Mid Michigan Community College

Audited Financial Statements

Years ended June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Trustees
Mid Michigan Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Mid Michigan Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2017 and 2016 and the related notes to the financial statements, which collectively comprise Mid Michigan Community 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 an opinion 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 in accordance with 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 audit 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.

To the Board of Trustees
Mid Michigan Community College

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mid Michigan Community College and its discretely presented component unit as of June 30, 2017 and 2016 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.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the College's proportionate share of the net pension liability, and schedule of College contributions on pages 4-15 and 44 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid Michigan Community 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 combining statement of net position and the combining statement of revenue, expenses, transfers, and changes in net position are the responsibility of management and were derived from and relate 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 combining statement of net position and the combining statement of revenue, expenses, transfers, and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Mid Michigan Community College

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 on our consideration of Mid Michigan Community 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 Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 27, 2017

The discussion and analysis of Mid Michigan Community College's (the "College" or MMCC) financial statements provides an overview of the College's financial activities for the years ended June 30, 2017, 2016, and 2015. 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 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, 2017.

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 Community 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 11 to the financial statements for information regarding the Foundation.

Financial Highlights

The College's financial position remained strong at June 30, 2017 with assets of $66.6 million and liabilities of $37.7 million. The net pension liability was $31.9 million at June 30, 2016 and increased to $33.2 million at June 30, 2017. Excluding the impact of GASB 68, net position, which represents the residual interest in the College's assets after liabilities are deducted, decreased $.6 million during fiscal year 2017.

Total capital expenditures as of June 30, 2017 were approximately $357,000. 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.

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, 2017 and changes in net position for the year then ended.

Total net position at June 30, 2017, 2016, and 2015 is $33.4 million, $34.8 million, and $35.6 million, respectively. The College's statement of net position at June 30 is summarized as follows:

	2017	2016	2015
Current assets	$ 18,492,012	$ 19,381,246	$ 16,886,993
Noncurrent assets			
Capital assets - Net	42,155,346	44,674,987	46,877,868
Long-term investments	5,982,119	4,120,480	4,465,820
Total assets	**66,629,477**	**68,176,713**	**68,230,681**
Deferred Outflows of Resources	**5,478,611**	**4,772,041**	**2,755,143**
Current liabilities	3,448,430	3,982,432	3,381,350
Long-term liabilities	1,070,876	1,426,954	1,418,928
Long-term pension liability	33,215,904	31,889,650	27,506,796
Total liabilities	**37,735,210**	**37,299,036**	**32,307,074**
Deferred Inflows of Resources	**976,699**	**856,076**	**3,041,045**
Net invested in capital assets	40,728,392	42,906,378	45,155,091
Unrestricted	(7,332,213)	(8,112,736)	(9,517,386)
Total net position	**$ 33,396,179**	**$ 34,793,642**	**$ 35,637,705**

Statement of Net Position

The primary changes in the assets and liabilities of the College between 2017 and 2016 are as follows:

- Current assets decreased by approximately $889,000 due to reclassification of investments, and current liabilities decreased by approximately $534,000 as the College accrued fewer payroll and benefit expenses due to the timing of payroll in relation to year end.
- Noncurrent assets decreased approximately $658,000 primarily due to fixed asset depreciation.
- Noncurrent liabilities increased approximately $970,000 primarily due to the College recording additional pension liability for unfunded obligations to the MPSERS plan, in accordance with GASB 68.
- Overall net position decreased approximately $1.4 million as a result of declining student enrollment and increased faculty payroll and fringe expense.

The primary changes in the assets and liabilities of the College between 2016 and 2015 are as follows:

- Current assets increased by approximately $2.5 million and current liabilities increased by approximately $601,000 as the College accrued more payroll and benefits due to the timing of payroll in relation to year end and retirement incentives.
- Noncurrent assets decreased approximately $2.5 million primarily due to fixed asset depreciation.
- Noncurrent liabilities increased approximately $4.4 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 decreased approximately $844,000 as a result of declining student enrollment, increased faculty payroll and fringe expense, and increased depreciation expense due to the completion of the unification project.

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, 2017, 2016, and 2015:

	2017	2016	2015
Total operating revenue	$ 16,218,420	$ 16,358,075	$ 18,123,793
Total operating expenses	33,123,167	32,328,924	31,979,060
Net operating loss	(16,904,747)	(15,970,849)	(13,855,267)
Net nonoperating revenue	15,507,284	15,041,355	18,363,644
Change in net position, before other revenue	(1,397,463)	(929,494)	4,508,377
State appropriations - Capital	-	85,431	2,853,442
Change in Net Position	(1,397,463)	(844,063)	7,361,819
Net Position - Beginning of year	34,793,642	35,637,705	55,853,239
Adjustment for change in accounting principle		-	(27,577,353)
Net Position - Beginning of year, as restated	34,793,642	35,637,705	28,275,886
Net Position - End of year	**$ 33,396,179**	**$ 34,793,642**	**$ 35,637,705**

Operating Revenue

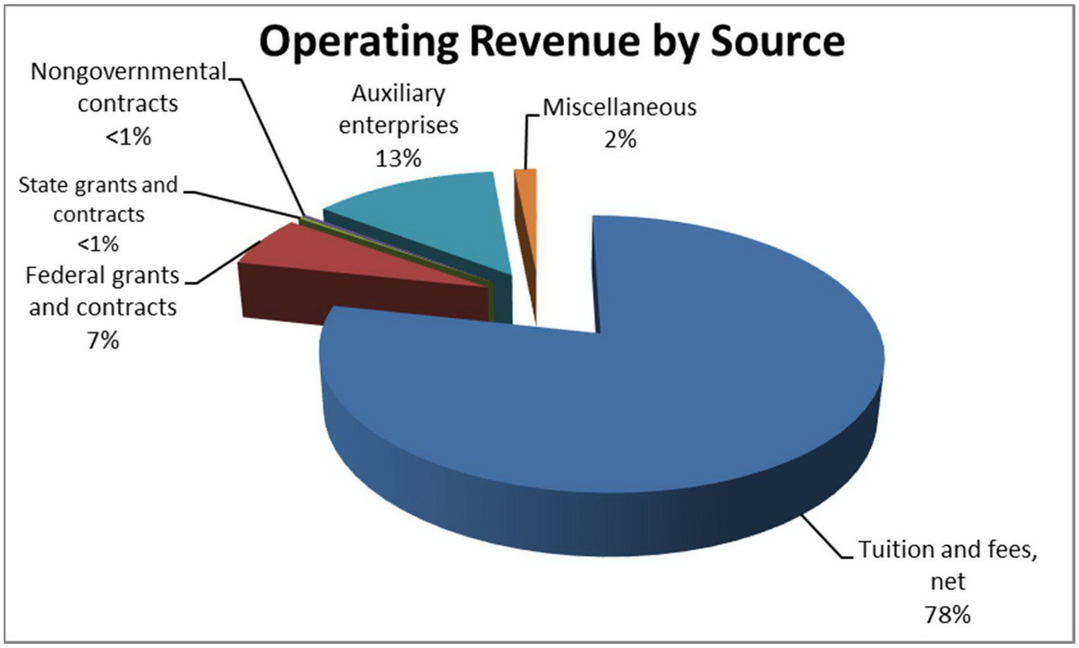
Operating revenue includes charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and certain federal, state, and private grants that were considered a contract for services. Operating revenue consisted of the following:

	2017	2016	2015
Tuition and fees, net	$ 12,709,849	$ 12,596,503	$ 13,515,933
Federal grants and contracts	1,045,683	1,227,092	1,687,803
State grants and contracts	46,544	52,196	64,274
Nongovernmental contracts	49,776	25,692	32,558
Auxiliary enterprises	2,113,336	2,237,888	2,589,146
Miscellaneous	253,232	218,704	234,079
Total operating revenue	**$ 16,218,420**	**$ 16,358,075**	**$ 18,123,793**

2016-2017 operating revenue decreased when compared to the prior year as a result of declining student enrollment, less federal Pell grant funding, and decreasing bookstore revenue.

2015-2016 operating revenue decreased when compared to the prior year as a result of declining student enrollment and decreasing bookstore revenue. Federal grants and contracts revenue decreased approximately 27% as a result of the completion of Title III and NSF grants, as well as a decrease in Pell grant funding.

The following is a graphic illustration of operating revenues for fiscal year 2017:



Operating Expenses

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

	2017	2016	2015
Instruction	$ 11,370,958	$ 10,754,528	$ 9,933,903
Public services	863,499	759,128	830,443
Instructional support	3,152,676	3,187,702	3,166,927
Student services	8,098,957	8,321,848	8,970,808
Institutional administration	4,110,882	3,733,699	3,855,898
Operation and maintenance of plant	2,649,275	2,561,868	2,648,329
Depreciation and amortization	2,876,920	3,010,151	2,572,752
Total operating expenses	**$ 33,123,167**	**$ 32,328,924**	**$ 31,979,060**

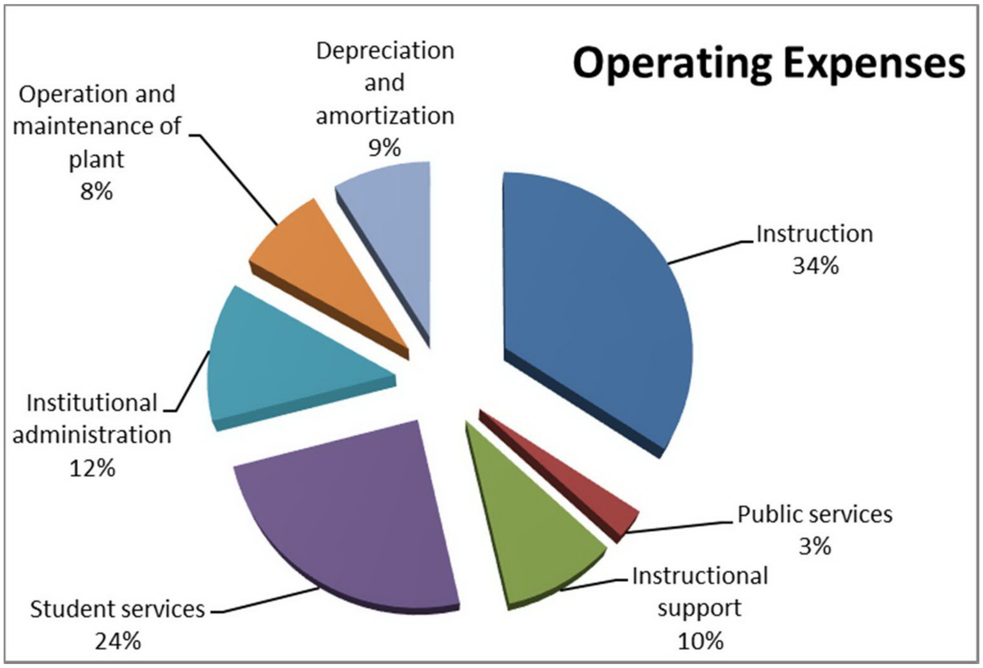
2016-2017 operating expense changes were the result of the following factors:

- Instructional expenses increased $616,000 primarily due to increased staffing and related benefits (GASB 68).
- Student services expenses decreased $223,000 primarily due to decreasing auxiliary services inventory.
- Institutional administration increased $377,000 primarily due to retirement incentives and salary and fringe increases.
- Depreciation and amortization decreased $133,000 due to a decrease in assets being depreciated.

2015-2016 operating expense changes were the result of the following factors:

- Instructional expenses increased $821,000 primarily due to increased staffing and related benefits.
- Student services expenses decreased $649,000 primarily due to decreasing auxiliary services inventory.
- Depreciation and amortization increased $437,000 due to the completion of the CLAB building and Morey Technical building in the previous year, resulting in a full year of depreciation during the current year.

The following is a graphic illustration of operating expenses for the year ended June 30, 2017:



Nonoperating 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, and investment income (including realized and unrealized gains and losses).

Nonoperating revenue was composed of the following:

	2017	2016	2015
State appropriations	$ 6,230,731	$ 5,365,657	$ 5,661,989
Federal Pell grant	6,299,545	6,683,770	7,103,316
Property tax levy	2,297,861	2,296,994	2,281,303
Gifts	96,181	146,904	177,838
Investment income	83,303	99,021	85,857
Unrealized (loss) gain on investments	(149,869)	86,653	23,904
Other	61,805	50,015	44,215
Gifts and transfers between College and Foundation	632,275	362,427	3,061,162
Interest on capital asset-related debt	(44,548)	(50,086)	(75,940)
Total nonoperating revenue	**$ 15,507,284**	**$15,041,355**	**$ 18,363,644**

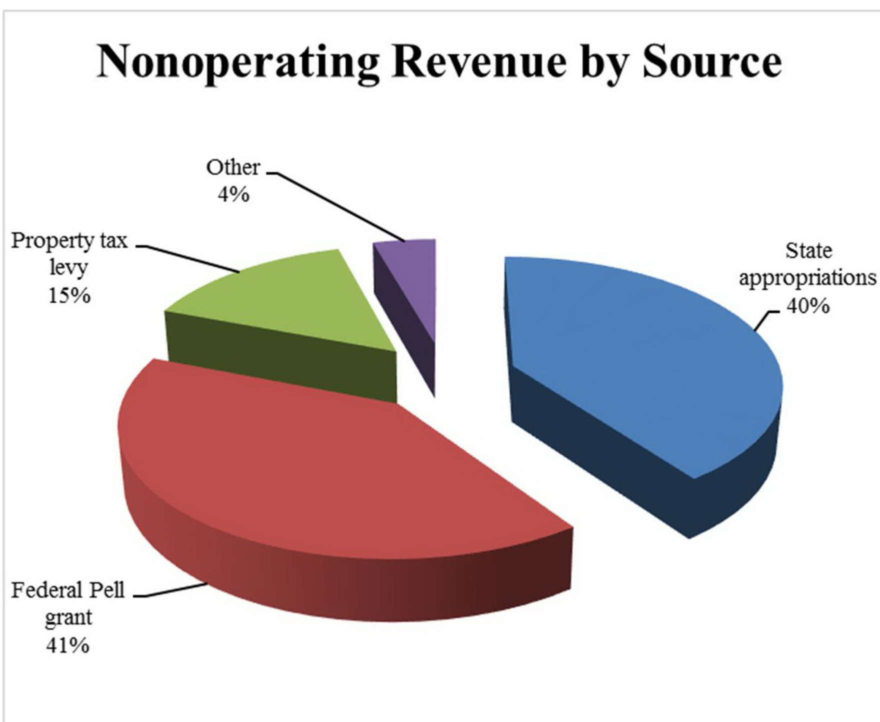
2016-2017 nonoperating significant revenue changes were the result of the following factors:

- State operating appropriations increased $865,000 due to a 1.6% increase in general appropriations, an additional $661,000 UAAL allocation (GASB 68), and a $46,000 personal property tax abatement payment (GASB 77).
- Federal Pell decreased $384,000 due to a decrease in enrollment.
- Gifts and transfers between the College and the Foundation increased $270,000 due to the transfer of funds from the Foundation to the College for capital campaign pledge payments.

2015-2016 nonoperating significant revenue changes were the result of the following factors:

- State operating appropriations decreased $296,000 due in part to a reduction adjustment made to state aid funding for MPSERS pension UAAL payments made after measurement date of September 30, 2015.
- Federal Pell decreased $419,000 due to a decrease in enrollment.
- Gifts and transfers between the College and the Foundation decreased $2.7 million due to the transfer of funds from the Foundation to the General Fund for the completion of the building projects for the Center for Liberal Arts and Business and the Morey Technical Education Center.

The following is a graphic illustration of nonoperating revenue for the year ended June 30, 2017:



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 2016-2017, net cash used in operating activities totaled $14.4 million. This was financed by $14.9 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 $120,000 during 2017, including $357,000 in capital additions (net of unpaid retainages and accounts payable) and long-term debt payments of $395,000 for the year, offset by $632,000 of gifts received from the Foundation designated for capital projects. Net cash used in investing activities totaled approximately $809,000. The net result of all cash flows is a decrease in cash of approximately $493,000 from 2016.

For 2015-2016, net cash used in operating activities totaled $13.7 million. This was financed by $14.5 million of net cash flows from noncapital financing activities such as property taxes, federal Pell grants, and state appropriations. Net cash provided by capital and related financing activities totaled $2.4 million during 2016, which included $406,000 used in capital additions (net of unpaid retainages and accounts payable) and long-term debt payments of $356,000 for the year, offset by $2.9 million of capital appropriations and $362,000 of gifts received from the Foundation designated for capital projects. Net cash provided by investing activities totaled approximately $528,000. The net result of all cash flows is an increase in cash of approximately $3,713,000 from 2015.

Capital Asset and Debt Administration

Capital Assets

The College had $42.2 million, $44.7 million, and $46.9 million invested in capital assets, net of accumulated depreciation of $34.3 million, $31.4 million, and $28.7 million at June 30, 2017, 2016, and 2015, respectively. Depreciation charges totaled $2.9 million, $3.0 million, and $2.6 million, respectively, for the years then ended.

During 2016, the College completed final construction on the Center for Liberal Arts and Business building on its Summerton Road campus to unify its Mount Pleasant operations. This project began in 2013 and was substantially completed in the College's fiscal year 2015 with a total cost of $17.7 million. The building was 50% funded with State of Michigan capital appropriations as previously described. The College also began its construction of the Morey Technical Education Center in 2014, which also concluded in 2015.

In addition to the capital appropriation described above, the Foundation embarked on a successful capital campaign from 2012 through 2014 to help finance the construction and maintenance of these buildings. The Foundation has approximately $763,000 and $1.4 million of restricted net assets designated for future transfer to the College to help finance the construction and maintenance of these buildings as of June 30, 2017 and 2016, respectively. A total of $632,000 of capital campaign funds were transferred from the Foundation to the College during the fiscal year 2017.

Debt

As of June 30, 2017, 2016, and 2015, the College had $1.4 million, $1.5 million, and $1.7 million in debt, respectively, primarily consisting of bonds outstanding.

In December 2015, the College entered into a new five-year lease obligation with MOS for printer/copiers.

The College's general obligation unlimited tax bond rating was "AAA" at the time of issuing bonds in prior years.

Economic Factors That Will Affect the Future

The economic position of Mid Michigan Community College is closely tied to that of the State of Michigan as well as student enrollment.

The College's low millage rate and stagnant state appropriations funding leave MMCC more heavily reliant on tuition and fee revenue than other Michigan community colleges. MMCC has taken several intentional steps to bolster enrollment including expanded dual enrollment and direct credit initiatives in local and under-served K-12 districts across Michigan. The College has been prudently conservative in forecasting enrollment declines of 4% for budget purposes and fortunate that the decline was smaller than anticipated at 1.8%. A disaggregated analysis of enrollment showed several areas of growth, including the LUCES Academy and new Chippewa Achieve program, but declines in the number and percentage of returning students and international students. The Completion Agenda efforts, including the creation of new Guided Pathways in the curriculum and new methods for communicating with students, are intended to address the returning student challenge. The current political climate and tightening of travel and visa procedures are affecting the number of international students. The College is beginning to recruit foreign exchange students currently in the U.S. to offset losses from other countries. It continues to allocate resources to international student recruitment and support and to other related global awareness strategies. The decision by the Michigan legislature regarding annexing noncontiguous districts could increase the importance of establishing these relationships now. Skilled Trades Training Funds (STTF) enabled the College to gain revenues while meeting its commitment to workforce training and development. The College intends to continue working with area employers to utilize STTF in the coming year.

MMCC continues to apply for federal, state, and private grants as they become available. The College was awarded the TRiO Educational Talent Search/Student Support Services grant to provide intensive support to those who need it most: low-income students, first generation students, and students with disabilities. In March 2016, it was announced that the College is one of 20 community colleges in the country chosen to participate in the Right Signals initiative. The purpose of the initiative is to standardize a credentialing system that will recognize quality credentials that will send the "right signals" to prospective employers, students, and other colleges regarding the meaning of the credentials.

In April 2015, MMCC engaged Neumann/Smith Architecture to partner with the College to develop a Campus Master Plan. Over 20 focus groups, consisting of over 200 students, faculty, administrators, support staff, community members, business representatives, and Board of Trustees members, dedicated extensive time and effort providing input through information gathering sessions. The process involved understanding MMCC's mission statement and core values, evaluating the existing characteristics and conditions of each campus, establishing and prioritizing needs, and developing a framework to guide how these needs may be addressed in the future. The Master Plan is guiding the College in evaluating and prioritizing future capital projects and places strong emphasis on the needs of and opportunities for the Harrison Campus to address the issue of insufficient enrollment at this location.

While the debate on whether or not community colleges should be allowed to offer Bachelor degrees in Nursing rages on in the Michigan legislature, MMCC continues to strengthen its relationship with university partners to try to streamline a path to the BSN. The cost and intricacies of developing a BSN program at MMCC would be extensive and would need to be fully vetted prior to implementation, should legislation be adopted.

The Employee Support Personnel Association ratified and the College Board of Trustees approved a four-year agreement, effective through June 30, 2021. The average aggregate annual cost increase for the bargaining unit is 2.46%, which includes annual step increases plus $0.22 per hour for the duration of the contract. The Faculty Senate bargaining unit membership ratified and the College Board of Trustees approved a five-year contract running through August 19, 2022 with average aggregate annual cost increases for the bargaining unit of 2.06% for the duration of the contract, which includes annual step increases plus $1,000 for the members. College administrators received a 2.5% salary increase that equated to an aggregate annual cost increase of 0.6% for 2017-2018. In addition to wage adjustments, the College is seeing a generational shift. Following the announcement of a Retirement Incentive package in June 2016, 20 faculty and staff submitted their paperwork. As is true in many organizations, this shift is anticipated to continue for at least the next three years.

PA 152 imposed a cap on the annual per-employee health benefit costs paid by governmental agencies in Michigan and limits the College's incremental exposure to the rate of medical inflation. The uncertainty surrounding the Affordable Care Act results in an inability to compare benefit packages or to be confident in future rates from insurers.

As of 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 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 initial claims and costs experiences have been positive but the College will need to remain vigilant in monitoring costs and cost-saving opportunities with Ballard Benefits.

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% - 25.56%, depending on the plan in which employees are enrolled. When applied to the College's total payroll, this represents a sizeable commitment.

Beginning July 1, 2016, the College signed an agreement with EDUStaff, a provider of contracted educational services for public K-12 schools, charter academies, and institutions of higher education. By outsourcing its part-time staff, including some adjunct faculty, the College saved approximately $195,000 in fringe benefit expenses during 2016-2017.

The Governmental Accounting Standards Board issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* which requires governments that provide postemployment benefits other than pensions (OPEB) to recognize their share of the net OPEB liability related to participation in the MPSERS plan. The College expects this statement to have a significant impact on the statement of changes in net position and financial statement footnote disclosures during the year of implementation and is currently evaluating its impact. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

The Pickard Building in Mt. Pleasant was vacated in the fall of 2014 when the Center for Liberal Arts and Business was opened on the Summerton Campus, thus unifying the College's Mt. Pleasant operations. The building has been minimally maintained in the past year and it is the desire of the College Board of Trustees to intensify efforts to sell this property.

The board of trustees approved a tuition increase of $12, $6, and $14 per contact hour for in-district, out-district, and international students, respectively, effective with the 2017 fall term.

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.

MID MICHIGAN COMMUNITY COLLEGE

STATEMENT OF NET POSITION
JUNE 30, 2017 AND 2016

	College		Component Unit - Foundation	
Assets	**2017**	**2016**	**2017**	**2016**
Current assets:				
Cash and cash equivalents (Note 2)	$ 12,543,856	$ 13,036,781	$ 230,330	$ 494,367
Short-term investments (Notes 2, 10, 11)	729,098	1,848,322	3,008,797	2,410,621
Property taxes receivable	2,062	90,679	-	-
State appropriations receivable	1,134,896	1,105,119	-	-
Student receivables - net (Note 1)	315,320	412,338	-	-
Accounts receivable	374,336	34,382	-	-
Federal and state grants receivable	2,294,965	1,957,172	-	-
Current portion of pledges receivable (Note 11)	-	-	368,754	412,075
Inventories	339,317	319,144	-	-
Due from (to) other	146,829	44,386	(146,829)	(44,385)
Prepaid expenses and other assets	611,333	532,923	-	-
Total Current Assets	18,492,012	19,381,246	3,461,052	3,272,678
Long-term investments (Note 2, 10, 11)	5,982,119	4,120,480	1,157,688	1,169,320
Pledges receivable - net of current portion (Note 11)	-	-	391,814	735,263
Property and equipment - net (Note 3)	42,155,346	44,674,987	-	-
Total Assets	66,629,477	68,176,713	5,010,554	5,177,261
Deferred Outflows of Resources (Note 1)	5,478,611	4,772,041	-	-
Liabilities				
Current liabilities:				
Current portion of debt obligations (Note 5)	356,078	341,655	-	-
Accounts payable	141,921	195,256	-	-
Accrued interest payable	-	8,799	-	-
Accrued payroll and other	2,033,741	2,225,033	-	-
Unearned revenue	916,690	1,211,689	-	-
Total Current Liabilities	3,448,430	3,982,432	-	-
Long-term debt obligations (Note 5)	1,070,876	1,426,954	-	-
Net pension liability (Note 4)	33,215,904	31,889,650	-	-
Total Liabilities	37,735,210	37,299,036	-	-
Deferred Inflows of Resources (Note 1)	976,699	856,076	-	-
Net Position				
Net investment in capital assets	40,728,392	42,906,378	-	-
Restricted for:				
Nonexpendable scholarships	-	-	1,034,920	1,033,645
Expendable scholarships and grants	-	-	390,828	351,172
Expendable capital campaign proceeds	-	-	763,121	1,446,701
Unrestricted (Note 1)	(7,332,213)	(8,112,736)	2,821,685	2,345,743
Total Net Position	**$ 33,396,179**	**$ 34,793,642**	**$ 5,010,554**	**$ 5,177,261**

MID MICHIGAN COMMUNITY COLLEGE

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	College		Component Unit - Foundation	
	2017	**2016**	**2017**	**2016**
Operating Revenue				
Operating revenue:				
Tuition and fees (net of scholarship allowance of $4,717,466 in 2017 and $4,764,133 in 2016)	$ 12,709,849	$ 12,596,503	$ -	$ -
Federal grants and contracts	1,045,683	1,227,092	-	-
State grants and contracts	46,544	52,196	-	-
Nongovernmental grants	49,776	25,692	-	-
Auxiliary enterprises (net of scholarship allowance of $113,655 in 2017 and $179,546 in 2016)	2,113,336	2,237,888	-	-
Miscellaneous	253,232	218,704	-	-
Total Operating Revenue	16,218,420	16,358,075	-	-
Operating Expenses				
Operating expenses:				
Instruction	11,370,958	10,754,528	-	-
Public service	863,499	759,128	-	-
Instructional support	3,152,676	3,187,702	-	-
Student services	8,098,957	8,321,848	116,008	100,369
Institutional administration	4,110,882	3,733,699	84,138	71,374
Operation and maintenance of plant	2,649,275	2,561,868	-	-
Depreciation and amortization	2,876,920	3,010,151	-	-
Total Operating Expenses	33,123,167	32,328,924	200,146	171,743
Operating Loss	(16,904,747)	(15,970,849)	(200,146)	(171,743)
Nonoperating Revenue (Expenses)				
State appropriations - operating	6,230,731	5,365,657	-	-
Federal Pell grants	6,299,545	6,683,770	-	-
Property tax levy	2,297,861	2,296,994	-	-
Gifts	96,181	146,904	253,539	236,212
Interest income	83,303	99,021	72,414	60,337
Realized and unrealized (loss) gain on investments	(149,869)	86,653	388,017	(62,746)
Other	61,805	50,015	-	-
Interest on capital asset-related debt	(44,548)	(50,086)	-	-
Gifts and transfers between College and Foundation	632,275	362,427	(632,275)	(362,427)
Nonoperating Revenue - net	15,507,284	15,041,355	81,695	(128,624)
Change in net position, before other revenue	(1,397,463)	(929,494)	(118,451)	(300,367)
Other Revenue				
State appropriations - capital	-	85,431	-	-
Capital campaign donations	-	-	(49,531)	82,503
Additions to permanent endowments	-	-	1,275	359,292
Change in Net Position	(1,397,463)	(844,063)	(166,707)	141,428
Net Position				
Net position at beginning of year	34,793,642	35,637,705	5,177,261	5,035,833
Net position at end of year	**$ 33,396,179**	**$ 34,793,642**	**$ 5,010,554**	**$ 5,177,261**

See notes to financial statements

MID MICHIGAN COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities		
Tuition and fees	$ 12,420,918	$ 12,660,351
Grants and contracts	1,897,089	626,020
Payments to suppliers	(19,035,802)	(17,925,270)
Payments to employees	(11,652,823)	(11,495,007)
Auxiliary enterprise charges	2,113,336	2,237,888
Other	(189,165)	222,538
Net cash used in operating activities	(14,446,447)	(13,673,480)
Cash Flows From Noncapital Financing Activities		
Direct lending receipts	7,995,950	8,454,617
Direct lending disbursements	(8,997,879)	(9,123,383)
Local property taxes	2,386,478	2,209,842
Gifts and contributions	157,986	196,919
State appropriations	7,040,429	6,034,610
Federal Pell grant	6,299,545	6,683,770
Net cash provided by noncapital financing activities	14,882,509	14,456,375
Cash Flows From Capital and Related Financing Activities		
Capital appropriations	-	2,853,442
Purchase of capital assets	(357,279)	(405,814)
Principal paid on capital debt	(341,655)	(355,624)
Interest paid on capital debt	(53,347)	(52,273)
Gifts designated for capital projects	632,275	362,427
Net cash (used in) provided by capital and related financing activities	(120,006)	2,402,158
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	428,562
Interest income	83,303	99,021
Purchase of investments, net	(892,284)	-
Net cash provided by (used in) investing activities	(808,981)	527,583
Net (Decrease) Increase in Cash and Cash Equivalents	(492,925)	3,712,636
Cash and cash equivalents at beginning of year	13,036,781	9,324,145
Cash and cash equivalents at end of year	**$ 12,543,856**	**$ 13,036,781**
Reconciliation of Operating Loss to Net Cash From Operating Activities		
Operating loss	$ (16,904,747)	$ (15,970,849)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	2,876,920	3,010,151
Bad debt expense (recovery)	121,628	(492,369)
Decrease (increase) in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:		
Accounts receivable	197,129	(268,545)
Inventories	(20,173)	(8,848)
Prepaid expenses and other assets	(78,410)	60,862
Deferred outflows of resources	(706,570)	(2,016,898)
Accounts payable	(53,335)	(269,767)
Accrued payroll and other compensation	(191,292)	685,594
Unearned revenue	(294,999)	149,636
Net pension liability	1,326,254	4,382,854
Deferred inflows of resources	(718,852)	(2,935,301)
Net Cash Used in Operating Activities	**$ (14,446,447)**	**$ (13,673,480)**

See notes to financial statements

1. Basis of Presentation and Significant Accounting Policies

Reporting Entity

Mid Michigan Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles as 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.*

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

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 Community 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 11).

Basis of Accounting - Mid Michigan Community College

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

Basis of Accounting - Component Unit

The Foundation reports under the provisions of Accounting Standards Codification 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.

Significant accounting policies followed by the College are described below.

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.

1. Basis of Presentation and Significant Accounting Policies (continued)

Investments

Investments are recorded 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

Student receivables are recorded at invoice amounts net of allowance for uncollectible accounts of $506,398 for the year ended June 30, 2017 and $384,770 for the year ended June 30, 2016. 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 the fair market value as of the date of acquisition. Depreciation is provided for physical properties on a straight-line basis over the estimated useful lives of the assets.

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. For more about the College's deferred outflows of resources related to the net pension liability, see Note 4.

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, 2017, unearned revenue consists of $606,490 of payments for classes which began prior to June 30, 2017, but were not completed until after June 30, 2017 and $33,839 of payments for classes that will begin in August 2017. For the year ended June 30, 2016, unearned revenue consists of $505,085 of payments for classes which began prior to June 30, 2016, but were not completed until after June 30, 2016 and $499,729 of payments for classes that will begin in August 2016. Grant revenues received prior to qualifying expenditures are also included in unearned revenue. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

1. Basis of Presentation and 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 revenues 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 revenues 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 2017 and 2016 were $6,299,545 and $6,683,770, respectively.

Property Taxes

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

Property taxes are levied on December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to the counties in which the district is located for subsequent collection. The College is subsequently paid 100% 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, 2017 and 2016, $1.2232 of tax per $1,000 of taxable property value in the College taxing district was levied for general operating purposes on all property. Total operating property tax revenue was $2,297,861 and $2,296,994 for the years ended June 30, 2017 and 2016, respectively.

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.

1. Basis of Presentation and Significant Accounting Policies (continued)

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.

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

	2017	2016
Designated for future technology outlay	$ 532,348	$ 406,216
Designated for retirement incentives	200,000	200,000
Designated for strategic initiatives	2,248,339	1,003,868
Designated for future capital projects	12,862,184	11,258,856
Unrestricted and unallocated	(23,175,084)	(20,981,676)
Total unrestricted net position	$ (7,332,213)	$ (8,112,736)

Pensions

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

1. Basis of Presentation and Significant Accounting Policies (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, net deferred inflows of resources, 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. Deferred inflows of resources at June 30, 2017 include $839,475 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $137,224 related to the pension plan described in Note 4. Deferred inflows of resources at June 30, 2016 include $750,331 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $105,745 related to the pension plan described in Note 4.

Use of Estimates

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

Adoption of New Standard

For the year ended June 30, 2017, the College implemented GASB Statement No. 77, *Tax Abatement Disclosures*, which improves disclosure of tax abatement information, such as how the tax abatements affect the College's financial statements, operations, and ability to raise resources in the future, by reporting (1) the College's own tax abatement agreements and (2) those entered into by other governments that reduce the College's tax revenues. See Note 9 regarding the effect of this pronouncement on the College.

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

2. Cash and Investments (continued)

The above deposits at June 30, 2017 were reflected in the accounts of the bank (without recognition of checks written but not cleared, or of deposits in transit) at $16,140,420. Of these bank deposits, $1,500,000 was covered by federal depository insurance. Additionally, under the direction of the board of trustees, general checking account funds of $9,629,415 are covered under a repurchase agreement in which they are secured and collateralized by treasuries that back these funds every night. The remainder of the deposits is uninsured and uncollateralized.

The above deposits at June 30, 2016 were reflected in the accounts of the bank (without recognition of checks written but not cleared, or of deposits in transit) at $13,526,140. Of these bank deposits, $2,690,542 was covered by federal depository insurance. Additionally, under the direction of the board of trustees, general checking account funds of $9,773,214 are covered under a repurchase agreement in which they are secured and collateralized by treasuries that back these funds every night. The remainder of the deposits is uninsured and uncollateralized.

The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each 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 state law. All U.S. Government Bonds held by the College are subject to credit risk (interest rate fluctuations) and rated Aaa by a NRSRO at June 30, 2017 and 2016, respectively.

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.

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.

2. Cash and Investments (continued)

At June 30, 2017, the College had the following investments and maturities:

2017

Investment Type	Fair Market Value	By Maturity: Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Certificates of deposit	$ 2,763,576	$ 729,098	$ 2,034,478	$ -	$ -
U.S. Government Bonds	3,947,641	-	936,033	2,545,935	465,673
Total investments	$ 6,711,217	$ 729,098	$ 2,970,511	$ 2,545,935	$ 465,673

At June 30, 2016, the College had the following investments and maturities:

2016

Investment Type	Fair Market Value	By Maturity: Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Certificates of deposit	$ 2,945,620	$ 1,848,322	$ 997,151	$ 100,147	$ -
U.S. Government Bonds	3,023,182	-	900,131	2,123,051	-
Total investments	$ 5,968,802	$ 1,848,322	$ 1,897,282	$ 2,223,198	$ -

3. Capital Assets

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2017:

	Beginning Balance	Additions	Adjustments	Deletions	Ending Balance	Estimated Useful Life - Years
Capital assets						
Land	$ 2,677,375	$ -	$ -	$ -	$ 2,677,375	
Construction in progress	1,568	714	-	-	2,282	
Total nondepreciable assets	2,678,943	714	-	-	2,679,657	
Land improvements	2,097,878	253,310	-	-	2,351,188	
Infrastructure	1,685,796	-	-	-	1,685,796	10-40
Buildings and improvements	56,361,991	5,349	-	-	56,367,340	10-40
Equipment	3,301,808	26,631	-	-	3,328,439	5-7
Perkins equipment	1,758,472	42,845	-	-	1,801,317	5-7
Furniture and fixtures	3,095,632	7,950	-	-	3,103,582	5-7
Library books	1,125,463	-	-	-	1,125,463	10
Vehicles	499,918	5,319	-	20,000	485,237	5-7
Computer and software	3,497,727	15,161	-	-	3,512,888	3-5
Total depreciable assets	73,424,685	356,565	-	20,000	73,761,250	
Total capital assets	76,103,628	357,279	-	20,000	76,440,907	
Accumulated depreciation						
Land improvements	1,556,157	107,367	-	-	1,663,524	
Infrastructure	754,530	64,999	-	-	819,529	
Buildings and improvements	19,533,205	1,718,613	-	-	21,251,818	
Equipment	2,607,187	171,487	-	-	2,778,674	
Perkins equipment	1,298,551	108,962	-	-	1,407,513	
Furniture and fixtures	1,816,978	273,682	-	-	2,090,660	
Library books	1,125,098	365	-	-	1,125,463	
Vehicles	445,938	31,554	-	20,000	457,492	
Computer and software	2,290,997	399,891	-	-	2,690,888	
Total accumulated depreciation	31,428,641	2,876,920	-	20,000	34,285,561	
Capital assets, net	$ 44,674,987	$ (2,519,641)	$ -	$ -	$ 42,155,346	

3. Capital Assets (continued)

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2016:

	Beginning Balance	Additions	Adjustments	Deletions	Ending Balance	Estimated Useful Life - Years
Capital assets						
Land	$ 2,567,343	$ 110,032	$ -	$ -	$ 2,677,375	
Construction in progress	1,348	220	-	-	1,568	
Total nondepreciable assets	2,568,691	110,252	-	-	2,678,943	
Land improvements	2,057,401	40,477	-	-	2,097,878	
Infrastructure	1,685,796	-	-	-	1,685,796	10-40
Buildings and improvements	56,374,351	1,957	(14,317)	-	56,361,991	10-40
Equipment	3,451,805	69,552	-	219,549	3,301,808	5-7
Perkins equipment	1,664,745	93,727	-	-	1,758,472	5-7
Furniture and fixtures	3,002,876	92,756	-	-	3,095,632	5-7
Library books	1,125,463	-	-	-	1,125,463	10
Vehicles	471,412	-	28,506	-	499,918	5-7
Computer and software	3,189,368	412,867	-	104,508	3,497,727	3-5
Total depreciable assets	73,023,217	711,336	14,189	324,057	73,424,685	
Total capital assets	75,591,908	821,588	14,189	324,057	76,103,628	
Accumulated depreciation						
Land improvements	1,380,065	176,092	-	-	1,556,157	
Infrastructure	705,224	49,306	-	-	754,530	
Buildings and improvements	17,855,427	1,677,778	-	-	19,533,205	
Equipment	2,632,114	194,622	-	219,549	2,607,187	
Perkins equipment	1,180,348	118,203	-	-	1,298,551	
Furniture and fixtures	1,560,529	256,449	-	-	1,816,978	
Library books	1,122,717	2,381	-	-	1,125,098	
Vehicles	375,466	70,472	-	-	445,938	
Computer and software	1,902,150	493,355	-	104,508	2,290,997	
Total accumulated depreciation	28,714,040	3,038,658	-	324,057	31,428,641	
Capital assets, net	$ 46,877,868	$ (2,217,070)	$ 14,189	$ -	$ 44,674,987	

3. Capital Assets (continued)

Buildings with a total cost of $31,163,394 at June 30, 2017 and 2016, respectively, and accumulated depreciation of $7,310,673 and $6,436,293 at June 30, 2017 and 2016, 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.

4. Retirement Plans

Defined Benefit Pension Plan

Plan Description

The College participates in the Michigan Public School Employees' Retirement System (MPSERS), 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. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

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

Contributions

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

4. Retirement Plans (continued)

College contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates are as follows:

July 1, 2015 - September 30, 2015	18.76% - 23.07%
October 1, 2015 - September 30, 2016	14.56% - 18.95%
October 1, 2016 - June 30, 2017	15.27% - 19.03%

For benefit options that include a defined contribution plan, the College is required to contribute 0 to 4 percent as of June 30, 2017 and 2016.

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The College's required and actual contributions to the plan for the years ended June 30, 2017 and 2016 were $3,539,966 and $1,730,616, respectively. In addition, the College recognized contributions of $1,487,490 and $1,320,473 in revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2017 and 2016, respectively. These funds were also remitted to the plan.

Benefits Provided

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service 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.

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.

4. Retirement Plans (continued)

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

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2017 and 2016, the College reported a liability of $33,215,904 and $31,889,650, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015 and 2014, which used updated procedures to roll forward the estimated liability to September 30, 2016 and 2015. 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, as actuarially determined. At September 30, 2016 and September 30, 2015, the College's proportion was 0.13313 and 0.13056 percent, respectively.

For the years ended June 30, 2017 and 2016, the College recognized pension expense of $3,578,955 and $2,992,274, respectively. At June 30, 2017 and 2016, the College reported deferred inflows of resources related to pensions and deferred outflows of resources from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 413,958	$ (78,723)	$ -	$ (105,628)
Changes of assumptions	519,305	-	785,191	-
Net difference between projected and actual earnings on pension plan assets	552,048	-	162,771	-
Changes in proportion and differences between College contributions and proportionate share of contributions	1,286,073	(58,501)	1,103,424	(117)
College contributions subsequent to the measurement date	2,707,227	-	2,720,655	-
Total	$ 5,478,611	$ (137,224)	$ 4,772,041	$ (105,745)

4. Retirement Plans (continued)

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

Year Ending June 30	Amount
2018	$ 674,638
2019	631,230
2020	1,127,629
2021	200,663
Thereafter	-
Total	$ 2,634,160

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

Actuarial Assumptions

The total pension liability as of September 30, 2016 is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward, and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	7.00 to 8.00 net of investment expenses based on the groups
Salary increases	3.50 to 12.30 percent, including wage inflation of 3.5 percent
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB

Assumption changes as a result of an experience study for the periods from 2007 through 2012 have been adopted by the system for use in the annual pension valuations beginning with the September 30, 2014 valuation.

4. Retirement Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2015 and 2014 was 7.00 to 8.00 percent depending on the plan option. 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 contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	September 30, 2016		September 30, 2015	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28%	5.9%	28%	5.9%
Private Equity Pools	18%	9.2%	18%	9.2%
International Equity Pools	16%	7.2%	16%	7.2%
Fixed Income Pools	10.5%	0.9%	10.5%	0.9%
Real Estate & Infrastructure Pools	10%	4.6%	10%	4.6%
Real Return, Opportunisitic, and Absolute Pools	15.5%	6.0%	15.5%	6.0%
Short Term Investment Pools	2%	0.0%	2%	0.0%
Total	100%		100%	

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 of 7.00 to 8.00 percent depending on the plan option, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

	September 30, 2016		
	1.00 percent decrease (7.00/6.00)	Current Discount Rate (8.00/7.00 percent)	1.00 percent increase (9.00/8.00 percent)
Net pension liability	$ 42,773,723	$ 33,215,904	$ 25,157,743

	September 30, 2015		
	1.00 percent decrease (7.00/6.00)	Current Discount Rate (8.00/7.00 percent)	1.00 percent increase (9.00/8.00 percent)
Net pension liability	$ 41,113,933	$ 31,889,650	$ 24,113,201

4. Retirement Plans (continued)

Changes Since Measurement Date

On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation by 0.5%. The actuarial computed employer contributions and the net pension liability for the measurement period ending September 30, 2017 will increase as a result of this change.

Payable to the Pension Plan

At June 30, 2017 and 2016, the College reported a payable of $582,813 and $546,711, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017 and 2016.

Pension Plan Fiduciary Net Position

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

Postemployment Benefits Other Than Pensions (OPEB)

Under the MPSERS Act, all retirees participating in the MPSERS pension plan, with the exception of those in pension plus, PHF, new hires, or DC converted to PHF, have the option of continuing health, dental, and vision coverage through MPSERS. 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 on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 2.2 percent to 2.71 percent of covered payroll for the period from October 1, 2014 through September 30, 2015 and from 6.4 percent to 6.83 percent from October 1, 2015 through September 30, 2016 and from 5.69 percent to 5.91 percent from October 1, 2016 through June 30, 2017 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403(b) account.

The College's required and actual contributions to the plan for retiree healthcare benefits for the years ended June 30, 2017, 2016, and 2015 were $778,016, $919,773, and $289,059, respectively.

4. Retirement Plans (continued)

Defined Contribution Plan

As an alternative pension 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 contributions of 15% to 22.44% and employee contributions of 4% for the year ended June 30, 2017, and 23.28% and employee contributions of 4% for the year ended June 30, 2016. Benefits are vested immediately. Compensation covered under the plan for the year ended June 30, 2017 was $1,292,307, resulting in contributions of $300,428 and $45,306 from the College and employees, respectively. Compensation covered under the plan for the year ended June 30, 2016 was $1,218,519, resulting in contributions of $283,674 and $41,655 from the College and employees, respectively.

5. Long-term Liabilities

Long-term liability activity for the years ended June 30, 2017 and June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2017					
Bonds payable	$ 1,360,000	$ -	$ 250,000	$ 1,110,000	$ 260,000
Other	408,609	-	91,655	316,954	96,078
Total	$ 1,768,609	$ -	$ 341,655	$1,426,954	$356,078
2016					
Bonds payable	$ 1,600,000	$ -	$ 240,000	$ 1,360,000	$ 250,000
Other	122,777	401,455	115,623	408,609	91,655
Total	$ 1,722,777	$ 401,455	$ 355,623	$1,768,609	$341,655

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

5. Long-term Liabilities (continued)

Maturities on the bonds for the next five years are as follows:

Year	Total Principal	Total Interest
2018	$ 260,000	$ 43,580
2019	270,000	33,440
2020	285,000	22,910
2021	295,000	11,653
Total	$ 1,110,000	$ 111,583

Cash paid for interest was $53,347 and $50,087 for the years ended June 30, 2017 and 2016, respectively.

6. Federal Direct Lending Program

The College distributed $8,997,879 for student loans through the U.S. Department of Education federal direct lending program for the year ended June 30, 2017. The College distributed $9,123,383 for student loans through the U.S. Department of Education federal direct lending program for the year ended June 30, 2016. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

7. Risk Management

The College is exposed to various risks of loss related to property loss, 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.

7. Risk Management (continued)

Self-insurance Programs

As of January 2016, the College began participating in a self-insurance program through the School Employers Group. This program provides substantially all the insurance needs of the College. The possibility of additional claims exists, but the amount of liability to the College would be immaterial by the time the aggregate stop-loss coverages are triggered. There is also a possibility of a refund due to the College. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The College is self insured for certain 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 plan administrator based on actual claims. A startup amount is expected to cover claims which have been incurred but not reported. The College has employed an outside consultant to monitor the plan. Expenditures related to the dental plans during the year ended June 30, 2017 and 2016 totaled 102,449 and $71,311, respectively. Expenses related to the medical plan during the year ended June 30, 2017 and 2016 totaled $875,910 and $623,952, respectively, which includes an estimate of claims incurred but not reported at June 30, 2017 and 2016.

Dental Liability

	2017	2016
Unpaid claims - beginning of year	$ 4,242	$ -
Incurred claims	102,449	71,311
Claims payments	102,029	67,069
Unpaid claims - end of year	$ 4,662	$ 4,242

Health Liability

	2017	2016
Unpaid claims - beginning of year	$ 101,301	$ -
Incurred claims	875,910	623,952
Claims payments	889,686	522,651
Unpaid claims - end of year	$ 87,525	$ 101,301

8. Commitments and Contingencies

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

9. Tax Abatements

The College receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities, 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 year ended June 30, 2017, the College's property tax revenues were reduced by $30,005 under these programs. The College was unable to obtain tax abatement information for the year ended June 30, 2016.

There are no abatements made by the College.

10. Fair Value Measurements

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

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

10. Fair Value Measurements (continued)

The College has the following recurring fair value measurements as of June 30, 2017 and 2016:

	Balance at June 30, 2017	Fair Value Measurements Using: 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	$ 3,947,641	$ -	$ 3,947,641	$ -
Certificate of deposits (participating)	1,262,971	-	1,262,971	-
Total College investmets by fair value level	5,210,612	$ -	$ 5,210,612	$ -
Certificate of deposits at amortized cost	1,500,605			
Total College investments	$ 6,711,217			

	Balance at June 30, 2016	Fair Value Measurements Using: 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	$ 3,023,182	$ -	$ 3,023,182	$ -
Certificate of deposits (participating)	1,134,930	-	1,134,930	-
Total College investmets by fair value level	4,158,112	$ -	$ 4,158,112	$ -
Certificate of deposits at amortized cost	1,810,690			
Total College investments	$ 5,968,802			

The fair value of U.S. Treasury securities and participating certificates of deposits at June 30, 2017 and 2016 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.

11. Mid Michigan Community 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, 2017 and June 30, 2016 is as follows:

		Fair Value Measurements Using		
	Balance at June 30, 2017	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	$ 176,031	$ -	$ 176,031	$ -
Certificate of deposits (participating)	376,191	-	376,191	-
Corporate bonds	874,290	-	874,290	-
Total debt securities	1,426,512	-	1,426,512	-
Equity securities				
Domestic mutual funds	1,048,235	1,048,235	-	-
International mutual funds	393,214	393,214	-	-
Open end mutual funds	1,298,524	1,298,524	-	-
Total equity securities	2,739,973	2,739,973	-	-
Total Foundation investmets by fair value level	$ 4,166,485	$ 2,739,973	$ 1,426,512	$ -

		Fair Value Measurements Using		
	Balance at June 30, 2016	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	$ 177,853	$ -	$ 177,853	$ -
Certificate of deposits (participating)	381,186	-	381,186	-
Corporate bonds	716,743	-	716,743	-
Total debt securities	1,275,782	-	1,275,782	-
Equity securities				
Domestic mutual funds	891,472	891,472	-	-
International mutual funds	322,297	322,297	-	-
Open end mutual funds	1,090,390	1,090,390	-	-
Total equity securities	2,304,159	2,304,159	-	-
Total Foundation investmets by fair value level	$ 3,579,941	$ 2,304,159	$ 1,275,782	$ -

11. Mid Michigan Community 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 same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Foundation Pledges Receivable

The amount of pledges receivable at June 30, 2017 and 2016 consists of unconditional promises to give as follows:

	2017	2016
Gross promises to give before unamortized discount	$ 768,754	$ 1,155,502
Present value discount	(8,186)	(8,164)
Net pledges receivable	$ 760,568	$ 1,147,338
Amounts due in:		
Less than one year	$ 368,754	$ 412,075
One to five years	391,814	735,263
Over five years	-	-
Total	$ 760,568	$ 1,147,338

There were no allowances for uncollectible pledges for the years ended June 30, 2017 and June 30, 2016.

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

11. Mid Michigan Community College Foundation (continued)

Net Position

Unrestricted, restricted-expendable, and restricted-nonexpendable net position are available at June 30, 2017 and 2016 for the following purposes:

	June 30, 2017			
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Scholarships and grants	$ -	$ 390,828	$ 1,034,920	$ 1,425,748
Capital campaign	-	763,121	-	763,121
Foundation designated	2,821,685	-	-	2,821,685
	$ 2,821,685	$ 1,153,949	$ 1,034,920	$ 5,010,554

	June 30, 2016			
	Unrestricted	Restricted Expendable	Restricted Nonexpendable	Total
Scholarships and grants	$ -	$ 351,172	$ 1,033,645	$ 1,384,817
Capital campaign	-	1,446,701	-	1,446,701
Foundation designated	2,345,743	-	-	2,345,743
	$ 2,345,743	$ 1,797,873	$ 1,033,645	$ 5,177,261

Through a resolution by the Foundation's Board of Trustees, the Foundation distributes income from unrestricted endowed funds of no more than 4% 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 4% 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, 2017 and 2016, the Foundation transferred approximately $632,000 and $362,000, 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.

12. Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which addresses reporting for governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the College to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees' Retirement System (MPSERS) plan. This statement also enhances supplemental information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities.* ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes of net assets: net assets with donor restrictions and net assets without donor restricts. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about liquidity and availability of resources. The Foundation is currently evaluating the impact of the standards and will present the two classes of net assets, add the liquidity footnote, expense matrix, and related disclosures. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis.

SUPPLEMENTAL INFORMATION

MID MICHIGAN COMMUNITY COLLEGE
REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2017

Schedule of the College's Proportionate Share of the Net Pension Liability (Amounts were determined as of 9/30 of each fiscal year)		2016		2015	2014
Mid Michigan Community College's proportion of the collective MPSERS net pension liability:					
As a percentage		0.13313%		0.13056%	0.12488%
Amount	$	33,215,904	$	31,889,650	$ 27,506,796
Mid Michigan Community College's covered employee MPSERS payroll	$	10,950,681	$	11,213,512	$ 10,752,276
Mid Michigan Community College's proportionate share of the collective MPSERS pension liability, as a percentage of covered employee payroll		303.32%		284.39%	255.82%
MPSERS fiduciary net position as a percentage of the total pension liability		63.01%		63.17%	66.20%

Schedule of College Contributions (Amounts were determined as of 6/30 of each fiscal year)		2017		2016	2015
Statutorily required contribution to MPSERS	$	3,377,041	$	1,730,616	$ 2,338,748
Contributions in relation to the actuarially determined contractually required contribution to MPSERS	$	3,377,041	$	1,730,616	$ 2,338,748
Contribution deficiency (excess)	$	-	$	-	$ -
MPSERS covered employee payroll	$	11,163,086	$	11,091,555	$ 11,091,555
Contributions as a percentage of MPSERS covered employee payroll		30.25%		15.60%	21.09%

Notes to Required Supplemental Information
For the Year Ended June 30, 2017

Changes of benefit terms: There were no changes of benefit terms in 2016, 2015, or 2014.

Changes of assumptions: There were no changes of assumptions in 2016, 2015, or 2014.

MID MICHIGAN COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION
June 30, 2017 (with 2016 comparative totals)

	2016	Combined Total 2017	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund
Assets							
Current assets:							
Cash and cash equivalents	$ 13,036,781	$ 12,543,856	$ 12,541,522	$ 35	$ 258	$ 1	$ 2,040
Short-term investments	1,848,322	729,098	-	-	-	-	729,098
Property taxes receivable	90,679	2,062	2,062	-	-	-	-
State appropriations receivable	1,105,119	1,134,896	1,134,896	-	-	-	-
Student receivables - net	412,338	315,320	315,320	-	-	-	-
Accounts receivable	34,382	374,336	286,009	-	(1,240)	89,567	-
Federal and state grants receivable	1,957,172	2,294,965	-	-	-	2,294,965	-
Inventories	319,144	339,317	-	-	339,317	-	-
Due from (to) other	44,386	146,829	(7,800,326)	245,448	2,019,250	(2,117,327)	7,799,784
Prepaid expenses and other assets	532,923	611,333	611,333	-	-	-	-
Total current assets	19,381,246	18,492,012	7,090,816	245,483	2,357,585	267,206	8,530,922
Long-term investments	4,120,480	5,982,119	1,650,857	-	-	-	4,331,262
Property and equipment:							
Land and improvements	4,775,253	5,028,563	-	-	-	-	5,028,563
Buildings and improvements	58,047,787	58,053,136	-	-	-	-	58,053,136
Equipment	3,301,808	3,328,439	-	-	-	-	3,328,439
Equipment - Perkins	1,758,472	1,801,317	-	-	-	-	1,801,317
Furniture and fixtures	3,095,632	3,103,582	-	-	-	-	3,103,582
Library books	1,125,463	1,125,463	-	-	-	-	1,125,463
Vehicles	499,918	485,237	-	-	-	-	485,237
Computers and software	3,497,727	3,512,888	-	-	-	-	3,512,888
Construction in progress	1,568	2,282	-	-	-	-	2,282
Allowance for depreciation	(31,428,641)	(34,285,561)	-	-	-	-	(34,285,561)
Total property and equipment - net	44,674,987	42,155,346	-	-	-	-	42,155,346
Total assets	68,176,713	66,629,477	8,741,673	245,483	2,357,585	267,206	55,017,530
Deferred Outflows of Resources	4,772,041	5,478,611	5,478,611	-	-	-	-

MID MICHIGAN COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Continued)
June 30, 2017 (with 2016 comparative totals)

	2016	Combined Total 2017	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund
Liabilities							
Current liabilities:							
Current portion of debt obligations	$ 341,655	$ 356,078	$ -	$ -	$ -	$ -	$ 356,078
Accounts payable	195,256	141,921	141,921	-	-	-	-
Accrued interest payable	8,799	-	-	-	-	-	-
Accrued payroll and other	2,225,033	2,033,741	2,033,741	-	-	-	-
Unearned revenue	1,211,689	916,690	640,329	-	-	276,361	-
Total current liabilities	3,982,432	3,448,430	2,815,991	-	-	276,361	356,078
Long-term debt obligations	1,426,954	1,070,876	-	-	-	-	1,070,876
Net pension liability	31,889,650	33,215,904	33,215,904	-	-	-	-
Total liabilities	37,299,036	37,735,210	36,031,895	-	-	276,361	1,426,954
Deferred Inflows of Resources	856,076	976,699	976,699	-	-	-	-
Net position							
Net investment in capital assets	42,906,378	40,728,392	-	-	-	-	40,728,392
Restricted for:							
Nonexpendable scholarships	-	-	-	-	-	-	-
Expendable scholarships and grants	-	-	-	-	-	-	-
Unrestricted	(8,112,736)	(7,332,213)	(22,788,310)	245,483	2,357,585	(9,155)	12,862,184
Total net postion	**$ 34,793,642**	**$ 33,396,179**	**$ (22,788,310)**	**$ 245,483**	**$ 2,357,585**	**$ (9,155)**	**$ 53,590,576**

MID MICHIGAN COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUE, EXPENSES, TRANSFERS, AND CHANGES IN NET POSITION
For the year ended June 30, 2017 (with 2016 comparative totals)

	2016	Combined Total 2017	Eliminations	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Plant Fund
Revenue								
Operating revenue:								
Tuition and fees	$ 12,596,503	$ 12,709,849	$ (4,717,466)	$ 17,118,623	$ 308,692	$ -	$ -	$ -
Federal grants and contracts	1,227,092	1,045,683	-	-	-	-	1,045,683	-
State grants and contracts	52,196	46,544	-	-	-	-	46,544	-
Nongovernmental grants	25,692	49,776	-	-	-	-	49,776	-
Auxiliary enterprises	2,237,888	2,113,336	(113,655)	-	-	2,226,991	-	-
Indirect cost recoveries	23,720	21,697	-	21,697	-	-	-	-
Miscellaneous	194,984	231,535	-	127,203	-	-	104,332	-
Total operating revenue	16,358,075	16,218,420	(4,831,121)	17,267,523	308,692	2,226,991	1,246,335	-
Expenses								
Operating expenses:								
Instruction	10,754,528	11,370,958	(45,462)	11,416,420	-	-	-	-
Public service	759,128	863,499	(22,731)	554,273	-	-	331,957	-
Instructional support	3,187,702	3,152,676	-	2,646,217	-	-	506,459	-
Student services	8,321,848	8,098,957	(4,740,197)	3,505,769	259,537	1,893,325	7,180,523	-
Institutional administration	3,733,699	4,110,882	(22,731)	4,133,613	-	-	-	-
Operation and maintenance of plant	2,561,868	2,649,275	-	2,564,842	-	-	-	84,433
Depreciation and amortization	3,010,151	2,876,920	-	-	-	-	-	2,876,920
Total operating expenses	32,328,924	33,123,167	(4,831,121)	24,821,134	259,537	1,893,325	8,018,939	2,961,353
Operating (loss) income	(15,970,849)	(16,904,747)	-	(7,553,611)	49,155	333,666	(6,772,604)	(2,961,353)
Nonoperating revenue (expenses)								
State appropriations - operating	5,365,657	6,230,731	-	6,230,731	-	-	-	-
Federal Pell grants	6,683,770	6,299,545	-	-	-	-	6,299,545	-
Property tax levy	2,296,994	2,297,861	-	2,297,861	-	-	-	-
Gifts	146,904	96,181	-	-	-	-	96,181	-
Interest income	99,021	83,303	-	27,178	-	-	-	56,125
Realized and unrealized gain (loss) on investments	86,653	(149,869)	-	(11,691)	-	-	-	(138,178)
Other	50,015	61,805	-	10,182	36,531	-	-	15,092
Interest on capital asset-related debt	(50,086)	(44,548)	-	-	-	-	-	(44,548)
Gifts and transfers between College and Foundation	362,427	632,275	-	632,275	-	-	-	-
Fund transfers	-	-	-	(2,864,417)	-	-	367,729	2,496,688
Net nonoperating revenue	15,041,355	15,507,284	-	6,322,119	36,531	-	6,763,455	2,385,179
(Decrease) increase in net position, before other revenue	(929,494)	(1,397,463)	-	(1,231,492)	85,686	333,666	(9,149)	(576,174)
Other revenue								
State appropriations - capital	85,431	-	-	-	-	-	-	-
Change in net position	(844,063)	(1,397,463)	-	(1,231,492)	85,686	333,666	(9,149)	(576,174)
Net position at beginning of year	35,637,705	34,793,642	-	(21,556,818)	159,797	2,023,919	(6)	54,166,750
Adjustment for change in accounting principle	-	-	-	-	-	-	-	-
Net position - Beginning of year, as restated	35,637,705	34,793,642	-	(21,556,818)	159,797	2,023,919	(6)	54,166,750
Net position at end of year	**$ 34,793,642**	**$ 33,396,179**	**$ -**	**$ (22,788,310)**	**$ 245,483**	**$ 2,357,585**	**$ (9,155)**	**$ 53,590,576**