Schoolcraft College®

2026 ANNUAL FINANCIAL REPORT









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On the Cover
Schoolcraft College students present their work at the 2026 Ozcars Academic Banquet, showcasing the creativity, knowledge and skills developed through their academic experiences. These hands-on learning opportunities reflect the College's continued investment in student achievement and success.

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Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

Report on the Audits of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Schoolcraft College as of June 30, 2026 and 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, in 2026, the College adopted a new accounting standard, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audits of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Trustees
Schoolcraft College

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2026 on our consideration of Schoolcraft College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Schoolcraft 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 Schoolcraft College's internal control over financial reporting and compliance.



October 21, 2026

Management's Discussion & Analysis - Unaudited

Overview of the Financial Statements

The discussion and analysis of Schoolcraft College's financial statements provides an overview of the College's financial position at June 30, 2026 and 2025 and its financial activities for the three years ended June 30, 2026. 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.

The annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements, notes to financial statements, and required supplementary information. The financial statements report information on the College as a whole. Following the basic financial statements, footnotes, and required supplementary information are two supplementary schedules, the Consolidating Statement of Net Position and the Consolidating Statement of Revenue, Expenses, Transfers and Changes in Net Position. These additional schedules are required by the State of Michigan. Though the Governmental Accounting Standards Board does not require this information for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College not disclosed in the basic statements.

The College is required to include the Schoolcraft Development Authority, Inc., SC Development Unit 14, Inc., SC Sports Dome, Inc., SC Technology Center, Inc., SC Health Sciences, Inc., SC Health Sciences II, Inc., SC Unit 16, Inc., SC Unit 17, Inc. (collectively, the "Development Component Units"), and the Schoolcraft College Foundation as component units in the financial statements. The Development Component Units' statement of net position and statement of revenue, expenses, and changes in net position have been discretely presented on the face of the College statements. The Foundation's statement of financial position and statement of activities and changes in net assets have been included on separate pages.

The Statement of Net Position reports the College's financial position as of June 30, 2026 and 2025, as restated. The Statement of Revenues, Expenses, and Changes in Net Position reports the change in net position for the years ended June 30, 2026 and 2025, as restated.

Component Units

During 2016, the College formed two component unit entities, SC Development Unit 14, Inc. and SC Sports Dome, Inc. During 2017, the College formed one additional entity, SC Technology Center, Inc. During 2019, the College formed two additional entities, SC Health Sciences, Inc. and SC Health Sciences II, Inc. During 2022, the College formed one additional entity, SC Unit 16, Inc. All six entities were established as 501(c)(3) charitable, non-profit organizations in an effort to generate additional revenue streams for the College.

SC Development Unit 14, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 14. The main purpose of the resulting partnership, Seven Delta, LLC, which was formed as a Michigan limited liability company, was to construct and subsequently lease a building to a Fortune 500 company to generate additional revenue for the charitable and educational purposes that support the College.

SC Sports Dome, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 15. The main purpose of the resulting partnership, SC College Dome LLC, which was also formed as a Michigan limited liability company, was to build the College Soccer Dome to help bolster enrollment and generate additional revenue for the charitable and educational purposes that support the College.

SC Technology Center, Inc. was formed to enter into lease agreements with third parties to sell services and amenities to generate additional revenue for the charitable and educational purposes that support the College.

During 2019, SC Health Sciences, Inc. and SC Health Sciences II, Inc. were formed to construct and subsequently lease a medical center and sports center, respectively, to generate additional

revenue for the charitable and educational purposes that support the College. Construction on the medial center was completed as of June 30, 2022. Construction on the sports center was completed as of June 30, 2021.

During 2022, SC Unit 16, Inc. was formed to develop land, specifically Unit 16. The main purpose was to build the outdoor soccer fields to help bolster enrollment and generate additional revenue for the charitable and educational purposes that support the College.

During 2024, SC Unit 17, Inc. was formed to develop land, specifically Unit 17. The main purpose was to build the Nino Salvaggio at Schoolcraft Marketplace to help bolster enrollment and experiential learning for culinary students and generate additional revenue for the charitable and educational purposes that support the College.

Financial Summary

The College's financial position increased during the years ended June 30, 2026 and 2025, with net position increasing by $25.1 million and $28.8 million, respectively.

The increase in 2026 is primarily due to a sizeable increase in tuition and fees revenue inclusive of Pell grants, as well as increases in auxiliary enterprises, state grant revenue, and property tax revenue. The increases are offset by decreases in federal grants and contracts of $1.5M primarily due to a $645k decrease in Michigan Reconnect Expansion and a $690k decrease in the ADN-BSN grant due to it nearing maturity, and in state operating appropriations, primarily due to the one-time $1.9 million from the State of Michigan Section 147a4 MPSERS offset funding that was only received in 2025. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in a $23.2 million increase in net position.

The increase in 2025 is primarily due to a sizeable increase in tuition and fees revenue inclusive of Pell grants, as well as increases in federal and state grant revenue, property tax revenue and miscellaneous revenue. The increases are offset by a decrease in state operating appropriations, primarily due to the one-time $3.1 million from the State of Michigan for Infrastructure, Technology, Equipment, and Maintenance (ITEM) appropriation funding that was only received in 2024. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in a $21.4 million increase in net position.

Following is a summary of the major components of the financial position of the College as of June 30, 2026, 2025, and 2024, in millions:

Financial Position (in millions)

	2026	2025	2024
Current assets	$ 49.8	$ 51.9	$ 46.7
Non-current assets			
Other	45.6	39.2	24.1
Capital assets	154.3	159.3	160.5
Total assets	249.7	250.4	231.3
Deferred outflow of resources	21.9	26.3	37.6
Current liabilities	26.7	29.4	24.0
Long-term liabilities	115.2	133.7	170.5
Total liabilities	141.9	163.1	194.5
Deferred inflow of resources	62.0	71.0	60.6
Net position (deficit)			
Net investment in capital assets	103.2	103.5	100.3
Restricted	20.2	16.6	5.7
Unrestricted	(55.7)	(77.5)	(92.2)
Total net position (deficit)	$ 67.7	$ 42.6	$ 13.8

Management's Discussion & Analysis - Unaudited

Following is a summary of the major components of the changes in net position of the College for the years ended June 30, 2026, 2025 (as restated) and 2024, in millions:

Revenue, Expenses and Changes in Net Position (in millions)

	2026	2025 (as restated)
Operating Revenue		
Tuition and fees (net of scholarship allowance)	$ 27.0	$ 25.8
Auxiliary enterprises	6.1	5.6
Pell grants	19.4	17.4
Lease income	1.2	1.2
Miscellaneous	4.8	5.4
Total Operating Revenue	58.5	55.4
Operating Expenses		
Instruction	30.5	29.8
Information Technology	5.2	5.3
Public services	2.7	2.5
Instructional support	15.7	15.2
Student services	27.0	25.2
Institutional administration	9.5	8.2
Operation and maintenance of plant	17.2	16.7
Depreciation	10.8	10.9
Total Operating Expenses	118.6	113.8
Net Operating Loss	(60.1)	(58.4)
Nonoperating Revenues and (Expenses)		
Noncapital Subsidies		
State operating appropriations	25.0	28.1
Property tax levy	45.1	43.1
Grants and contracts	14.6	13.3
Transfers between College and Component Units	0.4	2.3
Total Noncapital Subsidies	85.1	86.8
Other Nonoperating Revenue and (Expenses)		
Capital subsidies - grants and contracts	1.3	1.2
Gain on disposal of assets	0.1	0.1
Other nonoperating revenue and (expenses) - net	(1.3)	(0.9)
Total Other Nonoperating Revenue and (Expenses)	0.1	0.4
Net Nonoperating Revenue and (Expenses)	85.2	87.2
Increase in Net Position	25.1	28.8
Net position, beginning of year	42.6	13.8
Net position, end of year	$ 67.7	$ 42.6

Management's Discussion & Analysis - Unaudited

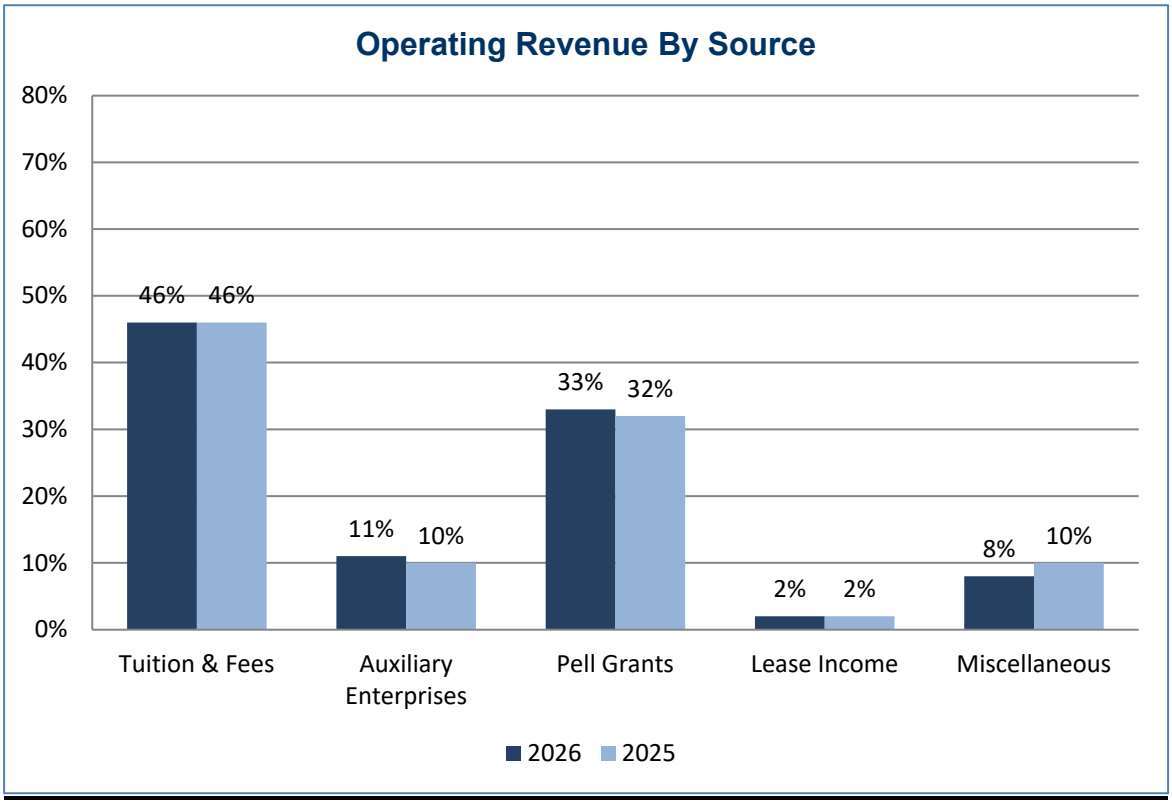
Revenue, Expenses and Changes in Net Position (in millions)

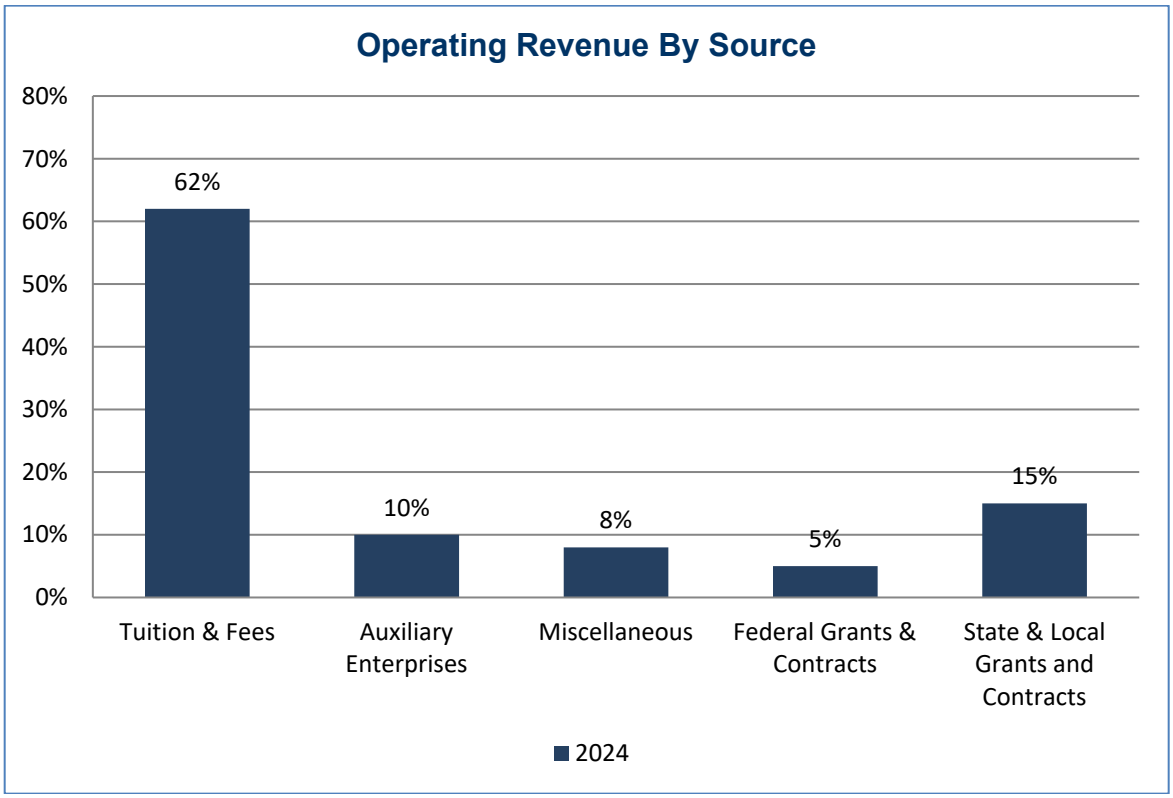
	2024
Operating Revenue	
Tuition and fees (net of scholarship allowance)	$ 28.5
Federal grants and contracts	$ 2.8
State and other grants and contracts	8.1
Sales and services of auxiliary activities	5.2
Gain on disposal of assets	0.1
Miscellaneous	4.1
Total Operating Revenue	48.8
Operating Expenses	
Instruction	31.4
Information Technology	5.3
Public services	2.6
Instructional support	14.0
Student services	21.8
Institutional administration	8.6
Operation and maintenance of plant	15.4
Depreciation	11.0
Total Operating Expenses	110.1
Net Operating Loss	(61.3)
Nonoperating Revenues and (Expenses)	
State operating appropriations	32.0
Property tax levy	40.3
Pell grants	11.4
Other nonoperating revenues and (expenses) - net	(0.5)
Net nonoperating revenues and (expenses)	83.2
Other	
Support from component unit	0.1
Total other	0.1
Increase in Net Position	22.0
Net deficit, beginning of year	(8.2)
Net position (deficit), end of year	$ 13.8

The restatement in the 2025 column is due to the adoption of GASB 103. See further discussion on the effects of this implementation in Note 1 to the financial statements.

Management's Discussion & Analysis - Unaudited

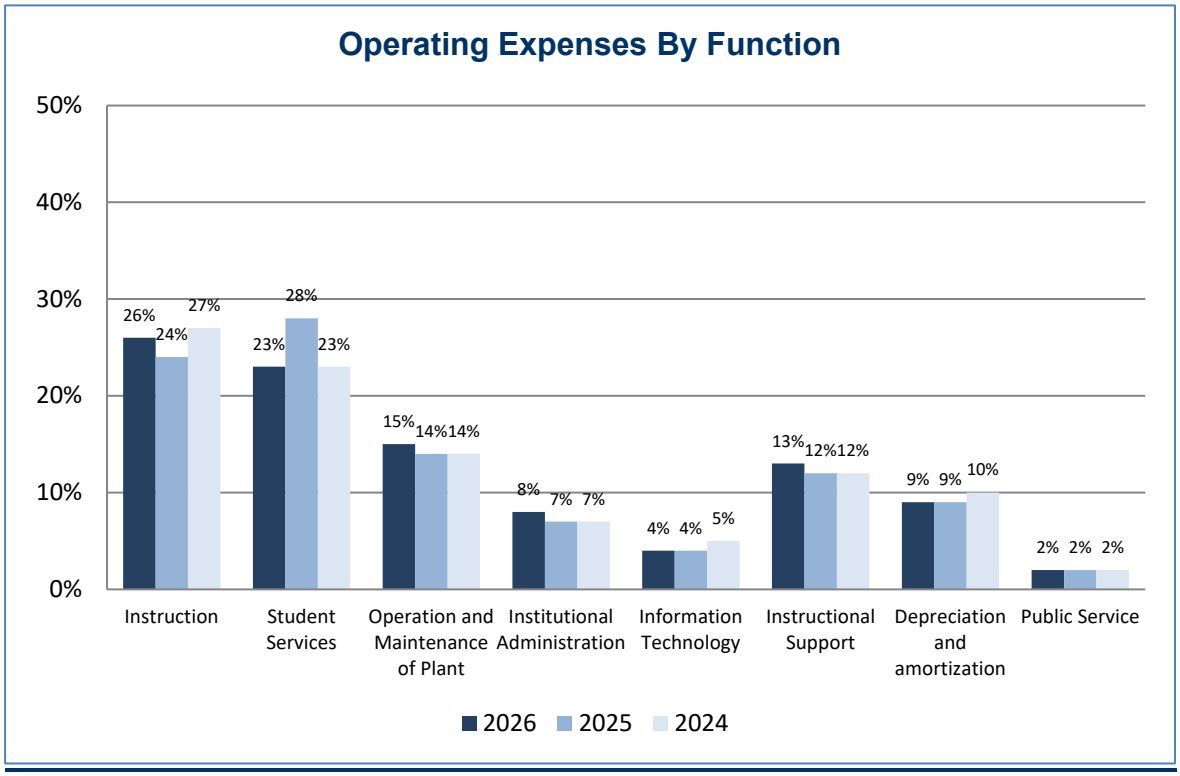
The following chart illustrates operating revenues by source as a percent of total operating revenue:





Management's Discussion & Analysis - Unaudited

The following chart illustrates operating expenses by function as a percent of total operating expenses:



Detailed Analyses

During the year end June 30, 2026, total assets decreased by $755k and total liabilities decreased by $21.2 million. The primary changes in assets include a decrease in unrestricted cash and cash equivalents of $1.4 million and an increase in long-term investments of $1.2 million due to operations. Additionally, state appropriations receivable increased $509k primarily due to an increase in UAAL, and student accounts receivable decreased $906k primarily due to a timing of cash receipts as well as enhanced collections efforts in the current year. Amounts due from Component Units decreased $1.4 million due to more construction costs being paid down than owed in fiscal year 2026 by SC Health Sciences 2, Inc. and SC Unit 17, Inc. at year-end, and an increase in the net OPEB asset of $5.4 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75. Additionally, a decrease of $720k in noncurrent leases receivable occurred due to collections in the current year. Finally, property and equipment decreased $5.1 million due to depreciation and amortization expense combined of $9.1 million offset by capital additions of $4.0 million as well as the disposal of the $9,000 worth of capital assets. The primary changes in liabilities include a decrease in accounts payable of $4.0 million based on timing of payment for ongoing capital projects, a decrease in short and long-term debt obligations combined of $4.8 million due to principal payments made, and most notably a decrease in net pension liability of $14.2 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68. These decreases were offset by an increase in accrued payroll and other compensation of $2.0 million due to staff raises, an additional pay period accrued pursuant to the Faculty contract, and increases in vacation payable due to a decrease in staff using earned vacation during the current year.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2026 deferred outflows decreased by $4.4 million. The primary

changes in deferred outflows for the plan were an increase of $395k due to differences between expected and actual experience, a decrease of $6.1 million due to changes in actuarial assumptions, an increase of $623k in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and an increase in contributions subsequent to the measurement date of $531k. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2026 deferred inflows related to retirement and postemployment benefits decreased by $8.1 million. The primary changes in deferred inflows for the plan were a decrease of $2.0 million due to changes in the difference between expected and actual experience, a decrease of $2.6 million due to changes in actuarial assumptions, an increase of $569,000 due to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $4.9 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and an increase of $980,000 in deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979). During the year end June 30, 2026 deferred inflows related to leases decreased $998,000 which was a result of certain leases maturing in 2026 in addition to the recognition of lease revenue for existing leases which decreases the deferred inflows.

During the year end June 30, 2025, total assets increased by $19.1 million and total liabilities decreased by $31.4 million. The primary changes in assets include an increase in unrestricted cash and investments of $4.1 million and an increase in long-term investments of $3.9 million due to operations. Additionally, amounts due from Component Units increased $2.6 million due to construction costs owed by SC Unit 17, Inc. and the Schoolcraft College Foundation at year-end, and an increase in the net OPEB asset of $12.5 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75. These increases were offset by a decrease in state appropriations receivable of $677,000 primarily due to a decrease in UAAL, a decrease in accounts receivable of $887,000 due to timing of cash receipts, and a $1.0 million decrease in noncurrent leases receivable due to collections in the current year. Finally, property and equipment decreased $1.1 million due to depreciation and amortization expense combined of $9.7 million offset by capital additions of $8.5 million as well as the disposal of the $25,000 worth of capital assets. The primary changes in liabilities include an increase in accounts payable of $5.4 million based on timing of payment for ongoing capital projects, a decrease in short and long-term debt obligations combined of $4.6 million due to principal payments made, and most notably a decrease in net pension liability of $31.8 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2025 deferred outflows decreased by $11.3 million. The primary changes in deferred outflows for the plan were a decrease of $1.4 million due to differences between expected and actual experience, a decrease of $8.1 million due to changes in actuarial assumptions, and a decrease in contributions subsequent to the measurement date of $1.9 million. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2025 deferred inflows related to retirement and postemployment benefits increased by $11.6 million. The primary changes in deferred inflows for the plan were an increase of $1.1 million due to changes in the difference between expected and actual experience, a decrease of $3.0 million due to changes in actuarial assumptions, an increase of $16.0 million due to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $397,000 due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and a decrease of $2.1 million in deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979). During the year end

Management's Discussion & Analysis - Unaudited

June 30, 2025 deferred inflows related to leases decreased $1.2 million which was a result of certain leases maturing in 2025 in addition to the recognition of lease revenue for existing leases which decreases the deferred inflows.

Operating Revenue

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and the sale of food by Culinary Operations and Culinary Arts. In addition, Pell grants and lease revenue are considering operating if not for capital purposes.

Operating revenue changes were the result of the following for the year ended June 30, 2026:

- Student tuition and fee revenue increased $1.2 million due to enrollment increases in addition to tuition and fee rate increases in addition to a $4.0 million increase in the scholarship allowance, which results in more grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $5.2 million or 11.20% due to no tuition and fee increases in addition to an enrollment increase of 11.17%.
- Auxiliary enterprises revenue increased $483,000 primarily due to increased bookstore sales and Culinary Operations sales due to the increase in enrollment discussed above.
- Pell grant awards increased by $1.9 million, or 10.87%, primarily due to an 11.17% increase in enrollment in addition to no tuition and fee rates increases. Note that there was no increase in the maximum Pell Grant limits in 2026. Additionally, the Financial Aid Office grew by 6 full-time equivalents in 2024 which allowed to transition to automated workflows that allowed students' aid to be packaged earlier in the year.
- Miscellaneous revenue including American Harvest, Mainstreet Café, Craft Grille, Fitness Center, Firearms Training Center, Vistatech rentals, Trinity Health Screenwall rent, and MI Dermatology Institute rent, prior to revenue recognized from capitalization of equipment purchased, increased $63,000 primarily due to consistent rental agreements, as well as a $60,000 increase in support from DCU's compared to 2025.

Operating revenue changes were the result of the following for the year ended June 30, 2025:

- Student tuition and fee revenue decreased $7.3 million due to enrollment increases in addition to tuition and fee rate increases offset by a $12.4 million increase in the scholarship allowance, which results in more grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $5.1 million or 12.38% due to tuition and fee increases of 2.21% combined, as well as additional fee revenue charged for classes that require extra faculty time outside of the normal class credit hours, in addition to an enrollment increase of 10.77%.
- Auxiliary enterprises revenue increased $493,000 primarily due to increased bookstore sales and Culinary Operations sales due to the increase in enrollment discussed above.
- Pell grant awards increased by $6.1 million, or 53.47%, primarily due to an approximate 10.77% increase in enrollment in addition to a 2.21% increase in tuition and fee rates. Note that there was no increase in the maximum Pell Grant limits in 2025. Additionally, the Financial Aid Office grew by 6 full-time equivalents in 2024 which allowed to transition to automated workflows that allowed students' aid to be packaged earlier in the year.
- Miscellaneous revenue including American Harvest, Mainstreet Café, Craft Grille, Fitness Center, Firearms Training Center, Vistatech rentals, Trinity Health Screenwall rent, and MI Dermatology Institute rent increased $1.1 million primarily due to the increases in enrollment and rental agreement increases, as well as a $240,000 increase in support from DCU's compared to 2024.

Operating Expenses

Operating expenses are the costs associated with achieving the mission of the college; providing instruction, enrolling and counseling students, maintaining the facilities, and managing the finances.

Operating expense changes were the result of the following for the year ended June 30, 2026:

- Operating expenses overall increased 4.22%, or $4.8 million. The primary reason for the increase was a decrease of approximately $4.9 million in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by increases in average salary and benefit packages of approximately $5.9 million or 9.64%, a $980,000 increase in state of Michigan Section 147c2 payments related to the MPSERS pension plan, a $3.0 million increase in state of Michigan grants Futures for Frontliners, Reconnect, and Achievement, a $1.9 million increase in Federal Pell grants awarded, and a $1.5 million decrease in federal grants and contracts expenses due to grants nearing maturity.
- Instruction and Instructional Support combined increased 2.67%, or $1.2 million, primarily due to a decrease of 23.91%, or $1.9 million, in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans, offset by salary and benefit increases of 7.96%, or $2.9 million.
- Student Services increased 7.64%, or $1.8 million, primarily due to an increase in the state and federal grants discussed above in addition to salary and benefit increases of $1.0 million, offset by an increase in the scholarship allowance of $4.0 million.
- Institutional Administration increased 15.78%, or $1.3 million, primarily due to salary and benefit increases of $883,000 and an increase in physical trainer expenses of $247,000.
- Operation and maintenance of plant increased 2.73%, or $457,000, primarily due to salary and benefit increases of 4.09%, or $602,000.

Operating expense changes were the result of the following for the year ended June 30, 2025:

- Operating expenses overall increased 3.33%, or $3.7 million. The primary reason for the increase was a decrease of approximately $7.1 million in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by increases in average salary and benefit packages of approximately $7.4 million or 9.66%, a $2.1 million decrease in state of Michigan Section 147c2 payments related to the MPSERS pension plan, a $4.1 million increase in state of Michigan grants Futures for Frontliners, Reconnect, and Achievement, a $6.1 million increase in Federal Pell grants awarded, and a $1.3 million increase in operation and maintenance of plant.
- Instruction and Instructional Support combined decreased 0.80%, or $360,000, primarily due to a decrease of 57.02%, or $4.2 million, in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans, offset by salary and benefit increases of 8.88%, or $3.9 million.
- Student Services decreased 4.61%, or $1.2 million, primarily due to an increase in the state and federal grants discussed above in addition to salary and benefit increases of $1.4 million, offset by an increase in the scholarship allowance of $12.4 million.
- Institutional Administration decreased 4.12%, or $354,000, primarily due to a reduction in headcount offset by salary and benefit increases.
- Operation and maintenance of plant increased 8.4%, or $1.3 million, primarily due to an increase in headcount of Facilities staff to service additional square footage added over the past few fiscal years in addition to an increase in headcount of Campus Police to provide a safe environment for students, faculty, and staff, in addition to an increase in utilities expense of $252,000.

Non-Operating Revenues and Expenses

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, federal, state, and nongovernmental grants, interest income related to leases, and investment income.

Non-operating revenues and expenses changes were the result of the following factors for the year ended June 30, 2026:

- State operating appropriations decreased by $3.1 million. This is primarily due to flat operating receipts, an increase in personal property tax reimbursements of $149,000, a decrease of $1.9

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million due to the one-time State's 147a4 MPSERS reform over OPEB in 2025, an increase of $554,000 in quarterly MPSERS offset receipts, an increase of $483,000 due to the State's new 271(2) health offset, a decrease of $298,000 due to the State's 147g employee healthcare reimbursements, an increase of $980,000 in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, and a decrease of $3.1 million due to the effects of GASB 68.

- Property taxes increased by $2.1 million (4.83%) primarily due to an increase in property tax values of 4.87%.
- Federal grant revenue, both capital and noncapital subsidies combined, decreased $1.5 million primarily due to decreases of $645,000 in Reconnect Age Expansion Grant awards and $690,000 in the ADN-BSN grant due to it nearing its period ending of 9/30/2026.
- State and local grant revenue, both capital and noncapital subsidies combined, increased $3.9 million primarily due to an increases in the Achievement Scholarship programs of $3.3 million and Motorcycle Purchase Grant of $137,000.
- Nongovernmental grant revenue, both capital and noncapital subsidies combined, decreased $1.1 million, primarily due to the winding down of the D3C3 grant programs in 2026.
- Transfers between College and Component Units decreased $1.9 million, primarily due to an increase in distributions from the Development Component Units of $60,000 as support for general operations, offset by one-time transfers in 2025 of $1,200,000 from SC Unit 17, Inc. as support for constructions costs related to the Vistatech West Parking Lot project, and $750,000 from the Schoolcraft College Foundation as support for construction costs related to the Vistatech 2.0 renovation.
- Unrealized losses on investments of approximately $155,000 were recognized in 2026 compared to unrealized gains on investments of approximately $127,000 in 2025. Interest fluctuations affect the fair value of the College's bond investments. Additionally, two new bonds were purchased in 2026.

Non-operating revenues and expenses changes were the result of the following factors for the year ended June 30, 2025:

- State operating appropriations decreased by $3.9 million. This is primarily due to an increase in operating receipts of $260,000, an increase in personal property tax reimbursements of $48,000, an increase of $1.9 million due to the State's 147a4 MPSERS reform over OPEB, an increase of $446,000 due to the State's 147g employee healthcare reimbursements, a decrease of $3.1 million due to the State's Infrastructure, Technology, Equipment, and Maintenance (ITEM) appropriation funding which was one-time funding in 2024, a decrease of $2.1 million in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, and a decrease of $1.2 million due to the effects of GASB 68.
- Property taxes increased by $2.8 million (6.84%) primarily due to an increase in property tax values of 6.80%.
- Federal grant revenue increased $2.3 million primarily due to increases of $1.1 million in Reconnect Age Expansion Grant awards and $1.0 million in the ADN-BSN grant.
- State and local grant revenue increased $1.5 million primarily due to increases in the Reconnect Scholarship and Achievement Scholarship programs of $2.4 million offset by decreases in the Future Educator Fellowship Program of $501,000 and Motorcycle Purchase Grant of $143,000.

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- Interest income on investments increased by $256,000 primarily due to converting the College's bank accounts to hybrid, short-term commercial paper earning accounts, which resulted in an increase to interest income of $129,000.
- Unrealized gains on investments of approximately $127,000 were recognized compared to unrealized gains on investments of approximately $42,000 in 2024. Interest fluctuations affect the fair value of the College's bond investments. Additionally, two new bonds were purchased in 2025.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

The College had $154.3 million and $159.3 million invested in property and equipment, net of accumulated depreciation and amortization of $123.6 million and $114.7 million at June 30, 2026 and 2025, respectively. Depreciation and amortization charges totaled $9.1 and $9.7 million, respectively, for the years then ended.

	2026	2025	2024
Land and land improvements	$ 16.5	$ 12.1	$ 12.5
Buildings and improvements	123.6	126.5	130.6
Equipment	5.6	6.4	7.6
Infrastructure	8.3	8.9	9.7
Construction in progress	0.3	5.4	0.1
	$ 154.3	$ 159.3	$ 160.5

Major capital additions include:

	Source of Funds:			
Projects completed this year:	Grant Funds	Operating Funds	Contributed Funds	Total
HP Simulation Lab Renovation	$ 187,951	$ -	$ -	$ 187,951
McDowell Center Food Kiosk	-	574,514	-	574,514
Vistatech Center Renovation	-	78,138	-	78,138
Vistatech West Parking Lot	-	328,719	-	328,719
North Campus Parking	-	698,033	-	698,033
Projects started this year or last year:				-
McDowell Center Financial Aid Offices Renovation	-	169,898	-	169,898
McDowell Center Transfer Center	-	81,144	-	81,144
Jeffress Center Renovation	-	94,359	-	94,359
Total major additions	$ 187,951	$ 2,024,805	$ -	$ 2,212,756

The College has entered into construction contracts and commitments totaling approximately $846,000 for the projects started this year as detailed above. As of June 30, 2026 the College had incurred $345,000 relating to these projects. The projects are expected to be completed during the year ending June 30, 2027. The remaining commitments totaling $501,000 will be funded by operating funds.

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

Long-Term Financing Activity

At year-end, the College had $38.4 million in debt outstanding, which is made up of the outstanding principal balances of five general obligation, limited-tax bonds, issued for various construction projects. These five bond issuances provided proceeds of $18.0 million, $8.0 million, $10.0 million, $22.0 million, and $10.3 million in the years issued, and were authorized by the Board of Trustees on March 27, 2013, March 23, 2016, November 14, 2018, September 25, 2019, and February 15, 2023 respectively. All

construction projects funded by bonds have been completed. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.5%.

The College's general obligation bond rating was Aa1 by Moody's in March 2023 upon issuance of the most recent bonds. According to Moody's, at the time of the bond issuance, the strong rating was based upon the College's large and growing tax base, the successful ballot proposal in the fall 2018 elections which restored the College's millage rate to its full authorized level which is described in more detail in the economic factors which will affect the future section, above average resident income levels, and low debt and pension burdens.

Also at year-end, the College had $5.4 million in debt outstanding from the lease agreement signed to lease the St. Joe's Sports Dome from SC College Dome LLC, as authorized by the Board of Trustees on June 22, 2016. Lease payments, including principal and interest of 13.64%, are due monthly through maturity in fiscal year 2042.

Finally, at year-end, the College had $7.3 million in debt outstanding from the lease agreement signed to lease the St. Joe's Mercy Elite Sports Center from SC Health Sciences 2, Inc., as authorized by the Board of Trustees on June 22, 2016. Lease payments, including principal and interest of 12.59%, are due monthly through maturity in fiscal year 2041.

Currently Known Facts, Decisions, or Conditions

Revenue **-** In 2026/27 the College anticipates receiving State appropriation funding of $15.7 million for operations, which excludes UAAL funding, and is only slightly above the amount received from the State in 2025/26 of $15.0 million. State equalized value and taxable values have increased slightly in the College district along with new construction. Property tax revenue for 2026/2027 will increase by approximately 4-5% due to property tax base increases and is estimated to continue increasing at a modest rate for 2027/2028. The College's property tax base finally recovered to pre-recession property tax base levels in 2021/2022 which is 14 years after the initial decline in 2008/09. The Board has approved an average tuition increase of 2.85% while per credit hour fees will remain flat, effective with the fall 2026 term, making for an effective increase in tuition and fees combined of 2.16%, with enrollment for the fall semester compared to last year projected to be an increase of 3-5%.

MPSERS **-** On September 5, 2012 Public Act 300 (or Senate Bill 1040) was signed into law by the Governor. The law outlines significant reforms to the MPSERS retirement system that has dramatically affected the expected retirement rates paid by the College as well as the benefits provided to MPSERS participants. In connection with Public Act 300, the College's MPSERS contribution rate will be capped at 27.51% for 2026/27 until further legislation is enacted. Under these rates, this represents a cumulative increase from 2010/11 of approximately 43.58%. During that same period of time, the cumulative CPI for the United States increased 38.44%. If MPSERS had limited increases to the CPI figures over that period, the current actual rate would be 26.53%. Schoolcraft's recurring revenue streams are relegated to increases tied to the CPI rate. Contributions to MPSERS using the adjusted CPI figure of 26.53% would net the college a recurring savings of approximately $375,000 annually. Unfortunately, the MPSERS contribution rate has increased beyond the CPI and the MPSERS plan still has an unfunded pension liability totaling approximately $20.0 billion. Note that as of June 30, 2026, the postemployment benefit asset is approximately $6.1 billion.

The College's portion of the unfunded pension liability is approximately $67.3 million and $81.6 million as of June 30, 2026 and 2025, respectively. The College's portion of the unfunded postemployment benefit asset is approximately $19.8 million and $14.5 million as of June 30, 2026 and 2025, respectively.

Current retirement contribution rates are unsustainable long term and will require structural changes to the MPSERS Plan or College operations in order for the College to be able to continue to provide affordable and effective services.

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In light of this, on July 13, 2017, the State of Michigan passed Public Act 92 of 2017, Senate Bill 401, which provided that all employees hired on or after September 4, 2012 were given the opportunity to opt out of the Pension Plus retirement plan and enroll instead in a Defined Contribution (DC) plan. All DC participants who first worked on or after September 4, 2012 have new contribution and employer match amounts mandated by the new law. Employers began mandatory contributions of 4% for current DC participants hired since September 4, 2012 and all future DC participants. The contributions began with the first pay period after October 1, 2017. Employers will match 100% of the contributions made by the employee up to a maximum of 3% of compensation beginning on February 1, 2018. Employees must contribute at least 3% of wages to receive the 3% match from their employer. The DC plan is the default option for new employees who first work on or after February 1, 2018. PA 92 also requires the DC plan to offer one or more fixed and variable annuity options that members can use at retirement.

This law establishes a new hybrid plan for Michigan public school employees who first work on or after February 1, 2018. This plan is similar to the Pension Plus retirement plan established in 2010 (and changed again in 2012) in that it will have both a pension component and a savings component.

Eligibility for pension benefits remains the same as Pension Plus at 60 years old with at least 10 years of service. Contributions are made in the savings component by both the employer and employee and are deposited into a 401(k) and/or 457 tax deferred account. An employee must affirmatively elect the new hybrid plan to participate. If the employee makes no choice, as mentioned above, the default set by the law means the employee will be enrolled in the DC plan. The Office of Retirement Services will provide each employee with a summary of the benefit options available.

Property Taxes - In 1978, Michigan voters approved an amendment to the Michigan Constitution known as the Headlee Amendment. This amendment included a number of provisions related to state and local taxes. These became Sections 25 through 33 of Article IX of the state constitution. Section 31, which concerns local government taxes, created several new laws related to local government taxation, including:

- Requiring voter approval for any local tax increases or new taxes established after Headlee was approved
- Limiting property tax revenue resulting from property tax assessments increasing
- Limiting revenue collected to the amount the millage originally was to generate (with factor for inflation)

The property tax revenue limitation requires that if the assessed value of a local tax unit's total taxable property increases by more than the inflation rate, the maximum property tax millage must be reduced so that the local unit's total taxable property yields the same gross revenue, adjusted for inflation.

The College's original millage rate of 2.2700 mills was approved by the voters in 1986. Headlee had rolled back that rate to 1.7662 as of June 30, 2019, which resulted in $7.1 million less in property tax revenue for fiscal year 2019.

Accordingly, to address this significant shortfall in revenues, voters in the College's districts passed a ballot proposal in the fall 2018 elections which restored the College's millage rate levied to what the voters originally approved in 1986. This restoration, along with property value increases, generated an additional $8.4 million in revenue for the College in 2020. This amount is expected to grow moderately each year with increases in property values.

Other Significant Items – In 2026 and 2025, there were significant one-time transactions that won't recur in the future.

In 2026, the impact of GASB 68/75 resulted in a $23.2 million income pick-up due to investment performance as well as discount rate and actuarial assumptions. Backing out the effects of this large non-recurring transaction, the College would have recognized net income of $1.9 million.

In 2025, per the Other section above, the College received $1.2 million and $750,000 from one-time transactions that won't occur again going forward. Additionally, the impact of GASB 68/75 resulted in a

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$21.4 million income pick-up due to investment performance as well as discount rate and actuarial assumptions. Backing out the effects of these large non-recurring transactions, the College would have recognized net income of $5.4 million.

Statement of Net Position

	College As of June 30		Development Component Units As of June 30	
	2026	2025	2026	2025
Assets				
Current Assets				
Cash and cash equivalents - Note 2	$ 31,837,838	$ 33,275,024	$ 3,931,520	$ 3,516,331
Property taxes receivable, net of allowance for doubtful accounts of $35,800 in 2026 and $27,000 in 2025	252,100	184,501	-	-
State appropriation receivable	4,147,405	3,637,991	-	-
Accounts receivable, net of allowance for doubtful accounts of $1,746,693 in 2026 and $1,540,428 in 2025	1,689,830	2,236,239	1,303,719	203,441
Leases receivable - Note 12	1,080,403	1,036,351	5,338,186	4,948,213
Subscription based IT arrangements - Note 7	1,102,114	1,258,282	-	-
Accrued interest receivable	30,602	25,476	148,246	169,008
Federal and state grants receivable	2,992,841	2,867,673	-	-
Student loans receivable, net of allowance for doubtful accounts of $0 in both 2026 and 2025	16,250	16,250	-	-
Inventories	1,006,301	939,235	-	-
Prepaid expenses and other assets	1,836,170	1,096,122	5,780	3,752
Deposits	828,665	653,866	-	-
Due from component units - Note 13	3,347,728	4,721,867	-	-
Total Current Assets	50,168,247	51,948,877	10,727,451	8,840,745
Noncurrent Assets				
Restricted cash and cash equivalents - Note 1	-	-	883,378	848,997
Accounts receivable	-	-	600,000	600,000
Long-term investments - Note 2	11,852,887	10,647,743	22,316,374	17,090,093
Leases receivable - Note 12	12,260,896	13,341,303	90,046,577	95,384,762
Subscription based IT arrangements - Note 7	1,308,841	702,957	-	-
Net OPEB asset - Note 3	19,807,200	14,451,639	-	-
Property and equipment - Note 7	154,281,383	159,341,652	90,101,087	77,553,129
Total Assets	249,679,454	250,434,171	214,674,867	200,317,726
Deferred Outflows of Resources - Note 3	21,864,833	26,286,731	-	-
Liabilities				
Current Liabilities				
Current portion of debt obligations - Note 9	4,973,765	4,801,602	3,839,380	3,548,312
Accounts payable	3,470,439	7,481,747	52,483	7,212
Related party payable - Note 13	-	-	943,403	626,222
Accrued interest payable	274,238	300,397	129,766	136,257
Accrued payroll and other compensation	11,271,948	9,255,206	-	-
Deposits	749,486	749,486	-	-
Unearned revenue	5,428,208	5,717,868	1,308,087	888,312
Subscription liability - Note 10	496,272	1,085,461	-	-
Due to College	-	-	2,687,983	3,523,965
Total Current Liabilities	26,664,356	29,391,767	8,961,102	8,730,280
Noncurrent Liabilities				
Net pension liability - Note 3	67,341,281	81,594,444	-	-
Long-term debt obligations - Note 9	46,059,363	51,033,127	60,433,759	57,896,682
Unearned revenue	-	-	11,777,477	2,047,309
Subscription liability - Note 10	1,185,244	431,388	-	-
Accrued severance pay - Note 9	611,778	617,561	-	-
Total Liabilities	141,862,022	163,068,287	81,172,338	68,674,271
Deferred Inflows of Resources				
Retirement and postemployment benefits - Note 3	49,978,786	58,038,490	-	-
Leases - Note 12	11,994,933	12,993,247	81,494,940	88,133,603
Total Deferred Inflows of Resources	61,973,719	71,031,737	81,494,940	88,133,603
Net Position (Deficit)				
Net investment in capital assets	103,248,251	103,506,922	22,732,081	20,418,624
Restricted for:				
Expendable net OPEB asset	19,807,200	14,451,639	-	-
Expendable restricted grants	386,978	2,206,738	-	-
Nonexpendable minority interest	-	-	6,441,529	6,086,886
Unrestricted	(55,733,883)	(77,544,421)	22,833,979	17,004,342
Total Net Position (Deficit)	$ 67,708,546	$ 42,620,878	$ 52,007,589	$ 43,509,852

The accompanying notes are an integral part of these statements.

Schoolcraft Development Component Unit Statement of Net Position
As of June 30, 2026 (With Comparative Totals for 2025)

	Schoolcraft Development Authority	SC Development Unit 14, Inc.	SC Sports Dome, Inc.	SC Technology Center, Inc.	SC Health Sciences, Inc.	SC Health Sciences 2, Inc.	SC Unit 16, Inc.	SC Unit 17, Inc.	Development Component Units Combined Total 2026	Development Component Units Combined Total 2025
Assets										
Current Assets										
Cash and cash equivalents - Note 2	$ 183,171	$ 1,112,105	$ 309,646	$ 96,829	$ 498,391	$ 401,362	$ 58,176	$ 1,271,840	$ 3,931,520	$ 3,516,331
Accounts receivable	-	368,328	95,924	3,698	-	-	-	835,769	1,303,719	203,441
Leases receivable - Note 12	41,020	1,731,774	111,433	4,875	3,178,919	195,559	74,606	-	5,338,186	4,948,213
Accrued interest receivable	-	-	61,072	-	-	76,289	-	10,885	148,246	169,008
Prepaid expenses and other assets	-	5,780	-	-	-	-	-	-	5,780	3,752
Total Current Assets	224,191	3,217,987	578,075	105,402	3,677,310	673,210	132,782	2,118,494	10,727,451	8,840,745
Noncurrent Assets										
Restricted cash and cash equivalents - Note 1	-	-	-	-	883,378	-	-	-	883,378	848,997
Accounts receivable	-	-	-	-	-	-	-	600,000	600,000	600,000
Long-term investments - Note 2	-	22,316,374	-	-	-	-	-	-	22,316,374	17,090,093
Leases receivable - Note 12	24,735,913	10,794,527	5,260,797	-	41,344,800	7,073,646	836,894	-	90,046,577	95,384,762
Property and equipment - Note 7	-	22,810,323	5,057,434	39,941	32,293,914	5,925,492	2,431,750	21,542,233	90,101,087	77,553,129
Total Assets	24,960,104	59,139,211	10,896,306	145,343	78,199,402	13,672,348	3,401,426	24,260,727	214,674,867	200,317,726
Liabilities										
Current Liabilities										
Current portion of debt obligations - Note 9	-	1,528,621	-	-	2,310,759	-	-	-	3,839,380	3,548,312
Accounts payable	-	-	-	6,773	45,710	-	-	-	52,483	7,212
Related party payable - Note 13	-	-	371,729	-	359,438	-	-	212,236	943,403	626,222
Accrued interest payable	-	36,081	-	-	47,852	45,833	-	-	129,766	136,257
Unearned revenue	98,033	198,403	198,781	-	406,478	-	-	406,392	1,308,087	888,312
Due to College	-	-	-	-	-	133,315	-	2,554,668	2,687,983	3,523,965
Total Current Liabilities	98,033	1,763,105	570,510	6,773	3,170,237	179,148	-	3,173,296	8,961,102	8,730,280
Noncurrent Liabilities										
Long-term debt obligations - Note 9	-	13,606,818	-	-	29,326,941	5,500,000	-	12,000,000	60,433,759	57,896,682
Unearned revenue	2,024,077	-	-	-	-	-	-	9,753,400	11,777,477	2,047,309
Total Liabilities	2,122,110	15,369,923	570,510	6,773	32,497,178	5,679,148	-	24,926,696	81,172,338	68,674,271
Deferred Inflows of Resources										
Leases - Note 12	22,643,566	10,064,847	4,168,569	-	38,030,467	5,792,177	795,314	-	81,494,940	88,133,603
Total Deferred Inflows of Resources	22,643,566	10,064,847	4,168,569	-	38,030,467	5,792,177	795,314	-	81,494,940	88,133,603
Net Position										
Net investment in capital assets	-	4,579,017	5,057,434	39,941	656,214	425,492	2,431,751	9,542,232	22,732,081	20,418,624
Restricted for:										
Nonexpendable Minority interest	-	4,441,529	2,000,000	-	-	-	-	-	6,441,529	6,086,886
Unrestricted	194,428	24,683,895	(900,207)	98,629	7,015,543	1,775,531	174,361	(10,208,201)	22,833,979	17,004,342
Total Net Position	$ 194,428	$ 33,704,441	$ 6,157,227	$ 138,570	$ 7,671,757	$ 2,201,023	$ 2,606,112	$ (665,969)	$ 52,007,589	$ 43,509,852

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Net Assets

	As of June 30	
	2026	2025
Assets		
Cash and cash equivalents	$ 135,102	$ 1,427,160
Marketable securities	28,682,089	22,946,502
Assets held under charitable remainder unitrust agreement	105,940	94,674
Contributions receivable - net	259,798	291,338
Beneficial interest in remainder trusts	6,894	5,952
Cash surrender value - life insurance policy	1,461	-
Prepaid expenses	29,828	14,881
Total Assets	$ 29,221,112	$ 24,780,507
Liabilities And Net Assets		
Liabilities		
Payable to Schoolcraft College	$ 659,746	$ 1,197,901
Other liabilities	11,951	52,383
Deferred revenue	49,435	22,364
Liability under charitable remainder unitrust and gift annuity agreements	37,535	38,129
Total Liabilities	758,667	1,310,777
Net Assets		
Without donor restrictions	4,795,690	3,789,758
With donor restrictions	23,666,755	19,679,972
Total Net Assets	28,462,445	23,469,730
Total Liabilities And Net Assets	$ 29,221,112	$ 24,780,507

The accompanying notes are an integral part of these statements.

Statement of Revenue, Expenses and Changes in Net Position

	College Years Ended June 30		Development Component Units Years Ended June 30	
	2026	2025 (as restated)	2026	2025
Operating Revenue				
Tuition and fees (Net of scholarship allowances of $24,814,747 in 2026 and $20,806,005 in 2025)	$ 26,992,087	$ 25,782,304	$ -	$ -
Auxiliary enterprises	6,140,695	5,657,598	-	-
Pell grants	19,352,827	17,455,875	-	-
Lease income	1,178,975	1,181,600	6,141,012	6,083,329
Miscellaneous	4,819,190	5,369,441	755,268	707,902
Total Operating Revenue	58,483,774	55,446,818	6,896,280	6,791,231
Operating Expenses				
Instruction	30,475,307	29,744,798	-	-
Information Technology	5,246,078	5,307,758	-	-
Public service	2,688,890	2,486,761	-	-
Instructional support	15,674,816	15,203,426	-	-
Student services	26,979,775	25,158,675	-	-
Institutional administration	9,547,728	8,246,721	-	-
Operation and maintenance of plant	17,204,132	16,747,178	-	-
Depreciation and amortization	10,800,376	10,917,245	3,040,180	2,729,537
Other expenses	-	-	1,272,503	1,186,445
Total Operating Expenses	118,617,102	113,812,562	4,312,683	3,915,982
Operating Income (Loss)	(60,133,328)	(58,365,744)	2,583,597	2,875,249
Nonoperating Revenue and (Expenses)				
Noncapital Subsidies				
State operating appropriations	24,968,286	28,140,298	-	-
Property tax levy	45,146,325	43,067,061	-	-
Federal grants and contracts	2,581,887	3,977,399	-	-
State and local grants and contracts	11,650,724	7,915,480	-	-
Nongovernmental grants	290,464	1,448,842	-	-
Transfers between College and Component Units	360,000	2,250,000	(360,000)	(900,000)
Total Noncapital Subsidies	84,997,686	86,799,080	(360,000)	(900,000)
Other Nonoperating Revenue and (Expenses)				
Capital subsidies - federal grants and contracts	1,050,074	1,153,689	-	-
Capital subsidies - state and local grants and contracts	174,700	-	-	-
Capital subsidies - nongovernmental grants	38,918	21,000	-	-
Gain on disposal of assets	38,993	81,416	-	-
Interest income on investments	1,595,138	1,662,104	576,892	443,872
Interest income on leases	374,322	389,874	5,686,947	5,911,232
Interest expense	(2,891,247)	(3,073,238)	(2,705,183)	(2,969,153)
Financing fees	(3,000)	(3,750)	-	-
Unrealized (loss) gain on investments	(154,588)	126,657	2,783,079	1,491,832
Distribution to minority owner	-	-	(428,089)	(2,488,196)
Total Other Nonoperating Revenue and (Expenses)	223,310	357,752	5,913,646	2,389,587
Net Nonoperating Revenue and (Expenses)	85,220,996	87,156,832	5,553,646	1,489,587
Unusual or Infrequent Items				
Miscellaneous revenue	-	-	360,494	599,750
Miscellaneous expense	-	-	-	(162,116)
Total Unusual or Infrequent Items	-	-	360,494	437,634
Increase in Net Position	25,087,668	28,791,088	8,497,737	4,802,470
Net Position				
Net Position - Beginning of Year	42,620,878	13,829,790	43,509,852	38,707,382
Net Position - End of Year	$ 67,708,546	$ 42,620,878	$ 52,007,589	$ 43,509,852

The accompanying notes are an integral part of these statements.

Schoolcraft Development Component Units Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2026 (With Comparative Totals for 2025)

	Schoolcraft Development Authority	SC Development Unit 14, Inc.	SC Sports Dome, Inc.	SC Technology Center, Inc.	SC Health Sciences, Inc.	SC Health Sciences 2, Inc.	SC Unit 16, Inc.	SC Unit 17, Inc.	Development Component Units Combined Total 2026	Development Component Units Combined Total 2025
Operating Revenue										
Lease income	$ 378,510	$ 1,701,101	$ -	$ 147,797	$ 3,771,617	$ -	$ 87,558	$ 54,429	$ 6,141,012	$ 6,083,329
Miscellaneous	23,232	26,243	554,159	-	151,634	-	-	-	755,268	707,902
Total Operating Revenue	401,742	1,727,344	554,159	147,797	3,923,251	-	87,558	54,429	6,896,280	6,791,231
Operating Expenses										
Depreciation and amortization	-	823,275	405,368	5,123	925,864	405,284	220,349	254,917	3,040,180	2,729,537
Other expenses	12,474	230,917	181,133	29,879	727,308	25,747	16,874	48,171	1,272,503	1,186,445
Total Operating Expenses	12,474	1,054,192	586,501	35,002	1,653,172	431,031	237,223	303,088	4,312,683	3,915,982
Operating Income (Loss)	389,268	673,152	(32,342)	112,795	2,270,079	(431,031)	(149,665)	(248,659)	2,583,597	2,875,249
Nonoperating Revenue and (Expenses)										
Noncapital Subsidies										
Transfers between Component Units	(800,000)	2,660,308	(900,000)	(50,000)	(628,317)	(200,000)	-	(81,991)	-	-
Transfers between College and Component Units	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	-	-	(360,000)	(900,000)
Total Noncapital Subsidies	(860,000)	2,600,308	(960,000)	(110,000)	(688,317)	(260,000)	-	(81,991)	(360,000)	(900,000)
Other Nonoperating Revenue and (Expenses)										
Interest income on investments	18	424,820	27,122	-	-	-	-	124,932	576,892	443,872
Interest income on leases	900,182	744,973	1,010,900	743	1,674,959	1,330,942	24,248	-	5,686,947	5,911,232
Interest expense	-	(905,367)	-	-	(1,187,748)	(557,639)	-	(54,429)	(2,705,183)	(2,969,153)
Unrealized gain on investments	-	2,783,079	-	-	-	-	-	-	2,783,079	1,491,832
Distribution to minority owner	-	-	(428,089)	-	-	-	-	-	(428,089)	(2,488,196)
Total Other Nonoperating Revenue and (Expenses)	900,200	3,047,505	609,933	743	487,211	773,303	24,248	70,503	5,913,646	2,389,587
Net Nonoperating Revenue and (Expenses)	40,200	5,647,813	(350,067)	(109,257)	(201,106)	513,303	24,248	(11,488)	5,553,646	1,489,587
Unusual or Infrequent Items										
Miscellaneous revenue	-	-	-	-	-	-	360,494	-	360,494	599,750
Miscellaneous expense	-	-	-	-	-	-	-	-	-	(162,116)
Total Unusual or Infrequent Items	-	-	-	-	-	-	360,494	-	360,494	437,634
Increase (Decrease) in Net Position	429,468	6,320,965	(382,409)	3,538	2,068,973	82,272	235,077	(260,147)	8,497,737	4,802,470
Net Position										
Net Position (Deficit) - Beginning of Year	(235,040)	27,383,476	6,539,636	135,032	5,602,784	2,118,751	2,371,035	(405,822)	43,509,852	38,707,382
Net Position - End of Year	$ 194,428	$ 33,704,441	$ 6,157,227	$ 138,570	$ 7,671,757	$ 2,201,023	$ 2,606,112	$ (665,969)	$ 52,007,589	$ 43,509,852

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Activities and Changes in Net Assets

	Years Ended June 30	
	2026	2025
Revenue		
Gifts and contributions of cash and other financial assets	$ 1,616,905	$ 2,336,285
Fund-raising events	287,708	289,022
Investment income	1,168,267	855,773
Increase in value of beneficial interest in remainder trusts	942	774
Increase in cash surrender value of life insurance policy	1,461	-
Realized and unrealized gains on investments	3,873,482	1,499,522
Increase in actuarial value of charitable remainder unitrust agreement	11,676	4,792
Donated administrative support	831,289	819,648
Total Revenue	7,791,730	5,805,816
Expenses		
Scholarships	867,948	724,101
Other College support	438,921	1,041,137
Fund-raising expenses	187,138	204,562
Donated administrative expenses	831,289	819,648
Administrative expenses	473,719	380,909
Total Expenses	2,799,015	3,170,357
Increase in Net Assets	4,992,715	2,635,459
Net Assets - Beginning of Year	23,469,730	20,834,271
Net Assets - End of Year	$ 28,462,445	$ 23,469,730

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	Years Ended June 30	
	2026	2025 (as restated)
Cash Flows From Operating Activities		
Tuition and fees	$ 27,236,684	$ 26,157,843
Payments to suppliers	(73,907,999)	(59,250,224)
Payments to employees	(62,855,201)	(58,637,414)
Auxiliary enterprise charges	6,140,695	5,657,598
Lease receipts	857,017	893,278
Other	4,819,190	5,369,441
Net Cash Used For Operating Activities	(97,709,614)	(79,809,478)
Cash Flows From Noncapital Financing Activities		
Pell grants	19,372,031	17,422,835
State appropriations	25,438,599	26,713,517
Local property taxes	45,078,726	43,037,353
Grants and contracts	14,378,703	13,873,030
William D. Ford Direct Lending receipts	5,860,010	5,246,192
William D. Ford Direct Lending disbursements	(5,858,062)	(5,457,897)
Net payments from (to) component units	1,734,139	(372,128)
Net Cash Provided by Noncapital Financing Activities	106,004,146	100,462,902
Cash Flows From Capital And Related Financing Activities		
Grants and contracts	1,263,692	1,174,689
Purchase of capital assets	(3,997,426)	(8,523,382)
Proceeds from disposal of capital assets	38,993	81,416
Principal paid on capital debt	(4,325,000)	(4,200,000)
Interest paid on capital debt	(1,188,833)	(1,318,409)
Lease principal payments	(269,829)	(237,171)
Interest paid on leases	(1,667,675)	(1,700,334)
Interest paid on subscriptions	(345,946)	(350,097)
Interest on leases	374,321	389,873
Net Cash Used for Capital and Related Financing Activities	(10,117,703)	(14,683,415)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	1,438,337	428,339
Interest on investments	1,590,013	1,639,941
Purchase of investments	(2,642,365)	(4,242,960)
Net Cash Provided By (Used for) Investing Activities	385,985	(2,174,680)
Net (Decrease) Increase In Cash And Cash Equivalents	(1,437,186)	3,795,329
Cash And Cash Equivalents - Beginning Of Year	33,275,024	29,479,695
Cash And Cash Equivalents - End Of Year	$ 31,837,838	$ 33,275,024

The accompanying notes are an integral part of these statements.

Statement of Cash Flows (continued)

	Years Ended June 30	
	2026	2025 (as restated)
Statement of Net Position Classifications Of Cash and Cash Equivalents		
Cash and cash equivalents	$ 31,837,838	$ 33,275,024
Total Cash And Cash Equivalents	$ 31,837,838	$ 33,275,024
Reconciliation Of Net Loss To Net Cash Used For Operating Activities:		
Operating loss	$ (60,133,328)	$ (58,365,744)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	9,057,699	9,655,483
Pell grants	(19,372,031)	(17,422,835)
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	546,409	886,701
Inventories	(67,066)	60,930
Prepaid assets and other current assets	(740,048)	(54,605)
Deposits	(174,799)	(87,968)
Deferred outflows of assets	4,421,898	11,344,878
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(4,321,492)	5,068,992
Accrued payroll and other compensation	2,016,742	60,351
Accrued severance pay	(5,783)	35,564
Deposits	-	(57,078)
Unearned revenue	(289,660)	(300,404)
Deferred inflows of assets	(9,039,431)	13,669,003
Net pension liability	(14,253,163)	(31,822,842)
Net OPEB asset	(5,355,561)	(12,479,904)
Net Cash Used For Operating Activities	$ (97,709,614)	$ (79,809,478)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1 - Reporting Entity, Basis of Presentation and Significant Accounting Policies

Reporting Entity

Schoolcraft College (College) is a community college located in Southeast Michigan. The Main Campus, Public Safety Training Complex, and Manufacturing & Engineering Center are all located in Livonia. Founded in 1961 and named after Henry Rowe Schoolcraft, a nineteenth century writer, historian, scientist and educator, it is governed by a seven-member Board of Trustees elected for six year overlapping terms.

The College has nine affiliated organizations, collectively referred to as "Component Units". Each organization is described below, with additional information provided regarding the impact to the College's financial statements and accompanying condensed financial statements.

The Schoolcraft College Foundation (Foundation) is discretely reported as a part of the College reporting entity (although it is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors) because its sole purpose is to provide support to the College and its students. Disclosures related to the Foundation that are immaterial compared to the College as a whole are not included in the financial statements of the College as separate audited financial statements of the Foundation are available by contacting the Schoolcraft College Foundation, 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

Schoolcraft Development Authority, Inc. (SDA) is a Michigan nonprofit organization established by the College in March 1986 to direct College land development activities and operates and acts exclusively for the charitable and educational purposes that support the College. In accordance with GASB Statement No. 61, the SDA is reported as a discrete component unit because College employees manage operations of the SDA and the purpose of the SDA is to provide financial benefit to the College.

SC Development Unit 14, Inc. (SCDU 14) is a Michigan nonprofit organization established by the College in September 2015 to lease land, specifically Unit 14, from the College to be subleased to Seven Delta, LLC (7 Delta). SCDU 14 is reported as a discrete component unit because College employees manage operations of SCDU 14 and the purpose of SCDU 14 is to provide financial benefit to the College. SCDU 14 is the sole member of SD Member LLC (SDM), a Michigan limited liability company, which was formed in December 2015 to oversee and partner with an outside developer. 7 Delta is a Michigan limited liability company formed in December 2015 whose main purpose is to construct and subsequently lease a building constructed on College land. SDM holds a 51% voting interest and 50% interest in income in 7 Delta, with the outside developer holding a 49% voting interest and 50% interest in income. In accordance with GASB Statement No. 61, SDM is a component unit of SCDU 14 and 7 Delta is a component unit of SDM because each entity has a voting majority and there is a financial benefit and burden relationship. SDM and 7 Delta are blended with SCDU 14 for purposes of the College's financial statements.

SC Sports Dome, Inc. (SCSD) is a Michigan nonprofit organization established by the College in December 2015 to lease land, specifically Unit 15, from the College to be subleased to SC College Dome, LLC (SCCD) as well as to oversee and partner with an outside developer to build the Soccer Dome on Unit 15. SCSD is reported as a discrete component unit of the College because College employees manage operations of SCSD and the purpose of SCSD is to provide financial benefit to the College. SCCD is a Michigan limited liability company formed in June 2016 whose main purpose is to construct and subsequently lease the Soccer Dome facility to the College. SCSD holds a 51% voting interest in SCCD, with the outside developer holding a 49% voting interest. Income will be distributed in accordance with SCCD's operating agreement. In accordance with GASB Statement No. 61, SCCD is a component unit of SCSD because SCSD has a voting majority and there is a financial benefit and burden relationship. SCCD is blended with SCSD for purposes of the College's financial statements.

SC Technology Center, Inc. (SCTC) is a Michigan nonprofit organization established by the College in November 2016 to provide ancillary support services to tenants. SCTC is reported as a discrete component unit of the College because College employees manage operations of SCTC and the purpose of SCTC is to provide financial benefit to the College. Income will be distributed in accordance with SCTC's bylaws.

Notes to Financial Statements

SC Health Sciences, Inc. (SCH) is a Michigan nonprofit organization established by the College in December 2018 to lease land, specifically Unit 16, from the College and to build the Trinity Health Medical Center. SCH is reported as a discrete component unit of the College because College employees manage operations of SCH and the purpose of SCH is to provide financial benefit to the College. Income will be distributed in accordance with SCH's bylaws.

SC Health Sciences II, Inc. (SCH II) is a Michigan nonprofit organization established by the College in April 2019 to lease land from the College and to build the Trinity Health Sports Center. SCH II is reported as a discrete component unit of the College because College employees manage operations of SCH II and the purpose of SCH II is to provide financial benefit to the College. Income will be distributed in accordance with SCH II's bylaws.

SC Unit 16, Inc. (SCU16) is a Michigan nonprofit organization established by the College in May 2022 to lease land from the College to develop the Outdoor Soccer Fields on unit 16. SCU16 is reported as a discrete component unit of the College because College employees manage operations of SCU16 and the purpose of SCU16 is to provide financial benefit to the College. Income will be distributed in accordance with SCU16's bylaws.

SC Unit 17, Inc. (SCU17) is a Michigan nonprofit organization established by the College in November 2023 to lease land from the College to develop the Nino Salvaggio at Schoolcraft Marketplace on unit 17. Activity for SCU17 did not commence until fiscal year 2025. SCU17 is reported as a discrete component unit of the College because College employees manage operations of SCU17 and the purpose of SCU17 is to provide financial benefit to the College. Income will be distributed in accordance with SCU17's bylaws.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board Statement (GASB) No. 35 and the State of Michigan *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 part by fees charged to external parties for goods and services.

Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements have been prepared using the economic resource management focus and the accrual basis, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable – College

Accounts receivable are recorded net of allowance for doubtful accounts. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Accounts Receivable – Development Component Units

Revenue earned and not paid prior to year-end is recorded as a receivable. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made.

Notes to Financial Statements

Leases Receivable – College and Development Component Units

The College and Development Component Units are lessors for noncancelable leases described in more detail in Note 12. The College and Development Component Units recognize leases receivable and deferred inflows of resources in the financial statements. At the commencement of a lease, the College and Development Component Units initially measure the leases receivable at the present value of payments expected to be received during the lease term. Subsequently, the leases receivable are reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The College and Development Component Units monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the least assets and deferred inflows of resources if certain changes occur that are expected to significantly affect the amounts recorded. Lease assets are reported with other capital assets and deferred inflows of resources are reported in their own section on the statement of net position.

Subscription Based IT Arrangements

The College obtains the right to use vendors' information technology software through various long-term contracts. The College recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the financial statements. At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life. The College monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Due to/from College/Component Units

The College pays certain expenses on behalf of the Foundation and Development Component Units, which are expected to be reimbursed by the component units in the following year.

Inventories

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

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of mortgage and bond proceeds which are restricted for capital expenditures.

Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, at the acquisition value as of the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life of the assets. Pursuant to College Procedure 5110.14 *Capital Equipment Control and Records*, all equipment purchased with a per unit cost of $5,000 or more are tagged, capitalized, and depreciated.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 3.

Notes to Financial Statements

Compensated Absences (Vacation and Sick Leave)

It is the College's policy to permit employees to accumulate earned but unused sick and vacation time. The compensated absence liabilities are reported in the proprietary fund financial statements in the accrued payroll and other compensation line. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue for the College at June 30, 2026 is for the summer 2026 semester which began July 6, 2026 and for the fall 2026 semester which began August 31, 2026. Unearned revenue for the College at June 30, 2025 is for the summer 2025 semester which began July 7, 2025 and for the fall 2025 semester which began August 25, 2025. Unearned revenue for the Development Component Units is for rental revenue received prior to year-end that relates to the next fiscal period. In addition, advance payments received in connection with leases or lease extensions are recorded as unearned revenue and recognized on a straight-line basis over the lease term.

Accrued Severance Pay

Accrued severance pay represents the accumulated liability to be paid under the College's current severance pay policy. Under the College's policy, certain employees earn severance pay based on length of service with the College.

Pensions

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

Other Postemployment Benefit Costs

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as funding received through state appropriations for contributions to the plans after the measurement date and the difference between projected and actual earnings of the plans' investments. More detailed information can be found in Note 3. The College also reports deferred inflows of resources for the net present value of leases that mature beyond June 30, 2026 and 2025, amortized to lease income on a straight-line basis over the lease terms. More detailed information can be found in Note 12.

Notes to Financial Statements

Net Position

GASB No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

Unrestricted Net Position

Unrestricted net position represents net position that is not subject to externally imposed restrictions. A portion of the unrestricted net position has been designated for certain future expenditures and contingent liabilities of the College. While these items are not actual liabilities, they do represent commitments of College resources at June 30, 2026 and 2025 and the Board of Trustees believes that provision should be made for these future expenditures. These designations are as follows:

College	2026	2025
Designated for:		
Scholarships	$ 412,000	$ 395,000
Technology replacements	245,338	50,758
Major maintenance & renovation	501,056	1,476,403
Instructional and student support systems	750,000	750,000
Personnel commitments, self insurance reserves and working capital	7,769,000	7,543,000
Reserve for executive orders	2,500,000	2,500,000
Debt service costs	4,973,765	4,801,602
Unrestricted and unallocated	(72,885,042)	(95,061,184)
Total Unrestricted Net Position	$ (55,733,883)	$ (77,544,421)

Unrestricted net position of the Development Component Units is entirely unrestricted and unallocated at both June 30, 2026 and 2025.

Net Investment in Capital Assets

Capital assets and unspent restricted debt proceeds, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Expendable

Net position whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time.

Restricted Net Position - Nonexpendable

Net position whose use by the College is subject to externally imposed constraints as amounts relate to the noncontrolling interest share of income and capital contributions in 7 Delta and SCCD.

Operating Revenue and Expenses

Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be non-exchange, such as tax revenue and state appropriations, are non-operating revenues.

Miscellaneous Revenue - College

Miscellaneous revenue for the College includes a number of items including library copier revenue, restaurant receipts related to educational activities, fitness center membership revenue, university partnerships revenue, road naming rights revenue, indirect cost rate recoveries for various grants, Vistatech Center facility rental revenue, and Michigan New Jobs Training Program receipts.

Miscellaneous Revenue - Development Component Units

Miscellaneous revenue for the Development Component Units primarily includes naming rights revenue and property management revenue.

Notes to Financial Statements

Property Taxes

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

Property tax revenue levied for general operating purposes was $45,701,418 and $43,580,519 based on $2.2700 of tax per $1,000 of taxable property value in the community college taxing district for the years ended June 30, 2026 and 2025, respectively.

Use of Estimates

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 21, 2026, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2026 the College adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis, the classification/presentation of unusual or infrequent items, the presentation of proprietary fund operating and nonoperating activities (including subsidies), major component unit presentation, and the budgetary comparison schedules reported as required supplementary information.

The implementation of this standard did not result in a change to the College's total net position or fund balances; however, the following line items have been reclassified to conform to the new presentation requirements: Pell grants, lease income, noncapital subsidies, and capital subsidies.

Also, during the year ended June 30, 2026, the College also adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets including lease assets, intangible right-to-use assets, and subscription assets to be disclosed separately in the capital asset note disclosures, and establishes disclosure requirements for capital assets held for sale. The implementation of this standard did not result in a change to the College's total net position.

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events. This Statement defines the subsequent events time frame as the period after the date of the financial statements but before the date the financial statements are available to be issued, that is, the date at which the financial statements are complete in a form and format that complies with generally accepted accounting principles and all approvals necessary for issuance have been obtained. The Statement also identifies certain types of nonrecognized subsequent events for which disclosure is required and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2027.

Notes to Financial Statements

Note 2 - Deposits and Investments

The College's deposits and investments are included on the statement of net position under the following classifications:

	2026	2025
Cash and cash equivalents	$ 31,837,838	$ 33,275,024
Long-term investments	11,852,887	10,647,743
Total	$ 43,690,725	$ 43,922,767

The Development Component Units' deposits and investments are included on the statement of net position under the following classifications:

	2026	2025
Cash and cash equivalents	$ 3,931,520	$ 3,516,331
Restricted cash and cash equivalents	883,378	848,997
Long-term investments	22,316,374	17,090,093
Total	$ 27,131,272	$ 21,455,421

As of June 30, 2026 and 2025, the College's investments are comprised entirely of federal government agency bonds with maturities of more than 5 years.

As of June 30, 2026, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 295,018	$ -	$ 58,195	$ 236,823
Federal government agency securities	1,473,419	-	7,943	1,465,476
Total	$ 1,768,437	$ -	$ 66,138	$ 1,702,299

As of June 30, 2025, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 210,585	$ -	$ 25,506	$ 185,079
Federal government agency securities	1,367,993	-	115,695	1,252,298
Total	$ 1,578,578	$ -	$ 141,201	$ 1,437,377

Deposits

The above College deposits were reflected in the accounts of the bank at June 30, 2026 and 2025 (without recognition of checks written but not yet cleared or of deposits in transit) at $29,005,161 and $29,846,511, respectively. Of this amount $250,000 in both 2026 and 2025 was covered by federal depository insurance and $28,755,161 and $29,596,511, respectively, was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits.

The above Development Component Units deposits were reflected in the accounts of the bank at June 30, 2026 and 2025 at the same amount due to no outstanding checks or deposits in transit at year-end. At June 30, 2026 and 2025, $2,391,926 and $2,258,812, respectively, was covered by federal depository insurance and $2,422,974 and $2,106,516, respectively, was uninsured and uncollateralized.

Notes to Financial Statements

Interest Rate Risk
The College and Development Component Units do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
The College is authorized by Michigan Public Act 331 of 1966, as amended through 2012, and by resolution of the Board of Trustees to invest surplus monies in bonds, bills and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposits and certain repurchase agreements. The College has no investment policy that would further limit its investment choices. As of both June 30, 2026 and 2025, the College's investments in federal government agency bonds were rated Aa1 by Moody's Investor Services and AA+ by Standard & Poor's, and cash equivalents in commercial paper were rated A2 by Standard & Poor's and P-2 by Moody's Investor Services. As of June 30 2026, the Development Component Units investments in corporate bonds were rated BAA2/AA2 by Moody's Investor Service and BBB/AA+ by Standard & Poor's and investments in federal government agency securities were rated AA1 by Moody's Investors Service. As of June 30 2025, the Development Component Units investments in corporate bonds were rated BAA2/A1 by Moody's Investor Service and BBB/A by Standard & Poor's and investments in federal government agency securities were rated AA1 by Moody's Investors Service.

Concentration of Credit Risk
The College places no limit on the amount the College may invest in any one issuer. More than 5 percent of the College's investments at June 30, 2026 and 2025 were invested in federal government-backed securities.

The Development Component Units place no limit on the amount that may be invested in any one issuer. There were no individual investments comprising more than 5 percent of the Development Component Unit's investments at June 30, 2026 and 2025.

Custodial Credit Risk
The College's and Development Component Units' investments are all in the name of the respective entity. The investments are custodied with each bank they were purchased from. Therefore, custodial risk is limited.

Schoolcraft College Foundation Investments
Investments are comprised of mutual funds with a fair market value of $28,682,089 and $22,946,502 as of June 30, 2026 and June 30, 2025, respectively.

Note 3 - Retirement Plans and Postemployment Benefits

Michigan Public Schools Employees' Retirement System

Plan Description
The College participates in the Michigan Public Schools Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan covering substantially all college employees. Certain College employees also receive defined contribution retirement and healthcare benefits through MPSERS. MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. MPSERS also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits. MPSERS is administered by the Office of Retirement Services (ORS). MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report may be obtained at www.michigan.gov/orsschools.

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The

Notes to Financial Statements

requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

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

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

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

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

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

Contributions

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

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

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

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

Notes to Financial Statements

The range of rates during the periods covered by this report is as follows:

	Pension	OPEB
October 1, 2023 – September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 – September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2025 – September 30, 2026	15.21% - 26.08%	0.00% - 3.83%

Depending on the plan selected, member pension contributions range from 0 percent up to 7 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to MPSERS for the years ended June 30, 2026 and 2025 were approximately $16,172,000 and $14,586,000, respectively, which include the College's contributions for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately $5,432,000 and $4,453,000 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) stabilization rate for the years ended June 30, 2026 and 2025, respectively.

The College's required and actual OPEB contributions to MPSERS for the years ended June 30, 2026 and 2025 were approximately $1,377,000 and $1,274,000, respectively, which include the College's contributions for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026 and 2025, the College reported a liability of approximately $67,341,000 and $81,594,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025 and 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024 and 2023, which used updated procedures to roll forward the estimated liability to September 30, 2025 and 2024. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025, 2024 and 2023, the College's proportion was 0.336, 0.333, and 0.350 percent, respectively, representing a 0.901 percent increase and 4.857 percent decrease for the years ended September 30, 2025 and 2024, respectively.

Net OPEB Asset

At June 30, 2026 and 2025, the College reported an asset of approximately $19,807,000 and $14,452,000, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of September 30, 2025 and 2024, respectively, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024 and 2023, respectively, which used updated procedures to roll forward the estimated asset and liability to September 30, 2025 and 2024, respectively. The College's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025, 2024 and 2023, College's proportion was 0.326, 0.336, and 0.349 percent, respectively, representing a 2.976 percent decrease and 3.725 percent decrease for the years ended September 30, 2025 and 2024, respectively.

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

For the years ended June 30, 2026 and 2025, the College recognized pension recovery of $1,363,959 and pension expense of $1,102,943, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,608,321	$ 599,803
Changes of assumptions	2,417,072	3,559,149
Net difference between projected and actual earnings on pension plan assets	-	16,093,124
Changes in proportion and differences between College contributions and proportionate share of contributions	622,784	6,311,010
College contributions subsequent to the measurement date	12,664,568	-
Total	$ 18,312,745	$ 26,563,086

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,213,715	$ 886,535
Changes of assumptions	8,506,704	5,978,292
Net difference between projected and actual earnings on pension plan assets	-	15,571,679
Changes in proportion and differences between College contributions and proportionate share of contributions	-	10,651,326
College contributions subsequent to the measurement date	12,133,534	-
Total	$ 22,853,953	$ 33,087,832

In addition, $5,432,459 and $4,452,732 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979) will be recognized as state appropriations revenue for the years ended June 30, 2026 and 2025, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a future reduction (increase) to pension expense as follows:

Year Ending June 30	Amount
2027	$ 4,204,370
2028	9,080,944
2029	6,022,892
2030	1,606,703
Total	$ 20,914,909

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2027).

Notes to Financial Statements

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

For the years ended June 30, 2026 and 2025, the College recognized OPEB recovery of $7,051,012 and $6,212,695, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 13,560,948
Changes of assumptions	2,643,483	210,073
Net difference between projected and actual earnings on OPEB plan assets	-	2,783,344
Changes in proportion and differences between College contributions and proportionate share of contributions	4,097	1,428,876
College contributions subsequent to the measurement date	904,508	-
Total	$ 3,552,088	$ 17,983,241

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,314,324
Changes of assumptions	3,156,446	362,807
Net difference between projected and actual earnings on OPEB plan assets	-	2,735,861
Changes in proportion and differences between College contributions and proportionate share of contributions	14,930	2,084,934
College contributions subsequent to the measurement date	261,402	-
Total	$ 3,432,778	$ 20,497,926

There are no deferred inflows of resources resulting from the OPEB portion of state aid payments at June 30, 2026 and 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a future reduction of OPEB expense as follows:

Year Ending June 30	Amount
2027	$ 4,208,581
2028	4,027,963
2029	3,673,057
2030	2,384,523
2031	801,483
Thereafter	240,054
Total	$ 15,335,661

Notes to Financial Statements

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year (2027).

Actuarial Assumptions

The total pension liability and total OPEB (asset) liability as of September 30, 2025 and 2024 are based on the results of an actuarial valuation as of September 30, 2024 and 2023, respectively, and rolled forward. The total pension and OPEB liabilities were determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return (Pension)	6.00 percent, net of investment expenses based on the groups
Assumed rate of return (OPEB)	6.00 percent, net of investment expenses based on the groups
Salary increases	2.75 percent to 11.55 percent, including wage inflation of 2.75 percent
Healthcare cost trend rate	6.50 percent to 7.50 percent, year 1 graded to 3.50 percent in year 15, 3.00 percent in year 120 (2025) and 6.25 percent to 7.50 percent, year 1 graded to 3.50 percent in year 15, 3.00 percent in year 120 (2024)
Mortality basis	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00 percent, annual non-compounded for MIP members

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

Significant assumption changes since the measurement date of September 30, 2025 for the OPEB plan includes an increase in the health care cost trend rate of 0.50 percentage points for members under age 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Significant assumption changes since the measurement date of September 30, 2024 for the OPEB plan includes a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and increase of 0.25 percentage points for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Significant assumption changes since the measurement date of September 30, 2023 for the OPEB plan includes a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and increase of 1.00 percentage points for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 percent as of both September 30, 2025 and 2024. The discount rate used to measure the total OPEB asset was 6.00 percent as of both September 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments for current active and

Notes to Financial Statements

inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB (asset) liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2026 - Pension		2026 - OPEB	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	21.0%	5.80%	16.0%	5.80%
Private equity pools	14.0%	5.60%	11.0%	5.60%
International equity pools	16.0%	9.30%	16.0%	9.30%
Fixed-income pools	8.0%	7.00%	5.0%	7.00%
Real estate & infrastructure pools	15.0%	2.50%	26.0%	2.50%
Absolute return pools	13.0%	4.40%	15.0%	4.40%
Real return & opportunistic pools	9.0%	7.00%	7.0%	7.00%
Short-term investment pools	4.0%	1.30%	4.0%	1.30%
Total	100.0%		100.0%	

	2025 - Pension & OPEB	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.30%
Private equity pools	15.0%	6.50%
International equity pools	16.0%	9.00%
Fixed-income pools	10.0%	7.10%
Real estate & infrastructure pools	13.0%	2.00%
Absolute return pools	9.0%	5.20%
Real return & opportunistic pools	10.0%	6.90%
Short-term investment pools	2.0%	1.40%
Total	100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.4% and 2.3% as of September 30, 2025 and 2024, respectively.

Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the College, calculated using the current discount rate depending on the plan option, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2026		
1.00 percent decrease (5.00 percent)	Current discount rate (6.00 Percent)	1.00 percent increase (7.00 percent)
$ 106,268,256	$ 67,341,281	$ 34,920,094

2025		
1.00 percent decrease (5.00 percent)	Current discount rate (6.00 Percent)	1.00 percent increase (7.00 percent)
$ 119,618,332	$ 81,594,444	$ 49,932,242

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

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

2026		
1.00 percent decrease (5.00 percent)	Current discount rate (6.00 Percent)	1.00 percent increase (7.00 percent)
$ (17,065,156)	$ (19,807,200)	$ (22,207,083)

2025		
1.00 percent decrease (5.00 percent)	Current discount rate (6.00 Percent)	1.00 percent increase (7.00 percent)
$ (11,168,346)	$ (14,451,639)	$ (17,290,393)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB (asset) liability of the College, calculated using the current healthcare cost trend rate, as well as what the College's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2026		
1.00 percent decrease	Current healthcare cost trend rate	1.00 percent increase
$ (22,185,184)	$ (19,807,200)	$ (17,310,396)

2025		
1.00 percent decrease	Current healthcare cost trend rate	1.00 percent increase
$ (17,290,424)	$ (14,451,639)	$ (11,407,058)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Notes to Financial Statements

Payable to the Pension and OPEB Plan

At June 30, 2026, the College reported a payable of $2,059,493 and $72,279 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026. At June 30, 2025, the College reported a payable of $1,642,203 and $22,061 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Defined Contribution Pension Plan

Full-time faculty, administrators and full-time classified employees 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 Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Under ORP, the College contributes 12.00%, and the participant contributes 4.00% of the participant's compensation. Compensation covered under the plan for the year ended June 30, 2026 was approximately $18,625,000, resulting in contributions of approximately $2,235,000 and $745,000 for the College and employee, respectively. Compensation covered under the plan for the year ended June 30, 2025 was approximately $17,043,000, resulting in contributions of approximately $2,045,000 and $682,000 for the College and employee, respectively.

Note 4 - Risk Management

The College is exposed to various risks of loss related to property loss, general liability, errors and omissions, workers' compensation as well as medical benefits provided to employees. The College is self-insured for vision benefits and is partially self-insured for workers' compensation to a maximum of $400,000 for each claim and, in the aggregate, for claims up to $1,000,000 for the two-year insurance policy period through June 30, 2026.

The College is self-insured for medical benefits for substantially all employees with a maximum of $200,000 for each enrolled contract and up to $6,533,000 for calendar year 2026 and a maximum of $200,000 for each enrolled contract and no aggregate stop-loss protection for calendar year 2025. Actual claims in calendar year 2025 were $5,086,983. Claims are funded by the College and paid by the plan administrator on a fiscal year basis. Actual payments are based on claims filed. The College pays administrative and estimated claims costs of the plan up to their obligation under PA152.

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

The College and nineteen other Michigan community colleges have formed MCCRMA to provide liability, vehicle physical damage and property and crime insurances. For the year ended June 30, 2026, the College is responsible for a self-insured retention (SIR) of $26,000 per occurrence and $78,000 in the aggregate. Claims in excess of the SIR are covered by the Authority and are reinsured through third party insurance carriers, up to coverage limits of $15 million for liability, $300,000 per vehicle and $650,000 per disaster for vehicle physical damage, and $408 million aggregate for property and crime coverage of buildings and personal property. The College made contributions during the years ended June 30, 2026 and 2025 to the MCCRMA of approximately $457,000 and $431,000 respectively for insurance coverage.

Changes in the estimated self-insured liabilities are as follows:

	2026	2025	2024
Balance, beginning of year	$ 1,198,980	$ 718,386	$ 864,791
Claims incurred and changes in estimates	5,993,162	5,823,959	4,303,509
Claims and premium payments	(6,140,129)	(5,343,365)	(4,449,914)
Balance, end of year	$ 1,052,013	$ 1,198,980	$ 718,386

Notes to Financial Statements

Note 5 - Fair Value Measurements

The College and its Component Units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that the College and its Component Units have the ability to access; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2026

		Fair Value Measurements Using		
	Balance at June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 11,852,887	$ -	$ 11,852,887	$ -
Total assets by fair value level	$ 11,852,887	$ -	$ 11,852,887	$ -
Total assets measured at fair value	$ 11,852,887			

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

		Fair Value Measurements Using		
	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 10,647,743	$ -	$ 10,647,743	$ -
Total assets by fair value level	$ 10,647,743	$ -	$ 10,647,743	$ -
Total assets measured at fair value	$ 10,647,743			

The fair value of the Federal government agency securities at June 30, 2026 and 2025 were determined primarily based on level 2 inputs. The College estimates the fair value of these assets using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Notes to Financial Statements

The Development Component Units have the following recurring fair value measurements as of June 30, 2026 and 2025:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2026

		Fair Value Measurements Using		
	Balance at June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 19,070,974	$ 19,070,974	$ -	$ -
Debt Securities				
Corporate bonds	295,018	-	295,018	-
Fixed income mutual funds	1,476,963	1,476,963	-	-
Federal government agency securities	1,473,419	-	1,473,419	-
Total assets by fair value level	$ 22,316,374	$ 20,547,937	$ 1,768,437	$ -
Total assets measured at fair value	$ 22,316,374			

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

		Fair Value Measurements Using		
	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 14,562,822	$ 14,562,822	$ -	$ -
Debt Securities				
Corporate bonds	210,585	-	210,585	-
Fixed income mutual funds	948,693	948,693	-	-
Federal government agency securities	1,367,993	-	1,367,993	-
Total assets by fair value level	$ 17,090,093	$ 15,511,515	$ 1,578,578	$ -
Total assets measured at fair value	$ 17,090,093			

Securities classified in level 1 are valued using prices quoted in active markets for those securities. The fair value of the corporate bonds and federal government agency securities at June 30, 2026 and 2025 were determined primarily based on level 2 inputs. The Development Component Units estimate the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2026

		Fair Value Measurements Using		
	Balance at June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 15,531,046	$ 15,531,046	$ -	$ -
International mutual funds	5,829,554	5,829,554	-	-
Fixed Income Mutual Funds	5,141,390	5,141,390	-	-
Real Assets Mutual Funds	1,888,839	1,888,839	-	-
Money Market Mutual Fund	291,261	291,261	-	-
Assets Held Under Charitable Remainder Unitrust				
Money Market Mutual Fund	92,257	92,257	-	-
Exchange Traded Funds	13,682	13,682	-	-
Beneficial Interest in Remainder Trusts	6,894	-	-	6,894
Total assets by fair value level	$ 28,794,923	$ 28,788,029	$ -	$ 6,894
Total assets measured at fair value	$ 28,794,923			

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

		Fair Value Measurements Using		
	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 12,065,691	$ 12,065,691	$ -	$ -
International mutual funds	4,712,714	4,712,714	-	-
Fixed Income Mutual Funds	4,367,759	4,367,759	-	-
Real Assets Mutual Funds	1,449,968	1,449,968	-	-
Money Market Mutual Fund	350,371	350,371	-	-
Assets Held Under Charitable Remainder Unitrust				
Money Market Mutual Fund	85,052	85,052	-	-
Exchange Traded Funds	9,621	9,621	-	-
Beneficial Interest in Remainder Trusts	5,952	-	-	5,952
Total assets by fair value level	$ 23,047,128	$ 23,041,176	$ -	$ 5,952
Total assets measured at fair value	$ 23,047,128			

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2026 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs):

Asset	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interest in remainder trust	Discounted Cash Flow	Discount Rate Life expectancy of beneficiary Fair value of trust assets	3.11% 15 years

The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include management's review of annual statements from the outside trustee for the beneficial interest in remainder trust. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market.

For the year ended June 30, 2026, changes in level 3 assets measured at fair value on a recurring basis included an unrealized gain of $942. For the year ended June 30, 2025, changes in level 3 assets measured at fair value on a recurring basis included an unrealized gain of $774.

Note 6 - Commitments, Contingencies and Capital Outlay

The College is involved in various legal proceedings which have arisen in the normal course of operations. Management does not believe that the ultimate resolution of these proceedings will have a material effect on the College's financial position.

The College has entered into construction contracts and commitments totaling $846,456, for the McDowell Center Financial Aid office renovation, Jeffress Center renovations, and the McDowell Center Transfer Center renovation. As of June 30, 2026, the College incurred $345,401 relating to these projects. The projects are expected to be completed at various points during the year ending June 30, 2027.

Notes to Financial Statements

Note 7 - Property and Equipment

The following tables presents the changes in the various fixed asset class categories for the College for the years ended June 30, 2026 and June 30, 2025:

Year ended June 30, 2026	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	5,350,402	2,212,756	(7,217,758)	345,400	
Total Nondepreciable Capital Assets	7,181,630	2,212,756	(7,217,758)	2,176,628	
Depreciable Capital Assets					
Land Improvements	21,075,136	5,077,439	-	26,152,575	10-30
Buildings and Improvements	183,501,061	2,140,319	-	185,641,380	10-40
Infrastructure	16,719,347	-	-	16,719,347	20
Furniture, Fixtures and Equipment	31,692,162	1,793,816	(200,244)	33,285,734	5-7
Total Depreciable Capital Assets	252,987,706	9,011,574	(200,244)	261,799,036	
Total Capital Assets	260,169,336	11,224,330	(7,418,002)	263,975,664	
Less Accumulated Depreciation					
Land Improvements	10,805,998	710,510	-	11,516,508	
Buildings and Improvements	67,551,405	4,485,112	-	72,036,517	
Infrastructure	7,759,786	657,493	-	8,417,279	
Furniture, Fixtures and Equipment	25,348,321	2,527,501	(191,102)	27,684,720	
Total Accumulated Depreciation	111,465,510	8,380,616	(191,102)	119,655,024	
Amortizeable Lease Assets - Buildings	13,905,033	-	-	13,905,033	20-25
Less Accumulated Amortization	3,267,207	677,083	-	3,944,290	
Total Capital Assets, Net	$ 159,341,652	$ 2,166,631	$ (7,226,900)	$ 154,281,383	
Subscription Based IT Arrangements	4,740,784	2,192,393	(1,182,711)	5,750,466	3-5
Less Accumulated Amortization	2,779,545	1,742,677	(1,182,711)	3,339,511	
Subscription Based IT Arrangements, Net	$ 1,961,239	$ 449,716	$ -	$ 2,410,955	

Notes to Financial Statements

Year ended June 30, 2025	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	78,071	6,617,744	(1,345,413)	5,350,402	
Total Nondepreciable Capital Assets	1,909,299	6,617,744	(1,345,413)	7,181,630	
Depreciable Capital Assets					
Land Improvements	20,806,588	268,548	-	21,075,136	10-30
Buildings and Improvements	182,424,196	1,076,865	-	183,501,061	10-40
Infrastructure	16,719,347	-	-	16,719,347	20
Furniture, Fixtures and Equipment	30,131,325	1,930,757	(369,920)	31,692,162	5-7
Total Depreciable Capital Assets	250,081,456	3,276,170	(369,920)	252,987,706	
Total Capital Assets	251,990,755	9,893,914	(1,715,333)	260,169,336	
Less Accumulated Depreciation					
Land Improvements	10,182,367	623,631	-	10,805,998	
Buildings and Improvements	63,116,560	4,434,845	-	67,551,405	
Infrastructure	7,039,983	719,803	-	7,759,786	
Furniture, Fixtures and Equipment	22,493,000	3,200,122	(344,801)	25,348,321	
Total Accumulated Depreciation	102,831,910	8,978,401	(344,801)	111,465,510	
Amortizeable Lease Assets - Buildings	13,905,033	-	-	13,905,033	20-25
Less Accumulated Amortization	2,590,124	677,083	-	3,267,207	
Total Capital Assets, Net	$ 160,473,754	$ 238,430	$ (1,370,532)	$ 159,341,652	
Subscription Based IT Arrangements	3,547,083	1,465,665	(271,964)	4,740,784	3-5
Less Accumulated Amortization	1,789,747	1,261,762	(271,964)	2,779,545	
Subscription Based IT Arrangements, Net	$ 1,757,336	$ 203,903	$ -	$ 1,961,239	

The following table presents the changes in the various fixed asset class categories for the Development Component Units for the years ended June 30, 2026 and 2025:

Year ended June 30, 2026	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	7,182,871	14,747,594	(21,797,150)	133,315	
Total Nondepreciable Capital Assets	7,182,871	14,747,594	(21,797,150)	133,315	
Depreciable Capital Assets					
Land Improvements	6,505,273	360,415	-	6,865,688	9-20
Buildings and Improvements	78,470,595	19,346,318	-	97,816,913	40
Equipment	210,591	2,930,961	-	3,141,552	5-30
Total Depreciable Capital Assets	85,186,459	22,637,694	-	107,824,153	
Total Capital Assets	92,369,330	37,385,288	(21,797,150)	107,957,468	
Less Accumulated Depreciation					
Land Improvements	2,053,137	488,919	-	2,542,056	
Buildings and Improvements	12,597,538	2,448,440	-	15,045,978	
Equipment	165,526	102,821	-	268,347	
Total Accumulated Depreciation	14,816,201	3,040,180	-	17,856,381	
Total Capital Assets, Net	$ 77,553,129	$ 34,345,108	$ (21,797,150)	$ 90,101,087	

Notes to Financial Statements

Year ended June 30, 2025	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	2,318,527	7,364,363	(2,500,019)	7,182,871	
Total Nondepreciable Capital Assets	2,318,527	7,364,363	(2,500,019)	7,182,871	
Depreciable Capital Assets					
Land Improvements	4,005,254	2,500,019	-	6,505,273	9-20
Buildings and Improvements	78,470,595	-	-	78,470,595	40
Equipment	210,591	-	-	210,591	5-30
Total Depreciable Capital Assets	82,686,440	2,500,019	-	85,186,459	
Total Capital Assets	85,004,967	9,864,382	(2,500,019)	92,369,330	
Less Accumulated Depreciation					
Land Improvements	1,620,244	432,893	-	2,053,137	
Buildings and Improvements	10,306,317	2,291,221	-	12,597,538	
Equipment	160,103	5,423	-	165,526	
Total Accumulated Depreciation	12,086,664	2,729,537	-	14,816,201	
Total Capital Assets, Net	$ 72,918,303	$ 7,134,845	$ (2,500,019)	$ 77,553,129	

Note 8 - Federal Loan Programs

The College participates in the U.S. Department of Education William D. Ford direct lending program and disbursed $5,858,062 and $5,457,897 for the years ended June 30, 2026 and 2025, respectively, for student loans. These distributions and related funding source are not included as expenses and revenue in the accompanying financial statements.

Note 9 - Long-Term Liabilities

Long-Term liability activity for the College for the years ended June 30, 2026 and 2025 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2026					
Accrued Severance Pay	$ 617,561	$ 37,979	$ 43,762	$ 611,778	$ -
Lease Payable - Dome	5,469,528	-	97,297	5,372,231	111,433
Lease Payable - Sports Center	7,441,737	-	172,532	7,269,205	195,559
Bonds Payable	42,923,465	-	4,531,773	38,391,692	4,666,773
Subscription Liability	1,516,849	2,192,771	2,028,104	1,681,516	496,272
Total Long Term Liabilities	$ 57,969,140	$ 2,230,750	$ 6,873,468	$ 53,326,422	$ 5,470,037
Year ended June 30, 2025					
Accrued Severance Pay	$ 581,997	$ 84,657	$ 49,093	$ 617,561	$ -
Lease Payable - Dome	5,554,483	-	84,955	5,469,528	97,297
Lease Payable - Sports Center	7,593,953	-	152,216	7,441,737	172,532
Bonds Payable	47,330,238	-	4,406,773	42,923,465	4,531,773
Subscription Liability	1,584,856	1,511,287	1,579,294	1,516,849	1,085,461
Total Long Term Liabilities	$ 62,645,527	$ 1,595,944	$ 6,272,331	$ 57,969,140	$ 5,887,063

Accrued Severance Pay – The College provides termination benefits to certain employees upon departure from the College resulting from years of service under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions used to determine probability of reaching the criteria required for eligibility.

Leases Payable (Related Party) – The College leases certain assets from various related third parties. The assets leased include the Trinity Health Sports Dome and the Trinity Health Elite Sports Center. Payments are fixed monthly.

During the year ended June 30, 2016, the College signed an agreement with SCCD to lease the Trinity Health Sports Dome. As of June 30, 2026 and 2025, the College's outstanding lease liability is $5,372,231 and

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$5,469,528, respectively. The lease is listed as a long-term liability and the related asset is listed as a lease asset. The interest rate implicit in the lease is 13.64%. Interest expense related to the lease was $739,101 and $751,583 for the years ended June 30, 2026 and 2025, respectively.

Under the lease agreement, the future principal and interest payment requirements are as follows:

Year	Principal	Interest
2027	111,433	726,072
2028	127,621	709,883
2029	146,162	691,342
2030	167,396	670,108
2031	191,715	645,789
2032 - 2036	1,466,630	2,720,890
2037 - 2041	2,889,862	1,297,658
2042	271,412	7,757
Total	$ 5,372,231	$ 7,469,499

During the year ended June 30, 2021, the College signed an agreement with SCH II to lease the Trinity Health Sports Center. As of June 30, 2026 and 2025, the College's outstanding lease liability is $7,269,205 and $7,441,737, respectively. The lease is listed as a long-term liability and the related asset is listed as a lease asset. The imputed interest rate is 12.59%. Interest expense related to the lease was $925,658 and $946,187 for the years ended June 30, 2026 and 2025, respectively.

Under the lease agreement, the future principal and interest payment requirements are as follows:

Year	Principal	Interest
2027	195,559	904,441
2028	221,660	878,340
2029	251,245	848,755
2030	284,778	815,222
2031	322,787	777,213
2032 - 2036	2,387,302	3,112,698
2037 - 2041	3,605,874	1,069,126
Total	$ 7,269,205	$ 8,405,795

Bonds Payable – During 2013, the College issued $18.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 27, 2013. The total amount of $2,907,997 including unamortized bond premium of $22,997, was outstanding as of June 30, 2026. The total amount of $4,300,541 including unamortized bond premium of $35,541, was outstanding as of June 30, 2025. Bond principal payments are due annually each May through maturity in fiscal year 2028. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.0%.

During 2016, the College issued $8.045 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 23, 2016. The total amount of $2,809,178 including unamortized bond premium of $24,178, was outstanding as of June 30, 2026. The total amount of $3,354,180 including unamortized bond premium of $29,180, was outstanding as of June 30, 2025. Bond principal payments are due annually each May through maturity in fiscal year 2031. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 2.5%.

During 2019, the College issued $10.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on November 14, 2018. The total amount of $7,071,848 including unamortized bond premium of $46,848, was outstanding as of June 30, 2026. The total amount of $7,555,922 including unamortized bond premium of $50,922, was outstanding as of June 30, 2025. Bond principal payments are due annually each May through maturity in fiscal year 2038. Interest payments are due semi-annually through maturity at rates ranging from 3.0% to 3.5%.

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During 2020, the College issued $22.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on September 25, 2019. The total amount of $16,891,114 including unamortized bond premium of $566,114, was outstanding as of June 30, 2026. The total amount of $17,952,015 including unamortized bond premium of $612,015, was outstanding as of June 30, 2025. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at a rate of 3.0%.

During 2023, the College issued $10.3 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on February 15, 2023. The total amount of $8,711,555 including unamortized bond premium of $951,555, was outstanding as of June 30, 2026. The total amount of $9,760,807 including unamortized bond premium of $1,090,807, was outstanding as of June 30, 2025. Bond principal payments are due annually each May through maturity in fiscal year 2033. Interest payments are due semi-annually through maturity at a rate of 5.0%.

As of June 30, 2026 bonds payable, excluding unamortized bond premiums of $1,611,692, mature as follows:

Year	Principal	Interest	Total
2027	4,460,000	1,253,057	5,713,057
2028	4,605,000	1,105,607	5,710,607
2029	3,240,000	952,957	4,192,957
2030	3,350,000	838,919	4,188,919
2031	3,470,000	719,119	4,189,119
2032 - 2036	11,985,000	1,973,756	13,958,756
2037 - 2039	5,670,000	332,475	6,002,475
	$ 36,780,000	$ 7,175,890	$ 43,955,890

Long-term liability activity for the Development Component Units for the years ended June 30, 2026 and 2025 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2026					
Mortgages Payable	$ 61,444,994	$ 6,376,458	$ 3,548,313	$ 64,273,139	$ 3,839,380
Total Long Term Liabilities	$ 61,444,994	$ 6,376,458	$ 3,548,313	$ 64,273,139	$ 3,839,380
Year ended June 30, 2025					
Mortgage Payable	$ 61,593,388	$ 5,623,542	$ 5,771,936	$ 61,444,994	$ 3,548,313
Total Long Term Liabilities	$ 61,593,388	$ 5,623,542	$ 5,771,936	$ 61,444,994	$ 3,548,313

Mortgage Payable (Direct Borrowing) – 7 Delta – During 2016, 7 Delta issued two series of senior secured bank notes directly to a bank totaling $23,401,202 for construction of a building. Mortgage principal payments on series A1, with a loan amount of $19,401,202, are due monthly beginning June 15, 2018 through maturity in fiscal year 2032. Interest payments on series A1 are due monthly through maturity in fiscal year 2032 at a rate of 5.56%. Only one mortgage principal payment on series A2, with a loan amount of $4,000,000, is due upon maturity in fiscal year 2032. Interest payments on series A2 are due monthly through maturity in fiscal year 2032 at a rate of 6.17%. The notes are secured by substantially all assets of 7 Delta. In addition, all leases and rental income received by 7 Delta are assigned to the notes. The notes are guaranteed by an owner of the co-member of 7 Delta and are subject to certain covenants. Outstanding amounts become immediately due in an event of default.

Notes to Financial Statements

As of June 30, 2026 7 Delta mortgage maturities are as follows:

Year	Principal	Interest	Total
2027	1,528,621	827,461	2,356,082
2028	1,662,139	739,101	2,401,240
2029	1,803,273	643,126	2,446,399
2030	1,952,457	539,100	2,491,557
2031	2,110,150	426,565	2,536,715
2032	6,078,799	284,469	6,363,268
	$ 15,135,439	$ 3,459,822	$ 18,595,261

Mortgage Payable (Direct Borrowing) – SCH – During 2020, SCH issued a note payable directly to a bank totaling $42,835,000 for construction of a medical office building. The funding of the note was subject to a schedule with advances occurring from April 7, 2020 to May 15, 2021. The amount was subsequently reduced to $41,000,000 due to construction costs coming in under budget. As of June 30, 2021, the full $41,000,000 had been advanced. Mortgage principal payments are due monthly beginning June 15, 2021 through maturity in fiscal year 2036. Interest payments are due monthly through maturity in fiscal year 2036 at a rate of 3.63%. The notes are secured by substantially all assets of SCH as well as a letter of credit issued by a separate bank on the account of the minority owner of SCCD. The letter of credit amount increased as the note payable was funded, up to a maximum of $30,266,000 on May 15, 2021. The letter of credit was subsequently released in fiscal year 2022 due to the fact that no draws on the letter of credit were required after rent on the building lease had commenced and other documentation of completion of construction had been received. In addition, all leases and rental income received by SCH are assigned to the notes. The note is subject to certain covenants, including a minimum debt service coverage ratio. Outstanding amounts become immediately due in an event of default. The funds advanced are also subject to an escrow and servicing agreement and construction disbursement and monitoring agreement that restricts the use of funds to approved construction costs.

As of June 30, 2026 SCH mortgage maturities are as follows:

Year	Principal	Interest	Total
2027	2,310,759	1,110,373	3,421,132
2028	2,483,733	1,023,637	3,507,370
2029	2,665,284	930,480	3,595,764
2030	2,855,783	830,584	3,686,367
2031	3,055,617	723,619	3,779,236
2032 - 2036	18,266,524	1,741,167	20,007,691
	$ 31,637,700	$ 6,359,860	$ 37,997,560

Mortgage Payable (Direct Borrowing) – SCH II – During 2020, SCH II issued a loan directly to a lender, co-owned by the minority owner of SCCD and a third party, totaling $8,000,000 for construction of a sports center. As of June 30, 2021, the full $8,000,000 of the total principal has been advanced to SCH II. The first two loan principal payments are due in fiscal year 2025 and fiscal year 2028. A third principal payment is due in fiscal year 2032 with the amount to be determined by the lender. If the lender does not elect for the third principal payment to equal the full remaining balance on the note, a fourth principal payment will be required between fiscal year 2032 and fiscal year 2041. Interest payments are due monthly through maturity in fiscal year 2032 at a rate of 10.0%. The loan is secured by substantially all assets of SCH II. In addition, all leases and rental income received by SCH II are assigned to the loan. Outstanding amounts become immediately due in an event of default.

Notes to Financial Statements

As of June 30, 2026 SCH II mortgage maturities are as follows:

Year	Principal	Interest	Total
2027	-	557,639	557,639
2028	2,500,000	474,444	2,974,444
2029	-	304,167	304,167
2030	-	304,167	304,167
2031	-	304,167	304,167
2032	3,000,000	203,333	3,203,333
	$ 5,500,000	$ 2,147,917	$ 7,647,917

Mortgage Payable (Direct Borrowing) – SCU17 – On December 13, 2024, SCU17 was issued a construction loan directly from a lender to fund construction of the Nino Salvaggio at Schoolcraft Marketplace. The maximum amount that may be drawn on the loan is $10,500,000, and the proceeds must be used for construction purposes. The loan bears interest at SOFR plus 2.50% per annum, an effective rate of approximately 6.22% as of June 30, 2026, and matures on December 13, 2035. At June 30, 2026, the principal outstanding on the construction loan was $10,500,000.

SCU17 is jointly and severally obligated to the note with an unrelated third party, however, a side-agreement between SCU17 and the unrelated third party primarily obligates SCU17 to the construction costs up to the full availability of the loan. Therefore, the loan is not a conduit debt obligation to SCU17, as SCU17 is primarily liable for the repayment of the loan with substantially all assets pledged as collateral.

At completion of construction, the construction loan will be converted into a mortgage on the constructed property, and the property will be leased to Nino Salvaggio.

As part of the above financing, SCU17 entered into a promissory note with a third party to borrow up to $1,500,000, the proceeds of which will subsequently be loaned to Nino Salvaggio up to $1,500,000. The borrowing of up to $1,500,000 does not bear interest, but the related loan to Nino Salvaggio's bears interest at SOFR plus 2.50% per annum payable to SCU17, an effective rate of approximately 6.22% as of June 30, 2026. The promissory note with Nino Salvaggio is due in monthly installments of $8,333.33, beginning on the first business day of the first calendar month following the conversion of the construction loan to a term loan. The promissory note due to a third party is repaid as payments are received by SCU17 on the Nino Salvaggio promissory note. At June 30, 2026, the outstanding balance of this promissory note was $1,500,000.

Note 10 - Subscriptions

The College obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Subscription based IT arrangement asset activity of the College is included in Note 7.

Future principal and interest payment requirements related to the College's subscription liability at June 30, 2026 are as follows:

Year	Principal	Interest	Total
2027	496,272	35,330	531,602
2028	553,566	18,196	571,762
2029	328,725	9,001	337,726
2030	302,953	1,143	304,096
Total	$ 1,681,516	$ 63,670	$ 1,745,186

Notes to Financial Statements

Note 11 - Tax Abatements

The College receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities and townships within Wayne County that impact the College. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal years ended June 30, 2026 and 2025, the College's property tax revenues were reduced by $674,651 and $665,118, respectively, under these programs.

There are no abatements made by the College.

Note 12 - Lease Receivables

The College leases certain assets to various third parties. The assets leased include buildings and land. Payments are generally fixed monthly and include annual escalations ranging from 1% to 3%. For both the fiscal years ended June 30, 2026 and 2025, one of the College's leases contains a fixed annual minimum amount of $250,000, with certain variable payments not included in the measurement of the lease receivable required based on the number of seats sold.

On December 22, 2015, the College entered into a sublease agreement with a third-party Soccer Club. The sublease agreement is for 25 years and is for use of the dome facilities during specific times each week. The base rent, payable in monthly installments of $35,417 or $425,000 per year, commenced on November 1, 2016 and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 180, and 2.0% each lease year from month 181 until the end of the lease term. The tenant will also pay the College $37,500 in turf maintenance fees annually, increasing 1.0% each lease year from month 13 through month 180, and 2.0% each lease year from month 181 until the end of the lease term. The tenant also paid security deposits of $100,000 and $231,250 during the years ended June 30, 2021 and 2016, respectively.

On June 23, 2016, SCCD entered into a master lease agreement with Schoolcraft College for use of the Soccer Dome. The lease agreement is for 25 years and commenced on November 4, 2016. The lease agreement provides for base monthly rental payments due in advance of $69,792 or $837,500 per year. SCCD has recognized a lease receivable of $5,372,230 and $5,469,527 as of June 30, 2026 and 2025, respectively, which represents the net present value of the future minimum lease payments. The schedule of the future minimum lease payments is described in more detail in Note 9.

On May 15, 2019, the College entered into an additional sublease agreement with the same third-party Soccer Club. The sublease agreement is for 21 years and is for additional use of the dome facilities during specific times each week. The base rent, payable in monthly installments of $4,167 or $50,000 per year, commenced on October 15, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 until the end of the lease term.

In May 2019, the College entered into three sublease agreements with separate third parties. The first sublease agreement, dated May 15, 2019 is for 21 years and is for use of the Sports Center. The base rent, payable in monthly installments of $4,167 or $50,000 per year, commenced on November 2, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 252. The second sublease agreement, dated May 28, 2019 is for 15 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,625 or $127,500 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 13 through month 180. The tenant also paid a security deposit of $196,035 during the year ended June 30, 2023. The third and final sublease agreement, dated May 29, 2019 is for 10 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,158 or $121,900 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 2.0% each lease year from month 13 through month 120.

Notes to Financial Statements

During the years ended June 30, 2026 and 2025, the College recognized the following related to its lessor agreements:

	2026	2025
Lease revenue	1,178,975	1,181,600
Interest income related to its leases	374,322	389,874
Total	$ 1,553,297	$ 1,571,474

Future principal and interest payment requirements related to the College's lease receivable at June 30, 2026 are as follows:

Year	Principal	Interest	Total
2027	1,080,403	343,943	1,424,346
2028	1,125,997	315,098	1,441,095
2029	1,052,301	285,805	1,338,106
2030	1,102,520	257,553	1,360,073
2031	1,061,032	228,663	1,289,695
2032 - 2036	4,274,770	772,890	5,047,660
2037 - 2041	3,413,501	265,595	3,679,096
2042	230,775	1,283	232,058
	$ 13,341,299	$ 2,470,830	$ 15,812,129

The Development Component Units lease certain assets to various third parties maturing at various dates through 2115. The assets leased include buildings and equipment. Payments are generally fixed monthly and include annual escalations ranging from 1% to 2.5%.

On September 29, 2020, SCH II entered into a master lease agreement with Schoolcraft College for use of the Sports Center. The lease agreement is for 20 years and commenced on September 30, 2020. The lease agreement provides for base monthly rental payments due in advance of $91,667 or $1,100,000 per year. SCH II has recognized a lease receivable of $7,269,205 and $7,441,737 as of June 30, 2026 and 2025, respectively, which represents the net present value of the future minimum lease payments. The schedule of the future minimum lease payments is described in more detail in Note 9.

During the year ended June 30, 2026 and 2025, the Development Component Units recognized the following related to its lessor agreements:

	2026	2025
Lease revenue	6,141,012	6,083,329
Interest income related to its leases	5,686,947	5,911,232
Total	$ 11,827,959	$ 11,994,561

Notes to Financial Statements

Future principal and interest payment requirements related to the Development Component Units lease receivable at June 30, 2026 are as follows:

Year	Principal	Interest	Total
2027	5,338,186	4,768,704	10,106,890
2028	5,766,658	4,503,626	10,270,284
2029	6,226,213	4,215,354	10,441,567
2030	6,713,857	3,902,139	10,615,996
2031	7,232,400	3,562,085	10,794,485
2032 - 2036	32,712,404	12,930,803	45,643,207
2037 - 2041	7,611,271	6,697,259	14,308,530
2042 - 2046	1,103,918	4,207,451	5,311,369
2047 - 2051	1,140,986	4,022,476	5,163,462
2052 - 2056	1,468,421	3,788,481	5,256,902
2057 - 2061	1,907,645	3,484,931	5,392,576
2062 - 2066	2,391,838	3,098,700	5,490,538
2067 - 2071	3,018,986	2,611,862	5,630,848
2072 - 2076	3,728,447	2,005,119	5,733,566
2077 - 2081	2,005,995	1,380,986	3,386,981
2082 - 2086	520,385	1,230,634	1,751,019
2087 - 2091	672,970	1,123,049	1,796,019
2092 - 2096	811,263	989,755	1,801,018
2097 - 2101	1,021,452	824,566	1,846,018
2102 - 2106	1,228,757	622,262	1,851,019
2107 - 2111	1,521,624	374,395	1,896,019
2112 - 2115	1,241,087	86,123	1,327,210
	$ 95,384,763	$ 70,430,760	$ 165,815,523

Note 13 - Related Party Transactions

The College provided management and administration services totaling $154,452 and $105,942 to the Development Component Units during the year ended June 30, 2026 and 2025, respectively.

SCSD leases land from the College. The lease, dated June 23, 2016, is for 50 years and requires annual payments of $1. SCSD may use the land to enter into the partnership described in Note 1. At the end of the lease term the land and improvements revert to the College. SCSD then subleased the land to SCCD. The sublease, also dated June 23, 2016, is for 50 years and requires annual payments of $1. The sublease may be terminated by SCSD or SCCD after the later of 25 years or the date the dome being built on the land is no longer reasonably operational. These leases were excluded from GASB 87 since they are nonexchange transactions.

Under the terms of the SCCD operating agreement, a preferred return of 10% per annum is incurred on the first $6 million of the minority owner's contributed capital until the capital is returned. During the year ending June 30, 2022, the first return of capital of $2 million was made in accordance with the operating agreement. During the year ending June 30, 2025, the second return of capital of $2 million was made in accordance with the operating agreement. The final return of capital of $1 million will be made in accordance with the operating agreement during the year ending June 30, 2029. During the year ended June 30, 2026, $200,000 was distributed and $50,000 was in related party payable. During the year ended June 30, 2025, $266,667 was distributed and $50,000 was in related party payable. Additional distributions of $228,089 in 2026 and $221,529 in 2025 were also made to the minority owner based on provisions of the operating agreement with $81,664 and $81,659 payable as of June 30, 2026 and 2025, respectively.

Under the terms of the SCH lease and development agreements, an asset management, development, and financing agreement was consummated which includes an excess cash provision whereby 50% of excess

Notes to Financial Statements

cash, as defined in the agreement, is payable to SCDU 14 and the other 50% to the asset manager, who is the minority owner of SCCD. There was excess cash of $330,000 as of June 30, 2026, therefore, expense and payable of $330,000 is recorded as of June 30, 2026. There was excess cash of $325,000 as of June 30, 2025, therefore, expense and payable of $325,000 is recorded as of June 30, 2025.

The SCH II lender is a related party to the minority owner of SCCD. Interest payments of $557,639 and $726,389 were paid to this related party during the years ended June 30, 2026 and 2025, respectively.

SCH II leases land from the College. The lease, dated March 3, 2020, is for 50 years and requires annual payments of $1. SCH II may use the land to construct, maintain, and operate the sports center described in Note 1. At the end of the lease term the land and improvements revert to the College. This lease was excluded from GASB 87 since it is a nonexchange transaction.

The College provided $2,319,000 in construction funding to SCU16 during the year ending June 30, 2024 and another $189,000 during the year ending June 30, 2025, for a total of $2,508,000. As of June 30, 2026, $0 was still outstanding, as all amounts were paid back to the College during the year ending June 30, 2026. As of June 30, 2025, $61,000 was still outstanding, which will be paid back to the College during the year ending June 30, 2026.

SCU17 leases land from the College. The lease, dated May 25, 2022, is for 75 years and requires annual payments of $1. SCU17 may use the land to construct, maintain, and operate the marketplace described in Note 1. At the end of the lease term the land and improvements revert to the College. This lease was excluded from GASB 87 since it is a nonexchange transaction.

The College provided $24,013,000 in construction funding to SCU17 through June 30, 2026. As of June 30, 2026, $1,954,668 was still outstanding, which will be paid back to the College during the year ending June 30, 2027.

In order to build the marketplace, a portion of a parking lot owned by the College was required to be rebuilt to the west of Vistatech. As a result, Nino Salvaggio agreed to pay $1,200,000 towards the construction of this new parking lot in two installments of $600,000 each. One installment was paid during the year ended June 30, 2025. The other installment was secured through a promissory note between SCU17 and Nino Salvaggio in the amount of $600,000. This note will be paid to SCU17 in one lump-sum on November 7, 2027 and bears interest at SOFR plus 2.50% per annum payable to SCU17, an effective rate of approximately 6.94% at June 30, 2025. At June 30, 2026, the outstanding balance of this promissory note was a receivable of $600,000 due to SCU17.

Because the parking lot belonged to the College and not SCU17, SCU17 has recorded a payable to the College equal to the amount due on this promissory note ($600,000).

See Note 15 for a description of the transactions between the College and the Foundation.

Note 14 - State Building Authority

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

Note 15 - Schoolcraft College Foundation

Schoolcraft College Foundation (Foundation) is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors to accept, collect, hold and invest donations made for the promotion of educational and cultural activities. The College receives support from the Foundation whose bylaws require that the Foundation's net assets be used solely for the benefit of Schoolcraft College. During the years ended June 30, 2026 and 2025 the College and its students received support from the Foundation of approximately $1,307,000 and $1,765,000, respectively. The College provides supervisory and clerical staff and office space to the Foundation at no charge, valued at approximately $831,000 and

Notes to Financial Statements

$820,000 for the years ended June 30, 2026 and 2025, respectively. The College also pays expenses on behalf of the Foundation with subsequent reimbursement from the Foundation. Approximately $660,000 and $1,198,000 is owed from the Foundation to the College as of June 30, 2026 and 2025, respectively. One member of the College Board of Trustees, the College Chief Financial Officer and the College Executive Director of Development are ex-officio members of the Foundation Board of Governors.

The Foundation financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report to account for these differences.

Required Supplementary Information

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

	As of September 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the collective MPSERS net pension liability: As a percentage	0.33615%	0.33328%	0.35042%	0.37142%	0.39475%	0.40438%	0.42311%	0.44357%	0.45082%	0.43904%
Amount	$ 67,341,281	$ 81,594,444	$ 113,417,286	$ 139,686,196	$ 93,457,616	$ 138,907,699	$ 140,119,793	$ 133,344,428	$ 116,825,440	$ 109,537,407
College's covered payroll	37,583,091	35,597,626	34,907,208	36,556,207	34,736,552	35,147,786	36,012,509	37,164,747	38,344,336	37,139,786
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	179.18%	229.21%	324.91%	382.11%	269.05%	395.21%	389.09%	358.79%	304.67%	294.93%
MPSERS fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%

Schedule of College Contributions - Pension:

	As of June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 15,527,724	$ 14,044,866	$ 13,796,170	$ 16,348,710	$ 12,057,360	$ 11,775,915	$ 11,081,588	$ 11,022,048	$ 11,182,180	$ 10,780,622
Contributions in relation to the actuarially determined contractually required contribution	15,527,724	14,044,866	13,796,170	16,348,710	12,057,360	11,775,915	11,081,588	11,022,048	11,182,180	10,780,622
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	40,894,199	36,687,935	35,107,532	34,374,599	33,612,381	34,571,882	35,607,920	35,753,783	37,475,378	39,285,558
Contributions as a percentage of covered payroll	37.97%	38.28%	39.30%	47.56%	35.87%	34.06%	31.12%	30.83%	29.84%	27.44%

Schedule of College's Proportionate Share of Net OPEB (Asset) Liability:

	As of September 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB (asset) liability: As a percentage	0.32582%	0.33574%	0.34855%	0.37578%	0.38313%	0.39541%	0.41088%	0.43517%	0.45212%
Amount	$ (19,807,200)	$ (14,451,639)	$ (1,971,735)	$ 7,959,360	$ 5,848,028	$ 21,183,427	$ 29,491,647	$ 34,591,329	$ 40,036,949
College's covered payroll	37,583,091	35,597,626	34,907,208	36,556,207	34,736,552	35,147,786	36,012,509	37,164,747	38,344,336
College's proportionate share of the collective OPEB (asset) liability (amount), as a percentage of the College's covered payroll	-52.70%	-40.60%	-5.65%	21.77%	16.84%	60.27%	81.89%	93.08%	104.41%
MPSERS fiduciary net position as a percentage of the total OPEB (asset) liability	164.94%	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

Schedule of College Contributions - OPEB:

	As of June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,002,910	$ 996,077	$ 2,815,449	$ 2,716,625	$ 2,689,999	$ 2,831,437	$ 2,832,254	$ 2,782,315	$ 2,686,750
Contributions in relation to the actuarially determined contractually required contribution	1,002,910	996,077	2,815,449	2,716,625	2,689,999	2,831,437	2,832,254	2,782,315	2,686,750
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered payroll	40,894,199	36,687,935	35,107,532	34,374,599	33,612,381	34,571,882	35,607,920	35,733,783	37,475,378
Contributions as a percentage of covered payroll	2.45%	2.71%	8.02%	7.90%	8.00%	8.19%	7.95%	7.79%	7.17%

Notes to Required Supplementary Information

Pension Information

Ultimately, 10 years of data will be presented in both the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

The required contributions for the year ended June 30, 2023 include a one-time contribution of $3,767,046, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

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

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

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25%.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

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

OPEB Information

Benefit Changes

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

Changes in Assumptions

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

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

2024 – The healthcare cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25% percentage points for members under 65 and increased 0.25% percentage points for members over 65.

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

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

2021 - The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% for members under 65 and decreased by 1.75% for members over 65. This resulted in a lower than projected per person health benefit costs to reduce the plan’s total OPEB liability by an additional $1.3 billion in 2021.

Notes to Required Supplementary Information

2020 - The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% and actual per person health benefit costs were lower than projected. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2018.

Consolidating Statement of Net Position

As of June 30, 2026 (With Comparative Totals for 2025)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2026	College Combined Total 2025
Assets									
Current Assets									
Cash and cash equivalents	$ 23,786,732	$ 7,845,866	$ -	$ -	$ -	$ -	$ 205,240	$ 31,837,838	$ 33,275,024
Property taxes receivable	252,100	-	-	-	-	-	-	252,100	184,501
State appropriation receivable	4,147,405	-	-	-	-	-	-	4,147,405	3,637,991
Accounts receivable	1,510,202	15,819	153,309	-	-	-	10,500	1,689,830	2,236,239
Leases receivable	505,998	-	574,405	-	-	-	-	1,080,403	1,036,351
Subscription based IT arrangements	652,398	449,716	-	-	-	-	-	1,102,114	1,258,282
Accrued interest receivable	30,602	-	-	-	-	-	-	30,602	25,476
Federal and state grants receivable	-	-	-	2,992,841	-	-	-	2,992,841	2,867,673
Student loans receivable	-	-	-	-	16,250	-	-	16,250	16,250
Inventories	357,495	-	648,806	-	-	-	-	1,006,301	939,235
Prepaid expenses and other assets	1,602,322	(48,675)	56,847	225,676	-	-	-	1,836,170	1,096,122
Deposits	828,665	-	-	-	-	-	-	828,665	653,866
Due from (to) component units	659,746	-	-	-	-	2,687,982	-	3,347,728	4,721,867
Due from (to) other funds	19,582,592	-	(1,504,013)	(2,703,578)	-	(15,375,001)	-	-	-
Total Current Assets	53,916,257	8,262,726	(70,646)	514,939	16,250	(12,687,019)	215,740	50,168,247	51,948,877
Noncurrent Assets									
Long-term investments	10,133,768	1,719,119	-	-	-	-	-	11,852,887	10,647,743
Leases receivable	3,398,289	-	8,862,607	-	-	-	-	12,260,896	13,341,303
Subscription based IT arrangements	529,699	779,142	-	-	-	-	-	1,308,841	702,957
Net OPEB asset	19,807,200	-	-	-	-	-	-	19,807,200	14,451,639
Property and Equipment:									
Land and improvements	-	-	-	-	-	16,467,296	-	16,467,296	12,100,367
Infrastructure	-	-	-	-	-	8,302,068	-	8,302,068	8,959,561
Buildings and improvements	-	-	9,960,745	-	-	113,604,863	-	123,565,608	126,587,483
Equipment	-	-	-	-	-	5,601,010	-	5,601,010	6,343,839
Construction in progress	-	-	-	-	-	345,401	-	345,401	5,350,402
Total Property and Equipment	-	-	9,960,745	-	-	144,320,638	-	154,281,383	159,341,652
Total Assets	87,785,213	10,760,987	18,752,706	514,939	16,250	131,633,619	215,740	249,679,454	250,434,171
Deferred Outflows of Resources	21,864,833	-	-	-	-	-	-	21,864,833	26,286,731

Consolidating Statement of Net Position (Continued)

As of June 30, 2026 (With Comparative Totals for 2025)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2026	College Combined Total 2025
Liabilities									
Current Liabilities									
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -	$ 4,973,765	$ -	4,973,765	$ 4,801,602
Accounts payable	1,892,739	220,460	157,594	51,707	-	1,139,400	8,539	3,470,439	7,481,747
Accrued interest payable	-	-	137,361	-	-	136,877	-	274,238	300,397
Accrued payroll and other compensation	10,947,903	63,563	184,228	76,254	-	-	-	11,271,948	9,255,206
Deposits	15,000	-	527,285	-	-	-	207,201	749,486	749,486
Unearned revenue	4,952,112	295,499	180,597	-	-	-	-	5,428,208	5,717,868
Subscription liability	263,048	233,224	-	-	-	-	-	496,272	1,085,461
Total Current Liabilities	18,070,802	812,746	1,187,065	127,961	-	6,250,042	215,740	26,664,356	29,391,767
Noncurrent Liabilities									
Net pension liability	67,341,281	-	-	-	-	-	-	67,341,281	81,594,444
Long-term debt obligations	-	-	-	-	-	46,059,363	-	46,059,363	51,033,127
Subscription liability	423,459	761,785	-	-	-	-	-	1,185,244	431,388
Accrued severance pay	611,778	-	-	-	-	-	-	611,778	617,561
Total Liabilities	86,447,320	1,574,531	1,187,065	127,961	-	52,309,405	215,740	141,862,022	163,068,287
Deferred Inflows of Resources									
Retirement and postemployment benefits	49,978,786	-	-	-	-	-	-	49,978,786	58,038,490
Leases	3,596,763	-	8,398,170	-	-	-	-	11,994,933	12,993,247
Total Deferred Inflows of Resources	53,575,549	-	8,398,170	-	-	-	-	61,973,719	71,031,737
Net Position									
Net investment in capital assets	-	-	9,960,743	-	-	93,287,508	-	103,248,251	103,506,922
Restricted for:									
Expendable net OPEB asset	19,807,200	-	-	-	-	-	-	19,807,200	14,451,639
Expendable restricted grants	-	-	-	386,978	-	-	-	386,978	2,206,738
Unrestricted	(50,180,023)	9,186,456	(793,272)	-	16,250	(13,963,294)	-	(55,733,883)	(77,544,421)
Total Net Position	$ (30,372,823)	$ 9,186,456	$ 9,167,471	$ 386,978	$ 16,250	$ 79,324,214	$ -	$ 67,708,546	$ 42,620,878

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

For the Year Ended June 30, 2026 (With Comparative Totals for 2025)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2026	College Combined Total 2025 (as restated)
Revenue									
Operating Revenue									
Tuition and fees (Net of scholarship allowances of $24,814,747 in 2026 and $20,806,005 in 2025)	$ 49,898,231	$ 1,908,603	$ -	$ -	$ -	$ -	$ (24,814,747)	$ 26,992,087	$ 25,782,304
Auxiliary enterprises	-	-	6,363,607	-	-	-	(222,912)	6,140,695	5,657,598
Indirect cost recoveries	157,745	-	-	-	-	-	(157,745)	-	-
Pell grants	-	-	-	19,352,827	-	-	-	19,352,827	17,455,875
Lease income	510,683	-	668,292	-	-	-	-	1,178,975	1,181,600
Miscellaneous	1,316,623	2,588,874	7,917	92,716	-	858,455	(45,395)	4,819,190	5,369,441
Total Operating Revenue	51,883,282	4,497,477	7,039,816	19,445,543	-	858,455	(25,240,799)	58,483,774	55,446,818
Expenses									
Operating Expenses									
Instruction	28,709,803	1,629,333	27,135	1,026,343	-	-	(917,307)	30,475,307	29,744,798
Information Technology	5,477,889	-	-	-	-	-	(231,811)	5,246,078	5,307,758
Public service	1,293,561	442,501	-	1,013,138	-	-	(60,310)	2,688,890	2,486,761
Instructional support	13,214,797	546,205	106,236	2,195,731	-	-	(388,153)	15,674,816	15,203,426
Student services	10,566,948	1,787,095	6,757,573	32,881,877	-	-	(25,013,718)	26,979,775	25,158,675
Institutional administration	9,874,610	35,973	-	-	-	-	(362,855)	9,547,728	8,246,721
Operation and maintenance of plant	15,329,999	140,778	-	-	-	-	1,733,355	17,204,132	16,747,178
Depreciation and amortization	1,292,961	449,716	677,083	-	-	8,380,616	-	10,800,376	10,917,245
Total Operating Expenses	85,760,568	5,031,601	7,568,027	37,117,089	-	8,380,616	(25,240,799)	118,617,102	113,812,562
Operating Loss	(33,877,286)	(534,124)	(528,211)	(17,671,546)	-	(7,522,161)	-	(60,133,328)	(58,365,744)

Consolidating Statement of Revenue, Expenses, Transfers and Changes in Net Position (Continued)

For the Year Ended June 30, 2026 (With Comparative Totals for 2025)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2026	College Combined Total 2025 (as restated)
Nonoperating Revenue and (Expenses)									
Noncapital Subsidies									
State operating appropriations	$ 24,968,286	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,968,286	$ 28,140,298
Property tax levy	45,146,325	-	-	-	-	-	-	45,146,325	43,067,061
Federal grants and contracts	-	-	-	2,581,887	-	-	-	2,581,887	3,977,399
State and local grants and contracts	9,200	133,246	-	11,508,278	-	-	-	11,650,724	7,915,480
Nongovernmental grants	-	-	-	290,464	-	-	-	290,464	1,448,842
Transfers In (Out)	(9,367,736)	1,707,920	(878,673)	207,465	-	8,331,024	-	-	-
Transfers between College and Component Units	360,000	-	-	-	-	-	-	360,000	2,250,000
Total Noncapital Subsidies	61,116,075	1,841,166	(878,673)	14,588,094	-	8,331,024	-	84,997,686	86,799,080
Other Nonoperating Revenues and (Expenses)									
Capital subsidies - federal grants and contracts	-	-	-	1,050,074	-	-	-	1,050,074	1,153,689
Capital subsidies - state and local grants and contracts	-	-	-	174,700	-	-	-	174,700	-
Capital subsidies - nongovernmental grants	-	-	-	38,918	-	-	-	38,918	21,000
Gain on disposal of assets	-	-	-	-		38,993	-	38,993	81,416
Interest income on investments	1,595,138	-	-	-	-	-	-	1,595,138	1,662,104
Interest income on leases	113,160	-	261,162	-	-	-	-	374,322	389,874
Interest expense	(28,039)	(32,858)	-	-	-	(2,830,350)	-	(2,891,247)	(3,073,238)
Financing fees	-	-	-	-	-	(3,000)	-	(3,000)	(3,750)
Unrealized gain (loss) on investments	213,332	-	-	-	-	(367,920)	-	(154,588)	126,657
Total Other Nonoperating Revenues and (Expenses)	1,893,591	(32,858)	261,162	1,263,692	-	(3,162,277)	-	223,310	357,752
Net Nonoperating Revenue and (Expenses)	63,009,666	1,808,308	(617,511)	15,851,786	-	5,168,747	-	85,220,996	87,156,832
Increase (Decrease) in Net Position	29,132,380	1,274,184	(1,145,722)	(1,819,760)	-	(2,353,414)	-	25,087,668	28,791,088
Net Position - Beginning of Year	(59,505,203)	7,912,272	10,313,193	2,206,738	16,250	81,677,628	-	42,620,878	13,829,790
Net Position - End of Year	$ (30,372,823)	$ 9,186,456	$ 9,167,471	$ 386,978	$ 16,250	$ 79,324,214	$ -	$ 67,708,546	$ 42,620,878

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