MONROE COUNTY
COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

June 30, 2022 and 2021

MONROE COUNTY COMMUNITY COLLEGE

Annual Financial Report
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COOLEY HEHL SABO & CALKINS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Monroe County Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of the Monroe County Community College (Community College District of Monroe County, Michigan) (The "College") as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Monroe County Community College and it's discretely presented component unit as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and other postemployment benefit (OPEB) schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

To the Board of Trustees
Monroe County Community College

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 23, 2022 on our consideration of Monroe County Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Cooley Hehl Wohlgamuth + Carlton

November 23, 2022

Introduction

The following is management's discussion and analysis ("MD&A") of Monroe County Community College's (the "College") financial position and results of operations. This discussion and analysis has been prepared by management and includes the College's financial statements for the three most recent fiscal years (July 1 – June 30). It should be read in conjunction with the financial statements and the notes thereto, which follow this section. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements and the Manual for Uniform Financial Reporting for Michigan Public Community Colleges.

Using the Financial Report

The annual financial report includes the report of independent auditors, this MD&A, the basic financial statements, which consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Following the basic financial statements and footnotes are four supplementary schedules: the GASB 68 and GASB 75 required supplementary information, the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses and Transfers and Changes in Net Position as of and for the year ended June 30, 2022.

Each of the College's financial statements tell a different story: the Statement of Net Position presents the assets, liabilities, and net position of the College using the accrual basis of accounting as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Position reflects revenues earned and expenses incurred during the fiscal year; and the Statement of Cash Flows provides information on all of the cash inflows and outflows for the institution by major category during the fiscal year.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, The Foundation at Monroe County Community College (The Foundation), is reported as a component unit of the College. The Foundation's statement of financial position and statement of activities and changes in net assets have been included on separate pages. Complete financial statements for The Foundation can be obtained from the Administration Office at 1555 South Raisinville Road, Monroe, MI 48161.

The Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the College. Assets and liabilities are generally measured using current values, except capital assets, which are stated at historical cost less allowance for depreciation.

The following is a comparative analysis of key components of the Statement of Net Position as of June 30 (rounded in $000's):

	2022	2021	2020
Assets			
Current assets	$ 27,710	$ 28,466	$ 25,045
Endowed assets	189	189	185
Capital assets, net of depreciation and amortization	71,058	63,770	57,725
Total assets	**$ 98,958**	**$ 92,425**	**$ 82,955**
Deferred outflows of resources - pension	$ 5,470	$ 8,581	$ 11,397
Deferred outflows of resources - OPEB	$ 2,128	$ 2,833	$ 2,597
Liabilities			
Current liabilities	$ 5,860	$ 4,804	$ 4,428
Debt obligations	9,907	10,963	11,983
Lease commitments	75	148	0
Net pension liability	27,784	41,581	41,542
Net OPEB liability	1,723	6,305	8,819
Total liabilities	**$ 45,349**	**$ 63,801**	**$ 66,772**
Deferred inflows of resources - pension	$ 11,039	$ 1,971	$ 3,120
Deferred inflows of resources - OPEB	$ 7,355	$ 5,554	$ 4,048
Net position			
Invested in capital assets, net of related debt	$ 59,947	$ 51,569	$ 57,725
Restricted - expendable	89	109	126
Restricted - nonexpendable	178	178	178
Unrestricted	(17,401)	(19,343)	(35,020)
Total net position	**$ 42,813**	**$ 32,513**	**$ 23,009**

The Statement of Net Position (continued)

The College's financial position remains strong at June 30, 2022 with assets totaling $98,958,000 and current liabilities of $5,860,000. Total net position increased from $32,513,000 to $42,813,000, primarily due to the upgraded capital assets from the maintenance and improvement millage.

Current assets decreased $756,000 and current liabilities increased $1,056,000. The amount of working capital designated to cover operating expenses increased from $13,068,813 in 2021 to $14,002,185 in 2022.

The College adheres to Governmental Accounting Standards Board Statement No. 68, *Accounting for Pensions*, which requires governments providing defined benefit pensions through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability to more comprehensively and comparably measure the annual costs of pension benefits. In accordance with the statement, the College has reported under Net Position-Unrestricted (Deficit) of $33,352,693, which is the total of the Net Pension Liability and related deferred inflows and outflows as of June 30, 2022.

For the year ended June 30, 2018, the College implemented Governmental Accounting Standards Board Statement No. 75, *Accounting for Postemployment Benefits Other than Pensions*. This standard requires governments providing other post-employment benefits, such as healthcare, through a cost-sharing plan to recognize their unfunded other post-employment benefit (OPEB) obligation as a liability. In accordance with the statement, the College has reported under Net Position-Unrestricted (Deficit) of $6,950,132, which is the total of the Net OPEB Liability and related deferred inflows and outflows as of June 30, 2022.

The Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating revenue and expenses of the College, as well as the non-operating revenues and expenses. Operating revenues primarily include net student tuition and fees, grants and contracts, and auxiliary services. Non-operating revenues include state appropriations, property taxes, Federal Pell Grant and Federal HEERF Grant revenue.

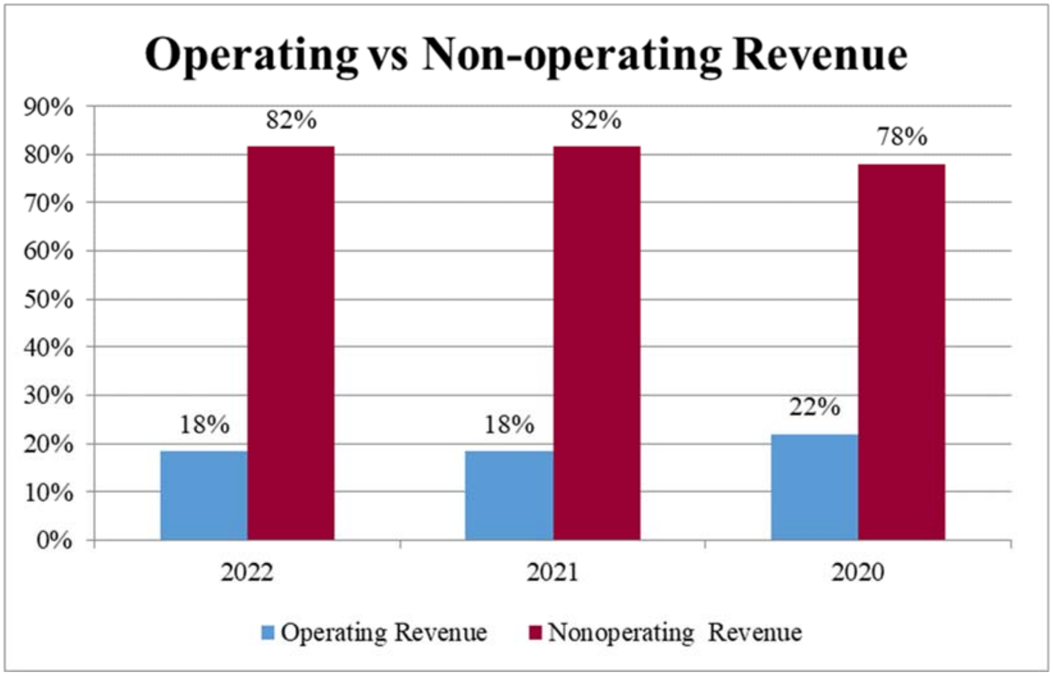
Because the components that create the non-operating revenues are usually greater than the components of the operating revenues, the College's financial statements reflect an annual operating loss.

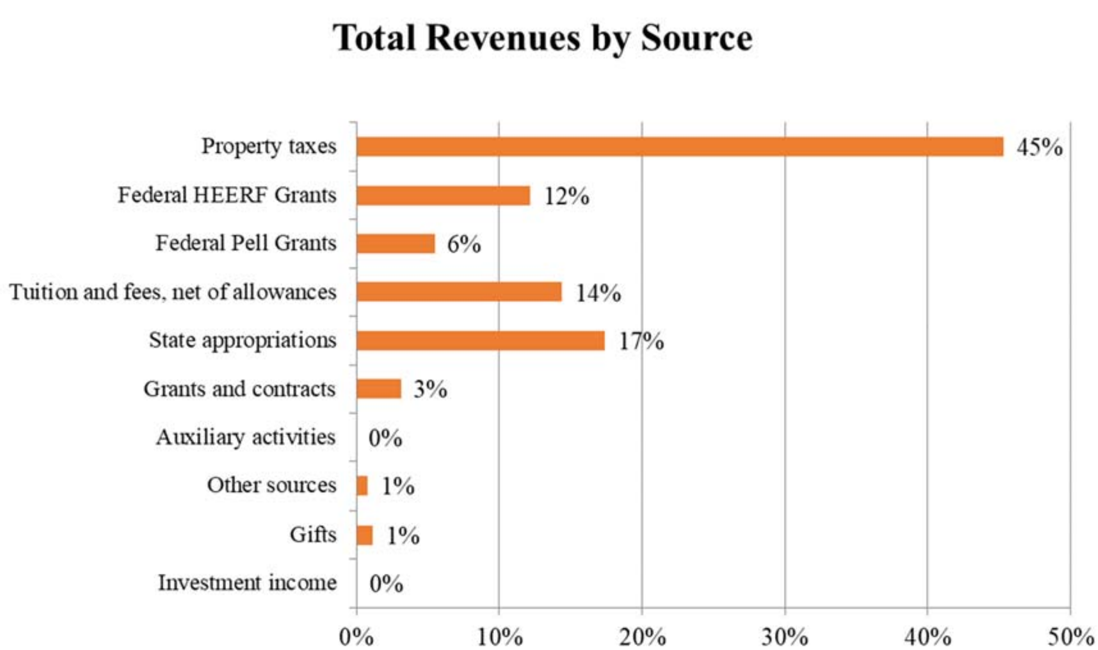
The following is a comparative analysis of key components of the Statement of Revenues, Expenses and Changes in Net Position as of June 30 (rounded in $000's):

	2022	2021	2020
Operating revenues			
Tuition and fees, net of allowances	$ 6,277	$ 5,938	$ 6,245
Grants and contracts	1,365	1,131	1,274
Auxiliary activities	(21)	652	810
Other sources	352	146	204
Total operating revenues	**$ 7,973**	**$ 7,867**	**$ 8,533**
Operating expenses	$ 33,263	$ 33,174	$ 34,733
Operating Loss	**$ (25,290)**	**$ (25,307)**	**$ (26,200)**
Non-operating revenues			
State appropriations	7,589	7,448	6,525
Property tax levy	19,779	19,243	18,791
Federal Pell Grant revenue	2,402	2,260	2,574
Federal HEERF Grant revenue	5,310	3,274	269
Investment income	6	42	167
Gifts	507	505	453
Loss on disposal of assets	(3)	(99)	(16)
Total non-operating revenues	**$ 35,590**	**$ 32,673**	**$ 28,763**
State capital appropriations	$ -	$ 2,138	$ 1,612
Increase/(decrease) in net position	**$ 10,300**	**$ 9,504**	**$ 4,175**
Net position - beginning of year	$ 32,513	$ 23,009	$ 18,834
Net position - end of year	**$ 42,813**	**$ 32,513**	**$ 23,009**

Revenues by Source

The following is an illustration of the percentage of total revenue ($43,564,000 combined operating and non-operating) by source for the year ended June 30, 2022 along with a comparison of operating and non-operating revenue:





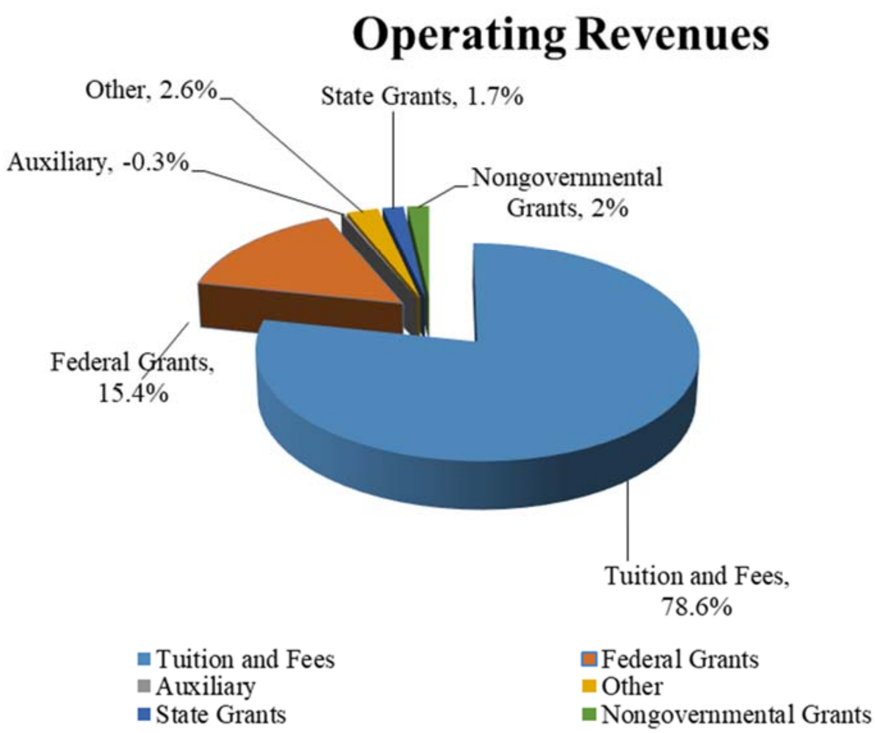
Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees and the sale of books and supplies. An exchange transaction occurs when each party receives and gives up essentially equal values. In addition, certain federal, state, and private grants are considered operating revenue if they are not for capital purposes and are considered a contract for services.

Operating revenue changes were the result of the following for the year ended June 30, 2022:

- Student tuition and fee revenue increased by 6 percent or $339,000 in comparison to the prior year.
- Grants and contracts revenue increased $233,000.
- Auxiliary services revenue decreased by 103 percent or $673,000 from the prior year. This is primarily due to the conversion to the online Bookstore, which gives our students the best deal for their books. In addition, other factors leading to the large decrease were fewer community events held and the closure of Cuisine 1300 in fiscal year 2022.

The following is a graphic illustration of operating revenues by source for the year ended June 30, 2022:



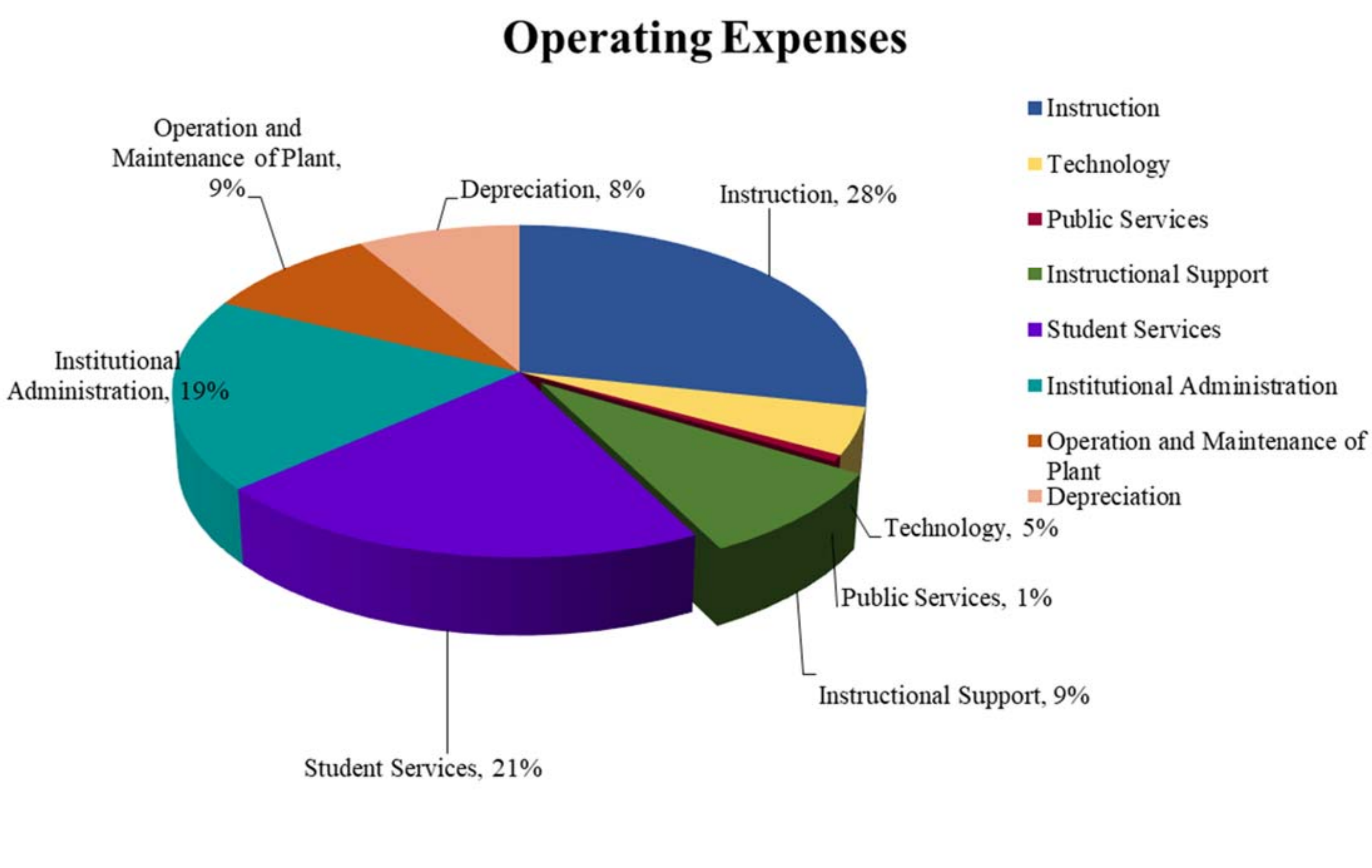
Operating Expenses

Operating expenses include all expenses necessary to provide services and conduct the programs of the College.

Operating expense changes were the result of the following for the year ended June 30, 2022:

- Operating expenses increased $90,000, which is 0.2 percent, from the fiscal year ended June 30, 2021. Operating expenses totaled $33.3 million, compared to $33.2 million the prior year.
- Depreciation and the operation and maintenance of plant experienced an increase of expenses by $2,090,000. This is primarily due to projects being moved out of Construction in Progress. Once these projects are completed, the depreciation expense will begin to be recorded.
- Wages and salaries expense decreased by $29,526 from the prior year, which is about .01 percent.
- Fringe benefit expenses increased $72,540 from the prior year without including the expenses associated with the changes in Net Pension and Net OPEB Liabilities for the fiscal year.

The following is a graphic illustration of operating expenses by source for the year ended June 30, 2022:



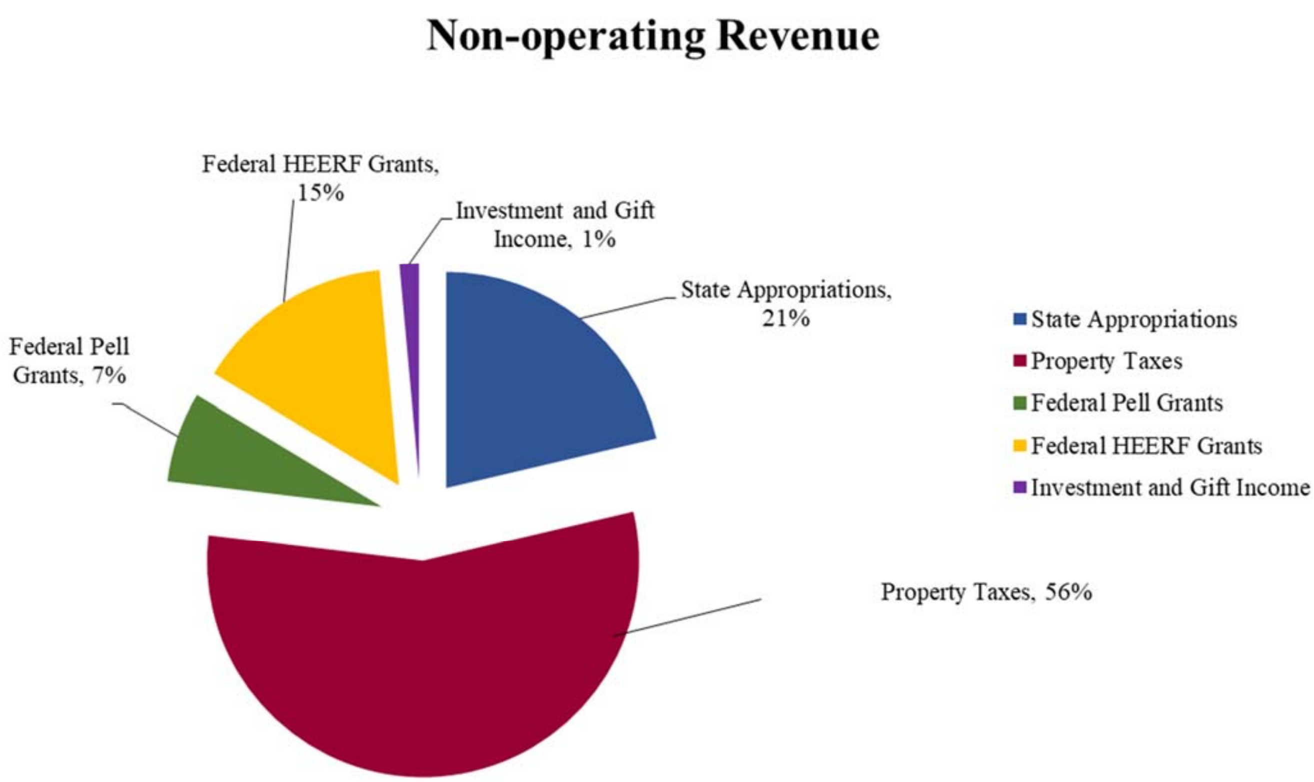
Non-operating Revenues

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, Pell Grant revenue, and investment income.

Non-operating revenue changes were the result of the following factors for the year ended June 30, 2022:

- Property taxes increased $536,000, about 3 percent, from the prior year due to increased property values.
- State appropriations increased 2 percent, which is about $141,000. The appropriations include $1,694,140 for the MPSERS Unfunded Actuarial Accrued Liability due to PA 300 of 2012, which placed a cap on the amount the college would pay for the unfunded liability obligations to 20.96 percent. The $1,694,140 amount is paid back to the state to cover retirement costs. The reimbursement in personal property tax losses from the Local Community Stabilization Authority decreased to $575,663 in 2022 compared to $717,335 in 2021.
- Federal Pell Grant revenue income increased, while investment income decreased.
- Federal HEERF Grant revenue continued to be utilized to offset additional costs from the Covid-19 pandemic.

The following is a graphic illustration of non-operating revenues by source for the year ended June 30, 2022:



Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments for the College during a specific period. The Statement of Cash Flows eliminates all payables and receivables from the previous financial statements to help users assess:

- The College's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

The following is a comparative analysis of key components of the Statement of Cash Flows as of June 30 (rounded in $000's):

	2022	2021	2020
Net cash provided (used) by:			
Operating activities	$ (24,588)	$ (23,225)	$ (23,219)
Non-capital financing activities	37,254	30,775	28,988
Capital and related financing activities	(13,220)	(6,900)	(9,966)
Investing activities	5	(227)	131
Net increase (decrease) in cash and cash equivalents	**$ (549)**	**$ 423**	**$ (4,066)**

Items accounting for the majority of the changes in cash and cash equivalents are as follows:

- The College had a net decrease in cash and cash equivalents of $549,000 compared to the prior year's increase of $423,000.
- Cash used for operating activities was $24,588,000, an increase of $1,363,000 compared to 2021. Major sources of funds come from student tuition and fees followed by grants and contracts. Major uses of funds were payments to suppliers and employees.
- Cash used for capital and related financing activities increased 6,319,000 compared to 2021. This number greatly exceeds previous historical data. This is because of the various ongoing maintenance and improvement projects. These projects include: Founders Hall (formerly East and West Technology), Campbell Learning Resources Center building, LS classroom and lecture hall, air quality projects, campus single-user restrooms, phone and security upgrades, and more. As these projects near completion and additional projects begin, cash used for capital and related financing activities will continue to remain high.

Capital Assets

The following is a comparative analysis of key components of the College's investment in capital assets as of June 30 (rounded in $000's):

	2022	2021	2020
Capital assets			
Land	$ 1,517	$ 1,368	$ 1,368
Building and site improvement	94,336	90,463	79,741
Construction in progress	9,093	5,560	10,365
Equipment	10,169	8,407	7,293
Intangible right-to-use assets	280	280	-
Less: accumulated depreciation and amortization	(44,337)	(42,308)	(41,043)
Total capital assets	**$ 71,058**	**$ 63,770**	**$ 57,724**

The College has $115 million invested in capital assets, net of accumulated depreciation of $44 million.

Debt

In fiscal year 2015-2016, the College borrowed significant funds for an HVAC project which resulted in debt of $16,151,962. Payments on the loan will occur on a semi-annual basis with the final payment occurring in the fiscal year 2031-2032. In fiscal year 2015-2016, the first payment was made which totaled $143,349. In fiscal year 2016-2017, the total payment was $1,004,757. For fiscal years 2018 through 2031, the total payments for each fiscal year were and will be $1,436,119.

In previous years, the College would issue a Tax Anticipation Note between $1,000,000 and $6,000,000 in order to cover short-term cash flow needs through November, December, and January. The tax anticipation note would require an allocation of each property tax receipt to be set aside for debt retirement. The College would settle the note sometime in March. The cost to borrow was a minimal amount usually less than $25,000. The College did not have a need to issue a Tax Anticipation Note for fiscal year 2021-2022.

The College's need to borrow funds for short-term cash flow needs is due to the timing of cash receipts. The months of November and December are historically the months with the lowest cash balances. The State of Michigan spreads appropriation payments over 11 months so the College does not receive a payment in September. Property taxes, which were 60 percent of non-operating revenue this year, are levied in December but the majority of payments to the College are received during the months of January through March.

Economic Factors That Will Affect the Future

DTE Energy and the City of Monroe have settled on a step-down reduction of the taxable values of the Monroe Power Plant. The terms of the Consent Agreement reduce the taxable value of the plant over a seven-year period resulting in a total taxable value reduction of 28.33 percent between 2018 and 2025. The agreement results in general fund revenue losses each year as the taxable value of the plant is as follows:

2018 = 503,876,075	2022 = 421,138,412
2019 = 482,100,000	2023 = 385,138,405
2020 = 461,121,331	2024 = 361,138,399
2021 = 433,138,415	2025 = 361,138,399

DTE Energy has requested a review of the taxable value of the Fermi Nuclear Power Plant. If the taxable value is adjusted, it could result in a substantial loss of property tax revenue for the College. The College currently has $924,728 set-aside for general fund losses and $432,697 set-aside for millage maintenance and improvement losses should the taxable value be adjusted.

The College received Higher Education Emergency Relief (HEERF) funding through the CARES, CRRSAA, and ARP Acts in the form of four grants: Student funding, Institutional funding, Strengthening Institutions funding, and state funding. The College is a sub-recipient for the state funding. These grants provide some relief to those affected by the pandemic, but come with strict spending and reporting guidelines. Of the $6,160,571 awarded to the College, $5,215,853 has been expended through June 30, 2022.

Taxable values for property in Southeast Michigan have increased the last few years. It is anticipated that taxable values will increase slightly next fiscal year as well. The College budgeted a 2.65% increase in property taxes for the 2022-2032 fiscal year, while accounting for the adjustments to DTE's taxable value of its Monroe Power Plant mentioned above.

The College completed a major geothermal heating, ventilating and air conditioning (HVAC) project, which will provide savings upwards of $200,000 per year in energy costs. The savings will be used towards the annual $1,436,119 loan payments through 2031.

The College faced a slight enrollment incline for the 2021-2022 fiscal year. Due to state funding programs such as Michigan Reconnect and Futures for Front liners, it is anticipated that enrollment will experience another increase for 2022-2023. The Board of Trustees approved to increase tuition rates 2% for the 2022-2023 year. The Board of Trustees has the authority to increase tuition rates to offset rising costs, but are also mindful of the impact that tuition increases have on our students. They will continue to monitor costs and enrollment trends as they strive to keep increases in tuition to a minimum.

The College is in year six of its maintenance and improvement millage. The College will continue the multitude of maintenance and improvement projects with a zero-increase five-year millage renewal.
Completed projects for this year include: Campbell Academic Center, Founders Hall, campus-wide generators, Information Technology support rooms, new phone system, parking lot upgrades, safety services office renovation, ceramics lab renovation, and air blown fiber installation. Numerous other projects are in progress to be completed next year.

Economic Factors That Will Affect the Future (continued)

Construction began on the renovation of the Campbell Learning Resources Building. The total estimated cost of the renovation is $11,600,000. Property tax revenue generated from the maintenance and improvement millage is funding the project. The College had $8,337,515 in expenses in 2022, added to the $423,382 from 2021. Anticipated completion of the project is late summer of 2022.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about this report or need additional information please contact the Office of the Vice President of Administration, Monroe County Community College, 1555 South Raisinville Rd., Monroe, Michigan 48161.

MONROE COUNTY COMMUNITY COLLEGE

Statements of Net Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents - Note 2	$22,393,749	$22,942,757
Short-term investments - Note 2	250,375	250,000
Property taxes receivable (net of allowance $21,744 and $11,387)	42,276	46,247
State appropriation receivable	1,236,888	1,215,970
Federal and state grants receivable	0	119,731
Interest receivable	263	263
Accounts receivable (net of allowance $410,888 and $466,402)	2,822,344	3,425,644
Inventories	49,558	126,092
Prepaid expenses and other assets	914,627	339,198
Total Current Assets	27,710,080	28,465,902
Noncurrent Assets:		
Restricted short-term investments - Note 2	189,447	188,968
Property and Equipment (net of accumulated depreciation and amortization) - Note 4	71,058,196	63,769,935
Total Noncurrent Assets	71,247,643	63,958,903
TOTAL ASSETS	98,957,723	92,424,805
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension amounts - Note 6	5,470,343	8,581,291
Deferred OPEB amounts - Note 7	2,128,264	2,833,365
Total deferred outflows of resources	7,598,607	11,414,656
LIABILITIES		
Current Liabilities:		
Accounts payable	949,890	$1,070,525
Accrued payroll and fringes - Note 5	2,571,620	2,291,746
Deposits	99,652	207,841
Unearned revenue	1,109,337	143,737
Current portion of debt obligations - Note 10	1,056,098	1,019,605
Current portion of lease commitments - Note 11	73,015	70,420
Total Current Liabilities	5,859,612	4,803,874
Noncurrent Liabilities:		
Debt obligations - Note 10	9,906,835	10,962,933
Lease commitments - Note 11	75,408	148,423
Net pension liability - Note 6	27,783,909	41,580,965
Net OPEB liability - Note 7	1,723,291	6,305,203
Total Noncurrent Liabilities	39,489,443	58,997,524
TOTAL LIABILITIES	45,349,055	63,801,398
DEFERRED INFLOWS OF RESOURCES		
Deferred pension amounts - Note 6	11,039,127	1,971,050
Deferred OPEB amounts - Note 7	7,355,105	5,553,873
Total deferred inflows of resources	18,394,232	7,524,923
NET POSITION		
Investment in capital assets, net of related debt	59,946,840	51,568,554
Restricted for:		
Nonexpendable endowments	177,539	177,539
Expendable:		
Endowments, Scholarships, and Grants	3,475	8,148
Other	86,113	101,773
Unrestricted (Deficit) - Note 1	(17,400,924)	(19,342,874)
TOTAL NET POSITION	$ 42,813,043	$ 32,513,140

The accompanying notes are an integral part of these statements

MONROE COUNTY COMMUNITY COLLEGE

Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUE		
Tuition and fees (net of scholarship allowance of $2,270,788 and $2,158,393)	$6,277,162	$5,938,098
Federal grants	1,225,696	951,296
State grants	139,004	180,171
Auxiliary activities (net of scholarship allowance of $258,680 and $225,825)	(20,660)	651,668
Other sources	352,209	145,496
Total Operating Revenue	7,973,411	7,866,729
OPERATING EXPENSES		
Instruction	9,426,743	11,723,302
Information technology	1,529,145	2,149,007
Public services	213,587	320,096
Instructional support	2,950,440	3,445,790
Student services	7,024,087	6,053,806
Institutional administration	6,206,423	4,168,384
Operation and maintenance of plant	3,093,327	3,097,794
Depreciation and amortization	2,820,157	2,215,778
Total Operating Expenses	33,263,909	33,173,957
Operating Loss	(25,290,498)	(25,307,228)
NONOPERATING REVENUE		
State appropriations	7,588,943	7,447,554
Property tax levy	19,779,241	19,243,551
Federal pell grant revenue	2,402,151	2,259,840
Federal HEERF grant revenue	5,310,112	3,274,076
Investment income	5,691	42,451
Gifts between College and Foundation	506,915	504,971
Loss on disposal of assets	(2,652)	(98,821)
Net Nonoperating Revenues	35,590,401	32,673,622
Income Before Other Revenue	10,299,903	7,366,394
OTHER REVENUE		
State capital gifts	0	2,138,028
Change in Net Position	10,299,903	9,504,422
NET POSITION		
Beginning of Year	32,513,140	23,008,718
End of Year	$42,813,043	$32,513,140

The accompanying notes are an integral part of these statements

MONROE COUNTY COMMUNITY COLLEGE

Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$7,278,640	$5,107,227
Grants and contracts	1,700,820	1,109,463
Payments to suppliers	(20,081,821)	(15,507,935)
Payments to employees	(14,543,705)	(14,385,652)
Collection of loans from students	156	0
Auxiliary enterprise charges	152,518	478,132
Other	904,971	(26,691)
Net Cash Used For Operating Activities	(24,588,421)	(23,225,456)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	19,775,396	19,230,078
Gifts and contributions for other than capital purposes	522,576	606,105
Pell Grant revenue	2,402,151	2,272,681
HEERF Grant revenue	6,985,896	1,791,049
Federal direct lending receipts	2,519,890	2,584,378
Federal direct lending payments	(2,519,890)	(2,584,378)
State appropriations	7,568,025	6,875,130
Net Cash Provided by Noncapital Financing Activities	37,254,044	30,775,043
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(10,111,069)	(8,042,357)
Principal debt payments	(1,019,605)	(984,372)
State capital appropriations	0	2,138,028
Fund Borrowing	(2,089,145)	(11,697)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(13,219,819)	(6,900,398)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment	0	185,848
Investment income	5,563	26,297
Purchase of investments	(375)	(438,968)
Net Cash Provided by Investing Activities	5,188	(226,823)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(549,008)	422,366
CASH AND CASH EQUIVALENTS - Beginning of Year	22,942,757	22,520,391
CASH AND CASH EQUIVALENTS - End of Year	$22,393,749	$22,942,757

The accompanying notes are an integral part of these statements

RECONCILIATION OF NET OPERATING EXPENSES TO NET CASH USED FOR OPERATING ACTIVITIES:

	2022	2021
Operating loss	($25,290,498)	($25,307,228)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	2,749,736	2,215,778
Loss on disposal of assets	0	(98,821)
(Increase) decrease in assets:		
Accounts receivable	1,087,367	(870,509)
Federal and state grant receivable	190,638	(30,910)
Inventories	76,534	173,652
Prepaid assets and other current assets	(575,429)	(39,127)
Increase (decrease) in liabilities:		
Accounts payable	(127,510)	155,780
Accrued payroll and fringes	10,495	76,862
Deposits	(1,855)	17,213
Unearned revenue	815,757	(16,641)
Net pension and OPEB liability	(3,523,656)	498,495
NET CASH USED FOR OPERATING ACTIVITIES	($24,588,421)	($23,225,456)

The accompanying notes are an integral part of these statements

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEGE

STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$1,203,974	$999,462
Unconditional promises to give:		
Restricted for scholarships	3,335	0
Restricted other (net of allowance $2,500 and $2,650)	105,660	113,415
Total unconditional promises to give	108,995	113,415
Total Current Assets	1,312,969	1,112,877
Brokeraged investments, at market value:		
Endowment investments	5,141,736	5,939,544
Endowment investments Cultural	2,571,450	2,933,087
Total brokeraged investments, at market value	7,713,186	8,872,631
Long-term unconditional promises to give:		
Restricted other (net of allowance $17,500 and $19,750)	623,500	705,740
Total Assets	$9,649,655	$10,691,248
LIABILITIES		
Accounts payable	$3,577	$17,738
Deferred revenue	0	5,000
Total Current Liabilities	3,577	22,738
NET ASSETS		
Net Assets, without restrictions	496,270	397,442
Net Assets, with restrictions	9,149,808	10,271,068
Total Net Assets	9,646,078	10,668,510
Total Liabilities and Net Assets	$9,649,655	$10,691,248

(See accompanying notes to financial statements)

THE FOUNDATION AT MONROE COUNTY COMMUNITY COLLEG

STATEMENTS OF ACTIVITIES
June 30, 2022 and 2021

	2022	2021
	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT		
Contributions	$667,359	$731,813
Contributions - In kind	100,000	15,000
Corporate grants	100,000	100,000
Special events	15,500	15,000
Donated administrative support	260,214	307,384
Net investment income	(1,271,855)	1,763,805
Net assets released from restrictions:		
Satisfaction of donor restrictions	0	0
Total Revenues, Gains, and Other Support	(128,782)	2,933,002
EXPENSES:		
Scholarships	263,845	215,498
Grants	367,525	377,570
Fundraising	0	0
Donated administrative expenses	260,214	307,384
Other	2,066	1,579
Total Expenses	893,650	902,031
Changes in Net Assets	(1,022,432)	2,030,971
Net Assets at Beginning of Yeaı	10,668,510	8,637,539
Net Assets at End of Year	$9,646,078	$10,668,510

(See accompanying notes to financial statements)

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

Reporting Entity

Monroe County Community College (The College) is a Michigan community college which has two locations located in Monroe County. The College was founded in 1964 and is governed by a seven-member board of trustees, elected by the public.

As required by generally accepted accounting principles, these financial statements present the College and its component unit, The Foundation at Monroe County Community College as described in the following paragraph.

The Foundation at Monroe County Community College (The Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The board members of the Foundation are appointed by the College's board. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

Separate audited financial statements for the Foundation can be obtained from the Foundation at Monroe County Community College at 1555 South Raisinville Road, Monroe, MI 48161.

Basis of Presentation

College

The financial statements have been prepared in accordance with the generally accepted accounting principles (GAAP) as applied to public colleges and universities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The College reports as a business-type activity (BTAs), as defined by GASB. BTAs are those that are financed in whole or in part by fees charged to external parties for goods or services.

Foundation

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 criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Note 1 – Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The business-type financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Restricted Investments

Investments which are separately invested for an endowed purpose are reflected as restricted.

Receivables

Accounts receivable resulting from government and state grants, state appropriations, and student tuition consists of operating revenue recognized, but not received, as of June 30, 2022 and 2021. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

Scholarship Allowances

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

Inventories

Inventories, including books and miscellaneous supplies, are stated at the lower of cost or net realizable value using the first-in, first-out method.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Note 1 – Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost, or if acquired by gift, at the fair market value as of the date of acquisition. The College maintains a capitalization threshold of five thousand dollars. Depreciation is provided for property and equipment on a straight-line basis. Estimated useful lives are as follows:

Land and improvements	10 years
Building and improvements	10-40 years
Infrastructure	10-20 years
Furniture, fixtures and equipment	5-10 years

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Notes 6 and 7.

Accrued Vacation

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the College will compensate the employees for the benefits through paid time off or some other means. The College records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Unearned Revenue

Unearned revenue is a combination of prepaid rent, grant and tuition revenue received prior to year-end that relates to the next fiscal period. Unearned revenue at June 30 is as follows:

	June 30,	
	2022	2021
Michigan Reconnect	$720,786	$2,120
HEERF II	149,844	0
Upward Bound	81,546	0
Other grants	19,221	7,850
Tuition:		
Summer semester	66,286	53,774
Fall semester	71,654	79,993
	137,940	133,767
Total Unearned Revenue	$1,109,337	$143,737

Note 1 – Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB)
For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the Michigan Public 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 expenses when due and payable in accordance with the plan benefit terms. Investments are reported at fair value.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as funding received through state appropriations for contributions to the plans after the measurement date and the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Notes 6 and 7.

Restricted Net Position
Permanently restricted net position may be utilized only in accordance with the purposes established by the source of such funds. The permanently restricted funds maintained by the College are general purpose funds, which permit only the use of net investment earnings and require that the original fund corpus be maintained.

The investment earnings on these permanently restricted assets are classified as unrestricted net position in accordance with the donor's designation.

Note 1 – Reporting Entity, Basis of Presentation and Significant Accounting Policies (Continued)

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

	June 30, 2022	June 30, 2021
Designated for:		
Working capital	$14,002,185	$13,068,812
Pension & OPEB funds	(40,302,825)	(43,996,435)
Technology equipment	1,535,969	762,044
Auxiliary activities	1,471,725	1,526,554
Student loans	18,413	18,257
Quasi-endowment	134,761	284,029
Major maintenance and renovation	5,738,848	8,993,865
Unrestricted and undesignated	0	0
Total Unrestricted Net Position	$ (17,400,924)	$ (19,342,874)

Operating Revenues and Expenses
The College distinguishes the operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a BTA's principal ongoing operation. The operating revenue of the College relates to charges to students for tuition, including grants, and auxiliary sales. Operating expenses include the cost of instruction, the related services, administration, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Use of Estimates
The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 1 – Reporting Entity, Basis of Presentation and Significant Accounting Policies (Concluded)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 23, 2022 which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2022, the College adopted GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College implemented this standard effective July 1, 2020. As a result of this implementation, beginning balances were restated on the statement of net position. Capital assets and long-term liabilities each increased $279,832 to account for existing copy leases.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak a pandemic now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventive or protective actions, such as temporary closures of non-essential business and “stay-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the College’s operations were also impacted. Due to the “Stay-at-home” guidelines during March 2020, the College shifted to a remote online learning environment. The College also canceled many classes and campus events, which resulted in lost revenues for the College for the year ended June 30, 2021. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP). The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling approximately $9,947,450, of which $3,786,879 is required to be given directly to students. For the years ended June 30, 2022 and 2021, the College recognized HEERF grant revenue totaling $2,689,604 and $1,931,844, respectively.

The severity of the continued impact due to COVID-19 on the College’s financial condition, results of operations, or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College’s community, all of which are uncertain and cannot be predicted.

Note 2 – Deposits and Investments

The College's deposits and investments were included in the Statement of Net Position under the following classifications:

	June 30, 2022	June 30, 2021
Cash and cash equivalents	$22,393,748	$22,942,757
Short-term investments	250,375	250,000
Restricted short-term investments	189,447	188,968
Total	$ 22,833,570	$ 23,381,725

As of June 30, 2022 and 2021, the College's investments are comprised entirely of bank certificates of deposit and money market accounts.

The break down between deposits and investments for the College were as follows:

	June 30, 2022	June 30, 2021
Bank deposits (checking accounts, savings accounts and certificates of deposits)	$ 22,831,282	$23,379,437
Petty cash and cash on hand	2,288	2,288
Total	$22,833,570	$23,381,725

Deposits

The above bank deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at $22,988,271 and $22,867,172 for 2022 and 2021, respectively. Of that amount, $939,470 and $688,997 were covered by federal depository insurance for 2022 and 2021, respectively, and the remainder was uninsured and uncollateralized.

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

Interest Rate Risks

The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the College manages its exposure to interest rate risk by generally limiting investment maturities to less than one year.

Note 2 – Deposits and Investments (Concluded)

Credit Risk
The College's credit risk is limited by the Michigan Public Act 331 and by resolution of the Board of Trustees to invest in limited types of investments as described previously in the note. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk
The College places no limit on the amount the College may deposit or invest in any one issuer. The percent of the College's investments by insurer at June 30, were as follows:

	2022	2021
Issuer:		
PNC Bank	96 %	98 %
Flagstar	1	1
First Merchants Bank	3	1
	100 %	100 %

Custodial Credit Risk
The College investment policies do not address custodial credit risk. However, the entire bank pooled investment accounts and bank deposit accounts are in the name of the College.

Note 3 - Fair Value Measurements

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

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

Note 3 - Fair Value Measurements (Concluded)

The College has the following recurring fair value measurements as of June 30, 2022 and 2021:

Assets measured at Fair Value on a Recurring Basis at June 30, 2022

		Fair Value Measurements Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Markets	$7,571,497	$7,571,497	$0	$0
Bank certificate of deposit	439,822	439,822	0	0
Total investments measured at fair value	$8,011,319	$8,011,319	$0	$0

Assets measured at Fair Value on a Recurring Basis at June 30, 2021

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Markets	$7,566,663	$7,566,663	$0	$0
Bank certificate of deposit	438,968	438,968	0	0
Total investments measured at fair value	$8,005,631	$8,005,631	$0	$0

The fair value of the Bank certificate of deposit at June 30, 2022 and 2021, was determined primarily based on level 1 inputs. The College records the fair value of this investment using the cost plus interest incrementally earned.

Note 4 - Property and Equipment

The following table presents the changes in the various fixed class categories for the year ended June 30, 2022, as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Nondepreciable Capital Assets:				
Land	$1,368,163	$149,747	$0	$1,517,910
Construction in progress	5,560,463	8,610,758	5,078,421	9,092,800
Total Nondepreciable Capital Assets	6,928,626	8,760,505	5,078,421	10,610,710
Depreciable Capital Assets:				
Land improvements	3,470,739	0	0	3,470,739
Building and improvements	84,333,243	2,723,505	0	87,056,748
Infrastructure	2,658,774	1,150,049	0	3,808,823
Furniture, fixtures and equipment	8,406,664	2,539,911	777,401	10,169,174
Total Depreciable Capital Assets	98,869,420	6,413,465	777,401	104,505,484
Total Capital Assets	105,798,046	15,173,970	5,855,822	115,116,194
Less Accumulated Depreciation:				
Land improvements	2,132,720	147,253	0	2,279,973
Building and improvements	32,361,078	2,046,227	0	34,407,305
Infrastructure	2,202,101	21,401	15,520	2,207,982
Furniture, fixtures and equipment	5,551,055	528,004	774,749	5,304,310
Total Accumulated Depreciation	42,246,954	2,742,885	790,269	44,199,570
Intangible Right-to-Use Assets				
Right-to-use asset - leased equipment	279,832	0	0	279,832
Less accumulated amortization	60,989	77,271	0	138,260
Net Intangible Right-to-Use Assets	218,843	(77,271)	0	141,572
Total Capital Assets, Net	$63,769,935			$71,058,196

Note 4 - Property and Equipment (Continued)

The following table presents the changes in the various fixed class categories for the year ended June 30, 2021, as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Nondepreciable Capital Assets:				
Land	$1,368,163	$0	$0	$1,368,163
Construction in progress	10,365,390	5,286,908	10,091,835	5,560,463
Total Nondepreciable Capital Assets	11,733,553	5,286,908	10,091,835	6,928,626
Depreciable Capital Assets:				
Land improvements	3,211,052	735,030	475,343	3,470,739
Building and improvements	74,308,746	10,172,751	148,254	84,333,243
Infrastructure	2,221,214	437,560	0	2,658,774
Furniture, fixtures and equipment	7,292,740	1,600,765	486,841	8,406,664
Total Depreciable Capital Assets	87,033,752	12,946,106	1,110,438	98,869,420
Total Capital Assets	98,767,305	18,233,014	11,202,273	105,798,046
Less Accumulated Depreciation:				
Land improvements	2,534,457	73,605	475,342	2,132,720
Building and improvements	30,702,704	1,749,128	90,754	32,361,078
Infrastructure	2,191,932	10,169	0	2,202,101
Furniture, fixtures and equipment	5,613,698	382,876	445,519	5,551,055
Total Accumulated Depreciation	41,042,791	2,215,778	1,011,615	42,246,954
Intangible Right-to-Use Assets				
Right-to-use asset - leased equipment	279,832	0	0	279,832
Less accumulated amortization	0	60,989	0	60,989
Net Intangible Right-to-Use Assets	279,832	(60,989)	0	218,843
Total Capital Assets, Net	$58,004,346			$63,769,935

Note 5 - Accrued Payroll and Fringes

Accrued payroll and fringes include the following:

	June 30, 2022	June 30, 2021
Payroll	$1,030,918	$990,392
Accrued vacation	439,661	465,764
Pension plan	462,038	292,084
Other retirement and fringes	639,003	543,506
	$2,571,620	$2,291,746

Note 6 - Defined Benefit Pension Plans and Postemployment Benefits

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

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

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

The System's financial statements are available at michigan.gov/ORSSchools.

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

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal costs is funded on a current basis. The unfunded (overfunded) actuarial accrued liability of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2021.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.78%
Member Investment Plan	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The College's required contributions to the plan for the years ended June 30, 2022 and 2021 were $3,523,680 and $3,326,529, respectively. In addition, the College recognized Section 147(c)(1) payments allocable to the pension contribution of $1,694,140 and $1,606,464 in revenue from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2022 and 2021, respectively. These funds were also remitted to the plan.

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

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

At June 30, 2022 and 2021, the College reported a liability of $27,783,909 and $41,580,505 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 30, 2020 and 2019. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021 and 2020, the College's proportion was 0.11735 percent and 0.12104 percent, respectively, which was a decrease of 0.0037 percent and 0.0044 percent from its proportion measured as of September 30, 2020 and 2019, respectively.

For the year ended June 30, 2022 and 2021, the College recognized pension expense of $2,027,896 and $5,295,882, respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$430,385	($163,614)	$635,323	($88,748)
Changes of assumptions	1,751,398	0	4,607,572	0
Net differences between projected and actual plan investment earnings	0	(8,932,437)	174,705	0
Changes in proportion and differences between the College's contributions and proportionate share of contributions	0	(1,943,076)	0	(1,882,302)
The College's contributions subsequent to the measurement date	3,288,560	0	3,163,691	0
	$5,470,343	($11,039,127)	$8,581,291	($1,971,050)

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

$3,288,560 and $3,163,691 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To be Recognized in Future Pension Expenses)

	2022	2021
2021	$0	$1,618,195
2022	(1,599,498)	1,143,707
2023	(2,180,789)	537,808
2024	(2,552,790)	146,840
2025	(2,524,267)	0
	($8,857,344)	$3,446,550

Actuarial Assumptions

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

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.80%, net of investment expenses
- Pension Plus Plan:	6.80%, net of investment expenses
- Pension Plus 2 Plan:	6.00%, net of investment expenses
Projected Salary Increase:	2.75 to 11.55%, including wage inflation of 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
- Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021 and 2020, is based on the results of an actuarial valuation date of September 30, 2020 and 2019, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4367 and 4.4892 as of September 30, 2021 and 2020, respectively.

Recognition period for assets in years: 5.0000

Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

Long-Term Expected Rate of Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 and 2020, are summarized in the following table:

	2021		2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return*	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.4%	25.00%	5.6%
Private Equity Pools	16.00	9.1	16.00	9.3
International Equity Pools	15.00	7.5	15.00	7.4
Fixed Income Pools	10.50	(0.7)	10.50	0.5
Real Estate and Infrastructure Pools	10.00	5.4	10.00	4.9
Absolute Return Pools	9.00	2.6	9.00	3.2
Real Return/Opportunistic Pools	12.50	6.1	12.50	6.6
Short Term Investment Pools	2.00	(1.3)	2.00	0.1
	100.00%		100.00%	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal year ended September 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3% and 5.37%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80%, as of September 30, 2021 and 2020, was used to measure the total pension liability (6.80% for Pension Plus plan, 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.8% for Pension Plus plan, 6.0% for the Pension Plus 2 plan) as of September 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 6 - Defined Benefit Pension Plans and Postemployment (Continued)

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

	June 30, 2022		
	1% Decrease (5.8% / 5.8% / 5.0%)	Discount Rate (6.8% / 6.8% / 6.0%)	1% Increase (7.8% / 7.8% / 7.0%)
Net Pension Liability	$39,723,454	$27,783,909	$17,885,242

*Discount rates listed in the following order: Basic and Member Invest Plan (MIP), Pension Plus, and Pension Plus 2.

	June 30, 2021		
	1% Decrease (5.8% / 5.8% / 5.0%)	Discount Rate (6.8% / 6.8% / 6.0%)	1% Increase (7.8% / 7.8% / 7.0%)
Net Pension Liability	$53,819,505	$41,580,965	$31,437,943

*Discount rates listed in the following order: Basic and Member Invest Plan (MIP), Pension Plus, and Pension Plus 2.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

Payable to the Pension Plan
At June 30, 2022 and 2021, the College reported a payable of $136,678 and $420,921, respectively. These amounts represent current payments for June paid in July, accruals for summer pay (primarily for professors) and the contributions due funded from state aid revenue section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization rate contributions.

Optional Defined Contribution Plan
Professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). For fiscal year 2020 and prior, the College's contribution percentage to the ORP plan mirrored that of the corresponding plan of the participant under MPSERS. In addition, the participant also contributes a percentage of their compensation to the plan. For fiscal years 2022 and 2021, the average contribution percentages for the participants were approximately 5.49% and 5.54% respectively. Total covered payroll and College contributions for the years ended June 30, 2022 and 2021 were approximately $3,877,698 and $813,582 and $3,880,512 and $829,325, respectively. The contribution percentages for the College and the participant are now maxed out at 12% and 4% respectively.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at Michigan.gov/ORSchools.

Benefits Provided

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

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

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal years ended September 30, 2021 and 2020:

	2021		2020	
Benefit Structure	Member	Employer	Member	Employer
Premium Subsidy	3.00%	8.43%	3.00%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%	0.00%	7.57%

Required contributions to the OPEB plan from the College were $838,112 and $831,540 for the years ended September 30, 2021 and 2020.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

At June 30, 2022 and 2021, the College reported a liability of $1,723,291 and $6,305,203, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020 and 2019. The College's proportion of the net OPEB liability was determined by dividing each employer statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021 and 2020, the College's proportion was 0.11290 and 0.11769 percent, which was a decrease of .00479 and .00518 percent from its proportion measured as of October 1, 2020 and 2019, respectively.

For the year ending June 30, 2022 and 2021, the College recognized OPEB income of $1,255,206 and $61,862, respectively. At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$0	($4,919,012)	$0	($4,697,965)
Changes of assumptions	1,440,586	(215,565)	2,078,951	0
Net differences between projected and actual plan investment earnings	0	(1,298,876)	52,624	0
Changes in proportion and differences between the College's contributions and proportionate share of contributions	12,630	(921,652)	10,350	(855,908)
The College's contributions subsequent to the measurement date	675,048	0	691,440	0
	$2,128,264	($7,355,105)	$2,833,365	($5,553,873)

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

$675,048 and $691,440 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To be Recognized in Future Pension Expenses)

	2022	2021
2021	$0	($931,005)
2022	(1,590,922)	(857,886)
2023	(1,440,733)	(703,059)
2024	(1,262,721)	(520,881)
2025	(1,144,123)	(399,117)
2026	(409,650)	0
Thereafter	(53,740)	0
	($5,901,889)	($3,411,948)

Actuarial Assumptions

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

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%, net of investment expenses
Projected Salary Increases:	2.75 to 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15, 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15, 3.0% Year 120
Mortality :	
- Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt-Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021 and 2020, is based on the results of an actuarial valuation date of September 30, 2020 and 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.1312 and 5.6018 as of September 30, 2021 and 2020, respectively
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021 and 2020, are summarized in the following table:

	2021		2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return*	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.4%	25.00%	5.6%
Private Equity Pools	16.00	9.1	16.00	9.3
International Equity Pools	15.00	7.5	15.00	7.4
Fixed Income Pools	10.50	(0.7)	10.50	0.5
Real Estate and Infrastructure Pools	10.00	5.4	10.00	4.9
Absolute Return Pools	9.00	2.6	9.00	3.2
Real Return/Opportunistic Pools	12.50	6.1	12.50	6.6
Short Term Investment Pools	2.00	(1.3)	2.00	0.1
	100.00%		100.00%	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal years ended September 30, 2021 and 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability at September 30, 2021 and 2020. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95% as of September 30, 2021 and 2020. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the College's proportionate share of the net OPEB liability at June 30, 2022 and 2021, calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

June 30, 2022		
1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$3,202,186	$1,723,291	$468,238

June 30, 2021		
1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$8,099,749	$6,305,203	$4,794,345

Note 7 - Postemployment Benefits Other Than Pensions (OPEB) (Concluded)

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

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

June 30, 2022		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$419,435	$1,723,291	$3,190,286

June 30, 2021		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$4,736,497	$6,305,203	$8,089,412

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS CAFR, available on the ORS website at Michigan.gov/ORSSchools.

Payables to the OPEB Plan

At June 30, 2022 and 2021, the College reported a payable of approximately $62,945 and $63,406, respectively, for the outstanding amount of contributions to the OPEB plan required for the years ended June 30, 2022 and 2021.

Note 8 - Federal Direct Lending Program

The College distributed $2,519,890 and $2,584,378 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2022 and 2021, respectively. These distributions and related funding source are not included as revenues or expenses in the accompanying financial statements.

Note 9 - Collateralized State Bonds

The State of Michigan has made several construction projects grants to Monroe County Community College. The Michigan State Building Authority is responsible for financing the State's 50% grant portion, which is done by selling bonds. The College deeds the related buildings and sites to the Michigan State Building Authority to collateralize those bonds. When the bond obligations are fully paid, the related properties will be deeded back to the College. The following properties are currently collateral for Michigan bonds:

Property	Fiscal Year of Completion	States Original Grant
Library	June, 2001	1.25 Million
La-Z-Boy Center for Business and the Performing Arts	June, 2005	6.00 Million
Career Technology Center Building	June, 2014	8.50 Million
Founders Hall (formerly East and West Technology)	June, 2021	3.75 Million

Note 10 - Long-Term Liabilities

Following is the long-term liability activity for the year ended June 30, 2022 and 2021:

	Balances July 1, 2021	Additions	Reductions	Balances June 30,2022	Due within one year
Direct Borrowings and Direct placements:					
Key government Finance (50% HVAC System)	$ 5,893,843	$0	$532,954	$5,360,889	$551,770
Sterling National Bank (50% HVAC System)	6,088,695	0	486,651	5,602,044	504,328
Total direct borrowings and direct placements	$11,982,538	$0	$1,019,605	$10,962,933	$1,056,098

	Balances July 1, 2020	Additions	Reductions	Balances June 30,2021	Due within one year
Direct Borrowings and Direct placements:					
Key government Finance (50% HVAC System)	$ 6,408,622	$0	$514,779	$5,893,843	$532,954
Sterling National Bank (50% HVAC System)	6,558,288	0	469,593	6,088,695	486,651
Total direct borrowings and direct placements	$12,966,910	$0	$984,372	$11,982,538	$1,019,605

Note 10 - Long-Term Liabilities (Continued)

Direct Borrowings and Direct Payments
In 2015, the College secured financing for the construction of a new HVAC system. The financing was split 50/50 between Key Government Finance and Signature Public Funding Corp. assigned by Sterling National Bank on March 10, 2017. Terms of each note are as follows:

- Key Government Finance HVAC Note: Term note, payable $367,308 Semi-annually beginning March 30, 2016, including interest at 3.5% due September 30, 2030, secured by HVAC system.

- Signature Public Funding Corp. HVAC Note: Term note, payable $350,751 Semi-annually beginning March 30, 2016, including interest at 3.6% due September 30, 2031, secured by HVAC system.

Annual principal and interest requirements to maturity for the above note payable obligations are as follows:

Fiscal Year	Principal	Interest	Total
2023	$1,056,098	$380,020	$1,436,118
2024	1,093,899	342,220	1,436,119
2025	1,133,052	303,067	1,436,119
2026	1,173,607	262,512	1,436,119
2027	1,215,614	220,504	1,436,118
2028-2032	5,290,663	437,255	5,727,918
	$10,962,933	$1,945,578	$12,908,511

The College's outstanding note from direct borrowings and direct payments related to governmental activities contains a provision that in the event of default, either by (1) unable to make principal or interest payments, (2) any statement, representation or warranty made in pursuant to the execution, delivery or performance of the lease that have been false, misleading or breached in any material respect, (3) become insolvent, have an order for relief applicable to federal bankruptcy law or make an assignment for the benefit of creditors, or (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Note 11 - Lease Commitments

In fiscal year 2022, the College implemented the guidance in GASB No. 87, *Leases*, and recognized the value of copier equipment leased under long-term contracts which had previously been reported as operating leases.

On October 10, 2020, the College entered into a lease agreement with MT Business Technologies, Inc. for a variety of copiers. The lease was for 5 years, at monthly payments beginning at $1,825 and increasing to $3,192 over the duration of the lease, plus additional charges for excess usage. For purposes of discounting future payments on the lease, the College used an interest rate of 2.85%.

On June 4, 2019, the College entered into a lease agreement with Applied Imaging for equipment within the College's copy center. The lease was for 5 years, at monthly payments beginning at $3,998 and increasing to $4,413 over the duration of the lease. For purposes of discounting future payments on the lease, the College used an interest rate of 2.85%.

The leased equipment and accumulated amortization of the right to use assets are outlined in Note 4. Annual lease requirements as of June 30, 2022 relating to the operating lease are as follows:

	MT Business Technologies		
Fiscal Year	Principal	Interest	Total
2023	$25,157	$2,551	$27,708
2024	30,084	1,772	31,856
2025	35,794	842	36,636
2026	9,530	45	9,575
	$100,565	$5,210	$105,775

	Applied Imaging		
Fiscal Year	Principal	Interest	Total
2023	$47,858	$685	$48,543

	Total		
Fiscal Year	Principal	Interest	Total
2023	$73,015	$3,236	$76,251
2024	30,084	1,772	31,856
2025	35,794	842	36,636
2026	9,530	45	9,575
	$148,423	$5,895	$154,318

Note 12 - Self Insurance

Beginning July 1, 2015, the College is partially self-insured for healthcare benefits. The self-insured healthcare plan covers approximately 100 employees and their dependents. Claims are funded by the College and paid by the plan administrator; actual payments are based on claims filed. As of June 30, 2022, and 2021, the College's insurance policy covers claims in excess of $25,000 per covered employee and/or their dependent. The College pays the administrative costs of the plan. Self-insured employee benefit liability for the year ending June 30 were as follows:

	2022	2021
Balance, beginning of year	$182,803	$75,206
Claims incurred, premiums paid and changes in estimates	2,464,889	2,278,144
Claim and premium payments	(2,505,762)	(2,170,547)
Balance, end of year	$141,930	$182,803

Note 13 - Property Taxes

The College received 2.1794 mills for both fiscal years 2022 and 2021 for current operations. The College also received .85 mills for both fiscal years 2022 and 2021 for maintenance and improvements. The property taxes were levied on December l of the fiscal year, based on assessed valuation as of the preceding December 31. The taxable values for real and personal property were $6.54 and $6.37 billion for fiscal years 2021 and 2020 tax collections, respectively. The taxable value is approximately 50% of the properties' fair market value with limits on the annual increase.

Note 14 - Risk Management

The College is exposed to various risks of loss related to property loss, errors and omissions, workers' compensation, as well as medical benefits provided to employees. The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Community College Risk Management Authority 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. Members' premiums are used to purchase commercial excess coverage for claims in excess of $100,000 for each insured amount, and to pay member claims in excess of deductible amounts. The College has a share of the reserve for future claims in the shared-risk pool of $1,163,266 and $1,359,675 as of June 30, 2022 and 2021, respectively. Although premiums are paid annually to the Authority, which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College. All payments to the pool were expensed by the College

Note 15 - Tax Abatement

Municipalities within the College boundaries entered into property tax abatement agreements with local businesses under two programs: The Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, and the Brownfield Redevelopment Financing Act, under Act 381 of 1996, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50 percent of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties. The Brownfield Program uses tax increment financing (TIF) to reimburse brownfield related costs incurred while redeveloping contaminated, functionally obsolete, blighted, or historic properties.

For the years ended June 30, 2022 and 2021, the College's property tax revenue for general operations was reduced by $216,346 and $212,826, respectively under these programs. The abatements issued by other governmental units are as follows:

June 30, 2022:

Governmental Unit	IFT	PA 328 of 1998 & La-Z-Boy RZ	Others	2022 Total
Ash	$16,269	$67,411	$0	$83,680
Bedford	12,921	0	0	12,921
Dundee	21,016	0	0	21,016
Erie	509	0	0	509
Frenchtown	4,548	0	0	4,548
Monroe	571	0	755	1,326
Summerfield	285	0	0	285
Whiteford	692	0	0	692
Monroe City	23,880	64,760	2,729	91,369
	$80,691	$132,171	$3,484	$216,346

Note 15 - Tax Abatement (Concluded)

June 30, 2021:

Governmental Unit	IFT	PA 328 of 1998 & La-Z-Boy RZ	Others	2021 Total
Ash	$16,044	$75,688	$28	$91,760
Bedford	14,045	0	177	14,222
Dundee	21,894	0	0	21,894
Erie	519	0	0	519
Frenchtown	4,731	0	0	4,731
Monroe	584	0	0	584
Summerfield	315	0	0	315
Whiteford	1,072	0	0	1,072
Monroe City	22,915	52,037	2,777	77,729
	$82,119	$127,725	$2,982	$212,826

Note 16 - Commitments, Contingencies and Capital Outlay

In the normal course of its activities, the College is party to various legal actions. It is the opinion of College officials that the potential claims in excess of insurance coverage resulting from the remaining litigation would not have a material effect on the financial statements.

The College completed construction of the new HVAC system in fiscal year 2018. This project replaces the College's boilers and provides up-to-date heating and cooling for the entire campus. The total cost of this project was $16.2 million. The total payments for each fiscal year through 2031 will be $1,436,119.

On May 29, 2018, DTE Electric Company filed petitions with the Michigan Tax Tribunal requesting a large reduction in their taxable values on both the Monroe Power Plant located in the City of Monroe by 50.5%, and the Fermi 2 Nuclear Power Plant located in Frenchtown Charter Township by 60%. In May 2020, the City of Monroe and DTE signed a Consent Agreement regarding the Monroe Power Plant tax appeal that will result in a total taxable value reduction for the plant by 2025 of 28.33%. In regard to the Fermi 2 Nuclear Power Plant, while Frenchtown Township and DTE have been negotiating, no settlement has been reached and it appears that the case will heard by the Michigan Tax Tribunal. MCCC has entered into a Tax Tribunal and Appeal Litigation Cost Sharing Agreement with the eight public entities who would be adversely affected by a taxable value reduction. On August 27, 2020, the MCCC Board of Trustees authorized expenditures up to $30,000 in support of the Agreement granting that "this amount may be increased with additional review and approval by the Board."

Note 16 - Commitments, Contingencies and Capital Outlay

Construction began on the renovation of the Campbell Learning Resources Building in fiscal year 2021. The total estimated cost of the renovation is $11,600,000. Property tax revenue generated from the maintenance and improvement millage is funding the project. The College had $8,337,515 in expenses in 2022, in addition to the $423,382 in expenses in 2021. These amount are recorded in construction in progress. The project is expected to be completed by the start of Fall Semester 2022.

Projects currently recorded in construction in progress include: Campus Wireless Network Infrastructure for $26,380; HVAC upgrade at Whitman Center (HEERF Funding) and Physical Plant building projects for $222,701. Once these projects have been completed, they will be capitalized in the College's Physical Plant (89) Fund.

Note 17 - Foundation at Monroe County Community College, a Component Unit

For the years ended June 30, 2022 and 2021, the Foundation at Monroe County Community College reported the following net assets without donor restrictions:

	June 30,	
	2022	2021
Designated	$286,491	$294,005
Undesignated	209,779	103,437
Total	$496,270	$397,442

Note 17 - Foundation at Monroe County Community College, a Component Unit (Continued)

For the years ended June 30, 2022 and 2021, the Foundation at Monroe County Community College reported the following net assets with donor restrictions:

	June 30,	
	2022	2021
Scholarships:		
Held under endowment	$5,149,816	$5,939,878
Available	327,747	357,607
	5,477,563	6,297,485
Cultural enrichment of the performing arts:		
Permanently restricted	25,000	25,000
Available	2,364,911	2,661,600
	2,389,911	2,686,600
Various grants	400,177	371,029
Capital projects	827,074	812,771
Construction of the career technology center	55,083	103,183
Total	$9,149,808	$10,271,068

Note 17 - Foundation at Monroe County Community College, a Component Unit (Concluded)

All investments of the Foundation are either donor-restricted endowments, donor restricted grants, Foundation designated endowments or College designated endowments. The Foundation's investments are stated at fair value based on quoted market prices for active market assets using Level 1 inputs. The fair value of the Foundation investments in mutual funds at June 30 are as follows:

	2022 Fair Value	2021 Fair Value
Money Market (a)	$256,144	$306,310
Individual Securities: (b)		
Corporate stocks	347,345	561,649
Mutual Funds: (c)		
Equity funds	2,469,517	3,151,860
Fixed income funds	1,528,586	1,795,896
Total Mutual Funds	3,998,103	4,947,756
Exchange Traded Funds: (d)		
Equity funds	1,932,106	1,993,964
Fixed income funds	837,715	769,500
REIT	341,773	293,452
Total Exchange Traded Funds	3,111,594	3,056,916
Total Brokeraged Investments	$7,713,186	$8,872,631

The net position and all activity of the Foundation are reported as a discretely presented component unit in the College's financial statements. The net assets of the Foundation totaled $9,646,078 and $10,668,510 at June 30, 2022 and 2021, respectively.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation board approved a distribution policy to allow an amount equal to four percent of the three years rolling average of each endowment. In considering the long-term expected return on its endowment, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 18 - Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. 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 ended June 30, 2023.

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences,* which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2025.

REQUIRED SUPPLEMENTAL INFORMATION

MONROE COUNTY COMMUNITY COLLEGE

Schedule of the College's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Reitrement Plan
Last 10 College Fiscal Years (Amounts determined as of 9/30 of each year)

	2021	2020	2019	2018	2017	2016	2015	2014
A. The College's proportion of net pension liability (%)	0.11735%	0.12104%	0.12544%	0.12833%	0.13175%	0.13740%	0.13386%	0.13504%
B. The College's proportion proporitionate share of net pension liability	$27,783,909	$41,580,965	$41,541,911	$38,578,916	$34,142,091	$34,281,171	$32,695,153	$29,745,273
C. The College's covered-employee payroll	$10,246,941	$10,458,927	$10,763,888	$10,768,390	$10,838,312	$11,497,098	$14,659,767	$14,470,277
D. The College's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	36.88%	25.15%	25.91%	27.91%	31.74%	33.54%	44.84%	48.65%
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	66.20%	66.20%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

MONROE COUNTY COMMUNITY COLLEGE

Schedule of the College's Contributions
Michigan Public School Employees Reitrement Plan
Last 10 College Fiscal Years (Amounts determined as of 6/30 of each year)

	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
A. Statutorily required contributions	$3,523,680	$3,326,529	$3,332,395	$3,494,508	$3,090,243	$3,085,478	$2,582,318	$2,097,300
B. Contributions in relation to statutorily required contributions*	$3,523,680	$3,326,529	$3,332,395	$3,494,508	$3,090,243	$3,085,478	$2,582,318	$2,097,300
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
D. The College's covered-employee payroll	$10,146,701	$10,261,181	$10,587,544	$10,746,574	$10,747,216	$10,886,855	$14,142,540	$14,463,840
E. Contributions as a percentage of covered-employee payroll	34.73%	32.42%	31.47%	32.52%	28.75%	28.34%	18.26%	14.50%

*Contribution in relation to statutorily required contributions are the contributions a college actually made to MPSERS, which may differ from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

MONROE COUNTY COMMUNITY COLLEGE

Schedule of the College's OPEB Contributions
Michigan Public School Employees Reitrement Plan
Last 10 College Fiscal Years (Amounts determined as of 6/30 of each year)

	2022	2021	2020	2019	2018
A. Statutorily required OPEB contributions	$838,112	$831,540	$843,630	$819,577	$1,029,126
B. OPEB contributions in relation to statutorily required contributions*	$838,112	$831,540	$843,630	$819,577	$1,029,126
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0
D. The College's covered-employee payroll	$10,146,701	$10,261,181	$10,587,544	$10,746,574	$10,747,216
E. OPEB contributions as a percentage of covered-employee payroll	8.26%	8.10%	7.97%	7.63%	9.58%

*Contribution in relation to statutorily required contributions are the contributions a college actually made to the OPEB plan, as distinct from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

MONROE COUNTY COMMUNITY COLLEGE

Schedule of the College's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Reitrement Plan
Last 10 College Fiscal Years (Amounts determined as of 9/30 of each year)

	2021	2020	2019	2018	2017
A. The College's proportion of net OPEB liability (%)	0.11290%	0.11769%	0.12287%	0.12626%	0.13219%
B. The College's proportion proporitionate share of net OPEB liability	$1,723,291	$6,305,203	$8,819,243	$10,036,686	$11,705,722
C. The College's covered-employee payroll	$10,246,941	$10,458,927	$10,763,888	$10,768,390	$10,838,312
D. The College's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	594.61%	165.88%	122.05%	107.29%	92.59%
E. Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

Pension Information

Benefit Changes

There were no changes of benefit terms for the pension plan year ended 2021 and 2020.

Assumption Changes

There were no changes of assumptions for the pension plan year ended 2021 and 2020.

OPEB Information

Benefit Changes

There were no changes of befit terms for the OPEB plan years ended 2021 and 2020.

Assumption Changes

There were no changes of assumptions for the OPEB plan years ended 2021 and 2020, except for the following:

- 2021 – The OPEB healthcare cost rate assumption used in the September 30, 2020 valuation was as follows:
  - For Pre-65: 7.75% year 1 graded to 3.5% year 15, 3.0% year 120.
  - For Post-65: 5.25% year 1 graded to 3.5% year 15, 3.0% year 120.

- 2020 – The OPEB healthcare cost rate assumption used in the September 30, 2019 valuation was 7.0% year 1 graded to 3.5% year 12.

- 2019 – The OPEB healthcare cost rate assumption used in the September 30, 2018 valuation was 7.5% year 1 graded to 3.5% year 12.

OTHER SUPPLEMENTAL INFORMATION

MONROE COUNTY COMMUNITY COLLEGE

Combining Statements of Net Position
June 30, 2022 and 2021

	2022		
	General Fund	Pension and OPEB Liability Fund	Designated Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$12,860,295	$154,012	$1,237,622
Short-term investments	250,375		
Property taxes receivable			
(net of allowance $21,744 and $11,387)	30,329	0	0
State appropriation receivable	928,862	308,026	0
Federal and state receivable	0	0	0
Interest receivable	0	0	0
Accounts receivable			
(net of allowance $410,888 and $466,402)	1,307,480	0	0
Inventories	10,519	0	
Prepaid expenses and other assets	176,876	0	298,457
Due from (to) other funds	1,472,408	0	0
Total Current Assets	17,037,144	462,038	1,536,079
Restricted short-term investments	0	0	0
Property and Equipment			
(net of accumulated depreciation)	0	0	0
TOTAL ASSETS	17,037,144	462,038	1,536,079
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension amounts	0	5,470,343	0
Deferred OPEB amounts	0	2,128,264	0
Total deferred outflows of resources	0	7,598,607	0
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	$27,760	$0	$110
Accrued payroll and fringes	2,060,739	462,038	0
Deposits	83,832	0	0
Unearned revenue	862,628	0	0
Current portion of debit obligations	0	0	0
Current portion of lease commitments	0	0	0
Total Current Liabilities	3,034,959	462,038	110
Long term Liabilities			
Debt obligations	0	0	0
Lease commitments	0	0	0
Net pension liability	0	27,783,909	0
Net OPEB liability	0	1,723,291	0
TOTAL LIABILITIES	3,034,959	29,969,238	110
DEFERRED INFLOWS OF RESOURCES			
Deferred pension amounts	0	11,039,127	0
Deferred OPEB amounts	0	7,355,105	0
Total deferred inflows of resources	0	18,394,232	0
Net Position			
Invested in capital assets, net of related debt	0	0	0
Restricted for:			
Nonexpendable endowments	0	0	0
Expendable:			
Scholarships	0	0	0
Other	0	0	0
Unrestricted (deficit)	14,002,185	(40,302,825)	1,535,969
Total Net Position	$14,002,185	($40,302,825)	$1,535,969

Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Endowment Fund	Plant Fund	Combined Total	2021 Combined Total
$1,425,581	$137,739	$18,413	$114,474	$6,445,613	$22,393,749	$22,942,757
					250,375	$250,000
0	0	0	0	11,947	42,276	46,247
0	0	0	0	0	1,236,888	1,215,970
0	0	0	0	0	0	119,731
0	0	0	263	0	263	263
47,453	1,459,295	0	8,116	0	2,822,344	3,425,644
39,039	0	0	0	0	49,558	126,092
0	378,369	0	0	60,925	914,627	339,198
0	(1,472,408)	0	0	0	0	0
1,512,073	502,995	18,413	122,853	6,518,485	27,710,080	28,465,902
0	0	0	189,447	0	189,447	188,968
0	0	0	59,100	70,999,096	71,058,196	63,769,935
1,512,073	502,995	18,413	371,400	77,517,581	98,957,723	92,424,805
0	0	0	0	0	5,470,343	8,581,291
0	0	0	0	0	2,128,264	2,833,365
0	0	0	0	0	7,598,607	11,414,656
$36,771	$105,612	$0	$0	$779,637	$949,890	$1,070,525
3,577	45,266	0	0	0	2,571,620	2,291,746
0	15,820	0	0	0	99,652	207,841
0	246,709	0	0	0	1,109,337	143,737
0	0	0	0	1,056,098	1,056,098	1,019,605
0	0	0	0	73,015	73,015	70,420
40,348	413,407	0	0	1,908,750	5,859,612	4,803,874
0	0	0	0	9,906,835	9,906,835	10,962,933
0	0	0	0	75,408	75,408	148,423
0	0	0	0	0	27,783,909	41,580,965
0	0	0	0	0	1,723,291	6,305,203
40,348	413,407	0	0	11,890,993	45,349,055	63,801,398
0	0	0	0	0	11,039,127	1,971,050
0	0	0	0	0	7,355,105	5,553,873
0	0	0	0	0	18,394,232	7,524,923
0	0	0	59,100	59,887,740	59,946,840	51,568,554
0	0	0	177,539	0	177,539	177,539
0	3,475	0	0	0	3,475	8,148
0	86,113	0	0	0	86,113	101,773
1,471,725	0	18,413	134,761	5,738,848	(17,400,924)	(19,342,874)
$1,471,725	$89,588	$18,413	$371,400	$65,626,588	$42,813,043	$32,513,140

MONROE COUNTY COMMUNITY COLLEGE

Combining Statements of Revenue, Expenses, Transfers and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022			
	General Fund	Pension and OPEB Liability Fund	Cares Act Fund	Designated Fund
REVENUE				
Operating Revenue				
Tuition and fees (net of scholarship allowance of $2,270,788 and $2,158,393	$6,812,525	$0	$0	$1,231,814
Federal grants	8,575	0	0	0
State grants	0	0	0	0
Auxiliary activities (net of scholarship allowance of $258,680 and $225,825)	0	0	0	0
Indirect cost recoveries	13,495	0	0	0
Other sources	189,535	0	0	600
Total Operating Revenue	7,024,130	0	0	1,232,414
EXPENSES				
Operating Expenses				
Instruction	10,302,517	(998,283)	0	143,674
Information technology	1,243,225	(115,808)	0	549,343
Public services	165,776	(23,969)	0	3,857
Instructional support	2,743,542	(125,729)	0	115,727
Student services	2,571,825	(212,404)	0	86,846
Institutional administration	3,373,361	(261,335)	0	41,064
Operation and maintenance of plant	3,318,244	(261,942)	0	17,978
Depreciation and amortization expense	0	0	0	0
Total Operating Expenses	23,718,490	(1,999,470)	0	958,489
Operating Income (Loss)	(16,694,360)	1,999,470	0	273,925
NONOPERATING REVENUE (EXPENSES)				
State appropriations	$5,894,803	$1,694,140	$0	$0
Property tax levy	14,230,134	0	0	0
Federal pell grant revenue	0	0	0	0
Federal HEERF grant revenue	0	0	0	0
Investment income	2,796	0	0	0
Gifts	0	0	0	0
Loss on disposal of assets	0	0	0	0
Net Nonoperating Revenue (Expense)	20,127,733	1,694,140	0	0
Income (Loss) Before Other Revenue and Expenses	3,433,373	3,693,610	0	273,925
OTHER REVENUE (EXPENSES)				
State capital gifts	0	0	0	0
Transfers In (Out)	(2,500,000)	0	0	500,000
Net Increase (Decrease) in Net Position	933,373	3,693,610	0	773,925
NET POSITION				
Beginning of Year	13,068,812	(43,996,435)	0	762,044
End of Year	$14,002,185	($40,302,825)	$0	$1,535,969

Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Endowment Fund	Plant Fund	Combined Total	2021 Combined Total
$0	($1,767,177)	$0	$0	$0	$6,277,162	$5,938,098
0	1,217,121	0	0	0	1,225,696	951,296
0	139,004	0	0	0	139,004	180,171
238,020	(258,680)	0	0		(20,660)	651,668
0	(13,495)	0	0	0	0	0
591	143,095	156	18,232	0	352,209	145,496
238,611	(540,132)	156	18,232	0	7,973,411	7,866,729
0	325,795	0	0	(346,960)	9,426,743	11,723,302
0	0	0	0	(147,615)	1,529,145	2,149,007
57,656	10,267	0	0	0	213,587	320,096
0	224,179	0	0	(7,279)	2,950,440	3,445,790
235,784	4,344,787	0	0	(2,751)	7,024,087	6,053,806
0	2,689,604	0	3,356	360,373	6,206,423	4,168,384
0	0	0	0	19,047	3,093,327	3,097,794
0	0	0	0	2,820,157	2,820,157	2,215,778
293,440	7,594,632	0	3,356	2,694,972	33,263,909	33,173,957
(54,829)	(8,134,764)	156	14,876	(2,694,972)	(25,290,498)	(25,307,228)
$0	$0	$0	$0	$0	$7,588,943	$7,447,554
0	0	0	0	5,549,107	19,779,241	19,243,551
0	2,402,151	0	0	0	2,402,151	2,259,840
0	5,310,112	0	0	0	5,310,112	3,274,076
0	0	0	479	2,416	5,691	42,451
0	402,168	0	0	104,747	506,915	504,971
0	0	0	0	(2,652)	(2,652)	(98,821)
0	8,114,431	0	479	5,653,618	35,590,401	32,673,622
(54,829)	(20,333)	156	15,355	2,958,646	10,299,903	7,366,394
0	0	0	0	0	0	2,138,028
0	0	0	(164,623)	2,164,623	0	0
(54,829)	(20,333)	156	(149,268)	5,123,269	10,299,903	9,504,422
1,526,554	109,921	18,257	520,668	60,503,319	32,513,140	23,008,718
$1,471,725	$89,588	$18,413	$371,400	$65,626,588	$42,813,043	$32,513,140

COOLEY HEHL SABO & CALKINS
CERTIFIED PUBLIC ACCOUNTANTS

November 23, 2022

To the Board of Trustees
Monroe County Community College

We have audited the financial statements of Monroe County Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2022 and 2021 and have issued our report thereon dated November 23, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Monroe County Community College are described in Note 1 to the financial statements. During the fiscal year ended June 30, 2022, the College implemented GASB 87, *Leases*. We noted no transactions entered into by the College during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the College's financial statements were:

Allowance of Uncollectible Receivables - Management estimates the value of tuition accounts receivable and property taxes receivable by establishing an allowance of estimated uncollectible amounts. We evaluated the allowance for uncollectible accounts to determine if the amounts recorded are reasonable.

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Qualitative Aspects of Accounting Practices (concluded)

Scholarship Allowance - Management estimates the scholarship allowances for tuition revenue using a historical relationship between financial aid awarded for books in excess of the associated tuition revenue. We evaluated this estimate to determine if it was reasonable in relation to the overall financial statements.

Capital Asset Useful Life – Management estimates the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future.

Compensated Absences – Management estimates the accrual based on formulas and conditions specified in various contracts regarding vacation benefits.

Net Pension and OPEB Liabilities – Management's estimates of the net pension and OPEB liabilities are based on actuarial valuations and other financial data. We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, some of which were material to the financial statements taken as a whole.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 23, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety if matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the pension and OPEB schedules which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction of Use

This information is intended solely for the information and use of the Board of Trustees and management of Monroe County Community College and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cooley Hehl Sabo + Calkins

COOLEY HEHL SABO & CALKINS
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Monroe County Community College

In planning and performing our audit of the financial statements of the business-type activities and the discretely presented component unit Monroe County Community College (the College) as of and for the years ended June 30, 2022 and 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purposes described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in internal control to be material weaknesses:

Audit Adjustments
Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles. During the audit, we identified and proposed significant audit adjustments, (which were approved and posted by management), to adjust the College's general ledger to the appropriate balances. The adjustments were as follows:

- Increase prepaid expenses and decrease administration expenses in the amount of $149,844 to account for a multi-year contract that had been expensed in full. Because this adjustment was related to HEERF funding, HEERF revenues were decreased and unearned revenue was increased by $149,844. Net position was not affected by this adjustment.
- Increase due to General Fund by $304,924 and decrease Upward Bound expenditures by $304,924 in order to properly account for internal balances. This entry caused an increase to net position of $304,924.
- Increase HEERF Grant revenue by $2,620,508 and increase student services expense by $2,620,508 in order to properly account for the student aid portion of the HEERF Grant. Net position was not affected by this adjustment.

To the Board of Trustees
Monroe County Community College

Audit Adjustments (Concluded)
For the current year, no further action is required, as the adjustments have been posted. For future periods, we recommend that management implement procedures to ensure that all general ledger accounts are appropriately reconciled and adjusted at year-end.

Audit Preparation and Filing Deadline
The timely preparation and issuance of audited financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the College to properly prepare for the audit, including timely closing of the accounting records, reconciling internal accounts (namely due to/due from and transfers in/out), and preparation of workpapers to support the significant account balances. The completion of our audit was delayed due to errors in the general ledger that were discovered during our audit fieldwork and internal accounts balances that were not reconciled, which cause the audit to be filed late. We recommend that information is provided to the external audits much sooner in future years to ensure all parties involved have a sufficient amount of time to review the financial statements prior to submission.

This communication is intended solely for the information and use of the Board of Trustees and management of Monroe County Community College and is not intended to be and should not be used by anyone other than these specific parties.

Very Truly Yours,

Cooley Hehl Sabo & Calkins

November 23, 2022