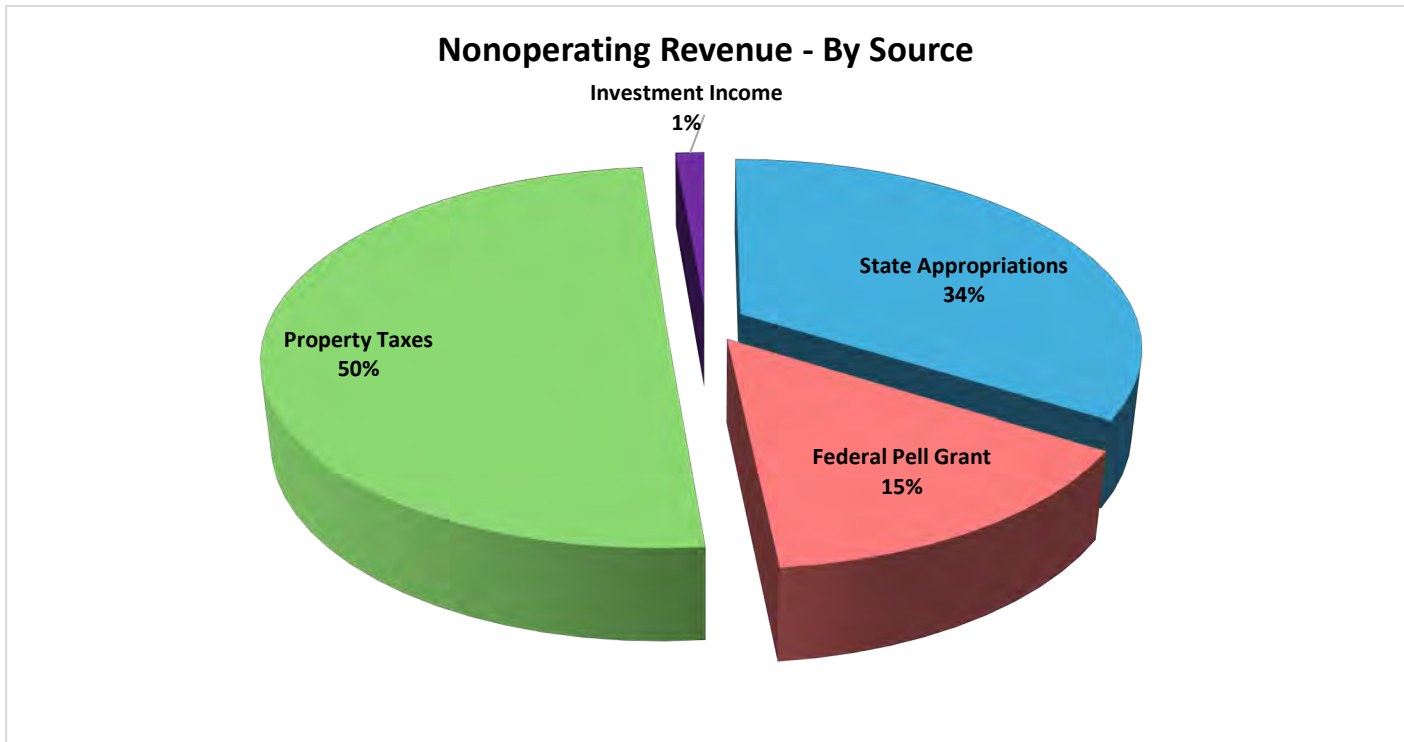
Management's Discussion and Analysis

Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, Federal Pell grants, and investment income. Nonoperating revenue changes included the following factors:

- Federal Pell grant revenue increased by 29.97 percent in 2025 due to an increased number of eligible students. Federal Pell grant revenue increased by 25.28 percent in 2024 due to an increased number of eligible students.
- State appropriations increased by 9.52 percent in 2025 due to increase in personal property tax reimbursement from the State of Michigan in the amount of \$1.4 million in 2025. State appropriations included a personal property tax reimbursement from the State of Michigan in the amount of \$1.3 million in 2024.
- Property tax revenue increased by 6.58 percent in 2025 and 7.81 percent in 2024 due to changes in property values. The College's levied tax millage rate was 2.7081 and 2.7109 mills for fiscal years 2025 and 2024, respectively.

The following is a graphic illustration of nonoperating revenue by source for the year ended June 30, 2025:



GLEN OAKS COMMUNITY COLLEGE

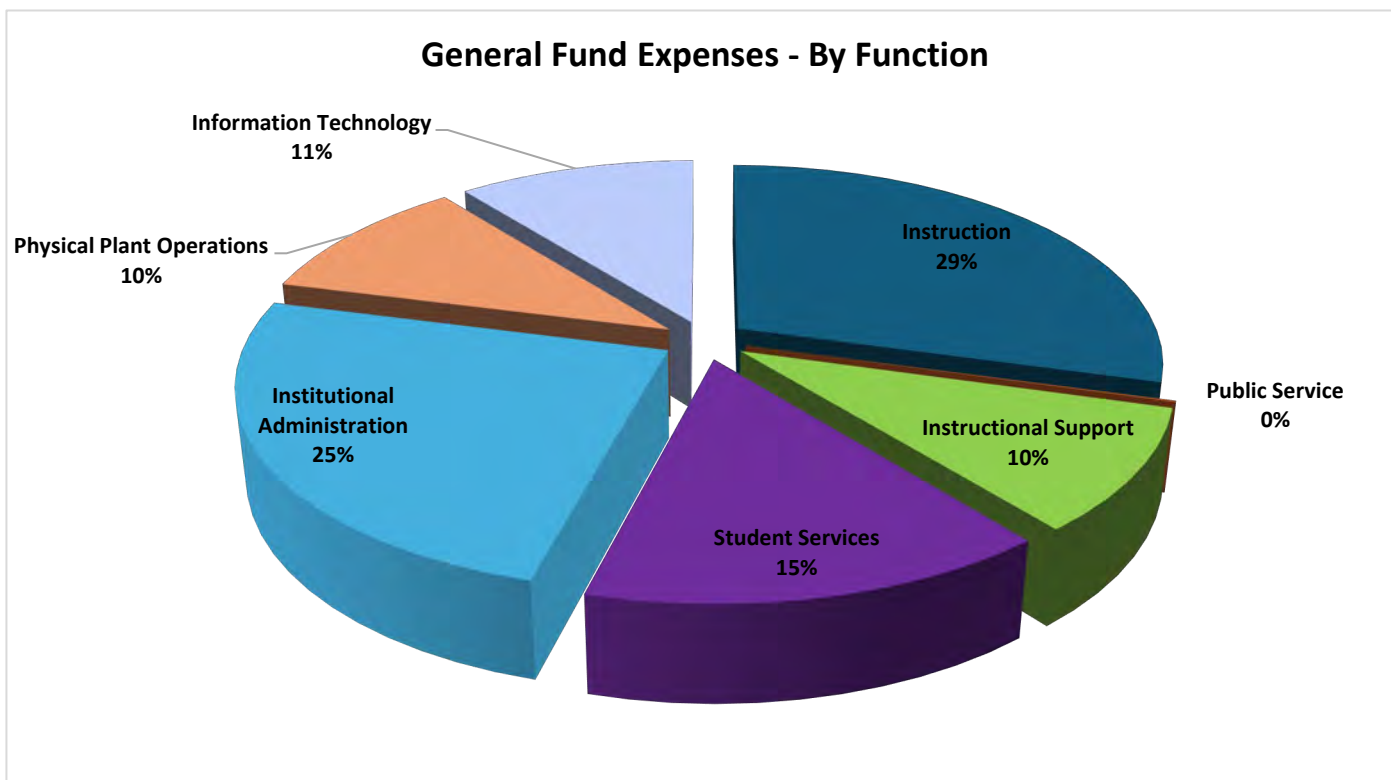
Management's Discussion and Analysis

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries and benefits, utilities, supplies, services, and depreciation and are then categorized by function.

In 2025 operating expenses increased by \$56 thousand over 2024 primarily attributable to an increase in depreciation expense due to adding a completed renovation project. In 2024 operating expenses increased by \$3.6 million over 2023 primarily attributable to an increase in instruction and student services costs due to an increase in enrollment.

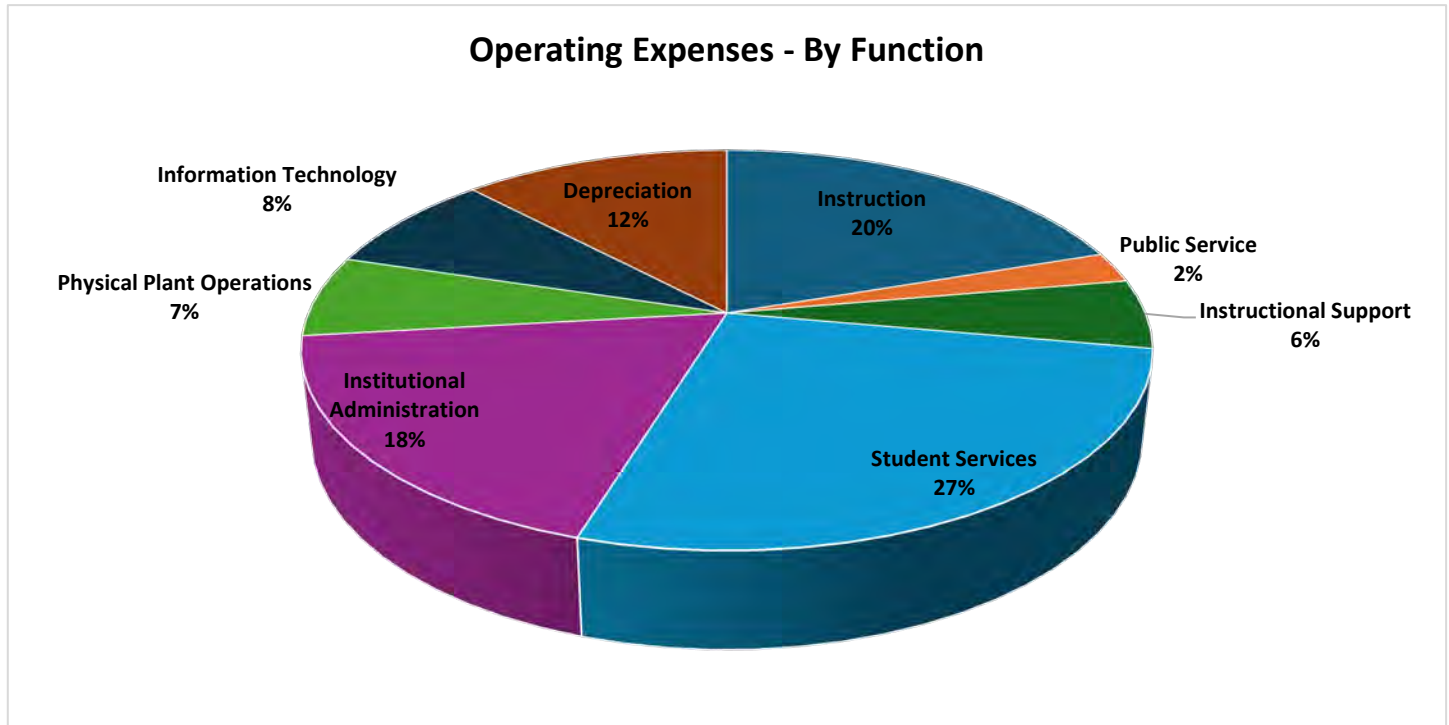
The majority of the operating expenses are reported internally in the College's General Fund. Following is a graphic illustration of operating expenses by function as reported by the General Fund for the year ended June 30, 2025:



GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

For this financial report, the different funds of the College are combined and internal expenses are eliminated. The following is a graphic illustration of operating expenses by function for the institution as a whole for the year ended June 30, 2025:



GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Statements of Cash Flows

Another way to assess the financial health of the College is to look at the statements of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the period. The statement of cash flows also helps users assess:

- The College's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its needs for external financing

	Cash Flows for the Year Ended June 30 (in thousands)		
	2025	2024	2023
Net change in cash from:			
Operating activities	\$ (11,284)	\$ (10,124)	\$ (10,136)
Noncapital financing activities	14,093	12,672	12,469
Capital and related financing activities	(2,534)	(643)	(4,628)
Investing activities	134	113	(141)
Net change in cash and cash equivalents	409	2,018	(2,436)
Cash and cash equivalents - beginning of year	12,665	10,647	13,083
Cash and cash equivalents - end of year	<u>\$ 13,074</u>	<u>\$ 12,665</u>	<u>\$ 10,647</u>

Major sources of funds from operations came from tuition and fees and grants and contracts. These sources were offset by expenses for operations such as payments to employees and suppliers.

Federal Pell grant revenue, local property taxes, state appropriations, and Federal Higher Education Emergency Relief Fund grants, received during the current year provided noncapital financing sources of \$14.1 million, \$12.7 million, and \$12.5 million in 2025, 2024, and 2023, respectively.

Capital Assets

At June 30, 2025, 2024, and 2023, the College had \$25.2 million, \$24.2 million, and \$24.5 million, respectively, invested in capital assets, net of accumulated depreciation of \$26.6 million, \$24.2 million, and \$22.8 million, respectively. Depreciation charges were approximately \$2.3 million for 2025, \$1.5 million for 2024, and \$1.3 million for 2023. In 2025, capital additions are primarily related to the ongoing South Side renovation project. In 2024, capital additions were primarily related to the capitalization of the North Side renovations. In 2023, capital additions included finishing up the renovations to the North Side of campus including the learning commons, welding, auto, and computer labs, new lighting, updated IT infrastructure, windows, doors, fire alarms, a new electrical instruction lab and new metal siding to encapsulate the current exterior walls of the building.

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

Details of the capital assets, net of depreciation, are shown below:

	Capital Assets as of June 30 (in thousands)		
	2025	2024	2023
Buildings and improvements	\$ 19,834	\$ 21,770	\$ 13,951
Land	782	782	782
Furniture, fixtures, and equipment	1,547	1,391	1,166
Library materials	32	31	29
Construction in progress	2,979	205	8,610
Total	<u>\$ 25,174</u>	<u>\$ 24,179</u>	<u>\$ 24,538</u>

Debt

The College had \$12.7 million, \$5.4 million, and \$5.5 million in debt outstanding at June 30, 2025, 2024, and 2023, respectively. In fiscal 2019, the College obtained a USDA loan of up to \$2.2 million to renovate the concourse. The renovation was completed in 2020 and the outstanding balance on the USDA loan was paid off in May 2023. In fiscal 2017, the College obtained a \$6.5 million USDA loan for the construction of a student housing facility. The facility was completed in August 2017; \$5.2 million is outstanding on the USDA loan relating to student housing as of June 30, 2025. In fiscal 2025, the College obtained a \$7.7 million USDA loan for the South Side renovation. As of June 30, 2025, \$7.6 million is outstanding on the USDA loan relating to the South Side renovation.

Supplemental Combining Schedules

The College completed fiscal year ended June 30, 2025 with an increase of approximately \$2.3 million in the General Fund net position. The General Fund is the primary operating fund of the College. At June 30, 2025, the combined General Fund and Pension and OPEB Liability Fund had a net position of \$24.6 million. The Designated Fund, Auxiliary Funds, Restricted Funds, and Plant Fund comprise the remaining net position of the College. The Designated and Auxiliary Funds' net position totaled approximately \$1.6 million at June 30, 2025, is unrestricted, and is held in addition to the General Fund's net position for various future operations and capital improvements. The Plant Fund net position was \$916 thousand at June 30, 2025. Operating expenses within the Plant Fund increased from 2024 and exceeded operating revenues by \$2.3 million. Interest on capital asset related debt increased from 2024 to \$132 thousand. The Plant Fund net position for fiscal year ended June 30, 2025 is comprised of net investment in capital assets of \$12.4 million and an unrestricted deficit of \$11.5 million.

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

The College completed fiscal year ended June 30, 2024 with an increase of approximately \$2.6 million in the General Fund net position. The General Fund is the primary operating fund of the College. At June 30, 2024, the combined General Fund and Pension and OPEB Liability Fund had a net position of \$20.9 million. The Designated Fund, Auxiliary Funds, Restricted Funds, and Plant Fund comprise the remaining net position of the College. The Designated and Auxiliary Funds' net position totaled approximately \$1.5 million at June 30, 2024, is unrestricted, and is held in addition to the General Fund's net position for various future operations and capital improvements. The Plant Fund net position was \$3.0 million at June 30, 2024. Operating expenses within the Plant Fund increased from 2023 and exceeded operating revenues by \$1.5 million. Interest on capital asset related debt decreased from 2023 to \$129 thousand. The Plant Fund net position for fiscal year ended June 30, 2024 is comprised of net investment in capital assets of \$18.7 million and an unrestricted deficit of \$15.7 million.

Economic Factors That Will Affect the Future

The MI Reconnect program continues to provide state funded scholarships for students over the age of 25.

The College has been successful in securing a \$7.7 million low interest USDA loan to complete renovations on the south side of the campus. This project began in September 2024. This project is expected to be completed in January 2026.

The College received a \$0.9 million congressional grant for distance learning enhancements. The grant project features the installation of video-conferencing technology to allow instructors to broadcast synchronous live instruction from their classrooms. Dual-enrolled students will be able to take classes hosted in their local districts if transportation is not available. At Glen Oaks, the project will upgrade four campus classrooms with the installation of infrastructure and videoconferencing technology. For area high schools, the project includes outfitting up to two classrooms in each of the 11 local school districts with the basic videoconferencing capabilities for students to participate in synchronous dual enrollment courses. The first set of synchronous dual enrollment courses was offered in fall semester 2023. In fiscal 2025, we were working on getting this expanded to all the local school districts. In fiscal 2026, we finished the project and are working to make sure that all local school districts are able to have access to this enhancement.

The College has active partnerships with Spring Arbor, Michigan State University, Goshen College, Baker College, and The University of Olivet. The College is also offering open entry/open exit options for industrial technology programs and working with area businesses to ensure employees have the skills they need to succeed in the workplace. The College partners with the MSU Institute of Agricultural Technology to offer a dual MSU certificate and Glen Oaks associate degree in Agricultural Operations and the College also offers an Agricultural Equipment Technology program. The agricultural students, in cooperation with local seed and equipment businesses, are farming the 65 tillable acres owned by the College.

The College contracts with Follett Higher Education Group to manage the Oaks Store. Follett guarantees a minimum 6% commission on net revenue resulting in approximately \$20,000 in commissions annually. Follett's affordability programs, including textbook rentals, digital and used books, and price match, saves Glen Oaks students over \$160,000 a year.

GLEN OAKS COMMUNITY COLLEGE

Management's Discussion and Analysis

The cost of a college education always receives a lot of media attention. Glen Oaks Community College and other community colleges offer an excellent, affordable means for furthering an education. Please see the chart below for national data produced by the College Board comparing two-year public institutions to their four-year counterparts.

Sector	2024 - 2025	2023 - 2024	Dollar Change	Percentage Change
Public Two-Year In-District	\$4,050	\$3,950	\$100	2.5%
Public Four-Year In-State	\$11,610	\$11,310	\$300	2.7%
Public Four-Year Out-of-State	\$30,780	\$29,840	\$940	3.2%
Private Nonprofit Four-Year	\$43,350	\$41,740	\$1,610	3.9%

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FINANCIAL STATEMENTS

GLEN OAKS COMMUNITY COLLEGE

Statements of Net Position

	June 30	
	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 13,073,713	\$ 12,665,232
Short-term investments	918,197	363,460
Receivables, net	8,516,796	1,187,957
Other current assets	823,663	884,419
Total current assets	23,332,369	15,101,068
Noncurrent assets		
Long-term investments	897,593	1,384,542
Capital assets not being depreciated	3,760,964	987,191
Capital assets being depreciated, net	21,413,361	23,191,727
Net OPEB asset	1,111,513	135,934
Total noncurrent assets	27,183,431	25,699,394
Total assets	50,515,800	40,800,462
Deferred outflows of resources		
Deferred pension amounts	2,085,635	2,186,036
Deferred OPEB amounts	371,510	544,471
Total deferred outflows of resources	2,457,145	2,730,507
Liabilities		
Current liabilities		
Accounts payable	1,228,164	786,431
Accrued payroll and related liabilities	637,789	598,236
Current portion of accrued compensated absences	248,870	204,635
Unearned revenue	186,091	164,575
Long-term obligations, current portion	330,000	178,000
Total current liabilities	2,630,914	1,931,877
Noncurrent liabilities		
Long-term obligations, net of current portion	12,413,000	5,186,000
Accrued compensated absences, net of current portion	695,073	133,642
Net pension liability	6,005,617	7,460,097
Total noncurrent liabilities	19,113,690	12,779,739
Total liabilities	21,744,604	14,711,616
Deferred inflows of resources		
Deferred pension amounts	2,414,204	1,952,200
Deferred OPEB amounts	1,546,169	1,242,521
Total deferred inflows of resources	3,960,373	3,194,721
Net position		
Net investment in capital assets	12,431,323	18,721,585
Restricted expendable for		
OPEB	1,111,513	135,934
Scholarships and fellowships	208,734	59,730
Capital projects	6,877,197	122,700
Unrestricted	6,639,201	6,584,683
Total net position	\$ 27,267,968	\$ 25,624,632

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2025	2024
Operating revenue		
Tuition and fees, net of scholarship allowance of \$2,698,775 and \$1,139,975 in 2025 and 2024, respectively	\$ 1,633,330	\$ 2,934,666
Federal grants and contracts	2,156,842	1,799,069
State grants and contracts	1,371,624	1,679,686
Private gifts, grants, and contracts	158,659	126,374
Sales and services of auxiliary activities, net	621,486	609,496
Other sources	223,643	883,621
Total operating revenues	6,165,584	8,032,912
Operating expenses		
Instruction	3,751,418	4,098,013
Public service	468,712	356,462
Instructional support	1,060,364	1,184,040
Student services	5,101,346	5,869,478
Institutional administration	3,492,717	3,273,292
Physical plant operations	1,245,259	1,231,548
Information technology	1,546,570	1,423,863
Depreciation	2,296,751	1,471,192
Total operating expenses	18,963,137	18,907,888
Operating loss	(12,797,553)	(10,874,976)
Nonoperating revenues (expenses)		
State appropriations	4,880,340	4,456,345
Federal Pell grant	2,076,791	1,597,996
Property taxes	7,212,179	6,766,783
Net investment income	198,192	178,998
Interest on capital asset - related debt	(131,825)	(129,461)
Insurance claim income	3,483	-
Net nonoperating revenues	14,239,160	12,870,661
Other revenues		
State capital appropriations	-	358,300
State capital grant	201,729	414,195
Total other revenues	201,729	772,495
Increase in net position	1,643,336	2,768,180
Net position, beginning of year	25,624,632	22,856,452
Net position, end of year	\$ 27,267,968	\$ 25,624,632

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2025	2024
Cash flows from operating activities		
Tuition and fees	\$ 2,710,966	\$ 3,121,315
Grants and contracts	3,135,023	3,469,340
Payments to suppliers	(10,431,667)	(11,016,947)
Payments to employees	(7,727,829)	(7,031,341)
Auxiliary activity receipts	624,586	359,544
Other receipts	404,727	973,821
Net change in cash from operating activities	(11,284,194)	(10,124,268)
Cash flows from noncapital financing activities		
Local property taxes	7,212,179	6,766,783
Federal Pell grants	1,996,162	1,463,725
Direct Loan Program receipts	626,281	758,805
Direct Loan Program disbursements	(626,281)	(758,805)
State appropriations	4,884,638	4,442,025
Net change in cash from noncapital financing activities	14,092,979	12,672,533
Cash flows from capital and related financing activities		
Purchase of capital assets	(3,105,898)	(1,112,202)
State capital appropriations	-	358,300
State capital grant receipts	201,729	414,195
Principal paid on capital debt	(321,000)	(174,000)
Interest paid on capital debt	(131,825)	(129,461)
Proceeds from issuance of capital debt	822,803	-
Net change in cash from capital and related financing activities	(2,534,191)	(643,168)
Cash flows from investing activities		
Purchases of investments	(917,788)	(1,248,158)
Proceeds from sale of investments	850,000	1,182,775
Interest received from investments	201,675	178,998
Net change in cash from investing activities	133,887	113,615
Net change in cash and cash equivalents	408,481	2,018,712
Cash and cash equivalents, beginning of year	12,665,232	10,646,520
Cash and cash equivalents, end of year	\$ 13,073,713	\$ 12,665,232

continued...

GLEN OAKS COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2025	2024
Reconciliation of operating loss to net change in cash from operating activities		
Operating loss	\$ (12,797,553)	\$ (10,874,976)
Adjustments to reconcile operating loss to net change in cash from operating activities		
Depreciation expense	2,296,751	1,471,192
Bad debt recovery	(31,289)	(54,486)
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	(344,022)	253,320
Other current assets	60,756	30,443
Accounts payable	255,473	236,890
Accrued payroll and related liabilities	39,553	77,124
Accrued compensated absences	605,666	(37,131)
Unearned revenue	21,516	(307,727)
Change in net pension liability	(1,454,480)	(1,601,363)
Change in net OPEB asset/liability	(975,579)	(621,487)
Change in deferred inflows of pension amounts	462,004	607,015
Change in deferred inflows of OPEB amounts	303,648	28,791
Change in deferred outflows of pension amounts	100,401	530,661
Change in deferred outflows of OPEB amounts	172,961	137,466
Net change in cash from operating activities	<u>\$ (11,284,194)</u>	<u>\$ (10,124,268)</u>
Non-cash activities		
Change in payable related to acquisition of capital assets	\$ 744,160	\$ -

concluded

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

GLEN OAKS COMMUNITY COLLEGE

Statements of Financial Position and Statements of Activities and Changes in Net Assets

Discretely Presented Component Unit
Glen Oaks Community College Foundation

	June 30	
	2025	2024
STATEMENTS OF FINANCIAL POSITION		
Assets		
Investments	\$ 4,495,540	\$ 4,203,486
Related party receivable	118,487	118,487
Total assets	\$ 4,614,027	\$ 4,321,973
Liabilities		
Related party accounts payable (equal to total liabilities)	\$ 25,501	\$ 3,264
Net assets		
Without donor restrictions	241,136	292,734
With donor restrictions	4,347,390	4,025,975
Total net assets	4,588,526	4,318,709
Total liabilities and net assets	\$ 4,614,027	\$ 4,321,973
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS		
	Year Ended June 30	
	2025	2024
Support revenues and gains		
Contributions	\$ 123,735	\$ 248,319
Net investment income	458,060	428,888
Total support revenues and gains	581,795	677,207
Expenses		
Program services	135,762	95,332
Management and general	119,460	59,782
Fundraising	56,756	49,812
Total expenses	311,978	204,926
Increase in net assets	269,817	472,281
Net assets, beginning of year	4,318,709	3,846,428
Net assets, end of year	\$ 4,588,526	\$ 4,318,709

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Glen Oaks Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board ("GASB") Statement No. 35 and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*. The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The College's financial statements have been prepared in accordance with GASB 61, *The Financial Reporting Entity Omnibus*, which requires examination of significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

Glen Oaks Community College Foundation (the "Foundation") is discretely reported as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College. The Foundation does not issue its own financial statements. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Significant Accounting Policies

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

Accrual Basis

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Use of Estimates

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and all highly liquid investments with an initial maturity of three months or less.

Short-Term Investments

Short-term investments, comprised of certificates of deposit and U.S. government obligations with original maturities of more than 90 days at the time of purchase and which mature within one year, are carried at fair value.

Investments

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

Receivables

Receivables are primarily related to grants and contracts and state appropriations, and are stated at the amount management expects to collect from outstanding balances at year end. Management's estimate of the allowance for uncollectible accounts receivable is based on historical collections. Management has recorded an allowance on receivables in the amount of \$65,000 as of both June 30, 2025 and 2024, respectively. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to expense to the allowance and a credit to receivables.

Fair Value Measurements

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurement, refer to Note 3 to the financial statements.

Capital Assets

Capital assets are recorded at cost. Gifts of capital assets are recorded at estimated acquisition value at the time gifts are received. Expenses for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. Land and construction in progress is not depreciated. Expenses 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:

Classification	Estimated Useful Lives
Buildings	40 years
Building improvements	10-20 years
Furniture, fixtures and equipment	5-7 years
Library materials	5 years

Compensated Absences

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

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

Revenue Recognition

Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Room and board and other auxiliary activities are reported in the fiscal year in which it is earned. State appropriation revenue is recognized in the period for which it is appropriated. Property taxes are recorded as revenue when received, which approximates the amounts when levied. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the College that are responsible for adhering to any donor restrictions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the College's policy is to first apply restricted net position.

The Foundation's contributions, including unconditional promises to give, are reported as revenue when received and measured at fair value. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions is established based on an estimated percentage of total contributions receivable, past history of collection, and future expectation for collection of various accounts. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Substantially all of the Foundation's appropriations and grants are considered to be contributions for purposes of applying revenue recognition policies.

Scholarship Allowance

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

Operating and Nonoperating Revenue

Operating activities reported on the statements of revenues, expenses, and changes in net position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Operating revenues of the College include activities, such as (1) student tuition and fees, net of scholarship allowances; (2) auxiliary activities; and (3) most federal, state, and local grants and nonoperating revenues of the College include activities that have the characteristics of nonexchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, including state appropriations, property taxes, and Federal Pell grants.

Unearned Revenue

Revenue related to tuition and fees and room and board revenue received and related to the next fiscal year are recorded as unearned revenue.

Classification of Expenses

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

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

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Foundation has evaluated its income tax filing positions for fiscal years 2022 through 2025, the years which remain subject to examination as of June 30, 2025. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2025 or 2024, and is not aware of any claims for such amounts by federal or state income tax authorities.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits ("OPEB") related amounts. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB related amounts. More detailed information can be found in Note 8.

Pension and OPEB

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Net Position

Net position is classified into the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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

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

Foundation Classification of Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Contain amounts not restricted by donors and those on which the donor-imposed restrictions have expired.

Net assets with donor restrictions: Contain donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released from restrictions when the restrictions are satisfied either by the passage of time or by actions of the Foundation. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as revenue without donor restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Change in Accounting Principle

During fiscal 2025, the College adopted GASB Statement No. 101, *Compensated Absences*. This new standard replaces the existing guidance in GASB Statement No. 16 and establishes a more uniform approach for accounting and financial reporting of compensated absences, such as vacation, sick leave, and similar benefits. Under GASB 101, the College is required to recognize a liability for leave time that is attributable to services already rendered, is accumulated, and is more likely than not to be used. The implementation of the standard effective July 1, 2023, and as of and for the year ended June 30, 2024, did not have a significant impact on the College's liabilities, net position, or expenses. As a result, management elected not to apply the standard retrospectively to the earliest period presented. As such, the College recognized additional liability required under the provisions of this statement during fiscal year 2025. Additional information can be found in Note 7.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Subsequent Events

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

2. PROPERTY TAXES

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

Property tax revenue is recognized in the year in which taxes are received. The College has determined that there would not be a significant difference if recognized in the year for which taxes have been levied, as required by GASB.

During the years ended June 30, 2025 and 2024, \$2.7081 and \$2.7109 of tax per \$1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property, respectively.

3. DEPOSITS, INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	2025	2024
Cash and cash equivalents	\$ 13,073,713	\$ 12,665,232
Short-term investments	918,197	363,460
Long-term investments	897,593	1,384,542
Total	<u>\$ 14,889,503</u>	<u>\$ 14,413,234</u>

The College's cash and cash equivalents consist of the following as of June 30:

	2025	2024
Bank deposits (checking accounts, savings accounts)	\$ 13,073,263	\$ 12,664,782
Petty cash or cash on hand	450	450
Total	<u>\$ 13,073,713</u>	<u>\$ 12,665,232</u>

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Deposits

At June 30, 2025 and 2024, the carrying amount of the College's deposits was \$15,169,243 and \$14,527,886, respectively. Of that amount, \$692,768 and \$750,000 was insured at June 30, 2025 and 2024, respectively. The remaining \$14,476,475 and \$13,777,886 at June 30, 2025 and 2024, respectively, was uninsured and uncollateralized.

The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each institution with which it deposits College funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

The College and the Foundation utilize fair value measurements to record fair value adjustments to their investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

The following is a description of the valuation methodologies used for assets recorded at fair value at June 30, 2025 and 2024. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used to determine fair value at June 30, 2025 or 2024.

College

U.S. government obligations: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

U.S. government exchange traded funds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Certificates of deposit: Valued at face value plus accrued interest earned and classified as Level 1.

Money market fund: Valued at face value and classified as Level 1.

Foundation

Corporate bonds: Corporate bonds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

U.S. government obligations: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Common stocks: Level 1 fair value measurement is based upon the closing price reported on the active market in which the individual securities are traded.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

Equity exchange traded funds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Certificates of deposit: Valued at face value plus accrued interest earned and classified as Level 1.

Money market fund: Valued at face value and classified as Level 1.

The following tables set forth by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring basis as of June 30:

2025	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 503,166	\$ -	\$ -	\$ 503,166
U.S. government exchange traded funds	165,060	-	-	165,060
Certificates of deposit	1,124,868	-	-	1,124,868
Money market fund	22,696	-	-	22,696
Total investments	\$ 1,815,790	\$ -	\$ -	\$ 1,815,790

2024	Level 1	Level 2	Level 3	Total
U.S. government obligations	\$ 403,057	\$ -	\$ -	\$ 403,057
U.S. government exchange traded funds	160,170	-	-	160,170
Certificates of deposit	1,121,968	-	-	1,121,968
Money market fund	62,807	-	-	62,807
Total investments	\$ 1,748,002	\$ -	\$ -	\$ 1,748,002

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30:

2025	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 93,989	\$ -	\$ -	\$ 93,989
U.S. government obligations	900,345	-	-	900,345
Common stocks	2,569,664	-	-	2,569,664
Mutual bond funds	78,366	-	-	78,366
Equity exchange traded funds	714,730	-	-	714,730
Money market fund	138,446	-	-	138,446
Total investments at fair value	\$ 4,495,540	\$ -	\$ -	\$ 4,495,540

2024	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 190,956	\$ -	\$ -	\$ 190,956
U.S. government obligations	498,634	-	-	498,634
Common stocks	2,257,037	-	-	2,257,037
Mutual bond fund	76,256	-	-	76,256
Equity exchange traded funds	664,693	-	-	664,693
Certificates of deposit	199,909	-	-	199,909
Money market fund	316,001	-	-	316,001
Total investments at fair value	\$ 4,203,486	\$ -	\$ -	\$ 4,203,486

Custodial Credit Risk of Investments

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

The College's investments at Century Bank were approximately 47% of the investment portfolio at June 30, 2025 and 2024.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

The nationally recognized statistical rating organization ("NRSRO") utilized is primarily Moody's Investor Service. At June 30, 2025, the College's investments subject to credit risk (interest rate fluctuations) held by counterparties that possess NRSRO ratings of AAA consisted of the following:

	Fair Value	Less Than One Year	One to Five Years	Greater Than Five Years
Federal Farm Credit Bank matures July 29, 2025	\$ 24,927	\$ -	\$ 24,927	\$ -
Federal Home Loan Bank matures November 24, 2026	48,134	-	48,134	-
Federal Farm Loan Bank matures November 17, 2027	60,129	-	60,129	-
Federal Home Credit Bank matures March 13, 2028	99,824	-	99,824	-
Federal Farm Credit Bank matures July 7, 2028	50,002	-	50,002	-
Federal Farm Credit Bank matures March 12, 2029	99,914	-	99,914	-
Federal Home Credit Bank matures May 20, 2031	60,046	-	-	60,046
Federal Home Credit Bank matures April 29, 2032	60,190	-	-	60,190
Total	\$ 503,166	\$ -	\$ 382,930	\$ 120,236

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

The NRSRO utilized is primarily Moody's Investor Service. At June 30, 2024, the College's investments subject to credit risk (interest rate fluctuations) held by counterparties that possess NRSRO ratings of AAA consisted of the following:

	Fair Value	Less Than One Year	One to Five Years
Federal Home Loan Bank matures August 23, 2024	\$ 49,843	\$ 49,843	\$ -
Federal Home Loan Bank matures November 18, 2024	73,639	73,639	-
Federal Farm Credit Bank matures July 29, 2025	23,824	-	23,824
Federal Home Loan Bank matures November 24, 2026	46,016	-	46,016
Federal Home Loan Bank matures December 11, 2026	49,758	-	49,758
Federal Farm Credit Bank matures November 17, 2027	60,035	-	60,035
Federal Farm Credit Bank matures June 21, 2028	49,852	-	49,852
Federal Farm Credit Bank matures January 3, 2029	50,090	-	50,090
Total	<u>\$ 403,057</u>	<u>\$ 123,482</u>	<u>\$ 279,575</u>

The College had the following certificates of deposit maturities at June 30:

2025	Less Than One Year	One to Five Years	Total
Certificates of deposit	<u>\$ 893,270</u>	<u>\$ 231,598</u>	<u>\$ 1,124,868</u>
2024	Less Than One Year	One to Five Years	Total
Certificates of deposit	<u>\$ 33,803</u>	<u>\$ 1,088,165</u>	<u>\$ 1,121,968</u>

The Foundation had the following certificates of deposit maturities at June 30, 2024:

2024	Less Than One Year	One to Five Years	Total
Certificates of deposit	<u>\$ 199,909</u>	<u>\$ -</u>	<u>\$ 199,909</u>

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rate risk will adversely affect the fair value of an investment. Investments with interest rates that are affixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the board of trustees to invest surplus monies in U.S. Treasury bonds, bills, notes, mutual funds, certain commercial paper, and investment pools that are composed of authorized investment vehicles.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in one issuer.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks.

4. RECEIVABLES, NET

Receivables, net consists of the following at June 30:

	2025	2024
Student, net of allowance of \$50,000 in 2025 and 2024	\$ 26,256	\$ 21,604
Grants and contracts	982,153	505,113
USDA loan receivable (See Note 5)	6,877,197	-
State appropriations	587,598	591,896
Third party and other, net of allowance of \$15,000 in both 2025 and 2024	43,592	69,344
Total	\$ 8,516,796	\$ 1,187,957

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

5. CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Transfers	Balance June 30, 2025
Nondepreciable capital assets				
Land	\$ 782,115	\$ -	\$ -	\$ 782,115
Construction in progress	205,076	2,773,773	-	2,978,849
Subtotal nondepreciable capital assets	987,191	2,773,773	-	3,760,964
Depreciable capital assets				
Buildings and improvements	42,374,537	31,575	-	42,406,112
Library materials	423,774	11,453	-	435,227
Furniture, fixtures and equipment	4,641,311	475,357	-	5,116,668
Subtotal depreciable capital assets	47,439,622	518,385	-	47,958,007
Less accumulated depreciation				
Buildings and improvements	20,604,056	1,968,334	-	22,572,390
Library materials	392,468	10,341	-	402,809
Furniture, fixtures and equipment	3,251,371	318,076	-	3,569,447
Total accumulated depreciation	24,247,895	2,296,751	-	26,544,646
Subtotal depreciable capital assets, net	23,191,727	(1,778,366)	-	21,413,361
Total capital assets, net	\$ 24,178,918	\$ 995,407	\$ -	\$ 25,174,325

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

	Balance July 1, 2023	Additions	Transfers	Balance June 30, 2024
Nondepreciable capital assets				
Land	\$ 782,115	\$ -	\$ -	\$ 782,115
Construction in progress	8,609,962	328,049	(8,732,935)	205,076
Subtotal nondepreciable capital assets	9,392,077	328,049	(8,732,935)	987,191
Depreciable capital assets				
Buildings and improvements	33,359,231	314,729	8,700,577	42,374,537
Library materials	412,332	11,442	-	423,774
Furniture, fixtures and equipment	4,150,971	457,982	32,358	4,641,311
Subtotal depreciable capital assets	37,922,534	784,153	8,732,935	47,439,622
Less accumulated depreciation				
Buildings and improvements	19,408,253	1,195,803	-	20,604,056
Library materials	383,519	8,949	-	392,468
Furniture, fixtures and equipment	2,984,931	266,440	-	3,251,371
Total accumulated depreciation	22,776,703	1,471,192	-	24,247,895
Subtotal depreciable capital assets, net	15,145,831	(687,039)	8,732,935	23,191,727
Total capital assets, net	\$ 24,537,908	\$ (358,990)	\$ -	\$ 24,178,918

Construction in progress consists mainly of ongoing campus renovation projects. Management estimates the cost to complete these projects was approximately \$7.6 million as of June 30, 2025.

On September 30, 2021, the College entered into a capital outlay project management agreement with the State of Michigan. This agreement provides funding up to an authorized amount of \$7,300,000 to be used for capital additions, renovations, or improvements to the College. Under this agreement the College received and recorded as state capital grant revenue \$201,729 and \$414,195 during fiscal years 2025 and 2024, respectively.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

On August 8, 2024, the College entered into a capital outlay project management agreement with the United States Department of Agriculture. This agreement provides funding up to an authorized amount of \$7,700,000 to be used for capital additions, renovations, or improvements to the College. Under this agreement the College received \$822,803 during fiscal year 2025, which is recorded as a reduction of the receivable on the statement of net position. See Note 4.

6. LONG-TERM OBLIGATIONS

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
<i>Direct borrowings</i>					
USDA loan - Series 2016	\$ 5,364,000	\$ -	\$ (178,000)	\$ 5,186,000	\$ 182,000
USDA loan - Series 2024	-	7,700,000	(143,000)	7,557,000	148,000
Totals	\$ 5,364,000	\$ 7,700,000	\$ (321,000)	\$ 12,743,000	\$ 330,000

Long-term obligation activity for the years ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
<i>Direct borrowings</i>					
USDA loan - Series 2016	\$ 5,538,000	\$ -	\$ (174,000)	\$ 5,364,000	\$ 178,000

USDA Loans

In September 2016, the College obtained a Community College Facilities Loan from the United States Department of Agriculture in an amount not to exceed \$6.5 million, which was used to fund the construction costs of the student housing, which was completed during fiscal year 2018. The loan matures serially through fiscal year 2047, with principal payments ranging from \$155,000 to \$297,000 due each December 1. Interest is charged at 2.375% and is payable semi-annually.

In August 2024, the College obtained a Community College Facilities Loan from the United States Department of Agriculture in an amount not to exceed \$7.7 million, which is being used to fund the South Side renovation projects. The loan matures serially through fiscal year 2054, with principal payments ranging from \$143,000 to \$415,000 due each June 1. Interest is charged at 3.750% and is payable annually. The proceeds from the loan are provided to the College on a reimbursement basis. As of June 30, 2025, approximately \$823,000 was reimbursed to the College for renovation costs.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Total principal and interest maturities on the direct borrowing obligation as of June 30, 2025 are as follows:

Year Ending June 30	Direct Borrowing Obligation		
	Principal	Interest	Total
2026	\$ 330,000	\$ 410,783	\$ 740,783
2027	341,000	401,006	742,006
2028	351,000	390,908	741,908
2029	362,000	380,467	742,467
2030	372,000	369,706	741,706
2031-2035	2,036,000	1,674,938	3,710,938
2036-2040	2,366,000	1,349,743	3,715,743
2041-2045	2,750,000	968,839	3,718,839
2046-2050	2,259,000	529,816	2,788,816
2051-2054	1,576,000	150,375	1,726,375
Totals	\$ 12,743,000	\$ 6,626,581	\$ 19,369,581

7. COMPENSATED ABSENCES

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 338,277	\$ 916,698	\$ (311,032)	\$ 943,943	\$ 248,870
	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Compensated absences	\$ 357,193	\$ 461,079	\$ (479,995)	\$ 338,277	\$ 204,635

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

8. RETIREMENT PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

Other Postemployment Benefits Provided

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

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2025, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 10.58% - 17.02% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

Required contributions to the pension plan from the College were \$1,046,854, \$1,017,422 and \$1,022,969 for the years ended June 30, 2025, 2024 and 2023, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Required contributions to the OPEB plan from the College were \$108,605, \$239,626 and \$204,768 for the years ended June 30, 2025, 2024 and 2023, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

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

For the years ended June 30, 2025, 2024 and 2023, required and actual contributions from the College for those members with a defined contribution benefit were \$25,661, \$23,162 and \$17,456, respectively.

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

At June 30, 2025 and 2024, the College reported a liability of \$6,005,617 and \$7,460,097, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2023 and 2022. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the College's proportion was 0.02453%, which was an increase of 0.00148% points from its proportion measured as of September 30, 2023 of 0.02305%.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

For the year ended June 30, 2025, the College recognized pension expense of \$306,371. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 162,937	\$ 65,252	\$ 97,685
Changes in assumptions	626,121	440,022	186,099
Net difference between projected and actual earnings on pension plan investments	-	1,146,126	(1,146,126)
Changes in proportion and differences between employer contributions and proportionate share of contributions	347,669	470,002	(122,333)
	<u>1,136,727</u>	<u>2,121,402</u>	<u>(984,675)</u>
College contributions subsequent to the measurement date	948,908	-	948,908
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	292,802	(292,802)
Total	<u>\$ 2,085,635</u>	<u>\$ 2,414,204</u>	<u>\$ (328,569)</u>

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2026	\$ (363,998)
2027	(12,031)
2028	(356,424)
2029	<u>(252,222)</u>
Total	<u>\$ (984,675)</u>

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

For the year ended June 30, 2024, the College recognized pension expense of \$700,561. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 235,492	\$ 11,428	\$ 224,064
Changes in assumptions	1,010,880	582,849	428,031
Net difference between projected and actual earnings on pension plan investments	-	152,658	(152,658)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,481	751,933	(748,452)
	<u>1,249,853</u>	<u>1,498,868</u>	<u>(249,015)</u>
College contributions subsequent to the measurement date	936,183	-	936,183
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	453,332	(453,332)
Total	<u>\$ 2,186,036</u>	<u>\$ 1,952,200</u>	<u>\$ 233,836</u>

OPEB (Asset) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025 and 2024, the College reported an asset of \$1,111,513 and \$135,934, respectively, for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2023 and 2022. The College's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the College's proportion was 0.02582%, which was an increase of 0.00179% from its proportion measured as of September 30, 2023 of 0.02403%.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

For the year ended June 30, 2025, the College recognized OPEB benefit of \$423,633. At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 1,177,864	\$ (1,177,864)
Changes in assumptions	242,770	27,904	214,866
Net difference between projected and actual earnings on OPEB plan investments	-	210,422	(210,422)
Changes in proportion and differences between employer contributions and proportionate share of contributions	80,164	129,979	(49,815)
	322,934	1,546,169	(1,223,235)
College contributions subsequent to the measurement date	48,576	-	48,576
Total	\$ 371,510	\$ 1,546,169	\$ (1,174,659)

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2026	\$ (413,302)
2027	(254,758)
2028	(241,917)
2029	(195,352)
2030	(99,210)
Thereafter	(18,696)
Total	\$ (1,223,235)

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

For the year ended June 30, 2024, the College recognized an OPEB benefit of \$240,289. At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 1,027,187	\$ (1,027,187)
Changes in assumptions	302,613	36,440	266,173
Net difference between projected and actual earnings on OPEB plan investments	414	-	414
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,730	178,894	(125,164)
	356,757	1,242,521	(885,764)
College contributions subsequent to the measurement date	187,714	-	187,714
Total	\$ 544,471	\$ 1,242,521	\$ (698,050)

Actuarial Assumptions

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

The total pension and OPEB liabilities in the September 30, 2023 and 2022 actuarial valuations (for the fiscal years ended June 30, 2025 and 2024) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 (7.50% Year 1 graded to 3.5% Year 15 in 2022) Post-65: 6.50% Year 1 graded to 3.5% Year 15 (6.25% Year 1 graded to 3.5% Year 15 in 2022)
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

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

Changes in assumptions - September 30, 2022 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024 and 2023, are summarized in the following tables:

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Pension

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

OPEB

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Pension and OPEB

2023 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	<u>100.00%</u>		5.60%
Inflation			2.70%
Risk adjustment			-2.30%
Investment rate of return			6.00%

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2024 and 2023, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	\$ 8,804,300	\$ 6,005,617	\$ 3,675,176

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2024:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	\$ 10,078,569	\$ 7,460,097	\$ 5,280,124

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB asset	\$ (858,986)	\$ (1,111,513)	\$ (1,329,848)

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

The following presents the College's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2024:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB (asset) liability	\$ 140,923	\$ (135,934)	\$ (373,865)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB asset	\$ (1,329,851)	\$ (1,111,513)	\$ (877,346)

The following presents the College's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2024:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB (asset) liability	\$ (374,458)	\$ (135,934)	\$ 122,228

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2025 and 2024, the College reported a payable of \$95,748 and \$120,427 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025 and 2024, respectively.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Payable to the OPEB Plan

At June 30, 2025 and 2024, there was no payable for the outstanding amount of OPEB contributions to the Plan required for the years ended June 30, 2025 and 2024.

Optional Defined Contribution Plan

The College offers a defined contribution retirement plan for qualified employees. Full-time faculty and administrative employees can elect to participate with the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). As of June 30, 2025 and 2024, the plan had 57 and 58 participants, respectively.

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, 2025 and 2024, that contribution rate was determined to be 14 percent. This resulted in the College contributing \$579,309 and \$574,075 for the years ended June 30, 2025 and 2024, respectively, to the plan.

9. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in the Michigan Community College Risk Management Authority (risk pool) for claims related to auto, property, and liability, has purchased commercial insurance for medical benefits provided to employees, and participates in the Accident Fund of Michigan risk pool for claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Michigan Community College Risk Management Authority risk pool 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 service pool that the service pool uses to pay claims up to the retention limits, the College has ultimate liability for those claims.

10. RELATED PARTY TRANSACTIONS

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

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

11. GLEN OAKS COMMUNITY COLLEGE FOUNDATION

The "Foundation" was formed to award scholarships and grants to students, faculty and staff of the College and to maintain and develop its facilities and services for educational opportunities and service. During the year ended June 30, 2025 and 2024, the Foundation made grants and distributions, from net assets with donor restrictions, to be used for scholarships totaling \$119,690 and \$91,809, respectively. The components of the Foundation's net assets with donor restrictions are both for programs and scholarships as of June 30, 2025 and 2024.

Net assets with donor restrictions consist of the following at June 30:

	2025	2024
Subject to expenditures for specified purpose		
Scholarships and grants	\$ 389,264	\$ 339,018
Endowments		
Subject to endowment spending policy and appropriation		
Scholarships	3,958,126	3,686,957
Total net assets with donor restrictions	<u>\$ 4,347,390</u>	<u>\$ 4,025,975</u>

Changes in net assets with donor restrictions, subject to expenditures for specified purpose for the years ended June 30 consist of the following:

	2025	2024
Subject to expenditures for specified purpose, beginning of year	\$ 339,018	\$ 240,933
Net investment income	72,155	73,275
Contributions	29,944	30,445
Amounts appropriated for expenditure	(51,853)	(5,635)
Subject to expenditures for specified purpose, end of year	<u>\$ 389,264</u>	<u>\$ 339,018</u>

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

12. FOUNDATION LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2025	2024
Financial assets		
Investments	\$ 4,495,540	\$ 4,203,486
Related party receivable	118,487	118,487
Total financial assets	4,614,027	4,321,973
Less amounts unavailable for general expenditures within one year due to		
Net assets with donor restrictions	(4,347,390)	(4,025,975)
Total financial assets available for general use within one year	\$ 266,637	\$ 295,998

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

As part of the Foundation's liquidity plan, there is an annual distribution from Foundation endowment investments subject to an annual spending policy as described in Note 13.

13. ENDOWMENT

As of June 30, 2025 and 2024, the Foundation's permanent endowments consist of 44 and 43 individual, donor-restricted funds established for student scholarships, respectively. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, net assets with donor restrictions consist of the original value of gifts to the endowment and the original value of subsequent gifts to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2025 and 2024, management has determined funds with deficiencies is insignificant.

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

	2025	2024
Endowment funds with donor restrictions		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 1,930,559	\$ 1,932,876
Accumulated investment earnings	<u>2,027,567</u>	<u>1,754,081</u>
Total funds	<u>\$ 3,958,126</u>	<u>\$ 3,686,957</u>

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Changes in endowment net assets all of which are donor restricted for the years ended June 30:

	2025	2024
Endowment net assets, beginning of year	\$ 3,686,957	\$ 3,275,690
Net investment income	385,905	355,613
Contributions	29,944	183,299
Amounts appropriated for expenditure	<u>(144,680)</u>	<u>(127,645)</u>
Endowment net assets, end of year	<u>\$ 3,958,126</u>	<u>\$ 3,686,957</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested to achieve the following objectives: (1) growth and modest income, (2) safety of principal, (3) an average risk tolerance, (4) capital appreciation, (5) long-term investments, and (6) support of local community banks and savings institutions.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of 3 percent to 10 percent cash, 10 percent to 25 percent fixed income and 60 percent to 75 percent equities. Exposure within each asset class is determined by (1) the Foundation's investment objectives and risk tolerance, (2) the prevailing relative valuation between the primary competing assets classes (fixed income and equities), and (3) the fundamental strength of the economy.

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of the 20 quarter average of the fair value of investment holdings as of March 31 in the fiscal year in which the distribution is planned. Any donations received during the current year will be held for two years for income growth before each becomes part of the spending calculation or once the fund has reached the target income from an established minimum amount set by the donor. If, at any time, the fair value of the endowments is less than the principal amount, the principal will be held whole and the unrestricted funds may be used for scholarship distributions as well as administration and fundraising expenses. The amount to be distributed as scholarships and grants shall be 5 percent of the average as determined above. The specific amount available for distribution shall be made by the board of directors at the May regularly scheduled meeting. The board of directors shall reserve the right to change the amount to be distributed at any time. The amount determined to be available by the board of directors shall be distributed as follows: 4 percent will be used for scholarships, administration and fundraising expenses and 1 percent may apply to a Glen Oaks Community College special request at the board's discretion subject to donor agreements. An additional 1 percent management fee is charged to each endowed fund by the Foundation and is subtracted from each endowed fund on an annual basis.

14. FUNCTIONAL ALLOCATION OF EXPENSES - FOUNDATION

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The table below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification or proportion of time spent on each activity, whichever is more appropriate.

	Year Ended June 30, 2025			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Scholarships and grants	\$ 119,690	\$ -	\$ -	\$ 119,690
Salaries and wages	-	9,862	49,692	59,554
Employee benefits	-	20,053	-	20,053
Marketing and advertising	-	2,730	-	2,730
Software	-	9,026	-	9,026
Other	16,072	77,789	7,064	100,925
Total expenses	\$ 135,762	\$ 119,460	\$ 56,756	\$ 311,978

GLEN OAKS COMMUNITY COLLEGE

Notes to Financial Statements

	Year Ended June 30, 2024			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Scholarships and grants	\$ 91,809	\$ -	\$ -	\$ 91,809
Salaries and wages	-	11,324	42,868	54,192
Employee benefits	-	19,037	-	19,037
Marketing and advertising	-	4,447	-	4,447
Software	-	7,239	-	7,239
Other	3,523	17,735	6,944	28,202
Total expenses	\$ 95,332	\$ 59,782	\$ 49,812	\$ 204,926

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**REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS**

GLEN OAKS COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportionate share of the net pension liability	\$ 6,005,617	\$ 7,460,097	\$ 9,061,460	\$ 6,397,511	\$ 9,378,225	\$ 9,012,998	\$ 7,618,491	\$ 6,243,023	\$ 6,039,713	\$ 5,925,541
College's proportion of the net pension liability	0.02453%	0.02305%	0.02409%	0.02702%	0.02730%	0.02722%	0.02534%	0.02409%	0.02421%	0.02426%
College's covered payroll	\$ 2,741,448	\$ 2,413,274	\$ 2,244,449	\$ 2,384,747	\$ 2,414,535	\$ 2,418,481	\$ 2,275,555	\$ 2,047,078	\$ 2,010,714	\$ 2,181,157
College's proportionate share of the net pension liability as a percentage of its covered payroll	219.07%	309.13%	403.73%	268.27%	388.41%	372.67%	334.80%	304.97%	300.38%	271.67%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

See notes to required supplementary information.

GLEN OAKS COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 1,046,854	\$ 1,017,422	\$ 1,022,969	\$ 831,229	\$ 820,225	\$ 748,576	\$ 690,030	\$ 712,820	\$ 553,015	\$ 477,579
Contributions in relation to the statutorily required contributions	<u>(1,046,854)</u>	<u>(1,017,422)</u>	<u>(1,022,969)</u>	<u>(831,229)</u>	<u>(820,225)</u>	<u>(748,576)</u>	<u>(690,030)</u>	<u>(712,820)</u>	<u>(553,015)</u>	<u>(477,579)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 2,859,642	\$ 2,755,657	\$ 2,117,387	\$ 2,291,116	\$ 2,459,279	\$ 2,424,243	\$ 2,413,353	\$ 2,209,883	\$ 2,104,542	\$ 1,995,382
Contributions as a percentage of covered payroll	36.61%	36.92%	48.31%	36.28%	33.35%	30.88%	28.59%	32.26%	26.28%	23.93%

See notes to required supplementary information.

GLEN OAKS COMMUNITY COLLEGE

Required Supplementary Information

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

	Year Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB (asset) liability	\$ (1,111,513)	\$ (135,934)	\$ 485,553	\$ 399,568	\$ 1,447,077	\$ 1,975,061	\$ 2,112,672	\$ 2,145,151
College's proportion of the net OPEB (asset) liability	0.02582%	0.02403%	0.02292%	0.02618%	0.02701%	0.02752%	0.02658%	0.02422%
College's covered payroll	\$ 2,741,448	\$ 2,413,274	\$ 2,244,449	\$ 2,384,747	\$ 2,414,535	\$ 2,418,481	\$ 2,275,555	\$ 2,047,078
College's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-40.54%	-5.63%	21.63%	16.76%	59.93%	81.67%	92.84%	104.79%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

GLEN OAKS COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 108,605	\$ 239,626	\$ 204,768	\$ 199,129	\$ 222,031	\$ 219,326	\$ 239,163	\$ 154,536
Contributions in relation to the statutorily required contribution	<u>(108,605)</u>	<u>(239,626)</u>	<u>(204,768)</u>	<u>(199,129)</u>	<u>(222,031)</u>	<u>(219,326)</u>	<u>(239,163)</u>	<u>(154,536)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 2,859,642	\$ 2,755,657	\$ 2,117,387	\$ 2,291,116	\$ 2,459,279	\$ 2,424,243	\$ 2,413,353	\$ 2,209,883
Contributions as a percentage of covered payroll	3.80%	8.70%	9.67%	8.69%	9.03%	9.05%	9.91%	6.99%

See notes to required supplementary information.

GLEN OAKS COMMUNITY COLLEGE

Notes to Required Supplementary Information

Pension Information

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

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

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 Plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus Plan.

GLEN OAKS COMMUNITY COLLEGE

Notes to Required Supplementary Information

OPEB Information

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

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

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

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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SUPPLEMENTARY INFORMATION

GLEN OAKS COMMUNITY COLLEGE

Combining Statement of Net Position

June 30, 2025 (Unaudited)
(with comparative totals for 2024)

	General Fund	Designated Fund	Pension and OPEB Fund	Auxiliary Funds	Restricted Funds	Plant Fund	Agency Fund	Total	Eliminations	Combined Total June 30, 2025	Combined Total June 30, 2024
Assets											
Current assets											
Cash and cash equivalents	\$ 10,550,814	\$ 720,000	\$ -	\$ -	\$ 43,636	\$ 1,759,263	\$ -	\$ 13,073,713	\$ -	\$ 13,073,713	\$ 12,665,232
Short-term investments	-	-	-	-	-	918,197	-	918,197	-	918,197	363,460
Receivables, net	609,147	51,212	-	-	979,240	6,877,197	-	8,516,796	-	8,516,796	1,187,957
Other current assets	823,663	-	-	-	-	-	-	823,663	-	823,663	884,419
Due from (to) other funds	21,758,213	(1,822,621)	-	2,647,526	(803,890)	(21,967,193)	187,965	-	-	-	-
Total current assets	33,741,837	(1,051,409)	-	2,647,526	218,986	(12,412,536)	187,965	23,332,369	-	23,332,369	15,101,068
Noncurrent assets											
Long-term investments	-	-	-	-	-	897,593	-	897,593	-	897,593	1,384,542
Capital assets not being depreciated	-	-	-	-	-	3,760,964	-	3,760,964	-	3,760,964	987,191
Capital assets being depreciated, net	-	-	-	-	-	21,413,361	-	21,413,361	-	21,413,361	23,191,727
Net OPEB asset	-	-	1,111,513	-	-	-	-	1,111,513	-	1,111,513	135,934
Total noncurrent assets	-	-	1,111,513	-	-	26,071,918	-	27,183,431	-	27,183,431	25,699,394
Total assets	33,741,837	(1,051,409)	1,111,513	2,647,526	218,986	13,659,382	187,965	50,515,800	-	50,515,800	40,800,462
Deferred outflows of resources											
Deferred pension amounts	-	-	2,085,635	-	-	-	-	2,085,635	-	2,085,635	2,186,036
Deferred OPEB amounts	-	-	371,510	-	-	-	-	371,510	-	371,510	544,471
Total deferred outflows of resources	-	-	2,457,145	-	-	-	-	2,457,145	-	2,457,145	2,730,507
Liabilities											
Current liabilities											
Accounts payable	1,029,947	-	-	-	10,252	-	187,965	1,228,164	-	1,228,164	786,431
Accrued payroll and related liabilities	637,789	-	-	-	-	-	-	637,789	-	637,789	598,236
Current portion of accrued compensated absences	248,870	-	-	-	-	-	-	248,870	-	248,870	204,635
Unearned revenue	181,943	-	-	4,148	-	-	-	186,091	-	186,091	164,575
Long-term obligations, current portion	-	-	-	-	-	330,000	-	330,000	-	330,000	178,000
Total current liabilities	2,098,549	-	-	4,148	10,252	330,000	187,965	2,630,914	-	2,630,914	1,931,877
Noncurrent liabilities											
Long-term obligations, net of current portion	-	-	-	-	-	12,413,000	-	12,413,000	-	12,413,000	5,186,000
Accrued compensated absences, net of current portion	695,073	-	-	-	-	-	-	695,073	-	695,073	133,642
Net pension liability	-	-	6,005,617	-	-	-	-	6,005,617	-	6,005,617	7,460,097
Total noncurrent liabilities	695,073	-	6,005,617	-	-	12,413,000	-	19,113,690	-	19,113,690	12,779,739
Total liabilities	2,793,622	-	6,005,617	4,148	10,252	12,743,000	187,965	21,744,604	-	21,744,604	14,711,616
Deferred inflows of resources											
Deferred pension amounts	-	-	2,414,204	-	-	-	-	2,414,204	-	2,414,204	1,952,200
Deferred OPEB amounts	-	-	1,546,169	-	-	-	-	1,546,169	-	1,546,169	1,242,521
Total deferred inflows of resources	-	-	3,960,373	-	-	-	-	3,960,373	-	3,960,373	3,194,721
Net position (deficit)											
Net investment in capital assets	-	-	-	-	-	12,431,323	-	12,431,323	-	12,431,323	18,721,585
Restricted expendable for:											
OPEB	-	-	1,111,513	-	-	-	-	1,111,513	-	1,111,513	135,934
Scholarships and fellowships	-	-	-	-	208,734	-	-	208,734	-	208,734	59,730
Capital projects	-	-	-	-	-	6,877,197	-	6,877,197	-	6,877,197	122,700
Unrestricted (deficit)	30,948,215	(1,051,409)	(7,508,845)	2,643,378	-	(18,392,138)	-	6,639,201	-	6,639,201	6,584,683
Total net position (deficit)	\$ 30,948,215	\$ (1,051,409)	\$ (6,397,332)	\$ 2,643,378	\$ 208,734	\$ 916,382	\$ -	\$ 27,267,968	\$ -	\$ 27,267,968	\$ 25,624,632

GLEN OAKS COMMUNITY COLLEGE

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

Year Ended June 30, 2025 (Unaudited)

(with comparative totals for 2024)

	General Fund	Designated Fund	Pension and OPEB Fund	Auxiliary Funds	Restricted Funds	Plant Fund	Total	Eliminations	Combined Total June 30, 2025	Combined Total June 30, 2024
Operating revenues										
Tuition and fees, net	\$ 4,179,171	\$ 152,934	\$ -	\$ -	\$ -	\$ -	\$ 4,332,105	\$ (2,698,775)	\$ 1,633,330	\$ 2,934,666
Federal grants and contracts	-	-	-	-	2,156,842	-	2,156,842	-	2,156,842	1,799,069
State grants and contracts	-	-	-	-	1,371,624	-	1,371,624	-	1,371,624	1,679,686
Private gifts, grants, and contracts	-	-	-	-	158,659	-	158,659	-	158,659	126,374
Sales and services of auxiliary activities, net	-	-	-	621,486	-	-	621,486	-	621,486	609,496
Other sources	90,858	44,628	-	64,686	23,471	-	223,643	-	223,643	883,621
Total operating revenues	4,270,029	197,562	-	686,172	3,710,596	-	8,864,359	(2,698,775)	6,165,584	8,032,912
Operating expenses										
Instruction	4,251,809	-	(606,859)	-	106,468	-	3,751,418	-	3,751,418	4,098,013
Public service	9,536	311,698	-	147,478	-	-	468,712	-	468,712	356,462
Instructional support	1,414,140	-	(353,776)	-	-	-	1,060,364	-	1,060,364	1,184,040
Student services	2,165,997	64,271	(334,244)	249,482	5,654,615	-	7,800,121	(2,698,775)	5,101,346	5,869,478
Institutional administration	3,608,645	-	(116,522)	594	-	-	3,492,717	-	3,492,717	3,273,292
Physical plant operations	1,498,207	7,087	(272,446)	9,905	-	2,506	1,245,259	-	1,245,259	1,231,548
Information technology	1,546,570	-	-	-	-	-	1,546,570	-	1,546,570	1,423,863
Depreciation	-	-	-	-	-	2,296,751	2,296,751	-	2,296,751	1,471,192
Total operating expenses	14,494,904	383,056	(1,683,847)	407,459	5,761,083	2,299,257	21,661,912	(2,698,775)	18,963,137	18,907,888
Operating (loss) income	(10,224,875)	(185,494)	1,683,847	278,713	(2,050,487)	(2,299,257)	(12,797,553)	-	(12,797,553)	(10,874,976)
Nonoperating revenues (expenses)										
State appropriations	5,173,142	-	(292,802)	-	-	-	4,880,340	-	4,880,340	4,456,345
Federal Pell grant	-	-	-	-	2,076,791	-	2,076,791	-	2,076,791	1,597,996
Property taxes	7,212,179	-	-	-	-	-	7,212,179	-	7,212,179	6,766,783
Net investment income	127,624	-	-	-	-	70,568	198,192	-	198,192	178,998
Interest on capital asset - related debt	-	-	-	-	-	(131,825)	(131,825)	-	(131,825)	(129,461)
Insurance claim income	3,483	-	-	-	-	-	3,483	-	3,483	-
Net nonoperating revenues (expenses)	12,516,428	-	(292,802)	-	2,076,791	(61,257)	14,239,160	-	14,239,160	12,870,661
Other revenues										
State capital appropriations	-	-	-	-	-	-	-	-	-	358,300
State capital grant	-	-	-	-	-	201,729	201,729	-	201,729	414,195
Total other revenues	-	-	-	-	-	201,729	201,729	-	201,729	772,495
Increase (decrease) in net position	2,291,553	(185,494)	1,391,045	278,713	26,304	(2,158,785)	1,643,336	-	1,643,336	2,768,180
Net position (deficit), beginning of year	28,656,662	(865,915)	(7,788,377)	2,364,665	182,430	3,075,167	25,624,632	-	25,624,632	22,856,452
Net position (deficit), end of year	\$ 30,948,215	\$ (1,051,409)	\$ (6,397,332)	\$ 2,643,378	\$ 208,734	\$ 916,382	\$ 27,267,968	\$ -	\$ 27,267,968	\$ 25,624,632

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