Kirtland Community College

Years Ended June 30, 2023 and 2022

Financial Statements and Supplementary Information

Rehmann

KIRTLAND COMMUNITY COLLEGE

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KIRTLAND COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

October 25, 2023

Board of Trustees
Kirtland Community College
Grayling, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of ***Kirtland Community College*** (the "College"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of GASB Statement No. 96

As described in Note 1, in fiscal 2023 the College implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective July 1, 2021. Our opinion is not modified with respect to this matter.

HLB WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

107 South Cass St., Suite A, Traverse City, MI 49684 231.946.3230

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated October 25, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Introduction

The discussion and analysis of Kirtland Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2023 and 2022. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

The College's financial report includes three financial statements: the statements of net position, the statements of revenue, expenses, and changes in net position, and the statements of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.*

This annual financial report includes the management's discussion and analysis, the report of independent auditors, the basic financial statements, and notes to the financial statements. Following the notes to the financial statements are four required supplemental schedules, the combining statement of net position and the combining statement of revenue, expenses, transfers and changes in net position.

Financial Highlights

The College's financial position for fiscal year 2023 remained stable compared to fiscal year 2022. Net tuition and fees revenue increased by approximately $7,300 or 0.1 percent. Property taxes increased by approximately $446,000 or 5.0 percent. Pell grants increased by approximately $258,000 or 12.9 percent. State appropriations increased by approximately $36,000 or 0.9 percent. In fiscal year 2023, the portion of UAAL payments received subsequent to the MPSERS plan fiscal year end date of September 30, 2022 are included as deferred inflows and will be recorded as revenue in fiscal year 2024. In fiscal year 2023, operating expenses decreased from fiscal year 2022 by approximately $1,997,000 or 10.4 percent, due in part to the reduction in the actuarial costs of the MPSERs pension expenses and the stabilization in market value of the Roscommon campus.

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

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

Total net position at June 30, 2023, 2022 and 2021 is $17.4 million, $13.1 million, and $8.4 million, respectively. The College's statements of net position at June 30 is summarized as follows (in thousands):

	Condensed Statements of Net Position as of June 30 (in thousands)		
	2023	**2022**	**2021**
Current and other assets	$ 21,058	$ 21,339	$ 23,721
Capital assets, net	48,508	47,088	44,022
Total assets	69,566	68,427	67,743
Deferred outflows of resources	7,648	3,928	6,079
Other liabilities	2,941	3,102	3,662
Long-term liabilities	47,591	42,670	53,949
Total liabilities	50,532	45,772	57,611
Deferred inflows of resources	9,279	13,463	7,767
Net position:			
Net investment in capital assets	25,076	22,511	22,503
Restricted-expendable	1	16	16
Unrestricted (deficit)	(7,674)	(9,407)	(14,075)
Total net position	$ 17,403	$ 13,120	$ 8,444

Statements of Net Position

The primary changes in the assets of the College between 2023 and 2022 include increases in capital assets.

The primary changes in the assets of the College between 2022 and 2021 include increases in cash position and capital assets, and decreases in the value of assets held for sale.

The primary changes in the liabilities of the College between 2023 and 2022 include an increase in the net pension and OPEB liabilities.

The primary changes in the liabilities of the College between 2022 and 2021 include a decrease in total liabilities of approximately $11.7 million as a result of annual payments of bonds issued for building construction and decreases in the net pension and OPEB liabilities.

Deferred Outflows

Deferred outflows of resources of approximately $7.6 million were recorded at June 30, 2023, primarily as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plans subsequent to the plan's measurement date. This is an increase of approximately $3.7 million from June 30, 2022 due to changes in assumptions.

Deferred Inflows

Deferred inflows of approximately $9.3 million were recorded at June 30, 2023, primarily as a result of the pension portion of Section 147c state aid awarded subsequent to the measurement date and the difference between projected and actual earnings on pension and OPEB plan investments, as well as deferred amounts related to the College's construction arrangement. This is a decrease of approximately $4.2 million from June 30, 2022, due to the difference between projected and actual earnings on the pension plan. Additionally, approximately $2.4 million relates to capital outlay funds received from the State of Michigan to help fund the construction of the Michigan Forest Products Institute, but not recognized as revenue until the years 2024 through 2040.

Net Position

The difference between assets, deferred outflows, liabilities and deferred inflows is one way to measure the financial health or position of the College. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as trends in college applicants, student retention, condition of the buildings and infrastructure, and strength of its human resources to assess the overall health of the College.

Fiscal year 2023 net position of approximately $17.4 million increased by approximately $4,283,000. The increase between 2023 and 2022 was in large part attributable to changes in assumptions in the net pension and OPEB liabilities and increased pell grant and property tax revenue.

Fiscal year 2022 net position of approximately $13.1 million increased by approximately $4,676,000. The increase between 2022 and 2021 was in large part attributable to federal grant reimbursements for COVID-19 mitigation expenses and stronger than anticipated tuition and property tax revenue.

Although unrestricted net position is not subject to externally imposed restrictions, virtually all of the College's unrestricted net position is designated for purposes to fulfill its mission. These designations include Auxiliary Fund working capital ($179,855 and $163,222 for 2023 and 2022, respectively), future maintenance and capital improvements ($10,597,588 and $10,497,658 for 2023 and 2022, respectively), (Note 1).

Management's Discussion and Analysis

Statement of Revenue, Expenses, and Changes in Net Position

When assessing the stability of the College's finances, one of the most important questions is, "Is the College better off or worse off as a result of the year's activities?" The statements of revenues, expenses, and changes in net position answers that question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Kirtland Community College's operating results.

The following is a comparison of the major components of operating results of the College for the years ended June 30, 2023, 2022 and 2021 (in thousands):

	Operating Results for the Years Ended June 30 (in thousands)		
	2023	2022	2021
Operating revenue			
Tuition and fees, net	$ 4,874	$ 4,866	$ 4,442
Grants and contracts	642	535	465
Auxiliary activities	729	570	463
Miscellaneous	447	869	351
Total operating revenues	6,692	6,840	5,721
Operating expenses			
Instruction	5,395	4,139	5,436
Public service	31	141	144
Instructional support	2,446	2,540	2,374
Student services	2,907	4,353	3,467
Institutional administration	1,466	2,310	2,122
Operation and maintenance of physical plant	2,183	2,338	2,001
Information technology	960	1,057	806
Depreciation	1,887	1,393	1,720
Loss on impairment assets held for sale	-	1,000	514
Total operating expenses	17,275	19,271	18,584
Net operating loss	(10,583)	(12,431)	(12,863)

	2023	2022	2021
Nonoperating revenue (expense)			
State appropriations	$ 3,976	$ 3,940	$ 3,712
Federal Pell grant	2,265	2,007	2,291
Federal HEERF/Coronavirus Relief Fund grants	-	3,289	2,517
Property tax levy	9,316	8,870	8,704
Investment income (loss)	134	(25)	66
Loss on disposal of capital assets	-	(1)	(11)
Interest on capital asset-related debt	(825)	(869)	(911)
Contributions between College and Foundation	-	(104)	-
Net operating revenue	14,866	17,107	16,368
Increase in net position	4,283	4,676	3,505
Net position – beginning of year	13,120	8,444	4,939
Net position – end of year	$ 17,403	$ 13,120	$ 8,444

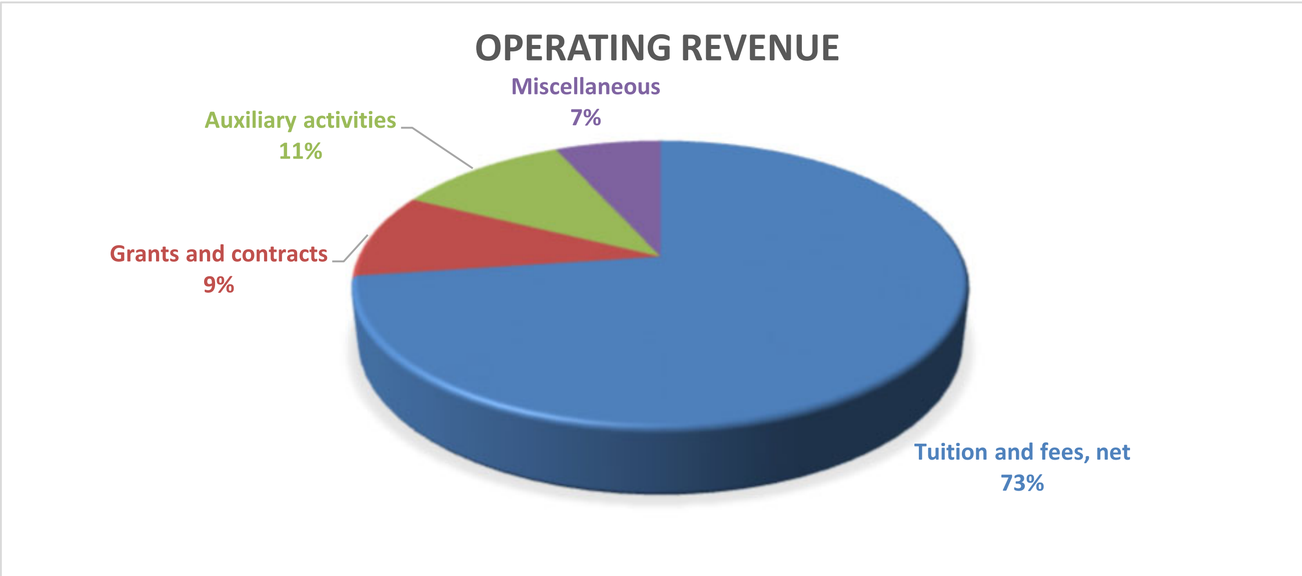
Total Revenue

Enrollment increased slightly from fiscal year 2022 to 2023. An increase in revenue from 2022 to 2023 can be attributed to incremental increases in tuition, property tax revenues, pell grant revenue and state appropriations.

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

Operating revenue for fiscal year 2023 was as follows:



Some of the operating revenue changes for 2023 were the result of the following factors:

- The financial statements reflect a slight decrease in income due to the sale of a cell tower lease in 2022. This decrease was approximately $149K.

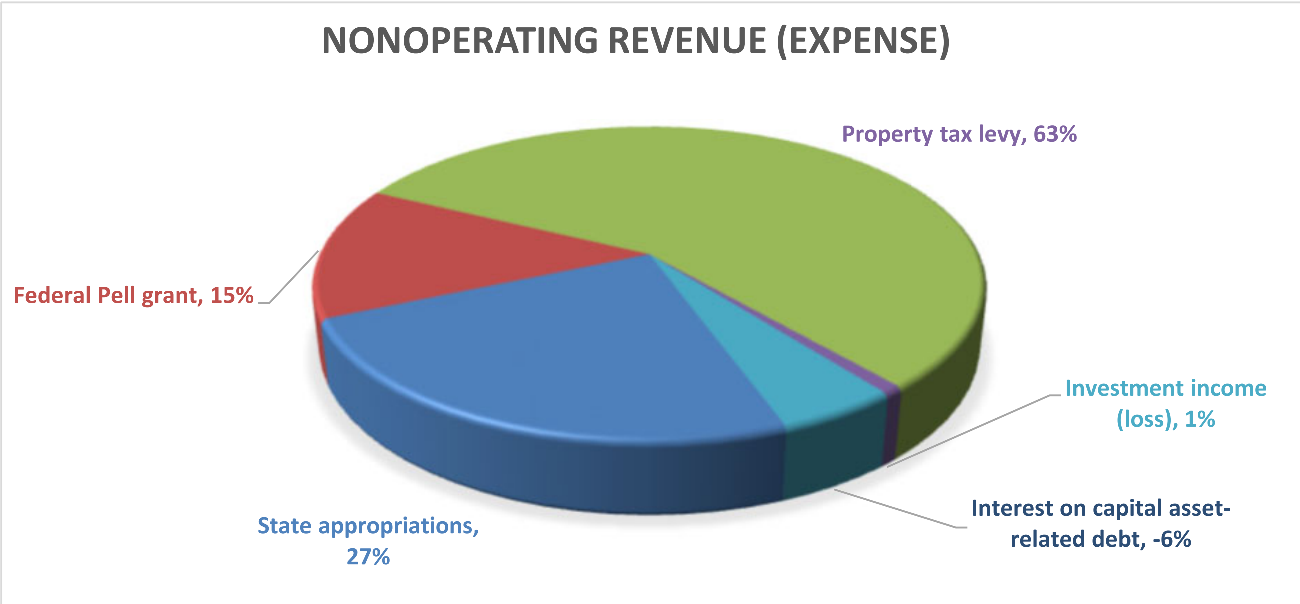
Some of the operating revenue changes for 2022 were the result of the following factors:

- The financial statements reflect an increase in income from tuition and fees plus the sale of a cell tower lease. This increase was approximately $1.1M.

Nonoperating Revenue (Expense)

Nonoperating revenue (expense) is the net of all revenue and expenditure sources that are primarily nonexchange in nature. The nonoperating revenue consists primarily of state appropriations, federal Pell grant, federal Higher Education Emergency Relief Funds ("HEERF") and Coronavirus Relief Funds fund grants, and property tax revenue. The nonoperating expenditures include interest on capital assets. Investment income or losses contribute to either nonoperating revenue or expenditures, depending on how well the investments performed in a year.

Nonoperating revenue (expense) for fiscal year 2023 was as follows:



Factors affecting changes in nonoperating revenue (expense) for 2023 include:

- Property taxes increased in 2023 by approximately $446,000 or 5.0 percent.
- Pell grants increased by approximately $258,000 or 12.9 percent.

Factors affecting changes in nonoperating revenue (expense) for 2022 include:

- Property taxes increased in 2022 by approximately $165,000 or 1.9 percent.
- Pell grants decreased by approximately $284,000 or 12.4 percent.
- Federal HEERF grant funds received of approximately $3,289,000 as a result of the Federal CARES Act funding due to the COVID-19 pandemic.

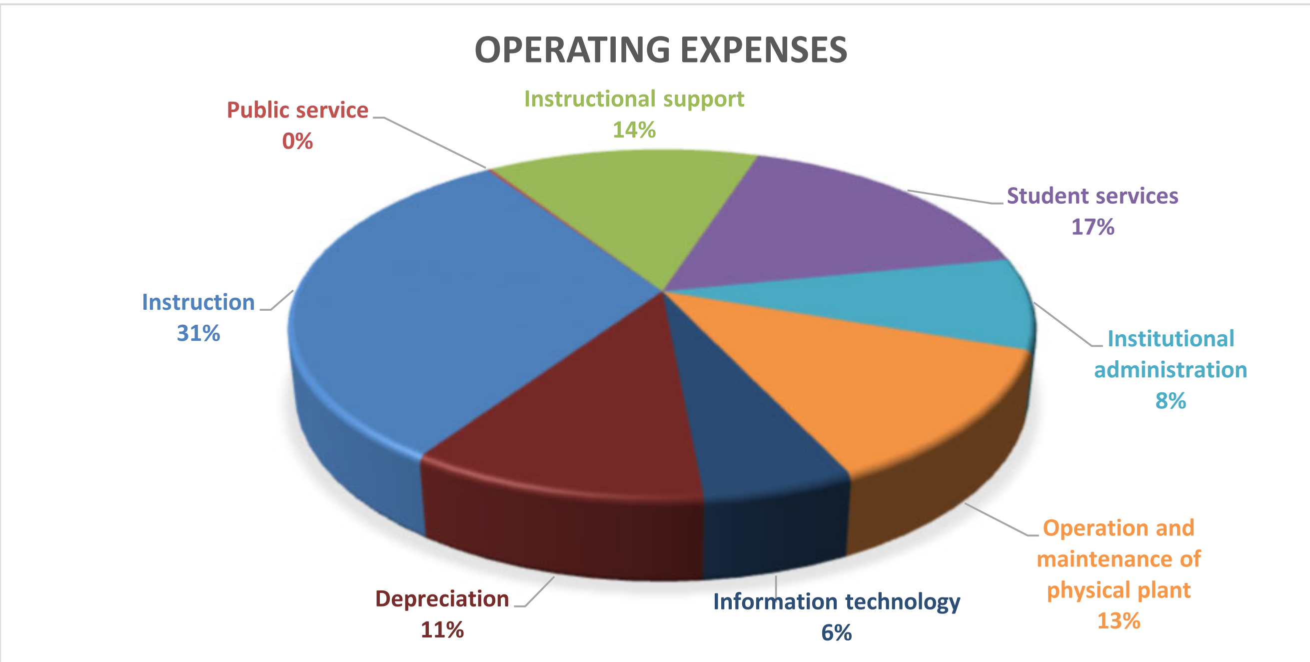
Other Revenues

Investment income increased by approximately $159,000 in 2023 due to an aggressive reallocation of the investment portfolio to take advantage of the higher interest rate environment.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries, benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses decreased approximately $1,997,000 in 2023 and increased approximately $687,000 in 2022. For the purpose of the financial statements reporting, operating expenses are presented according to the State of Michigan's Activities Classification Structure (ACS).

Operating expenses for fiscal year 2023 were as follows:



Factors affecting the decrease in operating expenses in 2023 were the result of the change in assumptions related to pension expense and the completion of the HEERF grant in 2022.

Factors affecting the increase in operating expenses in 2022 were the result of the impairment of the value of assets held for sale.

Statement of Cash Flows

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

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

	Cash Flows for the Year Ended June 30 (in thousands)		
	2023	**2022**	**2021**
Cash (used for) provided by:			
Operating activities	$ (11,091)	$ (12,913)	$ (10,946)
Noncapital financing activities	15,091	18,901	15,276
Capital and related financing activities	(4,796)	(6,019)	(15,710)
Investing activities	12	620	18,220
Net (decrease) increase in cash	(784)	589	6,840
Cash beginning of year	12,691	12,102	5,262
Cash end of year	$ 11,907	$ 12,691	$ 12,102

Major sources of funds from operations came from student tuition, fees, grants, contracts, auxiliary activities, and the campus store. These sources were offset by expenditures for operations such as payments to employees and suppliers. For fiscal years 2023 and 2022, the cash used in operating activities was financed with $15.1 million and $18.9 million, respectively, of net cash flows from noncapital financing activities, including property taxes, Pell grants, state appropriations, and Federal Higher Education Emergency Relief Fund grants.

Cash used in capital and related financing activities for fiscal years 2023 and 2022 of approximately $4.8 million and $6.0 million, respectively, was primarily related to the construction of student housing and Phase 3 of the Grayling campus.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, 2022 and 2021, the College had approximately $48.5 million, $47.1 million, and $44.0 million invested in capital assets, net of accumulated depreciation of $14.3 million, $12.4 million, and $11.1 million, respectively. Depreciation charges totaled approximately $1,887,000 and $1,393,000 during 2023 and 2022, respectively.

	Capital Assets as of June 30 (in thousands)		
	2023	2022	2021
Land and land improvements	$ 2,847	$ 2,948	$ 2,834
Buildings and improvements	39,855	41,069	22,836
Furniture, fixtures, and equipment	2,814	2,925	2,507
Construction in progress	2,992	146	15,845
Total	$ 48,508	$ 47,088	$ 44,022

During fiscal year 2021, the College put its Roscommon campus land, buildings and associated equipment up for sale. These assets are no longer depreciated and have been classified as assets held for sale on the accompanying statements of net position. The College recorded an impairment loss of $1,000,000 and $514,470 to reflect the difference between management's estimate of the fair value less costs to sell and the net book value of the assets classified as held for sale at June 30, 2022 and 2021, respectively. Fair value was determined based on market analysis performed by management and the College's real estate agent and are considered Level 3 assets.

Additional information about the College's capital assets is presented in Note 6 to the financial statements.

Debt

The College had approximately $23.9 million, $25.1 million, and $26.3 million in debt outstanding at June 30, 2023, 2022 and 2021, respectively. The table below summarizes this amount by type of debt instrument. See note 7 for more information.

	Debt as of June 30 (in thousands)		
	2023	2022	2021
General obligation bonds	$ 23,905	$ 25,145	$ 26,335

Economic Factors That Will Affect the Future

The economic outlook for the College is tied heavily to national and state economic conditions. The state appropriations, as they pertain to higher education, are negotiated. These negotiations will potentially impact the funding received by the College from year to year. The current proposed increase in the state budget reflects a 1.0 percent increase in the College's appropriations for the 2024 fiscal year as compared to the year ended June 30, 2023.

The Fall 2023 enrollment is up 6.0% due largely in part to national changes in student behavior related to college attendance.

Property tax revenue continues to increase over the past few fiscal years, as the housing market in the College's service area continues to show increasing property values.

The College has bolstered its cash and investments over that past several years from a low of $4 million at the end of fiscal 2012 to its current end of year position in 2023 of $16.3 million. Kirtland Community College remains financially stable but will need to continue to address the financial challenges identified above in order to maintain adequate cash flow and financial reserves.

FINANCIAL STATEMENTS

KIRTLAND COMMUNITY COLLEGE

Statements of Net Position

	June 30, 2023 Primary Government	June 30, 2023 Component Unit	June 30, 2022 Primary Government	June 30, 2022 Component Unit
Assets				
Current assets				
Cash and cash equivalents	$ 11,134,067	$ 103,719	$ 11,696,410	$ 111,301
Short-term investments	4,121,383	-	3,444,480	-
Accounts receivable, net	2,497,137	34,457	2,164,743	63,185
Inventories	118,262	-	116,310	-
Prepaid expenses and other assets	98,133	1,745	51,377	1,745
Total current assets	**17,968,982**	**139,921**	**17,473,320**	**176,231**
Noncurrent assets				
Long-term investments	315,868	2,564,894	870,478	2,357,461
Restricted cash	773,185	-	995,085	-
Accounts receivable, net	-	57,315	-	75,180
Assets held for sale	2,000,000	-	2,000,000	-
Capital assets not being depreciated	3,353,337	-	506,573	-
Capital assets being depreciated, net	45,154,518	-	46,581,252	-
Total noncurrent assets	**51,596,908**	**2,622,209**	**50,953,388**	**2,432,641**
Total assets	**69,565,890**	**2,762,130**	**68,426,708**	**2,608,872**
Deferred outflows of resources				
Deferred pension amounts	6,134,275	-	2,823,451	-
Deferred OPEB amounts	1,513,952	-	1,104,739	-
Total deferred outflows of resources	**7,648,227**	**-**	**3,928,190**	**-**
Liabilities				
Current liabilities				
Accounts payable	1,564,713	2,230	1,591,778	2,732
Accrued payroll and vacation	714,951	-	1,016,783	-
Other accrued liabilities	384,411	-	327,561	-
Unearned revenue	276,631	-	165,322	-
Long-term obligations - current portion	1,556,835	-	1,511,499	-
Total current liabilities	**4,497,541**	**2,230**	**4,612,943**	**2,732**
Noncurrent liabilities				
Long-term obligations - net of current portion	24,222,570	-	25,595,738	-
Net pension liability	20,630,887	-	14,657,569	-
Net OPEB liability	1,181,067	-	905,575	-
Total noncurrent liabilities	**46,034,524**	**-**	**41,158,882**	**-**
Total liabilities	**50,532,065**	**2,230**	**45,771,825**	**2,732**
Deferred inflows of resources				
Construction arrangement	2,388,882	-	2,538,188	-
Deferred pension amounts	3,897,710	-	6,955,734	-
Deferred OPEB amounts	2,992,514	-	3,968,953	-
Total deferred inflows of resources	**9,279,106**	**-**	**13,462,875**	**-**
Net position				
Net investment in capital assets	25,076,241	-	22,511,708	-
Restricted for:				
Expendable scholarships, grants and earnings	573	930,860	15,577	868,313
Nonexpendable	-	1,448,304	-	1,355,304
Unrestricted (deficit)	(7,673,868)	380,736	(9,407,087)	382,523
Total net position	**$ 17,402,946**	**$ 2,759,900**	**$ 13,120,198**	**$ 2,606,140**

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

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended			
	June 30, 2023		June 30, 2022	
	Primary Government	Component Unit	Primary Government	Component Unit
Operating revenues				
Tuition and fees, net of scholarship allowance of $1,877,657 and $1,461,471 for 2023 and 2022, respectively	$ 4,873,734	$ -	$ 4,866,435	$ -
Federal grants and contracts	467,315	-	389,845	-
State and local grants and contracts	109,738	-	116,153	-
Private grants and contracts	65,215	-	28,761	-
Auxiliary activities	728,992	-	569,789	-
Miscellaneous	446,812	-	869,394	-
Total operating revenues	**6,691,806**	**-**	**6,840,377**	**-**
Operating expenses				
Instruction	5,394,784	-	4,139,189	-
Public service	31,356	-	141,019	-
Instructional support	2,446,036	-	2,540,168	-
Student services	2,906,565	121,954	4,352,751	91,656
Institutional administration	1,466,334	158,187	2,310,862	154,539
Operation and maintenance of physical plant	2,182,790	-	2,338,578	-
Information technology	959,770	-	1,056,521	-
Depreciation	1,886,977	-	1,392,525	-
Loss on impairment of assets held for sale	-	-	1,000,000	-
Total operating expenses	**17,274,612**	**280,141**	**19,271,613**	**246,195**
Operating loss	**(10,582,806)**	**(280,141)**	**(12,431,236)**	**(246,195)**
Nonoperating revenues (expenses)				
State appropriations	3,975,942	-	3,939,889	-
Federal Pell grant	2,264,834	-	2,006,804	-
Federal Higher Education Emergency Relief Fund grants	-	-	3,289,421	-
Property tax levy	9,315,706	-	8,870,022	-
Gifts	-	79,642	-	161,038
Donated services	-	127,351	-	124,192
Investment income (loss)	133,870	226,908	(25,604)	(303,227)
Loss on disposal of capital assets	-	-	(600)	-
Interest on capital asset-related debt	(824,798)	-	(868,501)	-
Contributions between College and Foundation	-	-	(103,750)	103,750
Net nonoperating revenues	**14,865,554**	**433,901**	**17,107,681**	**85,753**
Increase (decrease) in net position	**4,282,748**	**153,760**	**4,676,445**	**(160,442)**
Net position, beginning of year	13,120,198	2,606,140	8,443,753	2,766,582
Net position, end of year	**$ 17,402,946**	**$ 2,759,900**	**$ 13,120,198**	**$ 2,606,140**

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

KIRTLAND COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2023	**2022**
Cash flows from operating activities		
Tuition and fees	$ 4,940,635	$ 4,837,232
Grants and contracts	375,410	420,953
Auxiliary activities	728,992	569,789
Other receipts	465,880	973,750
Payments to suppliers	(9,493,948)	(11,926,195)
Payments to employees	(8,107,531)	(7,788,511)
Net cash used in operating activities	**(11,090,562)**	**(12,912,982)**
Cash flows from noncapital financing activities		
Direct lending receipts	2,981,377	2,799,566
Direct lending disbursements	(2,981,377)	(2,799,566)
Property tax levy	8,870,403	8,612,022
Federal Pell grants	2,264,834	2,006,804
Federal Higher Education Emergency Relief Fund grants	-	4,444,823
State appropriations	3,955,377	3,940,886
Transfers to Foundation	-	(103,750)
Net cash provided by noncapital financing activities	**15,090,614**	**18,900,785**
Cash flows from capital and related financing activities		
Purchase of capital assets	(3,068,914)	(4,244,006)
Principal paid on capital asset-related debt	(1,240,000)	(1,190,000)
Debt property tax levy	425,672	367,596
Interest paid on capital asset-related debt	(912,630)	(952,185)
Net cash used in capital and related financing activities	**(4,795,872)**	**(6,018,595)**
Cash flows from investing activities		
Proceeds from sale and maturities of investments	11,844,546	7,317,063
Purchase of short-term and long-term investments	(11,832,969)	(6,697,229)
Net cash provided by investing activities	**11,577**	**619,834**
Net (decrease) increase in cash and cash equivalents	**(784,243)**	**589,042**
Cash and cash equivalents, beginning of year	12,691,495	12,102,453
Cash and cash equivalents, end of year	**$ 11,907,252**	**$ 12,691,495**
Reconciliation to statements of net position		
Cash and cash equivalents	$ 11,134,067	$ 11,696,410
Restricted cash	773,185	995,085
Cash and cash equivalents, end of year	**$ 11,907,252**	**$ 12,691,495**

continued...

KIRTLAND COMMUNITY COLLEGE

Statements of Cash Flows (Concluded)

	Year Ended June 30	
	2023	**2022**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (10,582,806)	$ (12,431,236)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,886,977	1,392,525
Loss on impairment of assets held for sale	-	1,000,000
Change in operating assets:		
Accounts receivable, net	(296,102)	(3,096)
Inventories	1,952	(20,619)
Prepaid expenses and other assets	(46,756)	83,358
Change in operating liabilities:		
Accounts payable	(265,158)	(448,461)
Accrued payroll and vacation	(301,832)	56,582
Other accrued liabilities	56,850	(305,473)
Unearned revenue	111,309	(35,558)
Change in deferred construction arrangement	(149,306)	(149,305)
Change in net pension liability	5,973,318	(7,533,522)
Change in net OPEB liability	275,492	(2,513,490)
Change in pension deferred inflows	(3,058,024)	4,845,721
Change in pension deferred outflows	(3,310,824)	1,738,717
Change in OPEB deferred inflows	(976,439)	999,075
Change in OPEB deferred outflows	(409,213)	411,800
Net cash used in operating activities	**$ (11,090,562)**	**$ (12,912,982)**

concluded

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

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Kirtland Community College Foundation (the "Foundation") is discretely presented as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of trustees) because its sole purpose is to provide support for the College. 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. Certain modifications have been made to the Foundation's financial information in the College's financial reporting entity for the presentation differences.

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time. The College was awarded $5,166,820 during 2021 from the Federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and $747,373 during 2020 from the Federal Coronavirus Aid, Relief, and Economic Security Act (collectively "HEERF"). The College recognized the remaining revenue from these awards of $3,289,421 in 2022 once all remaining awarded funds were expended. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, students, employees, and vendors, all of which will continue to change and cannot be reasonably predicted at this time.

Significant Accounting Policies

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

Accrual Basis

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

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

Restricted Cash
Restricted cash consists of unspent bond proceeds, which are restricted for capital expenditures related to the Health Sciences Education and Training Center, property tax collections to be used for debt retirement purposes, and for the purpose of erecting, furnishing and equipping a College facility and the State of Michigan workforce development program.

Accounts Receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances at year end. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to expense to the allowance and a credit to accounts receivable.

Investments
The College and Foundation carry their investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position as a component of investment income. The Foundation's investment income (loss) is reported net of external investment expenses.

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

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

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

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

Inventories
Cafeteria, bookstore, print shop, and technology inventories are stated at the lower of cost, principally determined using the first-in, first-out method, or net realizable value.

Assets held for sale

Assets held for sale consists of the College's Roscommon campus land, buildings and the associated equipment, which is no longer in use and currently held for sale. This asset is measured at the lower of cost (net book value) or market value.

Capital Assets and Depreciation

Capital assets are recorded at cost. Gifts of capital assets are recorded at estimated acquisition value at the time gifts are received. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. Land is not depreciated. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. Management reviews these assets to determine whether carrying values have been impaired.

The following estimated useful lives are used to compute depreciation:

Classification	Estimated Useful Lives
Land improvements	15-20 years
Building and building improvements	10-40 years
Furniture, fixtures and equipment	5-20 years

Revenue Recognition

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

Contributions to the Foundation, including unconditional promises to give in the future, are reported as unrestricted revenue when received unless use of the related assets is limited by donor-imposed restrictions. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Expirations of net assets with donor restrictions (e.g., the donor-stipulated purpose has been fulfilled) are reclassified between the applicable classes of net position. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they depend have been met.

Scholarship Allowance

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

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

Unearned Revenue
Tuition and fees revenue received and related to periods of instruction that will occur after June 30, 2023 and 2022, have been recorded as unearned. Grants received prior to qualifying expenses are also included in unearned revenue.

Accrued Sick Leave
Accrued sick leave payable represents the accumulated liability to be paid under the College's current sick pay policy, and is included within long-term obligations on the accompanying statements of net position. Under the College's policy, employees earn sick time based on time of service with the College.

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

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship allowances; (3) utilities, supplies, and other services; (4) professional fees; (5) depreciation, and (6) loss on impairment of assets held for sale.

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

Income Taxes
The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." The Foundation has been classified as not a private foundation.

The Foundation considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Foundation determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Foundation has evaluated fiscal years 2020 through 2023, the years which remain subject to examination by major tax jurisdictions as of June 30, 2023, for uncertain tax positions. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2023 or 2022, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and OPEB-related amounts, such as differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources related to the Michigan Forest Products Institute Building construction arrangement with the Michigan State Building Authority. More detailed information related to the Michigan Forest Products construction arrangement can be found in Note 11. The College also reports deferred inflows of resources for certain pension and OPEB-related amounts, such as the difference between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions and state appropriations for pensions received subsequent to the measurement date. More detailed information can be found in Note 8.

Pension and Other Postemployment Benefits ("OPEB")

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

Internal Service Activities

Both revenue and expenses related to internal service activities, including print shops, office equipment, maintenance, telecommunications, and institutional computing, have been eliminated.

Net Position

GASB Statement No. 35, as amended by GASB Statement No. 63, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting into the following net position categories:

- *Net Investment in Capital Assets:* Capital assets, net of accumulated depreciation, unspent bond proceeds, and outstanding liabilities attributable to the acquisition, construction, or improvement of those assets.

- *Restricted Expendable:* Net position whose use by the College and the Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and the Foundation pursuant to those constraints or that expire by the passage of time. Expendable net position includes net appreciation of the Foundation's permanent endowment fund that have not been stipulated by the donor to be reinvested permanently.

- *Restricted Nonexpendable:* Net position subject to externally imposed constraints that they be maintained permanently by the Foundation. Nonexpendable net position includes the corpus portion (historical value) of gifts to the Foundation's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

- *Unrestricted:* Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees (the "Board").

The College's net investment in capital assets consists of the following as of June 30:

	2023	2022
Capital assets not being depreciated	$ 3,353,337	$ 506,573
Capital assets being depreciated	45,154,518	46,581,252
Restricted cash	197,558	142,170
Assets held for sale	2,000,000	2,000,000
Bonds payable	(23,905,000)	(25,145,000)
Unamortized bond premiums	(1,268,077)	(1,355,285)
Accounts and retainage payable	(456,095)	(218,002)
Total net investment in capital assets	**$ 25,076,241**	**$ 22,511,708**

The College's unrestricted net deficit consists of the following as of June 30:

	2023	2022
Auxiliary fund working capital	$ 179,855	$ 163,222
Deferred maintenance and replacement	10,597,588	10,497,658
Pension and OPEB liability fund deficit	(21,053,950)	(22,559,641)
Undesignated	2,602,639	2,491,674
Total unrestricted net deficit	**$ (7,673,868)**	**$ (9,407,087)**

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

Change in Accounting Principles
For 2023, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITAs"). The standard requires recognition of certain right-to-use subscription assets and liabilities for contracts that convey control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The implementation of the standard effective July 1, 2021, did not have a significant impact on the College's financial statements. No right-to-use subscription assets or liabilities were recognized upon the date of implementation or during the fiscal year ended June 30, 2023.

For 2023, the Foundation implemented Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), which was established by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of net position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of revenues, expenses, and changes in net position. Adoption of this standard by the Foundation as of July 1, 2022 did not have a significant impact on the financial statements.

Reclassification
Certain amounts as reported in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2023, the most recent statement of net position presented herein, through October 25, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified by the Foundation.

2. PROPERTY TAXES

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

During the years ended June 30, 2023 and 2022, $2.0899 and $2.1003 of tax per $1,000 of taxable property value in the community college taxing district was levied for general operating purposes on all property, respectively. Total operating property tax revenue was $7,489,216 and $7,133,114 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, $0.12 per $1,000 of taxable property value in the community college taxing district was levied for debt retirement purposes. Total property tax revenue for debt retirement purposes was $424,176 and $393,649 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, $0.8358 and $0.8400 per $1,000 of taxable property value in the M-Tec taxing district was levied for general operating purposes, respectively. Total property tax revenue was $911,504 and $873,118 for the years ended June 30, 2023 and 2022, respectively.

Additionally, during the year ended June 30, 2023 and 2022, $490,810 and $470,141, respectively, of property tax revenue was collected related to the College's new University Center.

3. DEPOSITS AND INVESTMENTS AND FAIR VALUE MEASUREMENTS

Deposits and Investments

State statutes and the College's investment policy authorize the College to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the College is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, certain mutual funds, certificates of deposits and investment pools that are composed of authorized investment vehicles. The College's deposits are in accordance with statutory authority. At June 30, 2023 and 2022, the College held investments at Huntington Bank.

The College has designated two banks for deposit of its funds. The College's cash and investments are subject to several types of risk, which are examined in more detail below.

Fair Value Measurements

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

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2023 or 2022.

College

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

US Treasury Notes/Bonds: Valued based on similar date values or market prices and classified as Level 2.

Commercial Paper: The College reviews market pricing and other observable market inputs for the same or similar securities obtained from a number of industry standard data providers. In the event that a transaction is observed for the same or similar security in the marketplace, the price on that transaction reflects the market price and fair value on that day and then follows a revised accretion schedule to determine the fair market value at period end. In the absence of any observable market transactions for a particular security, the fair market value at period end is derived by accreting from the last observable market price. These inputs represent quoted prices for similar assets or these inputs have been derived from observable market data accreted mathematically to par, and result in the classification of these securities as Level 2 of the fair value hierarchy.

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

Foundation

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

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College and Foundation believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

2023	Assets at Fair Value Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 105,014	$ -	$ -	$ 105,014
US Treasury Notes/Bonds	-	1,174,815	-	1,174,815
Certificates of deposit	3,157,422	-	-	3,157,422
Total investments	**$ 3,262,436**	**$ 1,174,815**	**$ -**	**$ 4,437,251**

2022	Assets at Fair Value Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 241,350	$ -	$ -	$ 241,350
US Treasury Notes/Bonds	-	1,700,320	-	1,700,320
Commercial Paper	-	2,373,288	-	2,373,288
Total investments	**$ 241,350**	**$ 4,073,608**	**$ -**	**$ 4,314,958**

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

2023	Assets at Fair Value Level 1	Level 2	Level 3	Total
Common Stock	$ 7,102	$ -	$ -	$ 7,102
Equity Mutual Funds	1,654,682	-	-	1,654,682
Bond Mutual Funds	903,110	-	-	903,110
Total investments	**$ 2,564,894**	**$ -**	**$ -**	**$ 2,564,894**

2022	Assets at Fair Value Level 1	Level 2	Level 3	Total
Common Stock	$ 491,335	$ -	$ -	$ 491,335
Equity Mutual Funds	1,375,016	-	-	1,375,016
Bond Mutual Funds	491,110	-	-	491,110
Total investments	**$ 2,357,461**	**$ -**	**$ -**	**$ 2,357,461**

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	$ 105,014	$ -	$ 41,784	$ -	$ 63,230
US Treasury Notes/Bonds	1,174,815	963,961	210,854	-	-
Certificates of deposit	3,157,422	3,157,422	-	-	-
Total	**$ 4,437,251**	**$ 4,121,383**	**$ 252,638**	**$ -**	**$ 63,230**

As of June 30, 2022, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	$ 241,350	$ -	$ 66,050	$ -	$ 175,300
US Treasury Notes/Bonds	1,700,320	1,071,192	629,128	-	-
Commercial Paper	2,373,288	2,373,288	-	-	-
Total	**$ 4,314,958**	**$ 3,444,480**	**$ 695,178**	**$ -**	**$ 175,300**

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College'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, 2023, the College's deposit balances of $12,004,069 had $11,004,069 of bank deposits (money markets and certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2022, the College's deposit balances of $12,800,088 had $11,800,088 of bank deposits (money markets and 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.

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. All investments that are uninsured and unregistered are held by counterparties.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The College's investment policy does not further limit its investment choices. At June 30, 2023, the College did not hold any commercial paper. At June 30, 2022, all commercial paper held by the College had a rating of A1 or A2.

At June 30, 2023 and 2022, the College had debt securities with Federal National Mortgage Association, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation invested at Huntington Bank.

Foreign Currency Risk

There are no foreign investments held by the College.

Concentration of Credit Risk

The College's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of the potential losses from any one type of security or issuer will be minimized.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following at June 30:

	2023	2022
State appropriations	$ 819,714	$ 799,149
Federal and state grants	1,310,150	1,043,292
Student	185,643	153,930
Property taxes	84,688	65,057
Consumer and other	103,487	122,555
Total accounts receivable	2,503,682	2,183,983
Less allowance for doubtful accounts	(6,545)	(19,240)
Net accounts receivable	**$ 2,497,137**	**$ 2,164,743**

All amounts deemed to be uncollectible are charged directly against income in the period that determination is made. 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.

5. PLEDGES RECEIVABLE - FOUNDATION (INCLUDING RELATED PARTY)

Pledges receivable, included in accounts receivable on the accompanying statements of net position, consist of unconditional promises to give toward the Health Sciences Education and Training Center and various scholarships and programs. Pledges Receivable consist of the following at June 30:

	2023	2022
Receivable in less than one year	$ 34,457	$ 63,185
Receivable in one to five years	57,315	75,180
Pledges receivable, net	**$ 91,772**	**$ 138,365**

As of June 30, 2023 and 2022, pledges receivable from employees and board members were $36,490 and $60,135, respectively.

KIRTLAND COMMUNITY COLLEGE

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 360,900	$ -	$ -	$ -	$ 360,900
Construction in progress	145,673	2,846,764	-	-	2,992,437
Subtotal nondepreciable assets	**506,573**	**2,846,764**	**-**	**-**	**3,353,337**
Capital assets being depreciated:					
Land improvements	3,519,072	29,300	-	-	3,548,372
Building and building improvements	47,921,258	88,749	-	-	48,010,007
Furniture, fixtures and equipment	7,575,443	342,194	-	-	7,917,637
Subtotal depreciable assets	**59,015,773**	**460,243**	**-**	**-**	**59,476,016**
Total depreciable and nondepreciable assets	**59,522,346**	**3,307,007**	**-**	**-**	**62,829,353**
Less accumulated depreciation:					
Land improvements	931,940	130,671	-	-	1,062,611
Building and building improvements	6,852,215	1,303,374	-	-	8,155,589
Furniture, fixtures and equipment	4,650,366	452,932	-	-	5,103,298
Total accumulated depreciation	**12,434,521**	**1,886,977**	**-**	**-**	**14,321,498**
Subtotal capital assets being depreciated, net	**46,581,252**	**$ (1,426,734)**	**$ -**	**$ -**	**45,154,518**
Capital assets, net	**$ 47,087,825**				**$ 48,507,855**

Construction in progress consists of construction costs for student housing at the Grayling Campus. The project was completed and put into service during August 2023 at an additional cost of approximately $656,000.

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 360,900	$ -	$ -	$ -	$ 360,900
Construction in progress	15,845,390	3,914,432	-	(19,614,149)	145,673
Subtotal nondepreciable assets	**16,206,290**	**3,914,432**	**-**	**(19,614,149)**	**506,573**
Capital assets being depreciated:					
Land improvements	3,284,374	125,628	-	109,070	3,519,072
Building and building improvements	28,819,234	41,967	-	19,060,057	47,921,258
Furniture, fixtures and equipment	6,763,641	379,981	(13,201)	445,022	7,575,443
Subtotal depreciable assets	**38,867,249**	**547,576**	**(13,201)**	**19,614,149**	**59,015,773**
Total depreciable and nondepreciable assets	**55,073,539**	**4,462,008**	**(13,201)**	**-**	**59,522,346**
Less accumulated depreciation:					
Land improvements	810,872	121,068	-	-	931,940
Building and building improvements	5,983,654	868,561	-	-	6,852,215
Furniture, fixtures and equipment	4,256,545	402,896	(9,075)	-	4,650,366
Total accumulated depreciation	**11,051,071**	**1,392,525**	**(9,075)**	**-**	**12,434,521**
Subtotal capital assets being depreciated, net	**27,816,178**	**$ (844,949)**	**$ (4,126)**	**$ 19,614,149**	**46,581,252**
Capital assets, net	**$ 44,022,468**				**$ 47,087,825**

During fiscal year 2021, the College put its Roscommon campus land, buildings and associated equipment up for sale. These assets are no longer depreciated and have been classified as assets held for sale on the accompanying statements of net position. The College recorded an impairment loss of $1,000,000 in 2022 to reflect the difference between management's estimate of the fair value less costs to sell and the net book value of the assets classified as held for sale. There was no impairment loss recorded in 2023. Fair value was determined based on market analysis performed by management and the College's real estate agent and is considered Level 3 assets. In March 2023, the College received a letter of intent to purchase the property under a land contract for a purchase price of $2,500,000. The College has received a down payment on the property in the amount of $50,000 as of June 30, 2023, which is recorded in unearned revenue on the statement of net position, and has scheduled payments of $50,000 in 2024. Based on the letter of intent, the College would be paid over time as follows: $900,000 in 2025, interest only payments due in monthly amounts of $6,493 starting in June 2024, and a balloon payment of $1,500,000 in October 2026. Management expects to close on the sale of the property in November 2023.

The College has some property that was financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the property, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College. The cost and accumulated depreciation for these facilities are included in the accompanying statements of net position.

Notes to Financial Statements

7. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	$ 13,870,000	$ -	$ (600,000)	$ 13,270,000	$ 625,000
2017 General Obligation, Limited Bond	4,390,000	-	(225,000)	4,165,000	230,000
2015 General Obligation, Limited Bond	3,200,000	-	(195,000)	3,005,000	200,000
2015 General Obligation, Unlimited Bond	3,685,000	-	(220,000)	3,465,000	230,000
Total bonds payable	25,145,000	-	(1,240,000)	23,905,000	1,285,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	750,572	-	(44,151)	706,421	44,152
Series 2017 Unamortized Bond Premium	337,324	-	(22,488)	314,836	22,488
Series 2015 Unamortized Bond Premium	267,389	-	(20,569)	246,820	20,568
Other long-term obligations					
Accrued sick leave	606,952	269,093	(269,717)	606,328	184,627
Total long-term obligations	**$ 27,107,237**	**$ 269,093**	**$ (1,596,925)**	**$ 25,779,405**	**$ 1,556,835**

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	$ 14,445,000	$ -	$ (575,000)	$ 13,870,000	$ 600,000
2017 General Obligation, Limited Bond	4,600,000	-	(210,000)	4,390,000	220,000
2015 General Obligation, Limited Bond	3,390,000	-	(190,000)	3,200,000	195,000
2015 General Obligation, Unlimited Bond	3,900,000	-	(215,000)	3,685,000	225,000
Total bonds payable	26,335,000	-	(1,190,000)	25,145,000	1,240,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	794,723	-	(44,151)	750,572	44,152
Series 2017 Unamortized Bond Premium	359,812	-	(22,488)	337,324	22,488
Series 2015 Unamortized Bond Premium	287,958	-	(20,569)	267,389	20,568
Other long-term obligations					
Accrued sick leave	562,080	68,595	(23,723)	606,952	184,291
Total long-term obligations	**$ 28,339,573**	**$ 68,595**	**$ (1,300,931)**	**$ 27,107,237**	**$ 1,511,499**

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

2019 General Obligation, Limited Bond

In November 2019, the College issued $15,000,000 of 2019 community college facilities general obligation limited bonds for the purpose of erecting, furnishing and equipping a College facility; erecting additions to, remodeling, furnishing and refurnishing and equipping and re-equipping a site. The bonds bear interest ranging from 2.875 to 3.00 percent and require annual payments ranging from $625,000 to $1,040,000 through 2039.

2017 General Obligation, Limited Bond

In November 2017, the College issued $5,200,000 of 2017 community college facilities general obligation limited bonds for the purpose of funding the expansion of the Health Sciences Education and Training Center. The bonds bear interest at 4.00 percent and require annual payments ranging from $230,000 to $380,000 through 2037.

2015 General Obligation, Limited Bond

In May 2015, the College issued $4,415,000 of 2015 community college facilities general obligation limited bonds for the purpose of funding the construction of a new Health Sciences Education and Training Center. The bonds bear interest at 4.00 percent and require annual payments ranging from $200,000 to $305,000 through 2035.

2015 General Obligation, Unlimited Bond

In May 2015, the College issued $5,025,000 of 2015 community college facilities general obligation unlimited bonds for the purpose of funding the construction of a new Health Sciences Education and Training Center. The bonds bear interest at 4.00 percent and require annual payments ranging from $230,000 to $355,000 through 2035.

Accrued Sick Leave

The College provides sick benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues sick days payable for those employees who, upon retirement, will have met the conditions of the age and service requirements defined by each respective contract at year end.

Debt Maturity

Total principal and interest maturities on the bond obligations are as follows as of June 30:

	Debt Obligations		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2024	$ 1,285,000	$ 857,881	$ 2,142,881
2025	1,335,000	805,981	2,140,981
2026	1,385,000	752,081	2,137,081
2027	1,440,000	696,181	2,136,181
2028	1,500,000	637,981	2,137,981
2029-2033	8,430,000	2,268,931	10,698,931
2034-2038	7,490,000	738,523	8,228,523
2039	1,040,000	15,600	1,055,600
Totals	**$ 23,905,000**	**$ 6,773,159**	**$ 30,678,159**

8. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 15.05% - 16.65% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan (MIP)	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

Required contributions to the pension plan from the College were $2,526,557, $1,859,267 and $1,860,495 for the years ended June 30, 2023, 2022 and 2021, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.21% - 7.23%

Required contributions to the OPEB plan from the College were $444,207, $424,820 and $438,661 for the years ended June 30, 2023, 2022 and 2021, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2023:

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

For the years ended June 30, 2023, 2022 and 2021, required and actual contributions from the College for those members with a defined contribution benefit were $79,759, $73,281 and $69,156, respectively.

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

At June 30, 2023 and 2022, the College reported a liability of $20,630,887 and $14,657,569, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the College's proportion was 0.05486%, which was a decrease of 0.00705% points from its proportion measured as of September 30, 2021 of 0.06191%.

For the year ended June 30, 2023, the College recognized pension expense of $1,524,260. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 206,381	$ 46,128	$ 160,253
Changes in assumptions	3,545,126	-	3,545,126
Net difference between projected and actual earnings on pension plan investments	48,379	-	48,379
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,141	2,383,230	(2,382,089)
	3,801,027	2,429,358	1,371,669
College contributions subsequent to the measurement date	2,333,248	-	2,333,248
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,468,352	(1,468,352)
Total	**$ 6,134,275**	**$ 3,897,710**	**$ 2,236,565**

The amount reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The amount reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2023	$ 187,635
2024	56,127
2025	129,336
2026	998,571
Total	**$ 1,371,669**

For the year ended June 30, 2022, the College recognized pension expense of $925,725. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 227,052	$ 86,316	$ 140,736
Changes in assumptions	923,961	-	923,961
Net difference between projected and actual earnings on pension plan investments	-	4,712,361	(4,712,361)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,295,201	(1,295,201)
	1,151,013	6,093,878	(4,942,865)
College contributions subsequent to the measurement date	1,672,438	-	1,672,438
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	861,856	(861,856)
Total	**$ 2,823,451**	**$ 6,955,734**	**$ (4,132,283)**

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

At June 30, 2023 and 2022, the College reported a liability of $1,181,067 and $905,575, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the College's proportion was 0.05576%, which was a decrease of 0.00357% points from its proportion measured as of September 30, 2021 of 0.05933%.

For the year ended June 30, 2023, the College recognized a reduction in OPEB expense of $664,315. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Net Deferred Outflows (Inflows) of Resources**
Differences between expected and actual experience	$ -	$ 2,313,257	$ (2,313,257)
Change in assumptions	1,052,723	85,719	967,004
Net difference between projected and actual earnings on OPEB plan investments	92,310	-	92,310
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,172	593,538	(587,366)
	1,151,205	2,992,514	(1,841,309)
College contributions subsequent to the measurement date	362,747	-	362,747
Total	**$ 1,513,952**	**$ 2,992,514**	**$ (1,478,562)**

The amount reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (636,408)
2024	(548,681)
2025	(465,749)
2026	(119,788)
2027	(63,207)
Thereafter	(7,476)
Total	**$ (1,841,309)**

For the year ended June 30, 2022, the College recognized a reduction in OPEB expense of $676,799. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 2,584,898	$ (2,584,898)
Change in assumptions	757,015	113,278	643,737
Net difference between projected and actual earnings on OPEB plan investments	-	682,548	(682,548)
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,683	588,229	(581,546)
	763,698	3,968,953	(3,205,255)
College contributions subsequent to the measurement date	341,041	-	341,041
Total	**$ 1,104,739**	**$ 3,968,953**	**$ (2,864,214)**

Actuarial Assumptions

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

The total pension and OPEB liabilities in the September 30, 2021 and 2020 actuarial valuations (for the fiscal years ended June 30, 2023 and 2022) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00% (6.80% in 2020)
Pension Plus plan (hybrid)	6.00% (6.80% in 2020)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00% (6.95% in 2020)
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions - September 30, 2021 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

Changes in assumptions - September 30, 2020 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 and 2021, are summarized in the following tables:

2022 Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Expected Money-Weighted Rate of Return**
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			**6.00%**

2021 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.24%
Investment rate of return			**6.80%**

Long-term Expected return on OPEB Plan Assets

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022 and 2021, are summarized in the following tables:

2022 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00%	8.13%	1.30%
International equity pools	15.00%	6.26%	0.94%
Fixed income pools	13.00%	-0.19%	-0.02%
Real estate and infrastructure pools	10.00%	4.95%	0.50%
Absolute return pools	9.00%	2.52%	0.23%
Real return/opportunistic pools	10.00%	5.42%	0.54%
Short-term investment pools	2.00%	-0.47%	-0.01%
	100.00%		4.67%
Inflation			2.20%
Risk adjustment			-0.87%
Investment rate of return			**6.00%**

2021 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
Investment rate of return			**6.95%**

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2022, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

For the fiscal year ended September 30, 2021, a discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net pension liability	$ 27,225,107	$ 20,630,887	$ 15,196,953

Notes to Financial Statements

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 20,956,348	$ 14,657,569	$ 9,435,467

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

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of the net OPEB liability	$ 1,981,126	$ 1,181,067	$ 507,318

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 1,682,721	$ 905,575	$ 246,055

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 494,574	$ 1,181,067	$ 1,951,668

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$ 220,410	$ 905,575	$ 1,676,468

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2023, the College reported a payable of $204,070 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of $236,568 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

Payable to the OPEB Plan

At June 30, 2023, the College reported a payable of $16,333 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of $33,377 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

Defined Contribution Plan

Effective January 1, 1999, amended February 8, 2019, administrators and full-time faculty of the College may elect to participate in an Optional Retirement Program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with VALIC Retirement Services Company. As of June 30, 2023 and 2022, the plan had 9 participants. Under ORP, the College contributes 12.0 percent and the participant contributes 4.0 percent of the participant's compensation. Participants are immediately 100 percent vested in all ORP contributions. Total contributions by the College were $80,478 and $76,202 for the years ended June 30, 2023 and 2022, respectively. Total contributions by employees were $26,826 and $25,400 for the years ended June 30, 2023 and 2022, respectively.

9. CONTINGENCIES

The College receives significant financial assistance from the State and Federal agencies in the form of grants and awards. The use of these funds generally requires compliance with grantor terms and conditions and is subject to audit by the grantor agency. Disallowed expenditures resulting from grantor audits could become a liability of the College, however, management believes that any future disallowances would not have a material effect on the College's financial statements.

In the normal course of its activities, the College is a party in various legal actions. The College and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, workers' compensation, errors and omissions and liability.

Risk-sharing Programs

The College participates in a self-insurance program through the School Employers Group. This program provides substantially all the insurance needs of the College. The possibility of additional claims exists, but the amount of liability to the College would be immaterial by the time the aggregate stop-loss coverages are triggered. There is also a possibility of a refund due to the College. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The College is self-insured for certain vision and dental benefits paid on behalf of its employees. Effective January 1, 2013, the College is also self-insured for certain medical benefits paid on behalf of its employees. Payments are made to the plan administrator based on actual claims. A startup amount is expected to cover claims which have been incurred but not reported. The College has employed an outside consultant to monitor the plan. Expenses related to the vision and dental plans during the years ended June 30, 2023 and 2022 totaled $117,900 and $98,960, respectively. Expenses related to the medical plan during the years ended June 30, 2023 and 2022 totaled $683,423 and $831,464, respectively, which includes an estimate of claims incurred but not reported at June 30, 2023 and 2022.

	Vision and Dental Liability		
	2023	2022	2021
Unpaid claims - beginning of year	$ 5,333	$ 4,602	$ 3,491
Incurred claims	117,900	98,960	101,804
Claims payments	117,504	98,229	100,693
Unpaid claims - end of year	$ 5,729	$ 5,333	$ 4,602

	Health Liability		
	2023	2022	2021
Unpaid claims - beginning of year	$ 29,438	$ 65,745	$ 157,934
Incurred claims	683,423	831,464	1,165,671
Claims payments	615,727	867,771	1,257,860
Unpaid claims - end of year	$ 97,134	$ 29,438	$ 65,745

11. MICHIGAN FOREST PRODUCTS INSTITUTE BUILDING PARTNERSHIP

The College entered into an agreement in October 2017 with the Michigan State Building Authority (the "Authority") for the construction of the Michigan Forest Products Institute Building. Under the terms of the Agreement, the total authorized cost of the building is $6,100,000, of which the Authority will provide funding of $3,049,900 and the College must fund the remaining balance. Draws from the agreement are recorded as deferred inflows by the College and revenue will by recognized over a 20-year term per the agreement. The College recognized $149,306 of this revenue during both 2023 and 2022.

12. KIRTLAND COMMUNITY COLLEGE FOUNDATION

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and discretely presented in the College's financial statements.

Financial information for the Foundation is reported using accounting principles generally accepted in the United States of America for not-for-profit entities. Specific differences from the College are related to the reporting of promises to give and grants payable, which are reported when they are unconditional. At June 30, 2023 and 2022, the stated value of the net position of the Foundation totaled $2,759,900 and $2,606,140, respectively.

During fiscal 2022, the College donated $103,750 to establish the Kirtland Legacy Fund with a specified purpose of supplementing future endowments to the Foundation if donors meet certain requirements at the discretion of the Foundation Board of Directors. During fiscal 2023, the Board of Directors authorized $30,500 to be used from the Kirtland Legacy Fund to transfer into donor endowments for the purposes of scholarships.

Restricted net position consists of the following at June 30:

	2023	2022
Expendable for specified purpose:		
Scholarships and financial aid	$ 836,372	$ 746,063
Kirtland Legacy Fund	82,093	103,750
Path to Success Program	139	7,533
Center for Performing Arts	12,256	10,967
	930,860	868,313
Nonexpendable endowments		
Subject to endowment spending policy and appropriation:		
Scholarships and financial aid	1,437,576	1,344,576
Center for Performing Arts	10,728	10,728
	1,448,304	1,355,304
Total restricted net position	**$ 2,379,164**	**$ 2,223,617**

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

	2023	2022
Subject to expenditures for specified purpose, beginning of year	$ 868,313	$ 972,296
Net investment gain (loss)	194,305	(258,225)
Contributions	17,142	245,898
Kirtland Legacy Fund transfers	(30,500)	-
Amounts appropriated for expenditure	(118,400)	(91,656)
Subject to expenditures for specified purpose, end of year	**$ 930,860**	**$ 868,313**

During the years ended June 30, 2023 and 2022, the College made grants and distributions on behalf of the Foundation to be used for scholarships and grants of approximately $122,000 and $92,000, respectively. The components of the Foundation's net assets with donor restrictions are both for programs and scholarships as of June 30, 2023 and 2022.

13. FOUNDATION ENDOWMENT

The Foundation's permanent endowments consist of 27 individual, donor-restricted funds established for student scholarships as of June 30, 2023.

Interpretation of Relevant Law

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

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

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023 and 2022, the Foundation did not have any underwater endowments.

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

	2023	2022
Endowment funds with donor restrictions:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 1,448,304	$ 1,355,304
Accumulated investment earnings	654,590	527,561
Total Funds	**$ 2,102,894**	**$ 1,882,865**

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

	2023	2022
Endowment net assets, beginning of year	$ 1,882,865	$ 2,133,038
Contributions	62,500	18,890
Kirtland Legacy Fund transfers	30,500	-
Net investment gain (loss)	165,904	(239,063)
Amounts appropriated for expenditure	(38,875)	(30,000)
Endowment net assets, end of year	**$ 2,102,894**	**$ 1,882,865**

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested to achieve the primary objective of being the safety of principal and secondary objective being income and growth.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has implemented the following guidelines to achieve a diversified asset allocation of no more than 10 percent in emerging market funds and total assets will be allocated 60 percent for equity investments and 40 percent fixed income assets. Exposure within each asset class is determined by (1) the Foundation's investment objectives and risk tolerance, (2) the prevailing relative valuation between the primary competing assets classes (fixed income and equities), and (3) the fundamental strength of the economy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Notes to Financial Statements

14. FOUNDATION LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2023	2022
Financial assets		
Cash and cash equivalents	$ 103,719	$ 111,301
Accounts receivable, net	91,772	138,365
Investments	2,564,894	2,357,461
	2,760,385	2,607,127
Less amounts unavailable for general expenditures within one year due to:		
Net position with donor restrictions	2,379,164	2,223,617
Total financial assets available for general use within one year	**$ 381,221**	**$ 383,510**

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

The Foundation has a policy of appropriating for distribution each year 3.5% of the fair value of investment holdings as of the beginning of the year for the fiscal year in which the distribution is planned. This distribution does not have to be taken if the Foundation Board of Directors determines it is not needed. Unspent 3.5% distribution funds can be used in future years if approved by the Board. If, at any time, the fair value of the endowments is less than the principal amount, the principal will be held whole.

15. FUNCTIONAL ALLOCATION OF EXPENSES AND DONATED SERVICES - FOUNDATION

The tables below present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification. The Foundation's program services and supporting services expenses are included in student services and institutional administration expenses, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

	Year Ended June 30, 2023			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 121,954	$ -	$ -	$ 121,954
Operations	-	2,782	-	2,782
Professional fees	-	26,556	127,351	153,907
Travel and meeting	-	1,218	-	1,218
Other	-	280	-	280
Total expenses	**$ 121,954**	**$ 30,836**	**$ 127,351**	**$ 280,141**

	Year Ended June 30, 2022			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 91,656	$ -	$ -	$ 91,656
Operations	-	855	-	855
Professional fees	-	26,041	124,192	150,233
Travel and meeting	-	2,864	-	2,864
Other	-	587	-	587
Total expenses	**$ 91,656**	**$ 30,347**	**$ 124,192**	**$ 246,195**

16. DONATED SERVICES

The Foundation receives donated services from certain personnel at the College for the fiscal years ended June 30, 2023 and 2022, included in the financial statements, were as follows:

	2023	2022
Accounting services	$ 11,108	$ 10,617
Fundraising	116,243	113,575
Total donated services	**$ 127,351**	**$ 124,192**

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REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plans
Schedule of the College's Proportionate Share of the Net Pension Liability

	Year Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 20,630,887	$ 14,657,569	$ 22,191,091	$ 22,324,710	$ 20,915,218	$ 18,384,023	$ 19,074,343	$ 18,701,369	$ 18,658,349
College's proportion of the net pension liability	0.05486%	0.06191%	0.06460%	0.06741%	0.06957%	0.07094%	0.07645%	0.07657%	0.08471%
College's covered payroll	$ 5,439,960	$ 5,417,113	$ 5,699,824	$ 5,723,342	$ 5,918,399	$ 5,788,356	$ 6,331,048	$ 6,487,088	$ 7,227,586
College's proportionate share of the net pension liability as a percentage of its covered payroll	379.25%	270.58%	389.33%	390.06%	353.39%	317.60%	301.28%	288.29%	258.15%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

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

	Year Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 2,526,557	$ 1,859,267	$ 1,860,495	$ 1,779,713	$ 1,793,690	$ 1,906,804	$ 1,630,652	$ 1,730,331	$ 1,386,796
Contributions in relation to the statutorily required contribution	(2,526,557)	(1,859,267)	(1,860,495)	(1,779,713)	(1,793,690)	(1,906,804)	(1,630,652)	(1,730,331)	(1,386,796)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,721,861	$ 5,424,303	$ 5,450,108	$ 5,786,053	$ 5,789,037	$ 5,915,953	$ 5,827,938	$ 6,166,021	$ 6,598,213
Contributions as a percentage of covered payroll	44.16%	34.28%	34.14%	30.76%	30.98%	32.23%	27.98%	28.06%	21.02%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits Liability

	Year Ended June 30					
	2023	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 1,181,067	$ 905,575	$ 3,419,065	$ 4,677,411	$ 5,505,809	$ 6,316,303
College's proportion of the net OPEB liability	0.05576%	0.05933%	0.06382%	0.06517%	0.06926%	0.07133%
College's covered payroll	$ 5,439,960	$ 5,417,113	$ 5,699,824	$ 5,723,342	$ 5,918,399	$ 5,788,356
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.71%	16.72%	59.99%	81.73%	93.03%	109.12%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

KIRTLAND COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Other Postemployment Benefits Contributions

	Year Ended June 30					
	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Statutorily required contribution	$ 444,207	$ 424,820	$ 438,661	$ 452,325	$ 446,611	$ 426,950
Contributions in relation to the statutorily required contribution	(444,207)	(424,820)	(438,661)	(452,325)	(446,611)	(426,950)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,721,861	$ 5,424,303	$ 5,450,108	$ 5,786,053	$ 5,789,037	$ 5,915,953
Contributions as a percentage of covered payroll	7.76%	7.83%	8.05%	7.82%	7.71%	7.22%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

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

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

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 Plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus Plan.

OPEB Information

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

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

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

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position

June 30, 2023 (Unaudited)
(with comparative totals for 2022)

	General Fund	Designated Fund	Auxiliary Activities	Restricted MPSERS	Expendable Restricted Funds	Maintenance and Repair Fund	Physical Properties Fund	Agency Fund	Combined Total June 30, 2023	Combined Total June 30, 2022
Assets										
Current assets										
Cash and cash equivalents	$ 11,133,067	$ -	$ 1,000	$ -	$ -	$ -	$ -	$ -	$ 11,134,067	$ 11,696,410
Short-term investments	4,121,383	-	-	-	-	-	-	-	4,121,383	3,444,480
Accounts receivable, net	1,060,335	17,721	54,960	-	1,310,150	-	53,888	83	2,497,137	2,164,743
Inventories	22,587	-	95,675	-	-	-	-	-	118,262	116,310
Prepaid expenses and other assets	98,133	-	-	-	-	-	-	-	98,133	51,377
Due (to) from other funds	(13,095,726)	457,783	64,516	164,989	(1,245,807)	10,605,363	3,088,581	(39,699)	-	-
Total current assets	**3,339,779**	**475,504**	**216,151**	**164,989**	**64,343**	**10,605,363**	**3,142,469**	**(39,616)**	**17,968,982**	**17,473,320**
Noncurrent assets										
Long-term investments	315,868	-	-	-	-	-	-	-	315,868	870,478
Restricted cash	-	-	-	-	575,627	-	197,558	-	773,185	995,085
Assets held for sale	-	-	-	-	-	-	2,000,000	-	2,000,000	2,000,000
Capital assets										
Land	-	-	-	-	-	-	360,900	-	360,900	360,900
Construction in progress	-	-	-	-	-	-	2,992,437	-	2,992,437	145,673
Capital assets not being depreciated	-	-	-	-	-	-	3,353,337	-	3,353,337	506,573
Capital assets being depreciated, net	-	-	-	-	-	-	45,154,518	-	45,154,518	46,581,252
Total noncurrent assets	**315,868**	**-**	**-**	**-**	**575,627**	**-**	**50,705,413**	**-**	**51,596,908**	**50,953,388**
Total assets	**3,655,647**	**475,504**	**216,151**	**164,989**	**639,970**	**10,605,363**	**53,847,882**	**(39,616)**	**69,565,890**	**68,426,708**
Deferred outflows of resources										
Deferred pension amounts	-	-	-	6,134,275	-	-	-	-	6,134,275	2,823,451
Deferred OPEB amounts	-	-	-	1,513,952	-	-	-	-	1,513,952	1,104,739
Total deferred outflows of resources	**-**	**-**	**-**	**7,648,227**	**-**	**-**	**-**	**-**	**7,648,227**	**3,928,190**
Liabilities										
Current liabilities										
Accounts payable	812,206	-	4,117	164,988	575,627	7,775	-	-	1,564,713	1,591,778
Accrued payroll and vacation	689,073	1,015	24,863	-	-	-	-	-	714,951	1,016,783
Other accrued liabilities	344,215	-	7,316	-	-	-	72,496	(39,616)	384,411	327,561
Unearned revenue	212,861	-	-	-	63,770	-	-	-	276,631	165,322
Long-term obligations - current portion	184,626	-	-	-	-	-	1,372,209	-	1,556,835	1,511,499
Total current liabilities	**2,242,981**	**1,015**	**36,296**	**164,988**	**639,397**	**7,775**	**1,444,705**	**(39,616)**	**4,497,541**	**4,612,943**
Noncurrent liabilities										
Long-term obligations - net of current portion	-	-	-	-	-	-	24,222,570	-	24,222,570	25,595,738
Net pension liability	-	-	-	20,630,887	-	-	-	-	20,630,887	14,657,569
Net OPEB liability	-	-	-	1,181,067	-	-	-	-	1,181,067	905,575
Total noncurrent liabilities	**-**	**-**	**-**	**21,811,954**	**-**	**-**	**24,222,570**	**-**	**46,034,524**	**41,158,882**
Total liabilities	**2,242,981**	**1,015**	**36,296**	**21,976,942**	**639,397**	**7,775**	**25,667,275**	**(39,616)**	**50,532,065**	**45,771,825**
Deferred inflows of resources										
Construction arrangement	-	-	-	-	-	-	2,388,882	-	2,388,882	2,538,188
Deferred pension amounts	-	-	-	3,897,710	-	-	-	-	3,897,710	6,955,734
Deferred OPEB amounts	-	-	-	2,992,514	-	-	-	-	2,992,514	3,968,953
Total deferred inflows of resources	**-**	**-**	**-**	**6,890,224**	**-**	**-**	**2,388,882**	**-**	**9,279,106**	**13,462,875**
Net position (deficit)										
Net investment in capital assets	-	-	-	-	-	-	25,076,241	-	25,076,241	22,511,708
Restricted - expendable	-	-	-	-	573	-	-	-	573	15,577
Unrestricted (deficit)	1,412,666	474,489	179,855	(21,053,950)	-	10,597,588	715,484	-	(7,673,868)	(9,407,087)
Total net position (deficit)	**$ 1,412,666**	**$ 474,489**	**$ 179,855**	**$ (21,053,950)**	**$ 573**	**$ 10,597,588**	**$ 25,791,725**	**$ -**	**$ 17,402,946**	**$ 13,120,198**

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

Year Ended June 30, 2023 (Unaudited)
(with comparative totals for 2022)

	General Fund	Designated Fund	Auxiliary Activities Funds	Restricted MPSERS	Expendable Restricted Funds	Maintenance and Repair Fund	Physical Properties Fund	Eliminations	Combined Total June 30, 2023	Combined Total June 30, 2022
Operating revenues										
Tuition and fees, net	$ 6,751,391	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,877,657)	$ 4,873,734	$ 4,866,435
Federal grants and contracts	-	-	-	-	467,315	-	-	-	467,315	389,845
State and local grants and contracts	-	-	-	-	109,738	-	-	-	109,738	116,153
Private gifts, grants, and contracts	-	-	-	-	65,215	-	-	-	65,215	28,761
Auxiliary activities	-	-	728,992	-	-	-	-	-	728,992	569,789
Indirect cost recoveries	17,801	-	-	-	-	-	-	(17,801)	-	-
Current funds expenditures for equipment and capital improvements	-	-	-	-	-	-	460,243	(460,243)	-	-
Miscellaneous	207,936	84,860	-	-	-	-	154,016	-	446,812	869,394
Total operating revenues	**6,977,128**	**84,860**	**728,992**	**-**	**642,268**	**-**	**614,259**	**(2,355,701)**	**6,691,806**	**6,840,377**
Operating expenses										
Instruction	4,976,879	18,665	-	146,748	468,792	-	-	(216,300)	5,394,784	4,139,189
Public service	41,616	-	-	(10,260)	-	-	-	-	31,356	141,019
Instructional support	1,531,848	-	1,330,311	(375,741)	-	-	-	(40,382)	2,446,036	2,540,168
Student services	2,960,186	-	-	(629,278)	2,453,314	-	-	(1,877,657)	2,906,565	4,352,751
Institutional administration	1,883,473	-	-	(417,139)	-	-	-	-	1,466,334	2,310,862
Operation and maintenance of physical plant	1,962,407	-	-	(220,021)	-	661,766	-	(221,362)	2,182,790	2,338,578
Information technology	959,770	-	-	-	-	-	-	-	959,770	1,056,521
Depreciation and amortization	-	-	-	-	-	-	1,886,977	-	1,886,977	1,392,525
Loss on impairment of assets held for sale	-	-	-	-	-	-	-	-	-	1,000,000
Total operating expenses	**14,316,179**	**18,665**	**1,330,311**	**(1,505,691)**	**2,922,106**	**661,766**	**1,886,977**	**(2,355,701)**	**17,274,612**	**19,271,613**
Operating (loss) income	**(7,339,051)**	**66,195**	**(601,319)**	**1,505,691**	**(2,279,838)**	**(661,766)**	**(1,272,718)**	**-**	**(10,582,806)**	**(12,431,236)**
Nonoperating revenues (expenses)										
State appropriations	3,975,942	-	-	-	-	-	-	-	3,975,942	3,939,889
Federal Pell grant	-	-	-	-	2,264,834	-	-	-	2,264,834	2,006,804
Federal Higher Education Emergency Relief Fund grants	-	-	-	-	-	-	-	-	-	3,289,421
Property taxes	8,400,720	-	490,810	-	-	-	424,176	-	9,315,706	8,870,022
Investment income (loss)	32,129	-	-	-	-	116,159	(14,418)	-	133,870	(25,604)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(600)
Interest on capital asset - related debt	-	-	-	-	-	-	(824,798)	-	(824,798)	(868,501)
Contributions between College and Foundation	-	-	-	-	-	-	-	-	-	(103,750)
Net nonoperating revenues (expenses)	**12,408,791**	**-**	**490,810**	**-**	**2,264,834**	**116,159**	**(415,040)**	**-**	**14,865,554**	**17,107,681**
Transfers (out) in	**(5,086,331)**	**-**	**127,142**	**-**	**-**	**645,537**	**4,313,652**	**-**	**-**	**-**
Increase (decrease) in net position	**(16,591)**	**66,195**	**16,633**	**1,505,691**	**(15,004)**	**99,930**	**2,625,894**	**-**	**4,282,748**	**4,676,445**
Net position (deficit), beginning of year	1,429,257	408,294	163,222	(22,559,641)	15,577	10,497,658	23,165,831	-	13,120,198	8,443,753
Net position (deficit), end of year	**$ 1,412,666**	**$ 474,489**	**$ 179,855**	**$ (21,053,950)**	**$ 573**	**$ 10,597,588**	**$ 25,791,725**	**$ -**	**$ 17,402,946**	**$ 13,120,198**