
Southwestern Michigan College

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

Southwestern Michigan College

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Independent Auditor's Report

To the Board of Trustees
Southwestern Michigan College

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of Southwestern Michigan 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 Southwestern Michigan College's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Southwestern Michigan College as of June 30, 2025 and 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Trustees
Southwestern Michigan College

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Additional Information

Management is responsible for the accompanying listing of board of trustees, president, and college administration, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees
Southwestern Michigan College

In connection with our audit 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 whether 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 our report dated November 12, 2025 on our consideration of Southwestern Michigan College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwestern Michigan 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 Southwestern Michigan College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is written in a cursive, flowing style.

November 12, 2025

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

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

Using this Report

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 supplemental information. The basic financial statements are comprised of three components: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

Financial Highlights

The combined annual operations of all funds of the College entity again added to the financial stability of the institution. The combined College's net position increased by \$4.7 million in fiscal year 2025. In comparison, the combined College's net position increased by \$2.9 million in fiscal year 2024.

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

The statement of net position and the statement of revenue, expenses, and changes in net position report information relevant to the College's net position and its changes therein. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector institutions.

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

Total net position at June 30, 2025, 2024, and 2023 is \$50.4 million, \$45.7 million, and \$42.8 million, respectively. The College's balance sheet at June 30 is summarized as follows:

Condensed Balance Sheet as of June 30 (in millions)			
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current assets	\$ 13.2	\$ 12.8	\$ 12.1
Capital assets	60.3	59.3	59.3
Other noncurrent assets	<u>11.6</u>	<u>9.3</u>	<u>7.1</u>
Total assets	85.1	81.4	78.5
Deferred Outflows of Resources	<u>3.5</u>	<u>4.4</u>	<u>5.5</u>
Total assets and deferred outflows of resources	<u>\$ 88.6</u>	<u>\$ 85.8</u>	<u>\$ 84.0</u>
Liabilities			
Current liabilities	\$ 5.8	\$ 4.9	\$ 4.2
Noncurrent liabilities	<u>26.9</u>	<u>30.8</u>	<u>33.5</u>
Total liabilities	32.7	35.7	37.7
Deferred Inflows of Resources	<u>5.5</u>	<u>4.4</u>	<u>3.5</u>
Total liabilities and deferred inflows of resources	38.2	40.1	41.2
Net Position			
Net investment in capital assets	40.6	38.1	38.5
Restricted expendable - Net OPEB Asset	1.6	0.2	
Unrestricted net position	<u>8.2</u>	<u>7.4</u>	<u>4.3</u>
Total net position	<u>50.4</u>	<u>45.7</u>	<u>42.8</u>
Total liabilities, deferred inflows, and net position	<u>\$ 88.6</u>	<u>\$ 85.8</u>	<u>\$ 84.0</u>

Statement of Net Position

The primary changes in the assets and liabilities of the College between 2024 to 2025 and 2023 to 2024 are summarized as follows:

- Investments increased by \$0.5 million and \$2.5 million from 2024 to 2025 and 2023 to 2024, respectively, as a result of increased enrollment and strong investment performance in 2024 and 2025.
- Capital assets increased from 2024 to 2025 due to the housing renovation project which added 36 additional beds to our residence halls. Capital assets remained flat from 2023 to 2024.
- Current liabilities increased from 2023 to 2024 by \$0.7 million as a result of accounts payable related to the renovation of student housing. Current liabilities increased from 2024 to 2025 by \$1.0 million as a result of accounts payable related to the renovation of student housing and the wrestling room project.

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

- Noncurrent liabilities represent long term debt, pension and OPEB liabilities along with subscription liabilities. They decreased by \$4.0 million and \$2.0 million from 2024 to 2025 and 2023 to 2024, respectively, due to decreased pension and OPEB liabilities as a result of very favorable market conditions as of the plan's September 30, 2024 and 2023 measurement dates.

Net Position

In comparison with fiscal year 2023, the College's net position for fiscal year 2024 increased by \$2.9 million, or 6.8 percent. In comparison with fiscal year 2024, the College's net position for fiscal year 2025 increased by \$4.7 million, or 10.3 percent. In both fiscal years 2024 and 2025, transfers into the Plant Fund were funded by operating and nonoperating revenue in excess of expenses in both the General Fund and Auxiliary Fund.

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

Statement of Revenue, Expenses, and Changes in Net Position

Following is a comparison of the major components of operating results of the College for the years ended June 30, 2025, 2024, and 2023:

Operating Results for the Years Ended June 30 (in millions)			
	2025	2024	2023
Operating Revenue			
Tuition and fees	\$ 11.3	\$ 10.5	\$ 9.1
Scholarship allowance	(5.7)	(4.3)	(3.7)
Tuition and fees - Net	5.6	6.2	5.4
Federal grants	1.8	1.2	0.8
State grants and contracts	-	-	0.1
Sales and services of auxiliary activities	2.9	2.9	2.7
Scholarship allowance	(0.4)	(1.2)	(1.1)
Auxiliary services - Net	2.5	1.7	1.6
Other	0.3	0.2	0.3
Total operating revenue	10.2	9.3	8.2
Operating Expenses			
Instruction	6.8	7.0	6.6
Instructional support	1.8	2.0	1.9
Student services	6.6	6.2	5.4
Institutional administration	4.0	3.6	3.5
Physical plant operations	3.4	3.6	3.6
Information technology	2.2	2.2	2.3
Depreciation and amortization	3.1	3.0	3.0
Total operating expenses	27.9	27.6	26.3
Operating Loss	(17.7)	(18.3)	(18.1)
Nonoperating Revenue (Expenses)			
State appropriations	9.2	9.7	8.2
Federal Pell Grant	5.2	4.2	3.4
Higher Education Emergency Relief Funding	-	-	0.7
Property taxes	7.8	7.2	6.7
Investment income	0.8	0.7	0.1
Interest on capital asset - Related debt	(0.7)	(0.7)	(0.8)
Other nonoperating revenue	-	-	-
Net nonoperating revenue	22.3	21.1	18.3
Other Revenue			
Capital contributions	0.1	0.1	0.1
Increase in Net Position	4.7	2.9	0.3
Net Position - Beginning of year	45.7	42.8	42.5
Net Position - End of year	\$ 50.4	\$ 45.7	\$ 42.8

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

Total Revenue

The major changes in revenue for fiscal year 2025 are increased tuition and fee revenue and increased property taxes and federal Pell grant revenue, these increases were offset by a decrease in state appropriations. The major changes in revenue for fiscal year 2024 are increased tuition and fee revenue and increased state appropriations and federal Pell grant revenue.

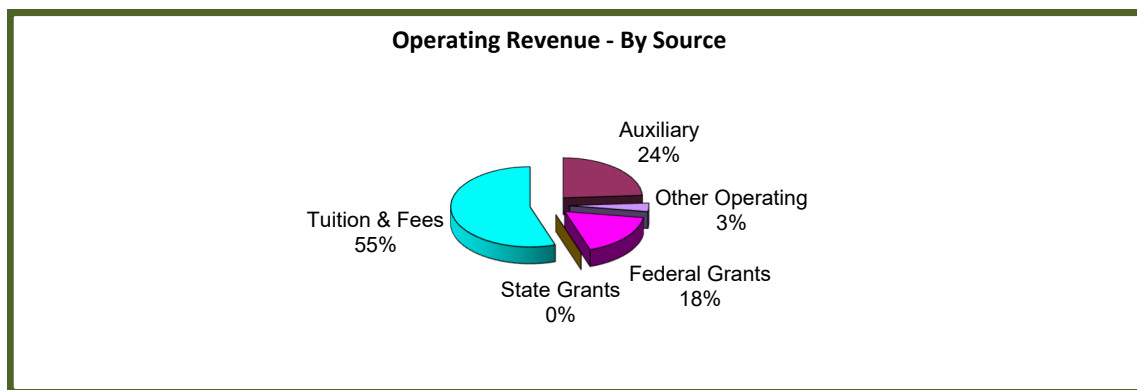
Operating Revenue

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, fees, and housing. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

Operating revenue changes were as follows:

- For fiscal year 2025, net Tuition and Fee revenue decreased by \$0.6 million or 9.2 percent due to an increase in enrollment and a tuition and fee increase of approximately 4.8 percent, offset by an increase in the scholarship allowance. For fiscal year 2024, net Tuition and Fee revenue increased by \$0.8 million or 15.4 percent due to an increase in enrollment and a tuition and fee increase of approximately 4.8 percent.
- Federal grants increased by \$0.6 million or 53.0 percent from fiscal year 2024 to 2025 due to additional expenditures in the ADN to BSN Completion Grant Program.

The following graph illustrates the percentage of operating revenue by source for the year ended June 30, 2025:



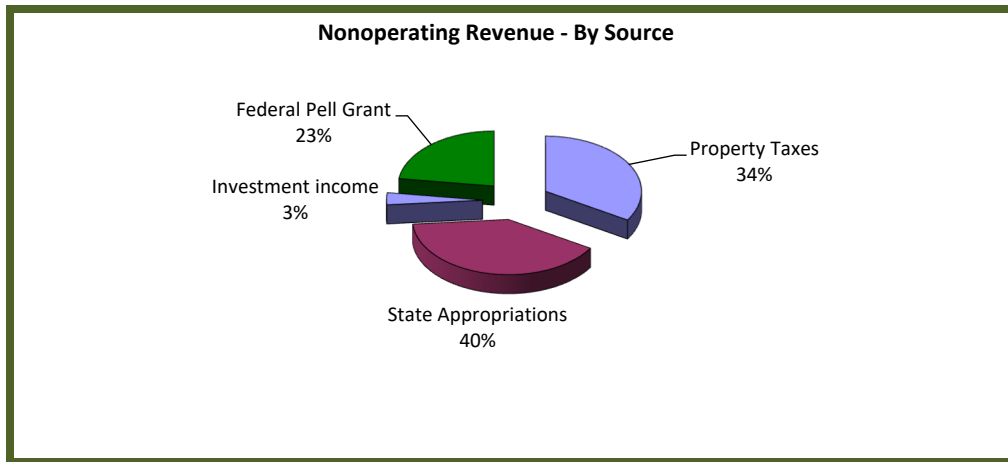
Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, federal Pell Grant funding, property taxes, state capital appropriations, and Coronavirus relief funding.

Nonoperating revenue changes included the following factors:

- State appropriations decreased by \$0.5 million, or 5.4 percent, from fiscal year 2024 to 2025 due to the receipt of \$0.6 million of ITEM (Infrastructure, Technology, Equipment and Maintenance) funding from the state in 2024. State appropriations increased by \$1.5 million, or 18.9 percent, from fiscal year 2023 to 2024 due to the receipt of \$0.6 million of ITEM (Infrastructure, Technology, Equipment and Maintenance) funding from the state in 2024 along with a \$0.6 million swing in the state appropriation adjustment related to MPSERS.
- Property tax revenue increased by approximately \$0.5 million, or 7.4 percent, from fiscal year 2024 to 2025 and increased by approximately \$0.5 million, or 7.1 percent, from fiscal year 2023 to 2024.
- Federal Pell Grant revenue increased \$1.0 million from fiscal year 2024 to 2025 and increased \$0.8 million from fiscal year 2023 to 2024 due to corresponding changes in enrollment.

The following graph illustrates these sources of nonoperating revenue for the year ended June 30, 2025:



Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

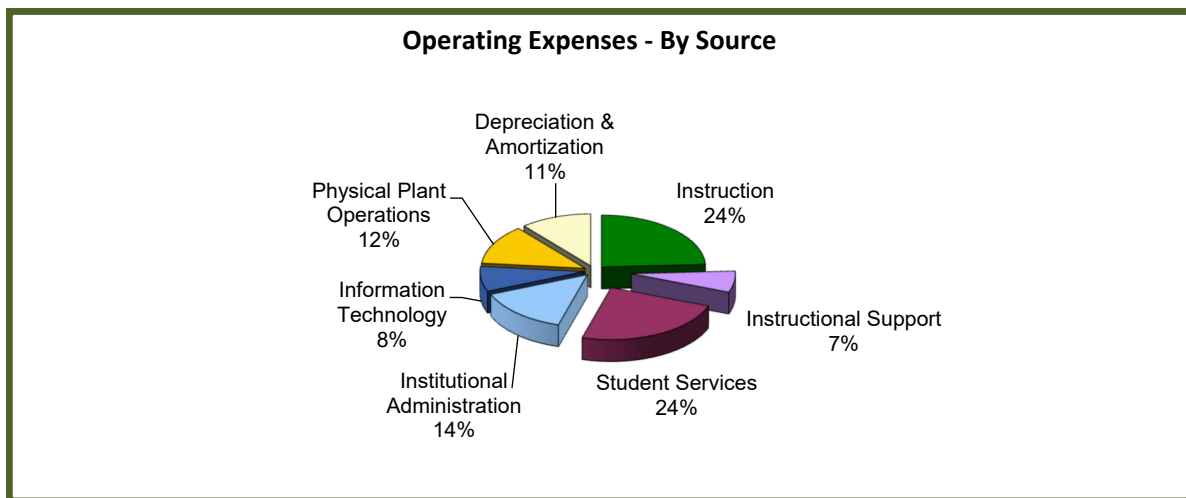
Operating Expenses

Operating expenses are all the costs associated with administering the programs and performing the primary purposes of the College. These costs include salaries, benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses increased by \$0.3 million, or 1.1 percent, from 2024 to 2025.

Highlights of the major changes by category are as follows:

- Expenditures for salaries, wages, and benefits decreased 0.6 percent for the year ended June 30, 2025 and increased 12.3 percent for the year ended June 30, 2024.
- Instruction costs decreased \$0.3 million or 4.3 percent and increased \$0.4 million or 6.6 percent in fiscal years 2025 and 2024, respectively, due to an increase in enrollment.
- In fiscal year 2025, student services increased \$.5 million or 7.3 percent due to increased Pell funding driven by increased enrollment. In fiscal year 2024, student services increased \$.8 million or 14.2 percent due to increased Pell funding driven by increased enrollment.
- Institutional administration costs increased \$0.4 million or 11.0 percent in fiscal year 2025 due to additional marketing expenditures that were financed by the ADN to BSN Nursing Completion Grant.
- Depreciation and information and technology costs remained consistent from 2024 to 2025 and 2024 to 2023.

The following is a graphic illustration of operating expenses by source for the College as a whole for the year ended June 30, 2025:

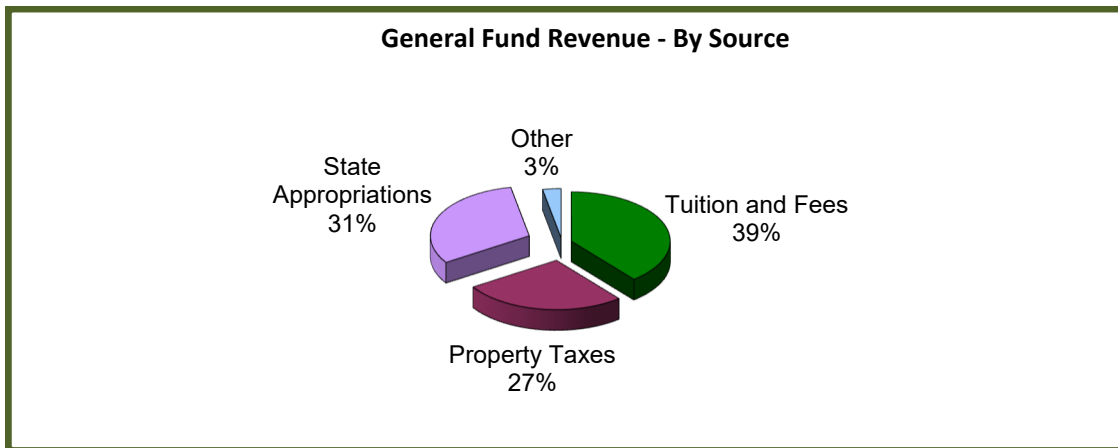


Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

General Fund Revenue

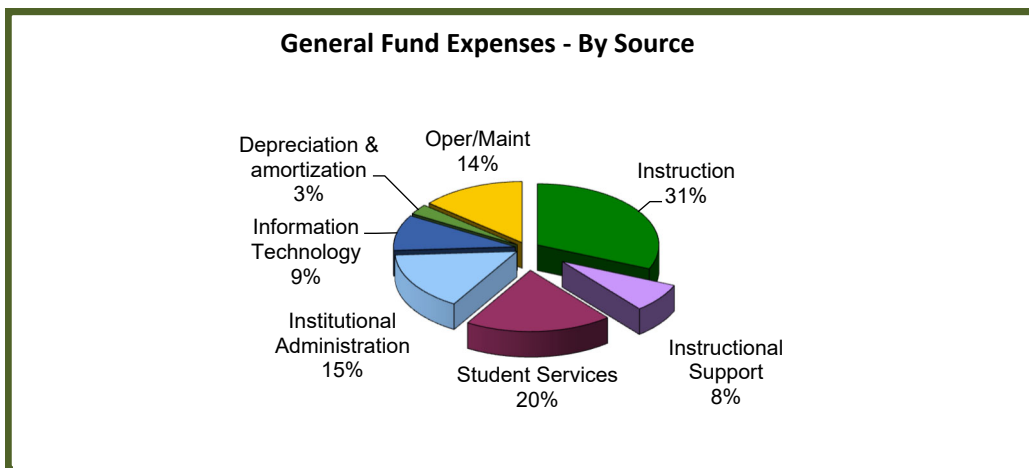
Internally, the College prepares its financial statements using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. The College accounts for its primary programs and operations in its General Fund. The General Fund is financed primarily through four sources of revenue - tuition and fees, state appropriations, property taxes, and other. For this report, these sources of revenue are classified as either operating or nonoperating. The following graph illustrates the percentage of total General Fund revenue by source for the year ended June 30, 2025:



General Fund Expenses

The College accounts for its primary programs and operations in its General Fund. General Fund expenses are recorded according to the following categories: instruction, instructional support, student services, institutional administration, information technology, and operations and maintenance of the assets of the College. Each category includes salaries, benefits, utilities, supplies, and services for each function.

The following graph illustrates the percentage of total General Fund expenses by source for the year ended June 30, 2025:



Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

Statement of Cash Flows

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

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

Major sources of funds from operations came from tuition and fees, grants, contracts, and auxiliary activities (i.e. student housing). These sources were offset by expenditures for operations such as payments to employees and suppliers. For fiscal year 2025, the cash balance increased by \$0.5 million. For fiscal year 2024, the cash balance increased by \$24,712.

Cash used in capital and related financing for fiscal years 2025, 2024, and 2023 was \$6.1 million, \$3.2 million, and \$3.0 million, respectively. Cash provided by investing activities for fiscal years 2025, 2024, and 2023 was \$0.3 million, \$1.8 million, and \$0.2 million, respectively.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025 and 2024, the College had \$111.7 million and \$107.6 million, respectively, invested in capital assets, before accumulated depreciation and amortization of \$51.4 million and \$48.3 million, respectively. Depreciation and amortization charges totaled \$3.1 million and \$3.0 million for the 2025 and 2024 fiscal years, respectively.

Capital Assets at June 30 (in millions)			
	2025	2024	2023
Land improvements	\$ 5.2	\$ 5.2	\$ 5.2
Buildings and improvements	81.2	81.2	81.2
Furniture, fixtures, and equipment	16.8	16.5	16.0
Library materials	0.6	0.6	0.6
Right to use assets - IT subscriptions	3.3	3.1	1.2
Land	0.7	0.7	0.5
Construction in progress	3.9	0.3	-
Total	<u>\$ 111.7</u>	<u>\$ 107.6</u>	<u>\$ 104.7</u>

The College had \$19.8 million, \$21.2 million, and \$20.8 million, in debt outstanding at June 30, 2025, 2024, and 2023, respectively all in the form of bonds payable and subscription liabilities. The College's bond rating by Standard & Poor's was AA at June 30, 2025, 2024, and 2023.

Southwestern Michigan College

Management's Discussion and Analysis – Unaudited

Economic Factors that Will Affect the Future

Over the past few years, the College has experienced growth in the areas of athletic and online courses. The College plans to continue to expand in these areas. In the 2025 academic year, the College is adding women's wrestling as well as men's and women's track and field to our list of National Junior College Athletic Association (NJCAA) sports offered at the College. These additional sports helped to fill the additional 36 newly constructed residence hall beds in the Fall of 2025.

Another new area of growth for the College is online courses and programs. During the pandemic, we received emergency authorization to offer classes online. Since then we have become accredited to offer specific entire programs online. In the fall of 2025, twenty percent of classes are online. The College currently offers three fully online degree programs and is researching other potential online degree programs.

The College has several major building projects on the horizon over the next few years. The first is the renovation of the primary learning area within the Dale A. Lyons Building on the Dowagiac campus. Constructed in 1978, this 45-year-old facility serves as the center for many of the College's Associate in Arts programs and is in need of significant modernization.

The Lyons Building houses the College's theater, band and choir rehearsal rooms, art labs and gallery, and numerous classrooms. It is also the most frequently visited building on campus. In addition to serving students, the facility hosts community art, band, and music competitions for area schools at no charge. All College Visual and Performing Arts productions are held in the theater and are well attended by community members.

Because this project is a top priority, the College has developed detailed plans and cost estimates over several years. Renovations will be completed in phases.

- Phase One (Summer 2026) - Renovation of the choir room, projected cost: \$2.0 million
- Phase Two (Summer 2027) - Renovation of the band rooms, projected cost: \$2.6 million
- Phase Three (Summer 2028) - Updates to bathrooms, the main hallway, and theater entryway, projected cost: \$1.7 million

Future phases will address additional classroom improvements and upgrades to HVAC and mechanical systems. The College's other top facility priority is the addition of a Wrestling Room to the Charles O. Zollar Building, which houses the Student Activity Center and Gymnasium. This project will accommodate the growing men's wrestling team and the newly launched women's wrestling program. Construction began in Summer 2025 and is expected to be completed by February 2026 at an estimated cost of \$5.0 million.

The 11,000-square-foot addition will include a dedicated wrestling room, offices, restrooms, and athlete changing areas. Relocating wrestling to the Zollar Building will consolidate athletic facilities in one location and free up space in the Lyons Building that will be converted into the new choir room as part of Phase One of the Lyons renovation.

The economic outlook for the College is heavily tied to national and state economic conditions. Although federal grants and student aid levels have been determined for the upcoming fiscal year, as well as state aid, it is important to note that in times of financial constraint, such funding can be reduced mid-year through an executive order. During fiscal year 2020, we experienced an 11 percent mid-year reduction in our state operational funding. The College's recent rating by Standard & Poor's was affirmed to be AA with a stable outlook in 2025.

For fiscal year 2026, the College has budgeted an increase in state operating funding of 1.5% over the fiscal year 2025 actual amounts and an increase of 4.5% in property tax revenue over fiscal year 2025. Additionally, the fiscal year 2026 budget includes a tuition and fees increase of approximately 4.8 percent over the fiscal year 2025 rates, with an anticipated flat enrollment.

Fortunately, since the budget was approved, it appears that fall tuition revenue will be approximately 12% over budget. Also, state operating funding will increase by approximately 1.7% in fiscal year 2026, which is slightly more than the College budget. The College has reviewed its cash flow data and reserve funds. Southwestern Michigan College is financially positioned to continue normal operations into the future.

Southwestern Michigan College

Statement of Net Position

	June 30	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 1,661,735	\$ 1,153,742
Short-term investments (Note 3)	8,222,973	8,626,962
Accounts receivable - Net (Note 5)	3,278,987	2,977,825
Other current assets	2,052	1,569
Total current assets	13,165,747	12,760,098
Noncurrent assets:		
Other long-term investments (Note 3)	10,015,314	9,108,226
Net OPEB Asset (Note 8)	1,570,911	204,098
Capital assets - Net (Note 6)	60,306,246	59,267,256
Total noncurrent assets	71,892,471	68,579,580
Total assets	85,058,218	81,339,678
Deferred Outflows of Resources		
Pension-related deferrals (Note 8)	2,980,302	3,832,214
Loss on refunding of bonds payable (Note 7)	563,725	603,564
Total deferred outflows	3,544,027	4,435,778
Total assets and deferred outflows of resources	88,602,245	85,775,456
Liabilities		
Current liabilities:		
Accounts payable	2,202,216	1,279,552
Accrued liabilities:		
Payroll and related liabilities	829,391	760,041
Interest payable	107,092	113,166
Other	10,000	20,000
Unearned revenue	804,084	771,042
Long-term obligations - Current (Note 7)	1,521,743	1,566,106
Accrued vacation and sick leave	358,292	375,241
Total current liabilities	5,832,818	4,885,148
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 7)	18,291,989	19,666,417
Net pension liability (Note 8)	8,582,205	11,132,186
Total noncurrent liabilities	26,874,194	30,798,603
Total liabilities	32,707,012	35,683,751
Deferred Inflows of Resources (Note 8)		
Total liabilities and deferred inflows of resources	5,497,516	4,386,946
Total liabilities and deferred inflows of resources	38,204,528	40,070,697
Net Position		
Net investment in capital assets	40,590,048	38,055,723
Restricted expendable - Net OPEB Asset	1,570,911	204,098
Unrestricted net position (Note 1)	8,236,758	7,444,938
Total net position	\$ 50,397,717	\$ 45,704,759

Southwestern Michigan College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2025	2024
Operating Revenue		
Tuition and fees	\$ 11,340,989	\$ 10,469,602
Scholarship allowance	(5,708,860)	(4,264,354)
Net tuition and fees	5,632,129	6,205,248
Federal grants and contracts	1,783,347	1,165,396
State grants and contracts	1,267	12,000
Sales and services of auxiliary activities	2,857,819	2,853,438
Scholarship allowance - Auxiliary activities	(408,356)	(1,162,229)
Net sales and services of auxiliary activities	2,449,463	1,691,209
Other sources	349,727	243,213
Total operating revenue	10,215,933	9,317,066
Operating Expenses		
Instruction	6,752,542	7,053,536
Instructional support	1,837,169	1,968,790
Student services	6,624,591	6,172,974
Institutional administration	4,003,465	3,604,587
Operations and maintenance of plant	3,443,489	3,629,359
Information technology	2,173,651	2,246,348
Depreciation and amortization	3,091,734	2,952,553
Total operating expenses	27,926,641	27,628,147
Operating Loss	(17,710,708)	(18,311,081)
Nonoperating Revenue (Expenses)		
State appropriations	9,195,260	9,715,987
Federal Pell Grant	5,258,798	4,227,293
Property taxes (Note 2)	7,774,165	7,237,206
Investment income and other interest income	815,865	684,866
Interest on capital asset - Related debt	(746,678)	(718,354)
Net nonoperating revenue	22,297,410	21,146,998
Increase in Net Position Before Other Revenue	4,586,702	2,835,917
Other Revenue		
Capital contributions	106,256	80,000
Increase in Net Position	4,692,958	2,915,917
Net Position - Beginning of year	45,704,759	42,788,842
Net Position - End of year	\$ 50,397,717	\$ 45,704,759

Statement of Cash Flows

	Year Ended June 30	
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	\$ 5,496,382	\$ 6,111,807
Grants and contracts	1,676,662	1,028,832
Payments to suppliers	(7,958,282)	(5,834,462)
Payments to employees	(16,151,066)	(17,968,224)
Auxiliary enterprise charges	684,818	119,295
Federal direct lending receipts	1,796,953	2,204,758
Federal direct lending disbursements	(1,796,953)	(2,204,758)
Other	296,834	442,944
Net cash used in operating activities	(15,954,652)	(16,099,808)
Cash Flows from Noncapital Financing Activities		
Local property taxes	7,774,165	7,237,206
State appropriations	9,217,076	9,613,508
Pell Grant Revenue	5,258,798	4,227,293
Net cash provided by noncapital financing activities	22,250,039	21,078,007
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(3,950,266)	(1,067,076)
Capital contributions	106,256	80,000
Principal paid on capital debt	(955,000)	(910,000)
Subscription liability payments	(582,312)	(508,280)
Interest paid on capital debt	(718,838)	(733,028)
Net cash used in capital and related financing activities	(6,100,160)	(3,138,384)
Cash Flows from Investing Activities		
Purchases of investments	(4,803,099)	(4,674,969)
Proceeds of sales from investments	4,300,000	2,175,000
Investment income	815,865	684,866
Net cash provided by (used in) investing activities	312,766	(1,815,103)
Net Increase in Cash and Cash Equivalents	507,993	24,712
Cash and Cash Equivalents - Beginning of year	1,153,742	1,129,030
Cash and Cash Equivalents - End of year	\$ 1,661,735	\$ 1,153,742
Significant Noncash Transaction		
Purchase of subscription assets	\$ 167,258	\$ 1,868,656

Southwestern Michigan College

Statement of Cash Flows (Continued)

A reconciliation of operating loss to net cash from operating activities is as follows:

	Year Ended June 30	
	2025	2024
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (17,710,708)	\$ (18,311,081)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	3,091,734	2,952,552
Gain on disposal of fixed assets	(13,200)	-
Change in pension and OPEB liability and deferreds	(1,997,124)	(1,281,408)
(Increase) decrease in assets:		
Accounts receivable	(322,978)	(100,506)
Other current assets	(483)	39,654
(Decrease) increase in liabilities:		
Accounts payable	922,664	565,004
Accrued payroll and related liabilities	69,350	49,316
Accrued other	(10,000)	(45,000)
Unearned revenue	33,042	18,578
Accrued vacation and sick leave	(16,949)	13,083
Net cash used in operating activities	<u>\$ (15,954,652)</u>	<u>\$ (16,099,808)</u>

Southwestern Michigan College

Discretely Presented Component Unit Southwestern Michigan College Foundation

Balance Sheet

	June 30	
	2025	2024
Assets		
Cash and cash equivalents	\$ 940,212	\$ 325,086
Investments (Note 3)	16,634,332	16,130,094
Pledges receivable	23,000	119,000
Total assets	\$ 17,597,544	\$ 16,574,180
Liabilities - Amount due to Southwestern Michigan College	\$ 701,680	\$ 658,220
Net Assets		
Without donor restrictions	330,713	290,751
With donor restrictions	16,565,151	15,625,209
Total net assets	16,895,864	15,915,960
Total liabilities and net assets	\$ 17,597,544	\$ 16,574,180

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2025	2024
Revenue, Gains, and Other Support		
Contributions	\$ 201,127	\$ 160,158
Contributed services	163,380	155,239
Rent revenue	100,000	100,000
Interest income	314,692	292,863
Net realized and unrealized gains on investments	1,073,043	1,237,817
Total revenue, gains, and other support	1,852,242	1,946,077
Expenses		
Grants and contributions	703,575	665,218
Contracted services		
Management and general	73,443	69,478
Fundraising	89,937	85,761
Other administrative expenses		
Management and general	5,383	5,793
Total expenses	872,338	826,250
Increase in Net Assets	979,904	1,119,827
Net Assets - Beginning of year	15,915,960	14,796,133
Net Assets - End of year	\$ 16,895,864	\$ 15,915,960

Note 1 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation

Reporting Entity - Southwestern Michigan College (the “College”) is a Michigan community college whose financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*.

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the financial statements of the Southwestern Michigan College Foundation have been discretely presented in Southwestern Michigan College’s financial statements.

The Southwestern Michigan College Foundation (the “Foundation”), a nonprofit organization, was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. Separate financial statements of the Foundation may be obtained by contacting Southwestern Michigan College, 58900 Cherry Grove Road, Dowagiac, MI 49047.

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

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

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

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

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

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

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

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

Capital Assets – Capital assets are recorded at cost or, if donated, the acquisition value at the time of donation. Library books are recorded using a historically based estimated value. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Land improvements	10-20 years
Buildings and improvements	15-45 years
Furniture, fixtures, and equipment	3-20 years
Library materials	5 years
Subscription based IT arrangements	3-5 years
Computer software	3 years

Unearned Revenue - Revenue received prior to year-end that is related to the next fiscal period is recorded as unearned revenue. The balance as of June 30, 2025 consisted of approximately \$257,000 for the 2025 fall semester and \$547,000 for the 2025 summer semester. The balance as of June 30, 2024 consisted of approximately \$283,000 for the 2024 fall semester and \$488,000 for the 2024 summer semester. Grants received prior to qualifying expenditures are also included in unearned revenue. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Compensated Absences - It is the College's policy to permit employees to accumulate earned but unused sick leave and vacation time. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Under the College's policy, employees earn vacation time based on time of service with the College.

Operating and Nonoperating Revenue - Operating activities reported on the statement of revenue, 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. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, property taxes, federal Pell Grant revenue, gifts, and investment income.

Pell Grant Reimbursements - Pell Grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amount received during the years ended June 30, 2025 and 2024 was \$5,258,798 and \$4,227,293, respectively.

Grant Revenue - Revenue from grant and contract agreements is recognized as it is earned through expenditures in accordance with the agreement.

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

Federal Financial Assistance Programs - The College participates in federally funded Pell Grants, SEOG grants, Federal Work-Study, and Federal Direct Lending programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*, and the compliance supplement. During the years ended June 30, 2025 and 2024, the College distributed \$1,796,953 and \$2,204,758, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Unrestricted Net Position - Unrestricted net position represents net positions that are not subject to externally imposed constraints. Unrestricted net position may be designated for a specific purpose by action of management or the board of trustees. The College, through board action, has designated the use of unrestricted net position as of June 30, 2025 and 2024 as follows:

	2025	2024
Designated for General Fund division use	\$ 4,530,060	\$ 4,456,639
Designated for net pension and OPEB liabilities	(11,099,419)	(11,686,918)
Designated for capital maintenance and replacement	11,097,428	9,791,827
Designated for budget stabilization	2,000,000	2,000,000
Designated for healthcare expenses	407,063	907,063
Designated for marketing expenses	14,579	14,579
Designated for scholarships and grants	(6,890)	(3,530)
Designated for auxiliary expenditures	<u>1,293,937</u>	<u>1,965,278</u>
Total unrestricted net position (deficit)	<u>\$ 8,236,758</u>	<u>\$ 7,444,938</u>

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

Revenue Recognition of Tuition and Fees - The academic programs are offered in traditional fall and spring semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which commences in May and ends in August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates, net of institutional financial aid and discounts provided directly by the College to students.

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

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

The College adopted NACUBO Advisory Report 2023-01, Public Institutions: Accounting for and Reporting Financial Aid as a Discount, effective for the fiscal year ended 2025. This change was implemented following the guidance provided in National Association of College and University Business Officers which supersedes prior guidance and provides updated methods for calculating tuition discounts. Previously, the use of pooled student refunds as the basis for allocation of the allowance introduced non-discountable transactions into the calculation process, reducing the accuracy of the estimates. Enterprise system advancements have created the capacity for more accurate estimates using a methodology that reflects the financial aid process flow. The scholarship allowances for "Tuition and fees" and "Sales and services of auxiliary activities" and the "Student services" line items within the *Statement of Revenue, Expenses and Changes in Net Position* are affected by the allocation described in the methodology.

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

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

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

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts (see Note 8 for more information) and for the loss on refunding of a portion of the 2008 Community College Improvement Bonds and the 2009 Community College Build America Bonds (see Note 7 for more information).

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

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

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

Adoption of New Accounting Pronouncement - The College adopted GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences.

Subsequent Events -

The financial statements and related disclosures include evaluation of events up through and including November 12, 2025, which is the date the financial statements were available to be issued.

Note 2 - Property Taxes

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

During the years ended June 30, 2025 and 2024, 2.3864 and 2.3936 mills of tax per \$1,000 of taxable property value in the community college taxing district were levied for general operating purposes on all property. Total operating property tax revenue was \$7,774,165 and \$7,237,206 for the years ended June 30, 2025 and 2024, respectively.

Note 3 - Deposits and Investments

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

	2025	2024
Cash and cash equivalents	\$ 1,661,735	\$ 1,153,742
Short-term investments	8,222,973	8,626,962
Long-term investments	10,015,314	9,108,226
Total cash and investments	<u>\$ 19,900,022</u>	<u>\$ 18,888,930</u>

The amounts in the previous table are classified in the following categories:

	2025	2024
Cash and cash equivalents	\$ 1,658,185	\$ 1,150,192
Investments in securities and similar instruments	18,238,287	17,735,188
Petty cash and cash on hand	3,550	3,550
Total cash and investments	<u>\$ 19,900,022</u>	<u>\$ 18,888,930</u>

Note 3 - Deposits and Investments (Continued)

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

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	\$ 5,064,081	\$ 5,064,081	\$ -	\$ -	\$ -
Certificate of deposit	1,950,564	1,350,151	600,413	-	-
Municipal bonds	593,214	-	168,291	31,324	393,599
U.S. agencies	2,866,226	148,914	1,676,032	170,972	870,308
U.S. treasuries	7,764,202	1,584,142	5,913,020	267,040	-
Total investments	<u>\$ 18,238,287</u>	<u>\$ 8,147,288</u>	<u>\$ 8,357,756</u>	<u>\$ 469,336</u>	<u>\$ 1,263,907</u>

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

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	\$ 3,739,208	\$ 3,739,208	\$ -	\$ -	\$ -
Certificate of deposit	2,019,785	898,115	1,121,670	-	-
Municipal bonds	176,351	-	145,905	-	30,446
U.S. agencies	4,798,328	1,976,517	1,636,348	332,859	852,604
U.S. treasuries	7,001,516	1,849,804	4,666,947	484,765	-
Total investments	<u>\$ 17,735,188</u>	<u>\$ 8,463,644</u>	<u>\$ 7,570,870</u>	<u>\$ 817,624</u>	<u>\$ 883,050</u>

Interest Rate Risk

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

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 policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the College will do business using the criteria established in the investment policy.

Credit Risk

According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services.

Note 3 - Deposits and Investments (Continued)

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

Moody's Rating	June 30, 2025			June 30, 2024		
	U.S.		Municipal	U.S.		Municipal
	U.S. Agencies	Treasuries	Bonds	U.S. Agencies	Treasuries	Bonds
Aaa	\$ 2,866,226	\$ 7,764,202		\$ 4,798,328	\$ 7,001,516	\$ -
Aa1	-	-	542,806	-	-	145,905
AA	-	-	19,084	-	-	-
Aa3	-	-	31,324	-	-	30,446
Total	<u>\$ 2,866,226</u>	<u>\$ 7,764,202</u>	<u>\$ 593,214</u>	<u>\$ 4,798,328</u>	<u>\$ 7,001,516</u>	<u>\$ 176,351</u>

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the College's deposits. As of June 30, 2025, the College's deposit balance of \$4,017,078 had \$1,820,467 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2024, the College's deposit balance of \$3,558,285 had \$1,288,500 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The College believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the College evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

	2025		2024	
	Amortized		Amortized	
	Cost	Fair Value	Cost	Fair Value
Money market mutual funds	\$ 221,390	\$ 221,390	\$ 285,242	\$ 285,242
Certificates of deposit	200,092	200,092	398,633	398,633
Mutual funds	6,261,455	9,019,682	5,994,306	8,093,632
Government securities	1,638,859	1,566,223	2,406,031	2,291,663
Municipal bonds	479,227	471,105	328,152	313,225
Corporate bonds	2,907,092	2,787,840	2,589,483	2,379,699
Preferred Stock	-	-	-	-
Land	1,053,233	2,368,000	1,053,233	2,368,000
Total	<u>\$ 12,761,348</u>	<u>\$ 16,634,332</u>	<u>\$ 13,055,080</u>	<u>\$ 16,130,094</u>

Note 4 - Fair Value Measurements

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

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

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

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
U.S. agency bonds	\$ 2,866,226	\$ -	\$ 2,866,226	\$ -
U.S. treasury securities	7,764,202	-	7,764,202	-
Municipal bonds	593,214	-	593,214	-
Total investments by fair value level	<u>\$ 11,223,642</u>	<u>\$ -</u>	<u>\$ 11,223,642</u>	<u>\$ -</u>

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt securities:				
U.S. agency bonds	\$ 4,798,328	\$ -	\$ 4,798,328	\$ -
U.S. treasury securities	7,001,516	-	7,001,516	-
Municipal bonds	176,351	-	176,351	-
Total investments by fair value level	<u>\$ 11,976,195</u>	<u>\$ -</u>	<u>\$ 11,976,195</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 4 - Fair Value Measurements (Continued)

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Money market mutual funds	\$ 221,390	\$ -	\$ -	\$ 221,390
Mutual funds	9,019,682	-	-	9,019,682
Fixed income:				
U.S. agency bonds	-	1,178,957	-	1,178,957
U.S. treasuries	-	387,266	-	387,266
Municipal bonds	-	471,105	-	471,105
Corporate bonds	-	2,787,840	-	2,787,840
Land	-	-	2,368,000	2,368,000
Total investments	<u>\$ 9,241,072</u>	<u>\$ 4,825,168</u>	<u>\$ 2,368,000</u>	<u>\$ 16,434,240</u>

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Money market mutual funds	\$ 285,242	\$ -	\$ -	\$ 285,242
Mutual funds	8,093,632	-	-	8,093,632
Fixed income:				
U.S. agency bonds	-	1,199,591	-	1,199,591
U.S. treasuries	-	1,092,072	-	1,092,072
Municipal bonds	-	313,225	-	313,225
Corporate bonds	-	2,379,699	-	2,379,699
Land	-	-	2,368,000	2,368,000
Total investments	<u>\$ 8,378,874</u>	<u>\$ 4,984,587</u>	<u>\$ 2,368,000</u>	<u>\$ 15,731,461</u>

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Land classified in Level 3 are valued based on an independent third-party appraisal, which compared it to comparable recent sales as well as an income approach which estimates cropland income per acre less expenses and divides by a capitalization rate based on the capitalization rate from other recent sales of cropland in the surrounding area.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2025 and 2024 consist of the following:

	2025	2024
Student	\$ 637,354	\$ 418,565
Grants and contracts	529,780	421,828
State appropriations	1,546,603	1,568,419
Other	705,250	659,013
Total	3,418,987	3,067,825
Less allowance for doubtful accounts	(140,000)	(90,000)
Net accounts receivable	<u>\$ 3,278,987</u>	<u>\$ 2,977,825</u>

Management's periodic evaluation of the adequacy of the allowance is based on the College's past collection experience, adverse situations that may affect the student's ability to repay, and current economic conditions.

Note 6 - Capital Assets

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

	July 1, 2024				June 30, 2025
	Balance	Additions	Retirements	Transfers	Balance
Depreciable assets:					
Land improvements	\$ 5,171,748	\$ -	\$ -	\$ -	\$ 5,171,748
Building and building improvements	8,127,078	-	-	-	8,127,078
Furniture, fixtures, and equipment	16,507,063	327,786	(91,134)	103,960	16,847,675
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	3,114,475	167,258	(431,443)	-	2,850,290
Total depreciable assets	106,572,481	495,044	(522,577)	103,960	106,648,908
Nondepreciable assets:					
Land	716,945	-	-	-	716,945
Construction in progress	355,810	3,635,680	-	(103,960)	3,887,530
Total nondepreciable assets	1,072,755	3,635,680	-	(103,960)	4,604,475
Total depreciable and nondepreciable assets	<u>\$ 107,645,236</u>	<u>\$ 4,130,724</u>	<u>\$ (522,577)</u>	<u>\$ -</u>	<u>\$ 111,253,383</u>
Accumulated depreciation:					
Land improvements	\$ 3,589,184	\$ 189,940	\$ -	\$ -	\$ 3,779,124
Building and building improvements	30,498,060	1,630,785	-	-	32,128,845
Furniture, fixtures, and equipment	12,774,881	612,153	(91,134)	-	13,295,900
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	953,738	658,856	(431,443)	-	1,181,151
Total accumulated depreciation	48,377,980	\$ 3,091,734	\$ (522,577)	\$ -	50,947,137
Net capital assets	<u>\$ 59,267,256</u>				<u>\$ 60,306,246</u>

Note 6 - Capital Assets (Continued)

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

	July 1, 2023				June 30, 2024
	Balance	Additions	Retirements	Transfers	Balance
Depreciable assets:					
Land improvements	\$ 5,171,748	\$ -	\$ -	\$ -	\$ 5,171,748
Building and building improvements	8,127,078	-	-	-	8,127,078
Furniture, fixtures, and equipment	16,003,815	521,723	(19,605)	1,130	16,507,063
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	1,245,819	1,868,656	-	-	3,114,475
Total depreciable assets	104,200,577	2,390,379	(19,605)	1,130	106,572,481
Nondepreciable assets:					
Land	528,532	188,413	-	-	716,945
Construction in progress	-	356,940	-	(1,130)	355,810
Total nondepreciable assets	528,532	545,353	-	(1,130)	1,072,755
Total depreciable and nondepreciable assets	\$ 104,729,109	\$ 2,935,732	\$ (19,605)	\$ -	\$ 107,645,236
Accumulated depreciation and amortization:					
Land improvements	\$ 3,397,883	\$ 19,130	\$ -	\$ -	\$ 3,589,184
Building and building improvements	28,867,275	1,630,785	-	-	30,498,060
Furniture, fixtures, and equipment	12,176,578	617,908	(19,605)	-	12,774,881
Library materials	562,117	-	-	-	562,117
Right to use assets - IT subscriptions	441,180	512,558	-	-	953,738
Total accumulated depreciation and amortization	45,445,033	\$ 2,952,552	\$ (19,605)	\$ -	48,377,980
Net capital assets	\$ 59,284,076				\$ 59,267,256

Several institutional facilities have been financed in part by State Building Authority (SBA) bond issuance, which are secured by a pledge of rentals to be received by the SBA from the State of Michigan pursuant to an arrangement between SBA, State of Michigan, and the College. While the SBA bonds are outstanding, SBA will hold title to the respective buildings, although the College has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the buildings to the College.

At June 30, 2025 and June 30, 2024, the College had approximately \$3,994,000 and \$2,440,000 in contractual commitments outstanding, respectively.

Note 7 - Long-term Obligations

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

	July 1, 2024	Additions	Reductions	June 30, 2025	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	\$ 4,075,000	\$ -	\$ (175,000)	\$ 3,900,000	\$ 200,000
2017 Community College Improvement Bonds	9,220,000	-	(565,000)	8,655,000	560,000
2019 Community College Improvement Bonds	4,990,000	-	(215,000)	4,775,000	240,000
Total bonds payable	18,285,000	-	(955,000)	17,330,000	1,000,000
Unamortized Bond Premium	765,796	-	(48,736)	717,060	48,736
Subscription Liabilities	2,181,727	167,258	(582,313)	1,766,672	473,007
Total long-term obligations	\$ 21,232,523	\$ 167,258	\$ (1,586,049)	\$ 19,813,732	\$ 1,521,743

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

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	\$ 4,250,000	\$ -	\$ (175,000)	\$ 4,075,000	\$ 175,000
2017 Community College Improvement Bonds	9,740,000	-	(520,000)	9,220,000	565,000
2019 Community College Improvement Bonds	5,205,000	-	(215,000)	4,990,000	215,000
Total bonds payable	19,195,000	-	(910,000)	18,285,000	955,000
Unamortized Bond Premium	814,532	-	(48,736)	765,796	48,736
Subscription Liabilities	821,351	1,868,656	(508,280)	2,181,727	562,370
Total long-term obligations	\$ 20,830,883	\$ 1,868,656	\$ (1,467,016)	\$ 21,232,523	\$ 1,566,106

Bond principal and interest are payable from the proceeds of ad valorem taxes levied on all taxable properties in the College taxing district without limitation as to rate or amount.

Community College Improvement Bonds, 2014 - The College issued \$5,000,000 of 3.00 to 3.75 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$100,000 to \$375,000 beginning 2018 through 2039. Proceeds from this issuance were used for the purpose of paying a portion of the cost of renovating and re-equipping two existing college classroom buildings.

Community College Improvement Bonds, 2017 - The College issued \$12,250,000 of 2.00 to 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$490,000 to \$780,000 beginning 2019 through 2039. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2008 Community College Improvement Bonds. The bonds were sold at a premium of \$130,018. The bond refunding resulted in a capitalized loss on defeasance of \$603,240. The capital loss is being amortized and recognized at \$27,214 for the years ended June 30, 2025 and 2024, respectively. The refunding resulted in a total reduction of future debt service of \$1,990,561, with a net present value reduction of \$1,412,805.

Note 7 - Long-term Obligations (Continued)

Community College Improvement Bonds, 2019 - The College issued \$5,885,000 of 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from \$95,000 to \$435,000 beginning 2020 through 2040. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds. The bonds were sold at a premium of \$886,000. The bond refunding resulted in a capitalized loss on defeasance of \$260,911. The capital loss is being amortized and recognized at \$12,624 for the years ended June 30, 2025 and 2024, respectively. The refunding resulted in a total reduction of future debt service of \$1,441,701, with a net present value reduction of \$1,176,747.

Subscription Liabilities – The College has recognized a subscription liability for the right to use vendors’ information technology software through various long-term contracts. The liability is measured at an initial amount based on the present value of payments expected to be made during the subscription period.

Total principal and interest maturities on the debt obligations and subscription liabilities as of June 30, 2025 are as follows:

Years Ending June 30	Debt Obligations			Subscription Liabilities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,000,000	\$ 642,550	\$ 1,642,550	\$ 473,007	\$ 69,526	\$ 542,533
2027	990,000	604,550	1,594,550	427,972	53,838	\$ 481,810
2028	1,035,000	565,950	1,600,950	445,763	34,349	\$ 480,112
2029	1,100,000	531,175	1,631,175	419,930	15,268	\$ 435,198
2030	1,110,000	493,463	1,603,463	-	-	-
2031-2035	5,895,000	1,852,113	7,747,113	-	-	-
2036-2040	6,200,000	650,250	6,850,250	-	-	-
Total	<u>\$ 17,330,000</u>	<u>\$ 5,340,050</u>	<u>\$ 22,670,050</u>	<u>\$ 1,766,672</u>	<u>\$ 172,981</u>	<u>\$ 1,939,653</u>

For the years ended June 30, 2025 and 2024, interest expense was \$746,678 and \$718,355, respectively.

Note 8 - Retirement Plans

Defined Benefit Plan

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

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement Services (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Note 8 - Retirement Plans (Continued)

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

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

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

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

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

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

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

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

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

Note 8 - Retirement Plans (Continued)

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

The College's required and actual pension contributions to the plan for the years ended June 30, 2025 and 2024 were approximately \$1,563,000 and \$1,498,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately \$514,000 and \$693,000 in revenue received from the State of Michigan to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2025 and 2024, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2025 and 2024 were approximately \$135,000 and \$337,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual OPEB contributions does not include an allocation of revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2025 and 2024.

Net Pension Liability - At June 30, 2025 and 2024, the College reported a liability of \$8,582,205 and \$11,132,186, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024 and 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated liability to September 30, 2024 and 2023. The College's proportion of the net pension liability was based on a projection of its long term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023, and 2022, the College's proportion was 0.03506 percent, 0.03439 percent, and 0.03551 percent, respectively.

Note 8 - Retirement Plans (Continued)

Net OPEB Asset/Liability - At June 30, 2025 and 2024, the College reported an asset of \$1,570,911 and \$204,098, respectively, for its proportionate share of the net OPEB liability. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024 and 2023, and the total OPEB asset/liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated liability to September 30, 2024 and 2023. The College's proportion of the net OPEB asset/liability was based on a projection of its longterm share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023, and 2022, the College's proportion was 0.03650 percent, 0.03608 percent, and 0.03510 percent, respectively, of MPERS in total.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended June 30, 2025 and 2024, the College recognized pension expense of approximately \$430,000 and \$1,086,000, respectively, inclusive of payments to fund the MPERS UAAL stabilization rate. At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,841	\$ (93,247)	\$ 351,408	\$ (17,053)
Changes of assumptions	894,746	(628,804)	1,508,462	(869,745)
Net difference between projected and actual earnings on pension plan assets	-	(1,637,849)	-	(227,801)
Changes in proportion and differences between College contributions and proportionate share of contributions	159,627	(498,309)	6,862	(802,437)
Total amortized deferrals	1,287,214	(2,858,209)	1,866,732	(1,917,036)
College contributions subsequent to the measurement date	1,289,956	-	1,238,106	-
Total	<u>\$ 2,577,170</u>	<u>\$ (2,858,209)</u>	<u>\$ 3,104,838</u>	<u>\$ (1,917,036)</u>

The \$514,343 and \$692,731 reported as deferred inflows of resources resulting from the pension portion of state aid payments is recognized as state appropriations revenue for the years ended June 30, 2025 and 2024, respectively.

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

Year Ending	Amount
June 30	
2026	\$ (512,606)
2027	(55,423)
2028	(596,493)
2029	(406,473)
	<u>\$ (1,570,995)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

Note 8 - Retirement Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2025 and 2024, the College recognized OPEB recovery of approximately \$601,000 and \$399,000, respectively.

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

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,664,686)	\$ -	\$ (1,542,267)
Changes of assumptions	343,110	(39,438)	454,357	(54,713)
Net difference between projected and actual earnings on pension plan assets	-	(297,392)	622	-
Changes in proportion and differences between College contributions and proportionate share of contributions	46,441	(123,448)	51,337	(180,199)
Total amortized deferrals	389,551	(2,124,964)	506,316	(1,777,179)
College contributions subsequent to the measurement date	13,581	-	221,060	-
Total	<u>\$ 403,132</u>	<u>\$ (2,124,964)</u>	<u>\$ 727,376</u>	<u>\$ (1,777,179)</u>

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

Year Ending	Amount
June 30	
2026	\$ (583,439)
2027	(352,117)
2028	(334,900)
2029	(284,632)
2030	(151,314)
Thereafter	(29,011)
	<u>\$ (1,735,413)</u>

Note 8 - Retirement Plans (Continued)

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

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return – Pension	FY24 - 6.00% FY23 - 6.00%	Net of investment expenses based on the groups
Investment rate of return – OPEB	FY24 - 6.00% FY23 - 6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% (2024 and 2023)
Healthcare Cost Trend Rate	6.25% - 7.75%	Year 1 graded to 3.5% Year 15; 3.00% Year 12
Mortality basis	Retirees & Active	PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

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

Significant assumption changes since the measurement date, September 30, 2024, for the OPEB plans include a decrease in the healthcare cost trend rate of .25 percent for members for members under 65 and an increase of .25 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

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

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

Note 8 - Retirement Plans (Continued)

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

Investment Category	September 30, 2024		September 30, 2023	
	Target Allocation Percentage	Long-term Expected Real Rate of Return	Target Allocation Percentage	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.00%	5.30%	25.00%	5.80%
Private Equity Pools	16.00%	9.00%	16.00%	9.60%
International Equity Pools	15.00%	6.50%	15.00%	6.80%
Fixed Income Pools	13.00%	2.20%	13.00%	1.30%
Real Estate & Infrastructure Pools	10.00%	7.10%	10.00%	6.40%
Absolute Return Pools	9.00%	5.20%	9.00%	4.80%
Real Return / Opportunistic Pools	10.00%	6.90%	10.00%	7.30%
Short-term Investment Pools	2.00%	1.40%	2.00%	0.30%
Total	<u>100.00%</u>		<u>100.00%</u>	

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

	1.00 Percent Decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 Percent Increase (7.00 percent)
College's proportionate share of the net pension liability - June 30, 2025	<u>\$ 12,581,605</u>	<u>\$ 8,582,205</u>	<u>\$ 5,251,935</u>
College's proportionate share of the net pension liability - June 30, 2024	<u>\$ 15,039,550</u>	<u>\$ 11,132,186</u>	<u>\$ 7,879,163</u>

Note 8 - Retirement Plans (Continued)

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

	1.00 Percent Decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 Percent Increase (7.00 percent)
College's proportionate share of the net OPEB liability (asset) - June 30, 2025	\$ (1,214,013)	\$ (1,570,911)	\$ (1,879,488)
College's proportionate share of the net OPEB liability (asset) - June 30, 2024	\$ 211,588	\$ (204,098)	\$ (561,339)

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

	1.00 Percent Decrease	Current Healthcare Cost Trend Rate	1.00 Percent Increase
College's proportionate share of the net OPEB liability (asset) - June 30, 2025	\$ (1,879,491)	\$ (1,570,911)	\$ (1,239,962)
College's proportionate share of the net OPEB liability (asset) - June 30, 2024	\$ (562,230)	\$ (204,098)	\$ 183,518

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

Payable to the Pension Plan and OPEB Plan - At June 30, 2025, the College reported a payable of \$93,717 and \$308 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025. At June 30, 2024, the College reported a payable of \$134,079 and \$3,456 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Defined Contribution Plan

In January 1997, the College began providing a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt status employees can elect to participate with the Teachers' Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). The TIAA-CREF plan is a defined contribution retirement plan in which 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 14.0 percent. This resulted in the College contributing approximately \$1,049,000 and \$1,042,000 for the years ended June 30, 2025 and 2024, respectively, to the plan.

Note 9 - Risk Management

The College is exposed to various risks of loss related to property loss, errors, omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, and liability claims. The College is self-insured for health benefits. The College has purchased commercial insurance for other risks such as workers' compensation, employee long-term disability, and employee life insurance. Settled claims resulting from all of the above risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Risk-sharing Programs

The College participates in the Michigan Community College Risk Management Authority (MCCRMA) risk management pool for auto, property, and liability claims. The program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the pool, which the pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College.

Self-Insurance

The College was self-insured for health benefits through December 31, 2023. The College estimates the liability for medical benefit claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The College has purchased insurance to protect the College for claims in excess of \$60,000. On January 1, 2024, the College joined the Western Michigan Insurance Pool and is no longer self-insured for health benefits.

	2025	2024	2023
Estimated liability - Beginning of year	\$ 10,000	\$ 55,000	\$ 240,000
Estimated claims incurred, including changes in estimates	(10,000)	(998,036)	1,861,025
Less claim payments	-	953,036	(2,046,025)
Estimated liability - End of year	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 55,000</u>

Note 10 - Southwestern Michigan College Foundation

The Southwestern Michigan College Foundation (the "Foundation") was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. During the years ended June 30, 2025 and 2024, the Foundation made grants and distributions to and on behalf of the College totaling \$703,575 and \$665,218, respectively.

The Foundation's net assets include donor-restricted endowment funds, whose purpose is to provide scholarships to students of the College. Net assets associated with these funds are classified and reported based on the existence or absence of donor- or board-imposed restrictions. Net assets with donor restrictions are \$16,565,151 and \$15,625,209 as of June 30, 2025 and 2024, respectively.

Note 10 - Southwestern Michigan College Foundation (Continued)

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that does not meet the criteria above is classified as net assets with donor restrictions based on a time or purpose restriction imposed by the donor until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2025 and 2024, the Foundation had no endowment funds with deficiencies of this nature.

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 or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner which will provide long-term growth of principal without undue exposure to risk using a diversified investment structure. It is the objective of the Foundation to earn between four percent and six percent annual rate of return over a five-year market cycle, net of all fees.

Strategies Employed for Achieving Objectives

The Foundation's investment allocation structure includes real estate holdings and approximately \$1,000,000 held in liquid assets, with the remainder of the investment portfolio to eventually be invested 60 percent in equities and 40 percent in fixed-income instruments.

Note 10 - Southwestern Michigan College Foundation (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating three percent of the 12-quarter rolling average market value of the investment portfolio. The specific amount for distribution shall be approved annually by the board of directors. The board of directors reserves the right to deviate from the stated calculation and approve a distribution between zero percent and six percent of the 12-quarter rolling average market value of the investment portfolio if deemed appropriate based on the market activity.

Note 11 - Upcoming Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Organization's financial statements for the year ending March 31, 2027.

In September 2024, the Government Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Organization's financial statements for the year ending March 31, 2027.

Required Supplementary Information

Southwestern Michigan College

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the collective MPSERS net pension liability:										
As a percentage	0.03506%	0.03439%	3.55100%	0.03845%	0.03901%	0.03916%	0.03843%	0.03902%	0.04280%	0.04430%
Amount	\$ 8,582,205	\$11,132,186	\$13,356,466	\$ 9,102,183	\$13,401,039	\$12,969,813	\$11,551,703	\$10,112,762	\$10,678,380	\$10,821,127
College's covered payroll	\$ 3,960,860	\$ 3,686,745	\$ 3,486,047	\$ 3,476,187	\$ 3,478,839	\$ 3,527,205	\$ 3,321,509	\$ 3,227,336	\$ 3,414,645	\$ 3,854,430
College's proportionate share of the collective pension liability as a percentage of the College's covered payroll	216.68%	301.95%	383.14%	261.84%	385.22%	367.71%	347.78%	313.35%	312.72%	280.75%
MPSERS fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,475,351	\$ 1,405,227	\$ 1,556,682	\$ 1,171,662	\$ 1,229,632	\$ 1,131,416	\$ 1,064,086	\$ 1,077,965	\$ 906,326	\$ 998,707
Contributions in relation to the actuarially determined contractually required contribution	\$ 1,475,351	\$ 1,405,227	\$ 1,556,682	\$ 1,172,662	\$ 1,229,632	\$ 1,131,416	\$ 1,064,086	\$ 1,077,965	\$ 906,326	\$ 998,707
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 4,138,920	\$ 3,957,652	\$ 3,723,464	\$ 3,453,924	\$ 3,466,584	\$ 3,551,552	\$ 3,443,590	\$ 3,308,824	\$ 3,172,875	\$ 3,552,297
Contributions as a percentage of covered employee payroll	35.65%	35.51%	41.81%	33.92%	35.47%	31.86%	30.90%	32.58%	28.56%	28.11%

Notes to Required Supplemental Information

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

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

2024 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022

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

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

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

2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

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

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

GASB No. 68, Accounting and Financial Reporting for Pensions - GASB No. 68 was implemented in fiscal year 2015. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Southwestern Michigan College

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

	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability:								
As a percentage	0.03650%	0.03608%	0.03510%	0.03760%	0.03868%	0.03990%	0.03871%	0.03985%
Amount	\$ (1,570,911)	\$ (204,098)	\$ 743,430	\$ 573,897	\$ 2,072,054	\$ 2,864,163	\$ 3,076,983	\$ 3,528,964
College's covered payroll	\$ 3,960,860	\$ 3,686,745	\$ 3,486,047	\$ 3,476,187	\$ 3,478,839	\$ 3,527,205	\$ 3,321,509	\$ 3,227,336
College's proportionate share of the net OPEB liability (amount), as a percentage of the College's covered payroll	-39.66%	-5.54%	21.33%	16.51%	59.56%	81.20%	92.64%	109.35%
MPSERS fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 91,160	\$ 295,034	\$ 283,058	\$ 269,586	\$ 288,480	\$ 285,389	\$ 270,495	\$ 206,540
Contributions in relation to the actuarially determined contractually required contribution	\$ 91,160	\$ 295,034	\$ 283,058	\$ 269,586	\$ 288,480	\$ 285,389	\$ 270,495	\$ 206,540
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 4,138,920	\$ 3,957,652	\$ 3,723,464	\$ 3,453,924	\$ 3,466,584	\$ 3,551,552	\$ 3,443,590	\$ 3,308,824
Contributions as a percentage of covered payroll	2.20%	7.45%	7.60%	7.81%	8.32%	8.04%	7.86%	6.24%

Notes to Required Supplemental Information

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

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased .25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95% percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - GASB No. 75 was implemented in fiscal year 2018. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Other Supplementary Information

Southwestern Michigan College

	General Fund	MPERS Fund	HEERF Fund	Designated Fund	Auxiliary Fund
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,661,735	\$ -	\$ -	\$ -	\$ -
Short-term investments	7,365,762	-	-	-	-
Accounts receivable	2,958,488	-	-	-	12,660
Other current assets	2,052	-	-	-	-
Due (to) from other funds	(11685,040)	-	-	2,421,642	1,364,692
Total current assets	302,997	-	-	2,421,642	1,377,352
Noncurrent assets:					
Other long-term investments	7,188,772	-	-	-	-
Net OPEB Asset	-	1,570,911	-	-	-
Capital assets - Net	1,669,139	-	-	-	-
Total noncurrent assets	8,857,911	1,570,911	-	-	-
Total assets	9,160,908	1,570,911	-	2,421,642	1,377,352
Deferred Outflows of Resources					
Pension-related deferrals	-	2,980,302	-	-	-
Loss on refunding of bonds payable	-	-	-	-	-
Total deferred outflows	-	2,980,302	-	-	-
Liabilities					
Current liabilities:					
Accounts payable	892,552	-	-	-	64,465
Accrued liabilities:					
Payroll and related liabilities	829,391	-	-	-	-
Interest payable	-	-	-	-	-
Other	10,000	-	-	-	-
Unearned revenue	773,940	-	-	-	18,950
Long-term obligations - Current	473,007	-	-	-	-
Accrued vacation and sick leave	358,292	-	-	-	-
Total current liabilities	3,337,182	-	-	-	83,415
Noncurrent liabilities:					
Long-term obligations - Net of current portion	1,293,666	-	-	-	-
Net pension liability	-	8,582,205	-	-	-
Total noncurrent liabilities	1,293,666	8,582,205	-	-	-
Total liabilities	4,630,848	8,582,205	-	-	83,415
Deferred Inflows of Resources	-	5,497,516	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Net OPEB asset	-	1,570,911	-	-	-
Unrestricted net position (deficit)	4,530,060	(11,099,419)	-	2,421,642	1,293,937
Total net position (deficit)	\$ 4,530,060	\$ (9,528,508)	\$ -	\$ 2,421,642	\$ 1,293,937

Combining Statement of Net Position

Year Ended June 30, 2025

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

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Combined	Combined Total June 30, 2025	Combined Total June 30, 2024
\$ -	\$ -	\$ -	\$ -	\$ 1,661,735	\$ 1,661,735	\$ 1,153,742
-	857,211	-	-	8,222,973	8,222,973	8,626,962
280,525	-	27,114	200	3,278,987	3,278,987	2,977,825
-	-	-	-	2,052	2,052	1,569
<u>(253,634)</u>	<u>8,071,130</u>	<u>(33,724)</u>	<u>114,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
26,891	8,928,341	(6,610)	115,134	13,165,747	13,165,747	12,760,098
-	2,826,542	-	-	10,015,314	10,015,314	9,108,226
-	58,637,107	-	-	1,570,911	1,570,911	204,098
<u>-</u>	<u>58,637,107</u>	<u>-</u>	<u>-</u>	<u>60,306,246</u>	<u>60,306,246</u>	<u>59,267,256</u>
-	61,463,649	-	-	7,189,247	7,189,247	68,579,580
<u>-</u>	<u>61,463,649</u>	<u>-</u>	<u>-</u>	<u>7,189,247</u>	<u>7,189,247</u>	<u>68,579,580</u>
26,891	70,391,990	(6,610)	115,134	85,058,218	85,058,218	81,339,678
-	-	-	-	2,980,302	2,980,302	3,832,214
<u>-</u>	<u>563,725</u>	<u>-</u>	<u>-</u>	<u>563,725</u>	<u>563,725</u>	<u>603,564</u>
-	563,725	-	-	3,544,027	3,544,027	4,435,778
15,697	1,114,088	280	115,134	2,202,216	2,202,216	1,279,552
-	-	-	-	-	-	-
-	-	-	-	829,391	829,391	760,041
-	107,092	-	-	107,092	107,092	113,166
-	-	-	-	10,000	10,000	20,000
11,194	-	-	-	804,084	804,084	771,042
-	1,048,736	-	-	1,521,743	1,521,743	1,566,106
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,292</u>	<u>358,292</u>	<u>375,241</u>
26,891	2,269,916	280	115,134	5,832,818	5,832,818	4,885,148
-	16,998,323	-	-	13,291,989	13,291,989	19,666,417
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,582,205</u>	<u>8,582,205</u>	<u>11,132,186</u>
<u>-</u>	<u>16,998,323</u>	<u>-</u>	<u>-</u>	<u>26,874,194</u>	<u>26,874,194</u>	<u>30,798,603</u>
26,891	19,268,239	280	115,134	32,707,012	32,707,012	35,683,751
-	-	-	-	5,497,516	5,497,516	4,386,946
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,497,516</u>	<u>5,497,516</u>	<u>4,386,946</u>
-	40,590,048	-	-	40,590,048	40,590,048	38,055,723
-	-	-	-	1,570,911	1,570,911	204,098
<u>-</u>	<u>11,097,428</u>	<u>(6,890)</u>	<u>-</u>	<u>8,236,758</u>	<u>8,236,758</u>	<u>7,444,938</u>
<u>\$ -</u>	<u>\$ 51,687,476</u>	<u>\$ (6,890)</u>	<u>\$ -</u>	<u>\$ 50,397,717</u>	<u>\$ 50,397,717</u>	<u>\$ 45,704,759</u>

Southwestern Michigan College

	Current Funds				
	General Fund	MPSERS Fund	HEERF Fund	Designated Fund	Auxiliary Fund
Operating Revenue					
Tuition and fees	\$ 11,340,989	\$ -	\$ -	\$ -	\$ -
Scholarship allowance	-	-	-	-	-
Net tuition and fees	11,340,989	-	-	-	-
Federal grants and contracts	-	-	-	-	-
State grants and contracts	-	-	-	-	-
Sales and services of auxiliary activities	-	-	-	-	2,857,819
Scholarship allowance - Auxiliary activities	-	-	-	-	-
Net sales and services of auxiliary activities	-	-	-	-	2,857,819
Other sources	234,433	-	-	-	-
Total operating revenue	11,575,422	-	-	-	2,857,819
Operating Expenses					
Instruction	7,660,825	(995,122)	-	-	-
Instructional support	1,872,125	(194,859)	-	-	-
Student services	4,766,289	(216,677)	-	-	1,770,818
Institutional administration	3,766,334	(37,854)	-	-	-
Operations and maintenance of plant	3,372,611	(204,380)	-	-	-
Information technology	2,300,682	(127,031)	-	-	-
Depreciation and amortization	658,856	-	-	-	-
Total operating expenses	24,397,722	(1,775,923)	-	-	1,770,818
Operating (Loss) Income	(12,822,300)	1,775,923	-	-	1,087,001
Nonoperating Revenue (Expenses)					
State appropriations	9,016,871	178,389	-	-	-
Federal Pell Grant	-	-	-	-	-
Property taxes	7,774,165	-	-	-	-
Investment income and other interest income	634,812	-	-	-	-
Interest on capital asset - Related debt	(82,650)	-	-	-	-
Net nonoperating revenue (expense)	17,343,198	178,389	-	-	-
Income (Loss) Before Other Revenue	4,520,898	1,954,312	-	-	1,087,001
Other Revenue					
Capital contributions	-	-	-	-	-
Change in Net Position - Before transfers	4,520,898	1,954,312	-	-	1,087,001
Transfers (Out) In	(4,447,477)	-	-	(500,000)	(1,758,342)
Increase (Decrease) in Net Position	73,421	1,954,312	-	(500,000)	(671,341)
Net Position (Deficit) - Beginning of year	4,456,639	(11,482,820)	-	2,921,642	1,965,278
Net Position (Deficit) - End of year	<u>\$ 4,530,060</u>	<u>\$ (9,528,508)</u>	<u>\$ -</u>	<u>\$ 2,421,642</u>	<u>\$ 1,293,937</u>

Southwestern Michigan College

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

Year Ended June 30, 2025
(with comparative totals for the year ended June 30, 2024)

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Combined	Eliminations	Combined Total Year Ended June 30, 2025	Combined Total Year Ended June 30, 2024
\$ -	\$ -	\$ -	\$ -	\$ 11,340,989	\$ -	\$ 11,340,989	\$ 10,469,602
-	-	-	-	-	(5,708,860)	(5,708,860)	(4,264,354)
-	-	-	-	11,340,989	(5,708,860)	5,632,129	6,205,248
1,783,347	-	-	-	1,783,347	-	1,783,347	1,165,396
1,267	-	-	-	1,267	-	1,267	12,000
-	-	-	-	2,857,819	-	2,857,819	2,853,438
-	-	-	-	-	(408,356)	(408,356)	(1,162,229)
-	-	-	-	2,857,819	(408,356)	2,449,463	1,691,209
-	15,294	-	-	349,727	-	349,727	243,213
1,784,614	15,294	-	-	16,333,149	(6,117,216)	10,215,933	9,317,066
86,839	-	-	-	6,752,542	-	6,752,542	7,053,536
159,903	-	-	-	1,837,169	-	1,837,169	1,968,790
6,418,017	-	3,360	-	12,741,807	(6,117,216)	6,624,591	6,172,974
274,985	-	-	-	4,003,465	-	4,003,465	3,604,587
2,672	272,586	-	-	3,443,489	-	3,443,489	3,629,359
-	-	-	-	2,173,651	-	2,173,651	2,246,348
-	2,432,878	-	-	3,091,734	-	3,091,734	2,952,553
6,942,416	2,705,464	3,360	-	34,043,857	(6,117,216)	27,926,641	27,628,147
(5,157,802)	(2,590,170)	(3,360)	-	(17,710,708)	-	(17,710,708)	(18,311,081)
-	-	-	-	9,195,260	-	9,195,260	9,715,987
5,258,798	-	-	-	5,258,798	-	5,258,798	4,227,293
-	-	-	-	7,774,165	-	7,774,165	7,237,206
-	181,053	-	-	815,865	-	815,865	684,866
-	(664,028)	-	-	(746,678)	-	(746,678)	(718,354)
5,258,798	(482,975)	-	-	22,297,410	-	22,297,410	21,146,998
100,996	(3,073,145)	(3,360)	-	4,586,702	-	4,586,702	2,835,917
-	106,256	-	-	106,256	-	106,256	80,000
100,996	(2,966,889)	(3,360)	-	4,692,958	-	4,692,958	2,915,917
(100,996)	6,806,815	-	-	-	-	-	-
-	3,839,926	(3,360)	-	4,692,958	-	4,692,958	2,915,917
-	47,847,550	(3,530)	-	45,704,759	-	45,704,759	42,788,842
\$ -	\$ 51,687,476	\$ (6,890)	\$ -	\$ 50,397,717	\$ -	\$ 50,397,717	\$ 45,704,759