Mid Michigan College

Financial Report
with Supplemental Information
June 30, 2020

Contents

plante moran

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Mid Michigan College

Report on the Financial Statements

We have audited the accompanying financial statements of Mid Michigan College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise Mid Michigan College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mid Michigan College and its discretely presented component unit as of June 30, 2020 and 2019 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of the College. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Mid Michigan College

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of the net pension liability, schedule of the College's pension contributions, schedule of the College's proportionate share of the net OPEB liability, and schedule of the College's OPEB contributions be presented to supplement the basic financial statements. Such information, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid Michigan College's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is 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 27, 2020 on our consideration of Mid Michigan College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Mid Michigan College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 27, 2020

The discussion and analysis of Mid Michigan College's (the "College" or "Mid") financial statements provides an overview of the College's financial activities for the years ended June 30, 2020, 2019, and 2018. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of the information rests with the College's management.

Using the Financial Report

This financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements, and notes to the financial statements. The basic financial statements consist of the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. Following the basic financial statements and notes are three supplemental schedules: the GASB 75 and 68 required supplemental information and the combining statement of net position and the combining statement of revenue, expenses, transfers, and changes in net position as of and for the year ended June 30, 2020.

The College's financial statements include all assets and liabilities using the accrual basis of accounting. All revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into categories of operating and nonoperating.

Under the provision of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Mid Michigan College Foundation (the "Foundation") has been determined to be a component unit. Accordingly, the Foundation is discretely presented in the College's financial statements. Refer to Note 1 and Note 12 to the financial statements for information regarding the Foundation.

Financial Highlights

The College's financial position remained strong at June 30, 2020 with assets of $74.8 million, deferred outflows of resources of $13.2 million, liabilities of $60 million, and deferred inflows of resources of $8.7 million, with overall positive net position of $19.2 million.

The net pension liability was $37.7 million at June 30, 2019 and increased to $39.8 million at June 30, 2020. The net OPEB liability was $9.8 million at June 30, 2019 and decreased to $8.4 million at June 30, 2020. Excluding the impact of GASB 68 and 75, net position, which represents the residual interest in the College's assets after liabilities are deducted, decreased $1.6 million during fiscal year 2020.

Total capital expenditures as of June 30, 2020 were $10.5 million. Additional information about capital additions is included in the capital asset section of this discussion as well as in the footnotes to the financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the "shelter-at-home" guidelines during April and May 2020, the College shifted to a remote online learning environment and sent students home.

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

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of June 30, 2020 and changes in net position for the year then ended.

Statement of Net Position

Total net position at June 30, 2020, 2019, and 2018 is $19.2 million, $21.5 million, and $20.4 million, respectively. The College's statement of net position at June 30 is summarized as follows:

	2020	2019	2018
Current assets	$ 23,128,973	$ 21,101,167	$ 20,212,690
Noncurrent assets			
Capital assets - Net	48,630,503	40,644,063	39,685,796
Long-term investments	3,013,593	5,718,770	4,978,780
Total assets	74,773,069	67,464,000	64,877,266
Deferred Outflows of Resources	13,194,461	13,823,191	8,246,998
Current liabilities	5,452,745	3,782,214	2,779,005
Long-term liabilities	54,548,057	47,799,139	45,653,081
Total liabilities	60,000,802	51,581,353	48,432,086
Deferred Inflows of Resources	8,747,809	8,223,372	4,264,810
Net investment in capital assets	41,627,254	39,943,900	38,614,919
Restricted	17,149	-	-
Unrestricted	(22,425,484)	(18,461,434)	(18,187,551)
Total net position	**$ 19,218,919**	**$ 21,482,466**	**$ 20,427,368**

The primary changes in the assets and liabilities of the College between 2020 and 2019 are as follows:

- Current assets increased by $2.0 million, partly due to the proceeds received as a result of issuing $6.6 million of facilities bonds.
- Noncurrent assets increased $5.2 million due to construction completing on the Harrison campus renovation project.
- Current liabilities increased $1.7 million due to accounts payable invoices related to the Harrison renovation construction project.
- Noncurrent liabilities increased $6.7 million primarily due to the issuance of $6.6 million of facilities bonds to fund the Harrison campus renovation.
- Overall net position decreased $2.3 million.

The primary changes in the assets and liabilities of the College between 2019 and 2018 are as follows:

- Current assets increased by $1 million, partly due to a cash receipt of $2.5 million for a state capital grant.
- Noncurrent assets increased $1.7 million due to an increase in capital asset construction in progress and $700,000 due to investments allocated to long term.
- Current liabilities increased $1 million due to accounts payable invoices related to the Harrison renovation construction project and the outdoor education center project .
- Noncurrent liabilities increased $2.1 million primarily due to the College recording additional pension liability for unfunded obligations to the MPSERS plan, in accordance with GASB 68.
- Overall net position increased $1.1 million.

Statement of Revenue, Expenses, and Changes in Net Position

The following is a comparative analysis of components of the revenue, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018:

	2020	2019	2018
Total operating revenue	$ 15,295,627	$ 16,148,100	$ 16,993,561
Total operating expenses	33,878,190	33,915,138	33,533,300
Net operating loss	(18,582,563)	(17,767,038)	(16,539,739)
Net nonoperating revenue	16,319,016	16,322,136	15,181,273
Change in net position, before other revenue	(2,263,547)	(1,444,902)	(1,358,466)
Capital grants	-	2,500,000	-
Change in Net Position	(2,263,547)	1,055,098	(1,358,466)
Net Position - Beginning of year	21,482,466	20,427,368	33,396,179
Adjustment for change in accounting principle	-	-	(11,610,345)
Net Position - Beginning of year, as restated	21,482,466	20,427,368	21,785,834
Net Position - End of year	**$ 19,218,919**	**$ 21,482,466**	**$ 20,427,368**

Operating Revenue

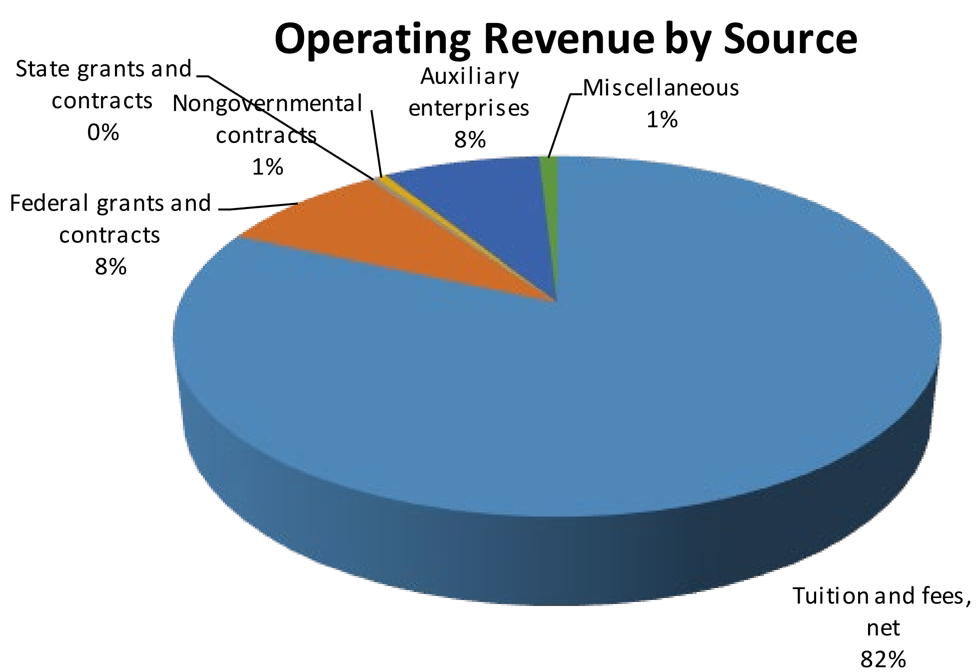
Operating revenue includes charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and certain federal, state, and private grants that were considered a contract for services. Operating revenue consisted of the following:

	2020	2019	2018
Tuition and fees, net	$ 12,505,051	$ 12,898,787	$ 13,519,640
Federal grants and contracts	1,302,499	1,376,405	1,115,184
State grants and contracts	54,866	65,423	56,631
Nongovernmental contracts	81,177	104,522	112,867
Auxiliary enterprises	1,212,691	1,472,967	1,932,806
Miscellaneous	139,343	229,996	256,433
Total operating revenue	**$ 15,295,627**	**$ 16,148,100**	**$ 16,993,561**

2019-2020 operating revenue decreased when compared to the prior year partly due to both the closing of campus negatively impacting bookstore and food service sales and due to the transition of all dual enrolled students to tuition rates equal to in-district rates, regardless of their residency status.

2018-2019 operating revenue decreased when compared to the prior year primarily as a result of a decrease in enrollment that negatively impacted tuition and fee revenue.

The following is a graphic illustration of operating revenues for fiscal year 2020:



Operating Expenses

Operating expenses represent the costs necessary to provide services and conduct the programs of the College. Operating expenses consisted of the following:

	2020	2019	2018
Instruction	$ 11,149,627	$ 10,400,491	$ 9,923,279
Public services	999,457	1,116,021	928,470
Instructional support	2,607,628	2,806,545	2,842,006
Student services	7,764,516	8,049,912	8,384,307
Institutional administration	4,388,814	4,392,087	4,247,554
Operation and maintenance of plant	3,015,885	3,077,551	2,804,892
Information technology	1,479,603	1,522,359	1,623,832
Depreciation and amortization	2,472,660	2,550,172	2,778,960
Total operating expenses	**$ 33,878,190**	**$ 33,915,138**	**$ 33,533,300**

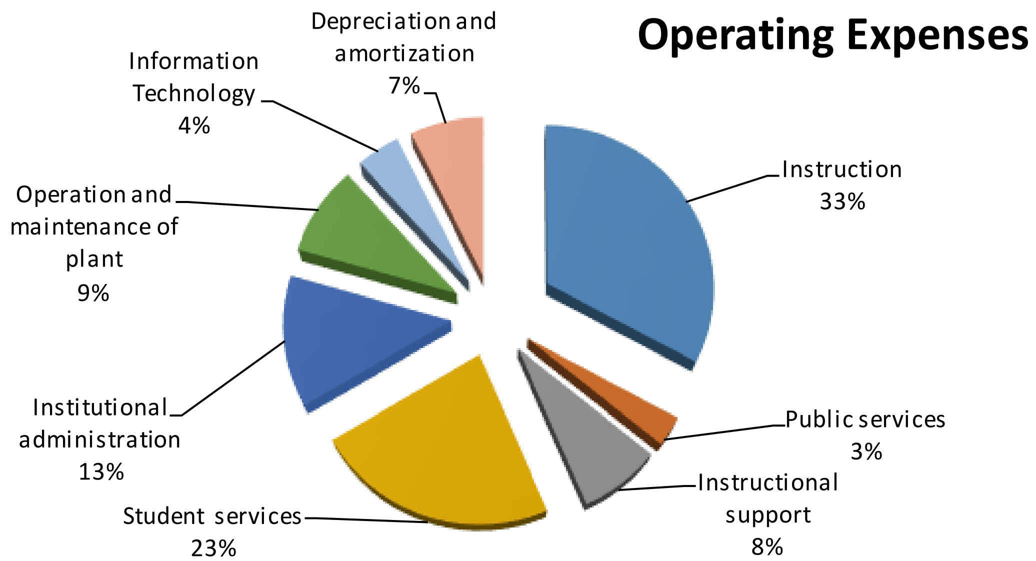
2019-2020 operating expense changes were the result of the following factors:

- Instructional expenses increased $749,000 primarily due to increased faculty pay and related benefits.
- Instructional support expenses decreased $199,000 primarily due to the reduction in retirement contributions on behalf of student employees and the transfer of tutor expenses from general fund to the Perkins grant.
- Student services expenses decreased $285,000 due to a decrease in student workers funded through the College's grant match, a decrease in scholarships awarded, and staffing reorganization.
- Operation and maintenance of plant decreased $62,000 primarily due to salary and fringe decreases.

2018-2019 operating expense changes were the result of the following factors:

- Instructional expenses increased $477,000 primarily due to increased faculty pay and related benefits.
- Student services expenses decreased $334,000 due to a decrease in student workers funded through the College's grant match, a decrease in scholarships awarded, and staffing reorganization.
- Institutional administration increased $145,000 primarily due to salary and fringe increases.
- Operation and maintenance of plant increased $273,000 primarily due to salary and fringe increases, but also small increases in plant maintenance and contracted services.
- Depreciation and amortization decreased $229,000 due to a decrease in assets being depreciated.

The following is a graphic illustration of operating expenses for the year ended June 30, 2020:



Nonoperating and Other Revenue

Nonoperating revenue represents all revenue sources that are primarily nonexchange in nature. They consist primarily of state operating appropriations, Federal Pell grant revenue, property tax revenue, investment income (including realized and unrealized gains and losses), and Federal CARES Act funding. Other revenue includes state grants for capital projects.

Nonoperating and other revenue was composed of the following:

	2020	2019	2018
State appropriations	$ 6,415,585	$ 6,680,421	$ 6,221,827
Federal Pell grants	5,712,759	5,959,954	6,443,030
Property taxes	2,435,460	2,384,953	2,315,991
Gifts	253,526	198,318	144,953
Investment income, net	380,393	536,712	(10,780)
Federal CARES Act grant	492,128	-	-
Other	141,237	162,976	112,222
Gifts and transfers between College and Foundation	561,994	438,823	16,116
Interest on capital asset-related debt	(74,066)	(40,021)	(62,086)
Other - capital grants	-	2,500,000	-
Total nonoperating and other revenue	**$ 16,319,016**	**$ 18,822,136**	**$ 15,181,273**

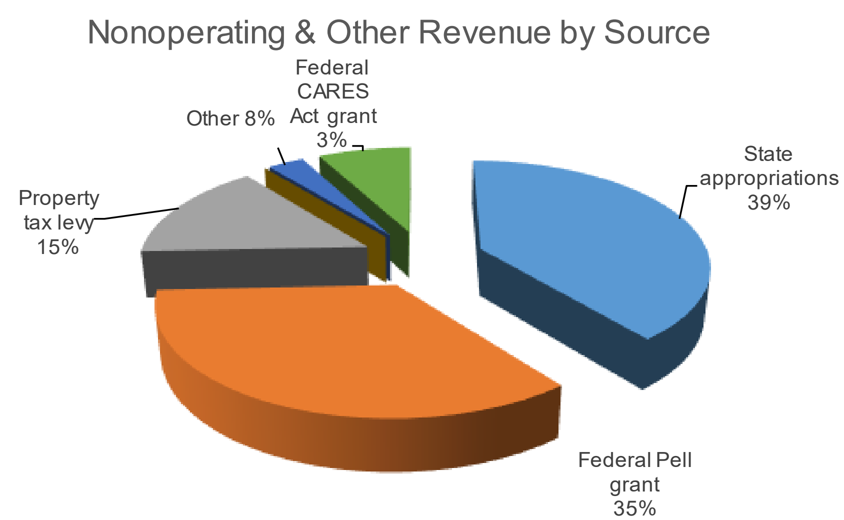
2019-2020 nonoperating and operating significant revenue changes were the result of the following factors:

- Although state operating appropriations were budgeted to increase from prior year, there was a realized net decrease of $265,000 due in part to a state appropriations revenue decrease of 11% ($581,000) from original budgeted appropriations, subsequent to year-end. This funding was replaced by Coronavirus Relief Funds (CRF), which must be spent by December 31, 2020 on COVID-19 related expenditures.
- Federal Pell decreased $247,000 due to a decrease in the number of enrolled students eligible for grant funding.
- The College spent $492,000 in federal CARES Act funding that was awarded in response to the COVID-19 pandemic.
- Gifts and transfers between the College and the Foundation increased $123,000 due to transfers from the Foundation to the College for some remaining capital campaign pledge payments.

2018-2019 nonoperating and operating significant revenue changes were the result of the following factors:

- Operating appropriations increased $459,000 due to state appropriations revenue increase of 2.9% from prior year, as well as an approximate $70,000 net increase of the MPSERS UAAL allocation.
- Federal Pell decreased $483,000 due to a decrease in the number of enrolled students eligible for grant funding.
- Gifts and transfers between the College and the Foundation increased $423,000 due to a one-time transfer from the Foundation to the College of $300,000 for construction costs of the outdoor education center, plus some remaining capital campaign pledge payments.
- Other revenue included a $2.5 million grant from a state agency for the capital renovation on the Harrison campus

The following is a graphic illustration of nonoperating and other revenue for the year ended June 30, 2020:



Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps assess an entity's ability to generate net cash flows from operations, its ability to meet its obligations as they come due, and its needs for external financing.

For 2019-2020, net cash used in operating activities totaled $14 million. This was financed by $16.9 million of net cash flows from noncapital financing activities such as property taxes, federal Pell grants, and state appropriations. Net cash used in capital and related financing activities totaled $3.6 million during 2020, including $10.5 million in capital additions (net of unpaid retainages and accounts payable) and long-term debt payments of $423,000 for the year, net with $6.7 million of bond proceeds received. Net cash provided by investing activities totaled $3.4 million. The net result of all cash flows is an increase in cash of $2.6 million from 2019.

For 2018-2019, net cash used in operating activities totaled $13.4 million. This was financed by $15.4 million of net cash flows from noncapital financing activities such as property taxes, federal Pell grants, and state appropriations. Net cash used in capital and related financing activities totaled $986,000 during 2019, including $3.5 million in capital additions (net of unpaid retainages and accounts payable), $2.5 million of a capital grant received, and long-term debt payments of $413,000 for the year. Net cash used by investing activities totaled $59,000. The net result of all cash flows is an increase in cash of $949,000 from 2018.

Capital Asset and Debt Administration

Capital Assets

The College had $48.6 million, $40.6 million, and $39.7 million invested in capital assets, net of accumulated depreciation of $41.6 million, $39.1 million, and $37.1 million at June 30, 2020, 2019, and 2018, respectively. Depreciation charges totaled $2.5 million, $2.6 million, and $2.8 million, respectively, for the years then ended.

During 2020, the College finished a $12,900,000 renovation of the Harrison Campus to update all of the main building infrastructure. The space has been redesigned to improve operating efficiency and provide enhanced student spaces. As part of this project, approximately 40,000 square feet of the main instructional building was removed to "right size" the campus and make significant gains in energy efficiency. The renovation includes moving the main drive south to separate pedestrian and vehicle interaction and promote safety,

Debt

As of June 30, 2020, 2019, and 2018, the College had $7 million, $700,000, and $1.1 million in debt, respectively, primarily consisting of bonds outstanding.

General Obligation Limited Tax Bonds, Series 2020, were issued for the purpose of paying part of the costs of constructing renovations to the main instructional building on the College's Harrison Campus and financing the Bonds.

Standard & Poors Global Ratings assigned a municipal bond rating of "AA" to the most recent Bonds and Moody's Investors Service assigned its underlying rating of "Aa3" to the same issue of Bonds.

A municipal bond insurance policy was issued by Build America Mutual Assurance Company (BAM) to insure the Bonds.

Economic Factors That Will Affect the Future

The economic position of Mid Michigan College (Mid) is driven by three revenue streams: its State of Michigan appropriation, in-district property taxes, and student tuition and fees.

The table below compares these sources between a 10-year period, 2008-09 and 2018-19 (this is the most recent year for which a full set of ACS data is available). In addition to the total number, the table shows revenue and spending per Fiscal Year Equated Student (FYES), a standardization factor equivalent to the number of credit hours divided by 30 (the number required in a semester to complete an Associate's degree within two years).

Increased reliance on tuition and fees

Shown below, the College's state appropriation and property tax aggregate revenue increased only 11% in the last ten years. Because of a lower number of students, the per-FYES appropriations number grew by 57% and the property tax revenue per FYE increased 35%. In contrast, the College's expenditures per FYES increased 98%, largely due to increases in personnel and technology costs.

	2008-09	2018-19	% Change
FYES	2,984	2,269	-24%
State Appropriations	$4,430,600	$5,112,400	15%
State Aid/FYES	$1,437	$2,253	57%
Property Tax Revenue	$2,320,946	$2,384,953	3%
Property Tax/FYES	$778	$1,051	35%
Tuition & Fee Revenue	$13,987,173	$17,258,691	23%
Tuition & Fee/FYES	$4,688	$7,606	62%
Total Operating/FYES	$7,128	$11,843	66%

Expenditures/FYES	$5,803	$11,508	98%
In-District Tuition	$77	$125	63%
Out-District Tuition	$130	$210	62%
Average In-District Tuition	$74	$114	54%
Average Out-District Tuition	$121	$190	57%

The College has balanced its budget over the last ten years by a greater reliance on student tuition and fees. In part, this was achievable when enrollment spiked between 2009 and 2013; obviously, more students generated more tuition and fees. However, the balanced budget has also been achieved by significant increases in tuition and fees (63% for in-district; 62% for out-of-district students). These increases were above average for Michigan community colleges during the same period (54% and 57%, respectively).

<u>Enrollment Challenges and Strategies</u>

The considerable reliance on tuition and fee revenue creates corresponding pressure to increase enrollment. The 24% decline in enrollment between 2009 and 2019, as shown above, was followed by a further FYES decline of 14.5% between the Fall 2019 and Fall 2020 Semesters.

Demographically, the College faces a shrinking population of high school students. High school students have comprised most of its prospective student base. In anticipation of further declines, the College has expanded its dual enrollment offerings in high schools to the east, west, and south. From Fall 2018 to Fall 2020, dual enrollment has increased by 17.1% and currently includes 50 high schools across the region. Mid is the only public community college in Michigan to be accredited by the National Alliance for Concurrent Enrollment Programs.

In addition to the expansion of dual enrollment, the College has developed a plan to attract and retain adult learners. Specific target markets include veterans, those without a degree but have earned some college credits, and those who can ladder short-term industry-based certificates into associate degree programs.

International student enrollment has continued to decline as a result of federal policies regarding non-citizens.

The Completion Agenda

Since 2015, the College has made a concerted effort to improve the completion rates for its certificates and degree programs. Not only is this good for the College's enrollment profile, but it is even better for the economic vitality of the individuals involved and the communities in which they live. The College's efforts in this regard have been evidence-based, built on national, state, and local data. Several examples are worthy of note and carry financial ramifications.

The Guided Pathways and Transfer initiative, conducted in collaboration with other community colleges and universities, made significant progress in this regard. Mid students can now access coherent academic plans for every department of the College. Degree completion at Mid is likely to translate into more credit hours and more tuition revenue, although reverse transfer options with partner universities can also be used to achieve this goal. Mid is one of only three community colleges that still requires 62 credits for degree completion. Within the next few years, a shift to the more standard 60 credit hours will need to be considered in the College's budget forecasts.

Degree and certificate completion has been boosted by the College's affiliation with the National Coalition of Certification Centers (NC3). The NC3 Affiliation has sparked an enrollment increase in the skilled trades programs and successful collaboration with the area ISDs to seek and implement the State's Marshall grant funds. In the past year, more than 200 industry-based credentials have been earned by Mid students.

Evidence also shows that students are more likely to complete their programs of study if they take a higher credit hour load and spend more time on task. Through its strategic advising efforts, Mid has increased the average credit hour load per student. For example, the average credit enrollment for first-time freshmen in the Fall of 2017 was 9.9 but has risen to 11.5 in the Fall of 2020. Recognizing the importance of time on task, the College also moved to a mandatory attendance reporting policy in the Fall of 2019. This change was designed to increase student success, but it should also reduce the return of federal financial aid funds required from the College when students fail to attend their classes.

Research has raised doubt on the value of developmental education in degree completion. In the approaching years, the College is likely to reduce the number of credit hours in developmental courses which will have a corresponding budget impact. Additionally, the College anticipates shifting from a 16-week to an 8-week semester model, another change that will likely have a budget impact.

Aside from the cost of attendance, students face challenges from the rising costs of textbooks. Beginning in the Fall Semester of 2016, a number of Mid faculty members began to create Open Educational Resources (OER) to supplement their courses. Students can access these materials free of charge. Since that time, Mid students have saved over $1.2 million in textbook costs. While research shows that it supports retention and completion and is a boon for students, it does have a concomitant impact on the College's auxiliary operations, especially its Bookstore. Re-envisioning the role of the College store will need to be a significant aspect in the College's next strategic plan.

"Free College"

In 2018, nearly 20 states offered some type of tuition-free program for the first two years of College. Governor Whitmer included MI-Opportunity and MI-Reconnect options in her Michigan election platform. It is likely that Michigan's decentralized approach to higher education and its reliance on property-tax revenue will make the implementation of a tuition-free model more complex than in other states. However, Mid has begun to consider the impact that such a program could have on its recruitment and enrollment efforts. The College is working to strengthen its relationship to Central Michigan University (CMU) as a way to create an attractive pathway for students who will be able to use their tuition benefits at any community college in the state. The collaboration between Mid and CMU to develop the BSN completion program (the alignment of the transfer pathways between the two institutions) and the Chippewa Achieve Program are two examples of successful efforts in this regard.

Futures for Frontliners

Michigan Governor Whitmer formalized the Futures for Frontliners program in September 2020. This will provide educational benefits to individuals who worked frontline jobs during the peak of the coronavirus outbreak between April and June 2020. Many essential workers do not have college degrees and are likely working in low-paying jobs. Giving those workers free access to higher education should give them more opportunities for higher-wage employment. Individuals who qualify will be eligible for a free high school completion program, community college degree, or both. The College anticipates that this will have a positive impact on future enrollment.

Expansion Efforts

In the initial authorization for the College in 1965, the Michigan Department of Public Instruction urged the College trustees to, "…take immediate appropriate steps to bring about the annexation of the Intermediate School District of Isabella County." Although Isabella districts were not annexed, the College has had a strong presence in Mt. Pleasant since 1968. It began with scattered classes in schools, the hospital, and local storefronts. In 1992, the College purchased the Energy One building at 5805 East Pickard Avenue. This 57,000 square foot building became the College's base of operations until 2014 when the College consolidated its operations at its new location on the corner of Broadway and Summerton Roads in Mt. Pleasant. The out-of-district tuition from Mt. Pleasant students served as a supporting revenue stream for the College's work in the Clare and Gladwin Counties. Today, the number of Mid students from Isabella county is higher than the combined student count of Clare and Gladwin counties.

Over the years, the College has contemplated how best to balance the needs and priorities of its in-district and out-of-district offerings. In 2017, the Board of Trustees authorized expansion efforts to surrounding contiguous counties and to counties in the Thumb region (Huron, Sanilac, and Tuscola). The College has created advisory boards and built relationships in these areas in order to best identify the local needs and engender public support. In June 2020, the Board of Trustees authorized the College to include a proposal on the November 2020 general election ballot to annex the Gratiot-Isabella Intermediate School District into the College's service district. If passed, this would generate a net annual increase revenue of approximately $1.6 million. The feasibility of public support, either through long-term contractual agreements or through additional annexation efforts, will continue to be explored.

Facilities and Financing

Mid owns more than 600 acres of property and has more than 459,000 square feet in facilities. The Pickard Building, representing 57,000 square feet, has been minimally used since 2014. The College continues to market this property. Its sale would result in an annual cost savings of approximately $100,000. There has been little local interest.

The College invested over $13 million in its Harrison Campus during 2018 and 2019 to preserve the vitality of the campus and create a welcoming environment to the college community and local citizens. The renovation of the main instructional building makes it among the most energy efficient community college buildings in the state. The facilities cost savings will offset the annual debt service of the $6,575,000 municipal bond which, along with funds from the College's building and site reserves, financed the project.

In April 2015, the College engaged Neumann/Smith Architecture in conjunction with Peter Basso Associates to develop a Campus Master Plan. The resulting Report, particularly with the thorough analysis of the College's infrastructure, has proven very valuable. In 2021, the College should undertake an update to this Plan. It is likely that the next major facilities initiative will be on the Mt. Pleasant campus, as the College seeks state capital outlay funding for an expansion of the Morey Tech Center.

Personnel

The College is midway through contracts with its two bargaining units. The Employee Support Personnel Association agreement runs through June 30, 2021. The Faculty Senate contract runs through August 19, 2022.

The College is currently staffed at a level that is significantly higher than it was in 2004-05 when enrollment was at a similar level. However, an expanded physical footprint, the growth of instructional technology, and an increased emphasis on federal and state compliance issues have created a new set of human resource needs. The College is attempting to use natural attrition, especially through retirements, to reduce its personnel costs and limit layoffs.

The College has undertaken two other significant shifts regarding its personnel. In January 2016, the College made a five-year commitment to self-funding employee healthcare in an attempt to better control cost increases. The College is partnering with Gallagher Benefit Services, Inc. (formerly Ballard Benefits) and Blue Cross/Blue Shield to administer the plan, which is reinsured with a $35,000 per member stop-loss plan. The purpose of stop-loss insurance is to limit the risk of exposure to the College. The claims and costs experiences have been positive thus far and the College's health care reserve amount now exceeds $1.2 million. This is a reasonable cushion should the claims experience change in the coming years. The College will need to remain vigilant in monitoring costs and cost-saving opportunities and supporting employee wellness, especially with the uncertainty of the COVID-19 impact on health care and costs.

The second significant shift was made in July of 2016 when the College contracted with EDUStaff as a third-party administrator to handle the hiring of its adjunct faculty and part-time staff. More than two thirds of the college's adjunct and nearly all of its part-time employment requirements are fulfilled through EDUStaff, at a significant cost savings.

Most College employees participate in the Michigan Public School Employees' Retirement System (MPSERS) with employer contributions mandated by the State. Contribution rates have risen significantly in recent years to fund retiree healthcare benefits and the unfunded pension liability. Employer contribution rates range from 20.96% - 28.21%, depending on the plan in which employees are enrolled. When applied to the College's total payroll, this represents a sizeable commitment. The EDUStaff benefit load of 17% represents a significant cost savings for the College and has enabled compensation increases for the individuals working through EDUStaff, as well.

Budget Projections

Given the demographic shifts in Michigan, the greater enrollment declines at some community colleges, and the trend line at Mid, the College initially assumed a 4% enrollment decline, a corresponding reduction in tuition and fees, as well as a 10% decline in State Appropriations for the 2020-21 fiscal year. The 2020-21 budget will be revised and presented for Board approval in October due to the 13% enrollment decline realized for 2020 Fall. This critical decline will require a reduction in personnel even though the Board of Trustees suspended (for a second year) its requirement that the College make a 3-5% contribution to planned savings.

The College Board of Trustees approved an across the board tuition rate increase of $3 per contact hour and a $2 per contact hour increase to the technology fee, effective with the 2020 fall term.

The loss of revenue in the fiscal years 2020 and 2021 that have been experienced due to the impact of COVID-19 on activities and enrollment will be aided by the infusion of federal funds through the CARES Act and Coronavirus Relief Fund.

The College's current financial and capital plans indicate that the infusion of additional financial resources from the foregoing actions will be required in order for it to maintain its present level of services.

Statement of Net Position

June 30, 2020 and 2019

	College 2020	College 2019	Component Unit - Foundation 2020	Component Unit - Foundation 2019
Assets				
Current assets:				
Cash and cash equivalents	$ 19,387,171	$ 16,765,871	$ 655,360	$ 228,360
Short-term investments (Notes 2, 3, and 12)	1,268,821	1,537,668	3,418,509	3,471,266
Receivables - Net (Notes 4 and 12)	1,886,917	2,629,752	35,696	129,684
Inventories	282,737	240,707	-	-
Prepaid expenses and other assets	353,514	341,044	-	-
Due (to) from other	(50,187)	(413,875)	50,187	413,875
Total current assets	23,128,973	21,101,167	4,159,752	4,243,185
Noncurrent assets:				
Long-term investments (Notes 2, 3 and 12)	3,013,593	5,718,770	999,780	1,190,510
Capital assets - Net (Note 5)	48,630,503	40,644,063	-	-
Total noncurrent assets	51,644,096	46,362,833	999,780	1,190,510
Total assets	74,773,069	67,464,000	5,159,532	5,433,695
Deferred Outflows of Resources (Note 7)	13,194,461	13,823,191	-	-
Liabilities				
Current liabilities:				
Accounts payable	1,806,001	1,256,233	-	-
Accrued liabilities and other	1,306,572	1,372,797	-	-
Unearned revenue	1,674,132	784,208	-	-
Current portion of long-term debt obligations (Note 6)	666,040	368,976	-	-
Total current liabilities	5,452,745	3,782,214	-	-
Noncurrent liabilities:				
Net pension liability (Note 7)	39,838,001	37,712,126	-	-
Net OPEB liability (Note 7)	8,372,847	9,755,826	-	-
Long-term debt obligations (Note 6)	6,337,209	331,187	-	-
Total noncurrent liabilities	54,548,057	47,799,139	-	-
Total liabilities	60,000,802	51,581,353	-	-
Deferred Inflows of Resources (Note 7)	8,747,809	8,223,372	-	-
Net Position				
Net investment in capital assets	41,627,254	39,943,900	-	-
Restricted for:				
Nonexpendable scholarships	-	-	1,205,891	1,133,117
Expendable scholarships and grants	17,149	-	669,164	672,252
Expendable capital campaign proceeds	-	-	-	345,682
Unrestricted (Note 8)	(22,425,484)	(18,461,434)	3,284,477	3,282,644
Total net position	**$ 19,218,919**	**$ 21,482,466**	**$ 5,159,532**	**$ 5,433,695**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2020 and 2019

	College 2020	College 2019	Component Unit - Foundation 2020	Component Unit - Foundation 2019
Operating Revenue				
Student tuition and fees - Net of scholarship allowance of $4,312,201 in 2020 and $4,359,904 in 2019	$ 12,505,051	$ 12,898,787	$ -	$ -
Federal grants and contracts	1,302,499	1,376,405	-	-
State grant and contracts	54,866	65,423	-	-
Nongovernmental grants	81,177	104,522	-	-
Miscellaneous	139,343	229,996	-	-
Auxiliary enterprises - Net of scholarship allowance of $101,056 in 2020 and $46,565 in 2019	1,212,691	1,472,967	-	-
Total operating revenue	15,295,627	16,148,100	-	-
Operating Expenses				
Instruction	11,149,627	10,400,491	-	-
Public service	999,457	1,116,021	-	-
Instructional support	2,607,628	2,806,545	-	-
Student services	7,764,516	8,049,912	162,983	89,663
Institutional administration	4,388,814	4,392,087	75,135	95,668
Operation and maintenance of plant	3,015,885	3,077,551	316	-
Information technology	1,479,603	1,522,359	-	-
Depreciation and amortization	2,472,660	2,550,172	-	-
Total operating expenses	33,878,190	33,915,138	238,434	185,331
Operating Loss	(18,582,563)	(17,767,038)	(238,434)	(185,331)
Nonoperating Revenue (Expense)				
State appropriations - Operating	6,415,585	6,680,421	-	-
Federal Pell grants	5,712,759	5,959,954	-	-
Federal CARES Act funding	492,128	-	-	-
Property taxes	2,435,460	2,384,953	-	-
Transfers between funds	561,994	438,823	(561,994)	(438,823)
Gifts	253,526	198,318	305,027	310,924
Investment income - Net	380,393	536,712	160,514	259,033
Other	141,237	162,976	-	-
Interest on capital asset-related debt	(74,066)	(40,021)	-	-
Total nonoperating revenue	16,319,016	16,322,136	(96,453)	131,134
Loss - Before capital grants and additions permanent endowments	(2,263,547)	(1,444,902)	(334,887)	(54,197)
Capital Grants	-	2,500,000	-	-
Additions to Permanent Endowments	-	-	60,724	700
Change in Net Position	(2,263,547)	1,055,098	(274,163)	(53,497)
Net Position - Beginning of year	21,482,466	20,427,368	5,433,695	5,487,192
Net Position - End of year	**$ 19,218,919**	**$ 21,482,466**	**$ 5,159,532**	**$ 5,433,695**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Tuition and fees	$ 12,308,726	$ 12,765,713
Grants and contracts	1,301,326	1,360,775
Payments to suppliers	(20,031,390)	(18,492,783)
Payments to employees	(9,027,123)	(10,873,510)
Auxiliary enterprise charges	1,212,691	1,472,967
Other	253,187	380,377
Net cash and cash equivalents used in operating activities	(13,982,583)	(13,386,461)
Cash Flows from Noncapital Financing Activities		
Direct lending receipts	6,681,145	6,972,963
Direct lending disbursements	(6,681,145)	(6,972,963)
Local property taxes	2,438,541	2,375,403
Gifts and contributions	394,763	361,294
State appropriations	6,927,872	6,683,878
Federal Pell grant	5,712,759	5,959,954
Federal CARES Act grant	1,423,158	-
Net cash and cash equivalents provided by noncapital financing activities	16,897,093	15,380,529
Cash Flows from Capital and Related Financing Activities		
Issuance of bonds	6,672,062	-
Purchase of capital assets and construction	(10,460,683)	(3,512,575)
Principal paid on capital debt	(368,976)	(370,714)
Interest paid on capital debt	(53,607)	(41,766)
Gifts transferred from Foundation for capital projects	561,994	438,823
Capital grant received	-	2,500,000
Proceeds from the sale of capital assets	1,583	-
Net cash and cash equivalents used in capital and related financing activities	(3,647,627)	(986,232)
Cash Flows from Investing Activities		
Proceeds from sale of investments	6,540,821	1,375,466
Interest income	294,895	305,135
Purchase of investments	(3,481,299)	(1,739,573)
Net cash and cash equivalents provided by (used in) investing activities	3,354,417	(58,972)
Net Increase in Cash and Cash Equivalents	2,621,300	948,864
Cash and Cash Equivalents - Beginning of year	16,765,871	15,817,007
Cash and Cash Equivalents - End of year	**$ 19,387,171**	**$ 16,765,871**

See notes to financial statements.

Statement of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (18,582,563)	$ (17,767,038)
Adjustments to reconcile operating loss to net cash and cash equivalents from operating activities:		
Depreciation and amortization	2,472,660	2,550,172
Bad debt recovery	(230,436)	(94,400)
Loss on disposal of fixed assets	-	4,136
Change in assets and liabilities:		
Accounts receivable	51,845	(26,257)
Inventories	(42,030)	63,443
Prepaid expense and other assets	(12,470)	21,614
Deferred outflows of resources	628,730	(5,576,193)
Accounts payable	549,768	1,109,557
Accrued payroll and other compensation	(86,684)	(55,254)
Unearned revenue	(41,106)	(47,611)
Net pension liability	2,125,875	4,225,910
Net OPEB liability	(1,382,979)	(1,710,876)
Deferred inflows of resources	566,807	3,916,336
Total adjustments	4,599,980	4,380,577
Net cash and cash equivalents used in operating activities	**$ (13,982,583)**	**$ (13,386,461)**

Note 1 - Significant Accounting Policies

Reporting Entity

Mid Michigan College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles applicable to public colleges and universities outlined in the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, and Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*. During the fiscal year ended June 30, 2019, the College changed its name from Mid Michigan Community College to Mid Michigan College.

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College.

The Mid Michigan College Foundation (the "Foundation") is a separate legal entity established as a 501(c)(3) corporation to accept, collect, hold, and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. The Foundation is discretely presented in the financial statements of the College (see Note 12).

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

Basis of Accounting

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

The Foundation reports under the provisions of Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value based on quoted market prices and may not be indicative of net realizable value or reflective of future fair values.

Accounts Receivable

Receivables are recorded at invoice amounts net of allowance for uncollectible accounts of $270,293 and $500,729 for the years ended June 30, 2020 and 2019, respectively. The allowance for uncollectible accounts is a general reserve based on a percentage of receivables and historical write-off amounts.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at acquisition value as of the date of acquisition.

Note 1 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Land improvements	8-15
Infrastructure	10-40
Buildings and improvements	10-40
Equipment	5-7
Vocational Education (Perkins) equipment	5-7
Furniture and fixtures	5-7
Library books	10
Vehicles	5-7
Computer and software	3-5

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) 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 7.

Unearned Revenue

Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue. For the year ended June 30, 2020, unearned revenue consisted of $459,922 of payments for classes that began prior to June 30, 2020 but were not completed until after June 30, 2020 and $0 of payments for classes that will begin in August 2020. For the year ended June 30, 2019, unearned revenue consists of $462,183 of payments for classes that began prior to June 30, 2019 but were not completed until after June 30, 2019 and $85,313 of payments for classes that will begin in August 2019. Grant revenue received prior to qualifying expenditures is also included in unearned revenue, which includes $931,030 of amounts related to the federal CARES Act grant at June 30, 2020. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the 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 expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Other Postemployment Benefit Costs

For the purpose 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 or expense reduction) until that time.

The College reports deferred inflows of resources for certain pension related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan’s investments. More detailed information can be found in Note 7.

Net Position

Net Investment in Capital Assets

Net position that consists of capital assets, net of accumulated depreciation, 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.

Nonexpendable - Net position subject to donor-imposed constraints that they be maintained permanently by the College. Nonexpendable net position includes the corpus portion (historical value) of gifts to the College's permanent endowment funds.

Unrestricted Net Position

Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties.

Property Tax Revenue

Property tax revenue is recognized in the year for which taxes have been levied.

Property taxes are levied on December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships within the College's 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.

During the years ended June 30, 2020 and 2019, $1.2232 of tax per $1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property. Total operating property tax revenue was $2,435,460 and $2,384,953 for the years ended June 30, 2020 and 2019, respectively.

Note 1 - Significant Accounting Policies (Continued)

Revenue

All transactions that result in sales and/or receipt from goods and services, such as tuition and fees and sales from the College's bookstore, are classified as operating revenue. All revenue sources that are primarily nonexchange in nature in which the College received value without directly giving equal value in return are classified as nonoperating revenue.

Tuition and Fees

Student tuition and fee revenue are reported net of scholarship allowances in the statement of revenue, expenses, and changes in net position. Scholarship allowances represent the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students or third parties on behalf of the students, where the College has discretion over such expenses.

Auxiliary

Auxiliary activities primarily represent revenue generated from the bookstore and various other departmental activities that provide services to the student body, faculty, staff, and general public.

Pell Grant

Pell grant revenue is classified as nonoperating revenue due to its nonexchange nature. The amounts received for 2020 and 2019 were $5,712,759 and $5,959,954, respectively.

Federal Financial Assistance Programs

The College participates in federally funded Pell grants, SEOG grants, Federal Work-Study, and Federal Direct Lending programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

During the years ended June 30, 2020 and 2019, the College distributed $6,681,145 and $6,972,963, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 27, 2020, which is the date the financial statements were available to be issued.

Note 1 - Significant Accounting Policies (Continued)

Significant Event Impacting the College

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventive or protective actions, such as temporary closures of nonessential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the “shelter-at-home” guidelines during April and May 2020, the College shifted to a remote online learning environment and sent students home. The closure of campus resulted in lost auxiliary revenue for the year ended June 30, 2020. In response to the pandemic, the College worked to reduce expenditures, which included some reduction to the workforce. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling $2,771,648, which included an institutional portion, student portion, and funds for strengthening institutions. For the year ended June 30, 2020, the College recognized HEERF grant revenue totaling $492,128. The severity of the continued impact from COVID-19 on the College’s financial condition, results of operations, or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

Adoption of New Accounting Pronouncement

As of July 1, 2019, the College applied GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard was adopted prospectively and resulted in increased interest expense during periods of construction.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement, which were originally effective for the College's financial statements for the year ended June 30, 2020, were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement, which were originally effective for the College's financial statements for the year ending June 30, 2021, were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Note 1 - Significant Accounting Policies (Continued)

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The removal of LIBOR as an appropriate benchmark interest rate for a hedging derivative instrument is effective for the College's financial statements for the June 30, 2022 fiscal year. All other requirements of the statement are effective for the College's financial statements for the June 30, 2021 fiscal year. Lease modification requirements are effective one year later.

Note 2 - Deposits and Investments

Bank Deposits and Investments

The College's policy for reducing risk is to invest surplus funds in accordance with the provisions set forth in Michigan Public Act 153 of 2012. This act allows the College to invest in bonds, bills, or notes of the United States or its agencies, obligations of the State of Michigan, corporate commercial paper rated prime by at least one of the standard rating services, bankers' acceptances issued by and certificates of deposit of financial institutions which are members of the Federal Deposit Insurance Corporation, mutual funds and investment pools that are composed of authorized investment instruments, and certain repurchase agreements. The College does not have a formal investment policy further limiting its investment options.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial risk be used for the College's deposits.

The deposits at June 30, 2020 were reflected in the accounts of the bank (without recognition of checks written but not cleared or of deposits in transit) at $22,496,914. Of these bank deposits, a total of $2,457,505 was covered by federal depository insurance.

The deposits at June 30, 2019 were reflected in the accounts of the bank (without recognition of checks written but not cleared or of deposits in transit) at $19,965,733. Of these bank deposits, a total of $2,217,744 was covered by federal depository insurance.

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

Credit Risk

Credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by the state law. All U.S. government bonds held by the College are subject to credit risk (interest rate fluctuations) and rate Aaa by a NRSRO at June 30, 2020. and 2019.

Note 2 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. There is not a formal policy limiting investment maturities; however; the College manages its exposure to interest rate risk by generally limiting investment maturities to less than 10 years. See the maturity schedule for the College's investments summarized below:

	2020				
Investment Type	Fair Market Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Certificates of deposit	$ 2,531,914	$ 1,268,821	$ 598,093	$ 251,085	$ 413,915
U.S. government bonds	1,750,500	-	-	1,750,500	-
Total	$ 4,282,414	$ 1,268,821	$ 598,093	$ 2,001,585	$ 413,915

	2019				
Investment Type	Fair Market Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Certificates of deposit	$ 2,629,319	$ 1,438,070	$ 939,401	$ -	$ 251,848
U.S. government bonds	4,627,119	99,598	1,562,995	2,723,750	240,776
Total Investments	$ 7,256,438	$ 1,537,668	$ 2,502,396	$ 2,723,750	$ 492,624

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the organization's investment in a single issuer. The College does not have a policy limiting the amount the College is allowed to invest in any one issuer; however; the College evaluates each issuer with which it invests funds and assesses the level of risk of each issuer. The College invests only in those issuers with an acceptable estimated risk level.

Note 3 - Fair Value Measurements

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

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

Note 3 - Fair Value Measurements (Continued)

The College has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
College investments by fair value level - Debt securities:				
U.S. government bonds	$ 1,750,500	$ -	$ 1,750,500	$ -
Certificate of deposits (participating)	1,293,093	-	1,293,093	-
Total college investments measured at fair value	3,043,593	-	3,043,593	-
Certificate of deposits at amortized costs (nonparticipating)	1,238,821	-	-	-
Total college investments	$ 4,282,414	$ -	$ 3,043,593	$ -

The College has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
College investments by fair value level - Debt securities:				
U.S. government bonds	$ 4,627,119	$ -	$ 4,627,119	$ -
Certificate of deposits (participating)	1,086,473	-	1,086,473	-
Total college investments measured at fair value	5,713,592	-	5,713,592	-
Certificate of deposits at amortized costs (nonparticipating)	1,542,846	-	-	-
Total college investments	$ 7,256,438	$ -	$ 5,713,592	$ -

The fair value of U.S. government bonds and participating certificates of deposits at June 30, 2020 and 2019 was determined primarily based on Level 2 inputs. The College estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 4 - Accounts Receivable

The following is the detail of accounts receivable:

	2020	2019
Property taxes receivable	$ 94,042	$ 97,123
Student receivables	388,402	546,180
Other receivables	250,418	727,950
State appropriations receivable	628,718	1,183,375
Federal and state grant receivable	795,630	575,853
Gross accounts receivable	2,157,210	3,130,481
Allowance for doubtful accounts	(270,293)	(500,729)
Total accounts receivable - Net	$ 1,886,917	$ 2,629,752

Note 5 - Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

	Balance July 1, 2019	Additions	Transfers and Disposals	Balance June 30, 2020
Capital assets not being depreciated:				
Land	$ 2,807,064	$ -	$ -	$ 2,807,064
Construction in progress	3,147,047	-	(3,147,047)	-
Subtotal	5,954,111	-	(3,147,047)	2,807,064
Capital assets being depreciated:				
Land improvements	2,351,188	-	-	2,351,188
Infrastructure	1,685,796	-	-	1,685,796
Buildings and improvements	56,367,340	13,410,820	-	69,778,160
Equipment	3,339,041	25,150	(16,154)	3,348,037
Vocational educational (Perkins) equipment	2,010,333	137,408	-	2,147,741
Furniture and fixtures	3,103,582	-	-	3,103,582
Library books	1,125,463	-	-	1,125,463
Vehicles	321,112	34,352	-	355,464
Computer and software	3,512,888	-	-	3,512,888
Subtotal	73,816,743	13,607,730	(16,154)	87,408,319
Accumulated depreciation:				
Land improvements	1,861,124	91,568	-	1,952,692
Infrastructure	944,161	60,267	-	1,004,428
Buildings and improvements	24,673,274	1,822,955	-	26,496,229
Equipment	2,769,126	109,938	(14,571)	2,864,493
Vocational educational (Perkins) equipment	1,591,012	102,612	-	1,693,624
Furniture and fixtures	2,521,304	146,551	-	2,667,855
Library books	1,125,463	-	-	1,125,463
Vehicles	300,982	10,388	-	311,370
Computer and software	3,340,345	128,381	-	3,468,726
Subtotal	39,126,791	2,472,660	(14,571)	41,584,880
Net capital assets being depreciated	34,689,952	11,135,070	(1,583)	45,823,439
Capital assets - Net	$ 40,644,063	$ 11,135,070	$ (3,148,630)	$ 48,630,503

Note 5 - Capital Assets (Continued)

	Balance July 1, 2018	Additions	Transfers and Disposals	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 2,796,389	$ 10,675	$ -	$ 2,807,064
Construction in progress	2,611	3,147,047	(2,611)	3,147,047
Subtotal	2,799,000	3,157,722	(2,611)	5,954,111
Capital assets being depreciated:				
Land improvements	2,351,188	-	-	2,351,188
Infrastructure	1,685,796	-	-	1,685,796
Buildings and improvements	56,367,340	-	-	56,367,340
Equipment	3,399,146	215,827	(275,932)	3,339,041
Perkins equipment	1,887,308	139,025	(16,000)	2,010,333
Furniture and fixtures	3,103,582	-	-	3,103,582
Library books	1,125,463	-	-	1,125,463
Vehicles	509,064	-	(187,953)	321,111
Computer and software	3,512,888	-	-	3,512,888
Subtotal	73,941,775	354,852	(479,885)	73,816,742
Accumulated depreciation:				
Land improvements	1,778,147	82,977	-	1,861,124
Infrastructure	882,804	61,357	-	944,161
Buildings and improvements	22,963,451	1,709,823	-	24,673,274
Equipment	2,934,616	108,918	(274,408)	2,769,126
Perkins equipment	1,510,740	96,272	(16,000)	1,591,012
Furniture and fixtures	2,347,878	173,426	-	2,521,304
Library books	1,125,463	-	-	1,125,463
Vehicles	475,791	13,143	(187,953)	300,981
Computer and software	3,036,089	304,256	-	3,340,345
Subtotal	37,054,979	2,550,172	(478,361)	39,126,790
Net capital assets being depreciated	36,886,796	(2,195,320)	(1,524)	34,689,952
Capital assets - Net	$ 39,685,796	$ 962,402	$ (4,135)	$ 40,644,063

Buildings with a total cost of $32,163,394 and accumulated depreciation of $10,124,629 and $9,186,644 at June 30, 2020 and 2019, respectively, were partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College. The cost and accumulated depreciation for these facilities are included in the accompanying statement of net position.

Note 6 - Long-term Liabilities

Long-term obligations activity for the years ended June 30, 2020 and 2019 can be summarized as follows:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2006 Community College Facilities Bonds	$ 580,000	$ -	$ (285,000)	$ 295,000	$ 295,000
2020 Community College Facilities Bonds	-	6,575,000	-	6,575,000	330,000
Unamortized bond premium	-	97,062	-	97,062	4,853
Other	120,163	-	(83,976)	36,187	36,187
Total long-term obligations	$ 700,163	$ 6,672,062	$ (368,976)	$ 7,003,249	$ 666,040

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
2006 Community College Facilities Bonds	$ 850,000	$ -	$ (270,000)	$ 580,000	$ 285,000
Other	220,877	-	(100,714)	120,163	83,976
Total long-term obligations	$ 1,070,877	$ -	$ (370,714)	$ 700,163	$ 368,976

The College issued 2020 Community College Facilities Bonds (General Obligated-Limited Tax) totaling $6.575 million on February 19, 2020 to fund the Harrison campus renovation. Principal payments ranging from $325,000 to $330,000 are due annually in May through maturity. Interest on bonds ranges from 2.00 percent to 2.25 percent, payable semiannually, maturing in May 2040.

The College issued 2006 Community College Facilities Bonds (General Obligated-Limited Tax) totaling $5.5 million on August 31, 2006 to fund a 50 percent match required by the State of Michigan for capital outlay projects. Principal payments are due annually in May through maturity. Interest on bonds ranges from 3.80 percent to 3.95 percent, payable semiannually, maturing in May 2021.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds are as follows:

Years Ending June 30	Principal	Interest	Total
2021	$ 625,000	$ 145,603	$ 770,603
2022	330,000	127,350	457,350
2023	330,000	120,750	450,750
2024	330,000	114,150	444,150
2025	330,000	107,550	437,550
2026-2030	1,640,000	439,050	2,079,050
2031-2035	1,645,000	274,950	1,919,950
2036-2040	1,640,000	107,475	1,747,475
Total	$ 6,870,000	$ 1,436,878	$ 8,306,878

Cash paid for interest was $75,932 and $41,766 for the years ended June 30, 2020 and 2019, respectively.

Note 7 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 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 nonduty 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 who 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 health care recipient. Depending on the member’s date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Contributions

Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district'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 health care 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 health care 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 stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

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

The College's required and actual pension contributions to the plan for the years ended June 30, 2020 and 2019 were $3,372,461 and $3,453,365, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $1,341,102 and $1,383,472 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, 2020 and 2019, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2020 and 2019 were $862,981 and $923,020, respectively, which include the College's contributions required for those members with a defined contribution benefit.

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2020 and 2019, the College reported a liability of $39,838,001 and $37,712,126, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used update procedures to roll forward the estimated liability to September 30, 2019 and 2018. 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, 2019, 2018, and 2017, the College's proportion was 0.120296, 0.125449, and 0.129219 percent, respectively, representing a change of (4.107346) and (2.918039) percent, respectively.

Net OPEB Liability

At June 30, 2020 and 2019, the College reported a liability of $8,372,847 and $9,755,826, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 and 2019 was measured as of September 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used update procedures to roll forward the estimated liability to September 30, 2019 and 2018. The College’s proportion of the net OPEB liability 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, 2019, 2018, and 2017, the College’s proportion was 0.116650, 0.122731, and 0.129487 percent, respectively, representing a change of (4.954674) and (5.217681) percent, respectively.

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

For the years ended June 30, 2020 and 2019, the College recognized pension expense of $5,772,021 and $4,726,200, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 178,567	$ (166,121)	$ 174,991	$ (274,047)
Changes in assumptions	7,800,309	-	8,734,097	-
Net difference between projected and actual earnings on pension plan investments	-	(1,276,740)	-	(2,578,551)
Changes in proportion and differences between the College's contributions and proportionate share of contributions	103,976	(1,891,960)	462,605	(1,286,050)
The College's contributions to the plan subsequent to the measurement date	2,711,401	-	2,785,460	-
Total	$ 10,794,253	$ (3,334,821)	$ 12,157,153	$ (4,138,648)

Note 7 - Michigan Public School Employees' Retirement System (Continued)

The $1,341,103 and $1,383,472 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the years ending June 30, 2021 and 2020, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	$ 1,972,902
2022	1,454,633
2023	930,950
2024	389,546
Total	$ 4,748,031

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

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

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense of $11,598 and $370,145, respectively.

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (3,072,234)	$ -	$ (1,815,810)
Changes in assumptions	1,814,227	-	1,033,147	-
Net difference between projected and actual earnings on OPEB plan investments	-	(145,608)	-	(374,940)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	12,020	(854,043)	16,878	(510,502)
Employer contributions to the plan subsequent to the measurement date	573,961	-	616,013	-
Total	$ 2,400,208	$ (4,071,885)	$ 1,666,038	$ (2,701,252)

Note 7 - Michigan Public School Employees' Retirement System (Continued)

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

Years Ending	Amount
2021	$ (592,356)
2022	(592,356)
2023	(522,180)
2024	(367,438)
2025	(171,308)
Total	$ (2,245,638)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 and 2018 are based on the results of an actuarial valuation as of September 30, 2018 and 2017, respectively, and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

	2020	2019	
Actuarial cost method			Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	6.00% - 7.05%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	7.15%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.50% (Year 1 graded to 3.5% year 12)	7.50% (Year 1 graded to 3.5% year 12)	
Mortality basis	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006	
Cost of living pension adjustments	3.00%	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates; continued impact of the updated experience study, which resulted in a lower than projected per person health benefit costs for OPEB; and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent and 6.00 to 7.05 percent as of September 30, 2019 and 2018, respectively, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 and 7.15 percent as of September 30, 2019 and 2018, respectively. 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 of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

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

	2020		2019	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %	28.00 %	5.70 %
Private equity pools	18.00	8.60	18.00	9.20
International equity pools	16.00	7.30	16.00	7.20
Fixed-income pools	10.50	1.20	10.50	0.50
Real estate and infrastructure pools	10.00	4.20	10.00	3.90
Absolute return pools	15.50	5.40	15.50	5.20
Short-term investment pools	2.00	0.80	2.00	-
Total	100.00 %		100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

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

	2020		
	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the College	$ 51,791,949	$ 39,838,001	$ 29,927,765

Note 7 - Michigan Public School Employees' Retirement System (Continued)

	2019		
	1 Percentage Point Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percentage Point Increase (7.00 - 8.05%)
Net pension liability of the College	$ 49,513,109	$ 37,712,126	$ 27,907,428

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

The following presents the net OPEB liability of the College, calculated using the current discount rate. It also reflects what the College's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the College	$ 10,270,555	$ 8,372,847	$ 6,779,300

	2019		
	1 Percentage Point Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percentage Point Increase (8.15%)
Net OPEB liability of the College	$ 11,711,671	$ 9,755,826	$ 8,110,722

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2020		
	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the College	$ 6,711,740	$ 8,372,847	$ 10,270,330

	2019		
	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the College	$ 8,024,060	$ 9,755,826	$ 11,742,516

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2020 and 2019, the College reported a payable of $241,612 and $253,849 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and 2019, respectively.

Note 7 - Michigan Public School Employees' Retirement System (Continued)

Defined Contribution Plan

As an alternative to the MPSERS option, the College offers all full-time faculty and administrative employees the opportunity to participate in the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Funding for the plan consists of employer and employee contributions of 15.00 percent - 23.06 percent and 4.00 percent, respectively, for the years ended June 30, 2020 and 2019. Benefits are vested immediately. Compensation covered under the plan for the year ended June 30, 2020 was $1,260,646, resulting in contributions of $282,992 and $43,912 from the College and employees, respectively. Compensation covered under the plan for the year ended June 30, 2019 was $1,209,247, resulting in contributions of $294,786 and $48,370 from the College and employees, respectively.

Note 8 - Net Position

The College has designated the use of unrestricted net position as follows:

	2020	2019
Designated for future technology outlay	$ 884,632	$ 851,077
Designated for future self-insurance claims	1,282,755	1,171,757
Designated for retirement incentives	200,000	200,000
Designated for strategic initiatives	398,311	852,425
Designated for future capital projects	8,296,013	7,121,985
Unrestricted and unallocated	(33,487,195)	(28,658,678)
Total	$ (22,425,484)	$ (18,461,434)

Note 9 - Risk Management

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The College participates in the Michigan Community College Risk Management Authority (MCCRMA) risk pool for claims relating to auto, property, and liability. The College is insured for workers' compensation benefits through the School Employers Trust/School Employers Group (SET SEG). Settled claims of both MCCRMA and SET SEG have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Risk-sharing Programs

The 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 limits, the ultimate liability for those claims remains with the College.

Self-insurance Programs

The College is self-insured for certain dental benefits paid on behalf of its employees. Effective January 1, 2016, the College is also self-insured for certain medical benefits paid on behalf of its employees. Payments are made to the third-party plan administrator based on actual claims. A startup amount is expected to cover claims that have been incurred but not reported. The College has employed an outside consultant to monitor the plan. Expenditures related to the dental plans during the year ended June 30, 2020 and 2019 totaled $52,429 and $134,321, respectively. Expenses related to the medical plan during the years ended June 30, 2020 and 2019 totaled $1,471,888 and $1,373,544, respectively, which includes an estimate of claims incurred but not reported at June 30, 2020 and 2019.

Note 9 - Risk Management (Continued)

	Dental Liability		
	2020	2019	2018
Unpaid claims - Beginning of year	$ 38,861	$ -	$ -
Incurred claims	52,429	134,321	116,759
Claims payments	(79,983)	(95,460)	(116,759)
Unpaid claims - End of year	$ 11,307	$ 38,861	$ -

	Health Liability		
	2020	2019	2018
Unpaid claims - Beginning of year	$ 38,732	$ 40,846	$ -
Incurred claims	1,471,888	1,373,544	1,077,245
Claims payments	(1,445,741)	(1,375,658)	(1,036,399)
Unpaid claims - End of year	$ 64,879	$ 38,732	$ 40,846

Note 10 - Contingent Liabilities

The College is subject to various legal proceedings and claims that arise in the ordinary course of its business. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Note 11 - Tax Abatements

The College receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within Clare, Isabella, and Gladwin counties 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, 2020 and 2019, the College's property tax revenue was reduced by $38,359 and $36,672, respectively, under these programs.

There are no abatements made by the College.

Note 12 - Mid Michigan College Foundation

The significant accounting policies and cycles of the Foundation are as follows:

Investments

Substantially all investments are recorded at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in investment securities will occur in the near term and that such changes could materially affect amounts reported. The market value of the foundation investments at June 30, 2020 and 2019 is as follows:

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	$ 56,958	$ -	$ 56,958	$ -
Certificate of deposits (participating)	360,992	-	360,992	-
Corporate bonds	758,797	-	758,797	-
Total debt securities	1,176,747	-	1,176,747	-
Equity securities:				
Domestic mutual funds	1,212,678	1,212,678	-	-
International mutual funds	418,389	418,389	-	-
Open-end mutual funds	1,610,475	1,610,475	-	-
Total equity securities	3,241,542	3,241,542	-	-
Total foundation investments by fair value level	$ 4,418,289	$ 3,241,542	$ 1,176,747	$ -

	Assets Measured at Fair Value on a Recurring Basis			
	Balance at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	$ 55,013	$ -	$ 55,013	$ -
Certificate of deposits (participating)	426,009	-	426,009	-
Corporate bonds	859,299	-	859,299	-
Total debt securities	1,340,321	-	1,340,321	-
Equity securities:				
Domestic mutual funds	1,187,618	1,187,618	-	-
International mutual funds	493,825	493,825	-	-
Open-end mutual funds	1,640,012	1,640,012	-	-
Total equity securities	3,321,455	3,321,455	-	-
Total foundation investments by fair value level	$ 4,661,776	$ 3,321,455	$ 1,340,321	$ -

Note 12 - Mid Michigan College Foundation (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as net assets without donor restrictions. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

Foundation Pledges Receivable

The amount of pledges receivable at June 30, 2020 and 2019 consist of unconditional promises to give as follows:

	2020	2019
Gross promises to give before unamortized discount	$ 35,766	$ 129,684
Present value discount	(70)	-
Net pledges receivable	$ 35,696	$ 129,684
Amounts due in less than one year	$ 30,709	$ 129,684
Amounts due in one to five years	4,987	-
Total	$ 35,696	$ 129,684

There were no allowances for uncollectible pledges for the years ended June 30, 2020 and 2019.

The Foundation calculated the present value of future cash flows in 2020 by using the risk-free treasury rate at the time of the pledge.

Net Position

Unrestricted, restricted - expendable, and restricted - nonexpendable net position are available at June 30, 2020 and 2019 for the following purposes:

	Unrestricted (without Donor Restrictions)	Restricted - Expendable (with Donor Restrictions)	Restricted - Nonexpendable (with Donor Restrictions)	Total
Scholarships and grants	$ -	$ 669,164	$ 1,205,891	$ 1,875,055
Board-designated endowment	1,302,108	-	-	1,302,108
Undesignated	1,982,369	-	-	1,982,369
Total	$ 3,284,477	$ 669,164	$ 1,205,891	$ 5,159,532

	Unrestricted (without Donor Restrictions)	Restricted - Expendable (with Donor Restrictions)	Restricted - Nonexpendable (with Donor Restrictions)	Total
Scholarships and grants	$ -	$ 672,252	$ 1,133,117	$ 1,805,369
Capital campaign	-	345,682	-	345,682
Undesignated	3,282,644	-	-	3,282,644
Total	$ 3,282,644	$ 1,017,934	$ 1,133,117	$ 5,433,695

Note 12 - Mid Michigan College Foundation (Continued)

Through a resolution by the Foundation's board of trustees, the Foundation distributes income from unrestricted endowed funds of no more than 5 percent of a five-year moving average of the market value of the unrestricted investment portfolio (calculated using the prior five June 30 year-end financial reports). In the event that current income does not provide for a 5 percent distribution, income remaining after any fees can be distributed. This amount may be supplemented with previously accumulated retained earnings at the discretion of the Foundation. In addition, the Foundation distributes all donations and grant awards received by the Foundation on behalf of the College for educational activities, cultural activities, and capital. During the years ended June 30, 2020 and 2019, the Foundation transferred approximately $562,000 and $439,000, respectively, to the College to reimburse the College for certain capital expenditures. The College provides personnel support, supplies, equipment, and office space to the Foundation. The Foundation did not have any underwater endowments as of June 30, 2020 and 2019.

Required Supplemental Information

Required Supplemental Information
Schedule of the College's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Six Plan Years

Plan Years Ended September 30

	2019	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.12030 %	0.12545 %	0.12922 %	0.13313 %	0.13056 %	0.12488 %
College's proportionate share of the net pension liability	$ 39,838,001	$ 37,712,126	$ 33,486,216	$ 33,215,904	$ 31,889,650	$ 27,506,796
College's covered payroll	$ 10,226,605	$ 10,467,092	$ 10,680,453	$ 10,950,681	$ 11,213,512	$ 10,752,276
College's proportionate share of the net pension liability as a percentage of its covered payroll	389.55 %	360.29 %	313.53 %	303.32 %	284.39 %	255.82 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	63.17 %	66.20 %

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

There were no changes to benefit terms for the plan years ended September 30.

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

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

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

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

Required Supplemental Information
Schedule of the College's Pension Contributions
Michigan Public School Employees' Retirement System

Last Six Fiscal Years

Years Ended June 30

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,141,249	$ 3,244,109	$ 3,250,205	$ 3,377,041	$ 1,730,616	$ 2,338,748
Contributions in relation to the contractually required contribution	3,141,249	3,244,109	3,250,205	3,377,041	1,730,616	2,338,748
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
College's Covered Payroll	$ 9,471,765	$ 10,381,069	$ 10,626,075	$ 11,163,086	$ 11,091,555	**$ 11,091,555**
Contributions as a Percentage of Covered Payroll	33.16 %	31.25 %	30.59 %	30.25 %	15.60 %	**21.09 %**

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Required Supplemental Information
Schedule of the College's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System

Last Three Plan Years

Plan Years Ended September 30

	2019	2018	2017
College's proportion of the net OPEB liability	0.11665 %	0.12273 %	0.12949 %
College's proportionate share of the net OPEB liability	$ 8,372,847	$ 9,755,826	$ 11,466,702
College's covered payroll	$ 10,226,605	$ 10,467,092	$ 10,680,453
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.87 %	93.20 %	107.36 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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

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

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

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

Required Supplemental Information
Schedule of the College's OPEB Contributions
Michigan Public School Employees' Retirement System

Last Three Fiscal Years

Years Ended June 30

	2020	2019	2018
Statutorily required contribution	$ 761,568	$ 814,745	$ 766,977
Contributions in relation to the statutorily required contribution	761,568	814,745	766,977
Contribution Deficiency	**$ -**	**$ -**	**$ -**
College's Covered Payroll	$ 9,471,765	$ 10,381,069	$ 10,626,075
Contributions as a Percentage of Covered Payroll	8.04 %	7.85 %	7.22 %

GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Other Supplemental Information

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 16,472,286	$ -	$ 250	$ 1
Short-term investments	634,822	-	-	-
Receivables - Net	1,090,272	-	1,015	795,630
Inventories	-	-	282,737	-
Prepaid expenses and other assets	353,514	-	-	-
Due (to) from other	(6,561,136)	565,072	2,457,440	(495,489)
Total current assets	11,989,758	565,072	2,741,442	300,142
Noncurrent assets:				
Long-term investments	100,731	-	-	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	100,731	-	-	-
Total assets	12,090,489	565,072	2,741,442	300,142
Deferred Outflows of Resources	13,194,461	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	1,635,751	-	-	-
Accrued liabilities and other:				
Accrued salaries and wages	1,282,315	-	-	-
Accrued interest payable	-	-	-	-
Unearned revenue	1,391,139	-	-	282,993
Current portion of long-term debt obligations	-	-	-	-
Total current liabilities	4,309,205	-	-	282,993
Noncurrent liabilities:				
Net pension liability	39,838,001	-	-	-
Net OPEB liability	8,372,847	-	-	-
Long-term debt obligations	-	-	-	-
Total noncurrent liabilities	48,210,848	-	-	-
Total liabilities	52,520,053	-	-	282,993
Deferred Inflows of Resources	8,747,809	-	-	-
Net Position				
Net investment in capital assets	-	-	-	-
Restricted - Expendable scholarships and grants	-	-	-	17,149
Unrestricted	(35,982,912)	565,072	2,741,442	-
Total net position	**$ (35,982,912)**	**$ 565,072**	**$ 2,741,442**	**$ 17,149**

June 30, 2020
(with comparative totals for 2019)

Plant Fund	2020	2019
$ 2,914,634	$ 19,387,171	$ 16,765,871
633,999	1,268,821	1,537,668
-	1,886,917	2,629,752
-	282,737	240,707
-	353,514	341,044
3,983,926	(50,187)	(413,875)
7,532,559	23,128,973	21,101,167
2,912,862	3,013,593	5,718,770
48,630,503	48,630,503	40,644,063
51,543,365	51,644,096	46,362,833
59,075,924	74,773,069	67,464,000
-	13,194,461	13,823,191
170,250	1,806,001	1,256,233
-	1,282,315	1,368,999
24,257	24,257	3,798
-	1,674,132	784,208
666,040	666,040	368,976
860,547	5,452,745	3,782,214
-	39,838,001	37,712,126
-	8,372,847	9,755,826
6,337,209	6,337,209	331,187
6,337,209	54,548,057	47,799,139
7,197,756	60,000,802	51,581,353
-	8,747,809	8,223,372
41,627,254	41,627,254	39,943,900
-	17,149	-
10,250,914	(22,425,484)	(18,461,434)
$ 51,878,168	**$ 19,218,919**	**$ 21,482,466**

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund
Operating Revenue				
Student tuition and fees	$ 16,350,095	$ 467,157	$ -	$ -
Federal grants and contracts	-	-	-	1,302,499
State grant and contracts	-	-	-	54,866
Nongovernmental grants	-	-	-	81,177
Miscellaneous	73,439	-	-	65,904
Auxiliary enterprises	-	-	1,313,747	-
Total operating revenue	16,423,534	467,157	1,313,747	1,504,446
Operating Expenses				
Instruction	11,206,037	-	-	(15,987)
Public service	685,094	-	-	334,574
Instructional support	2,190,914	-	-	416,714
Student services	3,056,622	366,378	1,285,934	7,387,994
Institutional administration	4,305,055	-	-	103,970
Operation and maintenance of plant	2,528,962	-	-	-
Information technology	1,479,603	-	-	-
Depreciation and amortization	-	-	-	-
Total operating expenses	25,452,287	366,378	1,285,934	8,227,265
Operating (Loss) Income	(9,028,753)	100,779	27,813	(6,722,819)
Nonoperating Revenue (Expense)				
State appropriations - Operating	6,415,585	-	-	-
Federal Pell grants	-	-	-	5,712,759
Property taxes	2,435,460	-	-	-
Transfers between funds	(1,156,014)	-	-	303,874
Gifts	-	-	-	253,526
Investment income - Net	168,632	-	-	-
Federal CARES Act funding	-	-	-	492,128
Other	105,667	29,788	-	-
Interest on capital asset-related debt	-	-	-	-
Total nonoperating revenue	7,969,330	29,788	-	6,762,287
Capital Grants	-	-	-	-
Change in Net Position	(1,059,423)	130,567	27,813	39,468
Net Position - Beginning of year	(34,923,489)	434,505	2,713,629	(22,319)
Net Position - End of year	**$ (35,982,912)**	**$ 565,072**	**$ 2,741,442**	**$ 17,149**

Year Ended June 30, 2020
(with comparative totals for 2019)

Plant Fund	Eliminations	2020	2019
$ -	$ (4,312,201)	$ 12,505,051	$ 12,898,787
-	-	1,302,499	1,376,405
-	-	54,866	65,423
-	-	81,177	104,522
-	-	139,343	229,996
-	(101,056)	1,212,691	1,472,967
-	(4,413,257)	15,295,627	16,148,100
-	(40,423)	11,149,627	10,400,491
-	(20,211)	999,457	1,116,021
-	-	2,607,628	2,806,545
-	(4,332,412)	7,764,516	8,049,912
-	(20,211)	4,388,814	4,392,087
486,923	-	3,015,885	3,077,551
-	-	1,479,603	1,522,359
2,472,660	-	2,472,660	2,550,172
2,959,583	(4,413,257)	33,878,190	33,915,138
(2,959,583)	-	(18,582,563)	(17,767,038)
-	-	6,415,585	6,680,421
-	-	5,712,759	5,959,954
-	-	2,435,460	2,384,953
1,414,134	-	561,994	438,823
-	-	253,526	198,318
211,761	-	380,393	536,712
-	-	492,128	-
5,782	-	141,237	162,976
(74,066)	-	(74,066)	(40,021)
1,557,611	-	16,319,016	16,322,136
-	-	-	2,500,000
(1,401,972)	-	(2,263,547)	1,055,098
53,280,140	-	21,482,466	20,427,368
$ 51,878,168	**$ -**	**$ 19,218,919**	**$ 21,482,466**