Financial Statements

C.S. Mott Community College
Flint, Michigan

June 30, 2022 and 2021

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Rehmann

INDEPENDENT AUDITORS' REPORT

October 28, 2022

Board of Trustees
C.S. Mott Community College
Flint, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in conformity 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. The financial statements of the Foundation for Mott Community College were not audited in accordance with *Government Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of GASB Statement No. 87

As described in Notes 1, 3, 5 and 6, in fiscal 2022 the College implemented the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2020. Our opinion is not modified with respect to this matter.

Predecessor Auditors

The financial statements of C.S. Mott Community College as of and for the year ended June 30, 2021, were audited by other auditors whose report dated October 29, 2021, expressed unmodified opinions on those financial statements.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 28, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

Management's Discussion and Analysis - Unaudited

This discussion and analysis section of C.S. Mott Community College's ("the College") annual financial report provides an overview of the College's financial position at June 30, 2022, 2021 and 2020 and its financial activities for the three years ended June 30, 2022. Management has prepared this section, along with the financial statements and the related footnote disclosures, and it should be read in conjunction with, and is qualified, in its entirety by the financial statements and footnote disclosures. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole including capitalization and depreciation of assets. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* which applies these standards to public colleges and universities.

This annual financial report includes the report of independent auditors, this Management's Discussion and Analysis section, the basic financial statements in the format described above, and notes to financial statements. Following the basic financial statements and footnotes are required supplementary schedules and additional supplementary schedules and information for the year ended June 30, 2022. The additional information is not required by the GASB, but is provided to give additional information regarding the various funds and activities of the College that are not disclosed in the basic financial statements.

As of July 1, 2018 the College adopted GASB Statement No. 89, *Accounting of Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset. The requirements of the standard were applied prospectively and resulted in an insignificant increase in interest expense for the year ended June 30, 2021.

For the year ended June 30, 2021, the College implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes certain criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. There was no significant impact on the College's financial statements as a result of adopting the new standard.

For June 30, 2022, the College implemented GASB Statement No. 87, *Leases*. The standard 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. Note 1, Note 3, Note 5 and Note 6 all contain information on this standard as there was a restatement of prior periods.

Component Unit

The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 61, requires that separate legal entities associated with a primary government that meet certain criteria are included with the financial statements of the Primary Reporting Unit.

In compliance with this Statement, the Foundation for Mott Community College is reported as a component unit of the College and its financial activities are presented separately from the rest of the College's activities in the financial statements, in separate columns headed "Component Unit."

COVID-19 Pandemic

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. On March 10, 2020, Michigan Governor Gretchen Whitmer declared a state of emergency across the State of Michigan, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. The current spread of COVID-19 and actions taken by the federal and state and local governments in response thereto are altering the behavior of businesses and people in a manner that may have a long-term negative effect on economic activity, and therefore could adversely affect the future financial condition of the College, directly or indirectly.

In response to the Governor's Executive Order implementing the stay home practices, the College suspended in person classes and moved 100% of the remaining Winter 2020 semester classes to alternative formats that include online instruction, Zoom video conferencing, independent study, and other non-traditional options.

The Summer 2020 semester classes were changed to the same virtual tele-learning format in a condensed twelve-week semester starting May 26, 2020. In the Fall 2020, the College began offering a hybrid of in person and virtual classes. This is still continuing through Fall 2023.

Financial Highlights

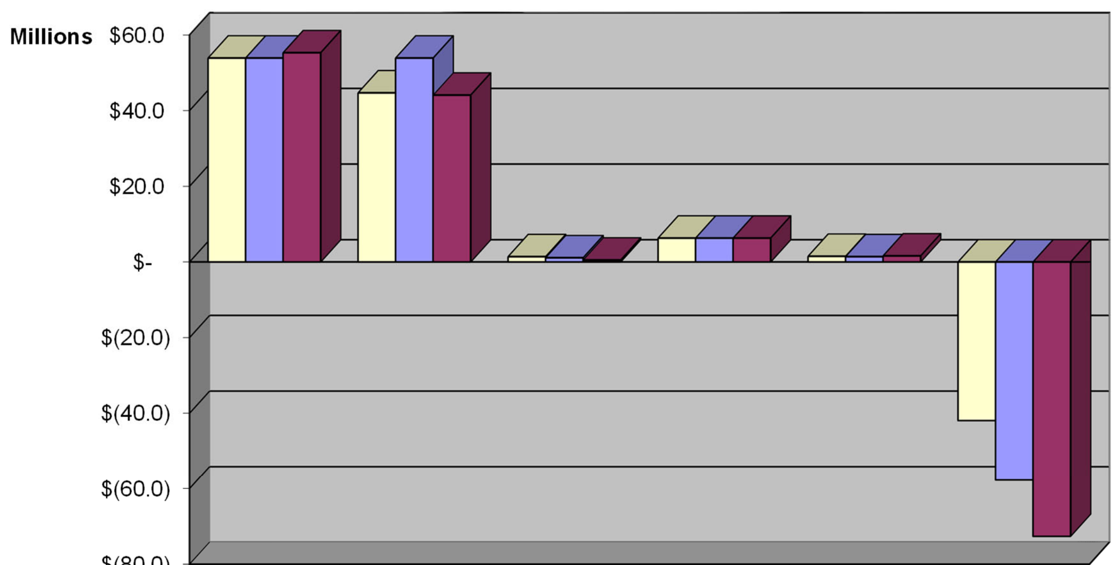
During the June 30, 2019 fiscal year, we relocated the MCC Culinary Arts Institute to downtown Flint, enabling the College to expand the number of students it can serve in the program. The College renovated the building at 550 S. Saginaw Street, housing two culinary arts teaching kitchens, two bakery and pastry arts teaching kitchens, a meat fabrication teaching laboratory, a garde mangér classroom, a fine dining space connected to a baked goods café and a large, dividable meeting space to teach all aspects of the food service industry to MCC students. This larger state of the art facility enables MCC to increase the Culinary Arts program capacity to educate more students and bring new students to the area. The project is being financed by new market tax credits, grant funds and the College's bond funds. For June 30, 2022, 2021 and 2020, there is a note receivable on the Statement of Financial Position for $6.3 million, representing the amount of a leveraged loan. See Note 1 of the accompanying financial statements for additional information.

Total assets increased from $238.3 million to $257.3 million to $254.0 million at June 30, 2020, 2021 and 2022, respectively. Deferred outflows of resources decreased from $31.0 million to $25.6 million to $18.0 million at June 30, 2020, 2021, and 2022, respectively. Liabilities totaled $161.1 million at June 30, 2022, compared to $203.7 million in 2021 and $213.1 million in 2020. Deferred inflows of resources decreased from $21.0 million to $20.3 million at June 30, 2020 and 2021, respectively, and increased to $45.0 million at June 30, 2022.

The College’s Unrestricted net position increased from a deficit of ($72.6) million at June 30, 2020, to a deficit of ($57.7) million at June 30, 2021, and then improved to ($41.9) million at June 30, 2022.

The following chart provides a graphical categorization of the net position as of June 30, 2022, 2021 and 2020:

Breakdown of Net Position - By Category



	Net Investment in Capital Assets	Restricted-Nonexpendable Endowments	Restricted-Scholarships & Awards	Restricted-Culinary Arts Institute	Restricted-Debt Service	Unrestricted (General, Desig., Maint.)
2022	$53.9	$44.7	$1.4	$6.3	$1.5	$(41.9)
2021	$53.9	$53.9	$1.1	$6.3	$1.4	$(57.7)
2020	$55.3	$44.1	$0.5	$6.3	$1.6	$(72.6)

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

One of the most important questions asked about the College’s finances is whether the College as a whole is better off or worse off as a result of the year’s activities. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question.

These two statements report the College's net position as of June 30, 2022 and 2021 and the change in net position for the years then ended. Net position is assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, and is one way to measure the College's financial health. The relationship between revenues and expenses may be thought of as Mott Community College's operating results. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating.

Many other non-financial indicators, such as quality of teaching and learning, percentage of students requiring financial aid, enrollment and retention trends, and condition of the facilities should also be considered in assessing the overall health of the College.

The College's financial position was significantly impacted by the implementation of GASB Statement 68 during the fiscal year ended June 30, 2015 and the implementation of GASB 75 in June 30, 2018. Excluding the impact of GASB 68 and GASB 75, the College's net position decreased $2.1 million for fiscal year June 30, 2022, $25.0 million for the fiscal year 2021, and $1.8 million for the fiscal year 2020. The amount invested in capital assets remained flat, as new asset purchases and principal debt reductions were offset by the depreciation of new and existing assets.

As of July 1, 2017, three new line items appear on the Statement of Net Position, each related to GASB 75: Deferred outflows of resources – deferred OPEB amounts; Deferred inflows of resources – deferred OPEB amounts; and Net OPEB liability. Each of these categories represent a separate piece of the required presentation for the College's participation in the MPSERS post- employment benefit plan. These items are discussed in greater detail in the footnotes to the financial statements and the required supplementary information following the footnotes. It is important to note that while this new standard raises awareness of potential future obligations of the College, its implementation has no immediate impact on the cash position of the College or its ability to meet current obligations.

Statement of Net Position

The Statement of Net Position's purpose is to provide the College's overall financial position at the fiscal year close. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when a service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The following is a condensed version of the Statement of Net Position, with analysis of the major components of the net position of the College as of June 30, 2022 compared to June 30, 2021 and June 30, 2020. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC:

Net position increased from 2020 to 2021 and from 2021 to 2022 with significant changes noted below.

Mott Community College
STATEMENTS OF NET POSITION
As of June 30, 2022, 2021 and 2020
(in millions)

	(in millions) 2022	2021	2020
ASSETS			
Current Assets	$ 74.7	$ 62.7	$ 45.7
Capital Assets	$ 115.2	$ 115.3	$ 118.6
Other Noncurrent Assets	$ 64.1	$ 79.3	$ 74.0
Total Assets	$ 254.0	$ 257.3	$ 238.3
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	$ -	$ 0.1	$ 0.2
Deferred OPEB Amounts	$ 5.0	$ 6.3	$ 5.6
Deferred Pension Amounts	$ 13.0	$ 19.2	$ 25.2
Total Deferred Outflows of Resources	$ 18.0	$ 25.6	$ 31.0
LIABILITIES			
Current Liabilities	$ 27.0	$ 21.1	$ 21.1
Noncurrent Liabilities	$ 134.1	$ 182.6	$ 192.0
Total Liabilities	$ 161.1	$ 203.7	$ 213.1
DEFERRED INFLOWS OF RESOURCES			
Deferred Lease inflows	$ 0.1	$ 0.2	$ -
Deferred OPEB Amounts	$ 28.2	$ 7.7	$ 9.4
Deferred Pension Amounts	$ 16.7	$ 12.4	$ 11.6
Total Deferred Inflows of Resources	$ 45.0	$ 20.3	$ 21.0
NET POSITION			
Net Investment in Capital Assets	$ 53.9	$ 53.9	$ 55.3
Restricted - Nonexpendable	$ 44.7	$ 53.9	$ 44.1
Restricted - Expendable	$ 9.2	$ 8.8	$ 8.4
Unrestricted (deficit)	$ (41.9)	$ (57.7)	$ (72.6)
Total Net Position	$ 65.9	$ 58.9	$ 35.2

The most significant changes in the Statement of Net Position relate to:

- Current Assets – There was a $16.9 million increase in current assets from the 2020 to 2021 fiscal year. This increase is mainly due to an increase in grants receivable of $9.8 million. The increase in the receivable was due to a larger portion of HEERF student and institutional dollars being expensed at year end. There was also a $12.0 million increase from 2021 to 2022 mainly due to receiving a $9.5 million grant without any expenses as of June 30, 2022.

- Other noncurrent assets decreased from 2021 to 2022 by $15.2 million. This reduction is largely due to a market loss in the beneficial interest in perpetual trusts of $9.1 million and a $6.5 million reduction in the unspent bond proceeds as capital expenses occurred during the year.

- Current liabilities increased in 2022 mainly due to an increase in unearned revenue due to the $9.5 million grant for the Prahl College Center that was received.

- Restricted – Nonexpendable: There was an increase of $9.8 million due to the increase in the value of the perpetual trusts from 2020 to 2021 and a decrease of $9.2 million from 2021 to 2022 due to the decrease in market value of those same trusts.

- Unrestricted: In 2020 the pension and OPEB fund had a deficit causing the increase in the deficit in this net position. In 2021 and 2022, the increase of unrestricted net position is caused by better than expected results for the year, and the Higher Education Emergency Relief Funding (HEERF) used to recoup lost revenue.

The year ended on June 30, 2022 with a $7.0 million increase in Total Net Position, finishing at $65.9 million.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position provides the overall results of the College's operations. It includes all funds of the College except for activities of Fiduciary Funds. Revenues and expenses are recorded and recognized when incurred or earned, similar to how most corporate businesses account for transactions. When revenues and other support exceed expenses, the result is an increase in net position—one indication that the College as a whole is better off financially as a result of the year's activities.

Activities are reported as either operating or non-operating. The financial reporting model classifies state appropriations, property taxes, Pell grant revenue, federal HEERF funding, and gifts as non-operating revenues. Due to the reporting classifications for community colleges, their dependency on state aid, property taxes and gifts results in an operating deficit.

The following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position, with analysis of the major components for the fiscal year ended June 30, 2022 compared to the years ended June 30, 2021 and June 30, 2020. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC.

Mott Community College
Condensed Statements of Revenue, Expenses, and Changes in Net Position
For The Years Ended June 30, 2022, 2021 and 2020

	2022	2021	2020
	(in millions)		
Total Operating Revenues	$ 34.9	$ 32.0	$ 34.1
Total Operating Expenses	95.7	98.2	95.2
Total Operating Loss	(60.8)	(66.2)	(61.1)
Nonoperating Revenues, Net	76.9	79.4	35.6
Income before other revenue, expenses, gains, losses and transfers	16.1	13.2	0.5
Other Revenues (Expenses), Net	(9.1)	9.7	(0.9)
Total Increase (Decrease) in Net Position	7.0	22.9	(0.4)
Net Position, Beginning of Year	58.9	35.2	35.6
Implementation of GASB Statement No. 87	-	0.8	-
Net Position, End of Year	$ 65.9	$ 58.9	$ 35.2

In the fiscal year ended June 30, 2020, the College's expenses exceeded revenues and other support by $400 thousand. For the fiscal year ended June 30, 2022 and 2021, revenues exceeded expenditures and other support by $7.0 million and $22.9 million, respectively.

Operating Revenues

This category includes all exchange transactions such as tuition and fees, grants and contracts for services except those for capital purposes, auxiliary enterprise activities (bookstore, catering and vending), and other miscellaneous sales and rental income.

Operating revenues consisted of the following during the years ended June 30:

	2022	2021	2020
Tuition and Fees, net of Scholarship Allowances of $9,298,175, $8,954,630 and $11,385,313 in 2022, 2021, and 2020 respectively	$ 21,190,478	$ 20,759,153	$ 20,495,363
Federal Grants and Contracts	5,072,234	4,118,982	4,266,689
State and Local Grants and Contracts	5,000,754	2,656,364	4,965,222
Private Gifts and Grants	1,894,295	2,265,499	1,966,345
Auxiliary Enterprises	479,414	776,606	589,176
Other Operating Revenues	1,270,235	1,423,972	1,902,926
Total Operating Revenues	$ 34,907,410	$ 32,000,576	$ 34,185,721

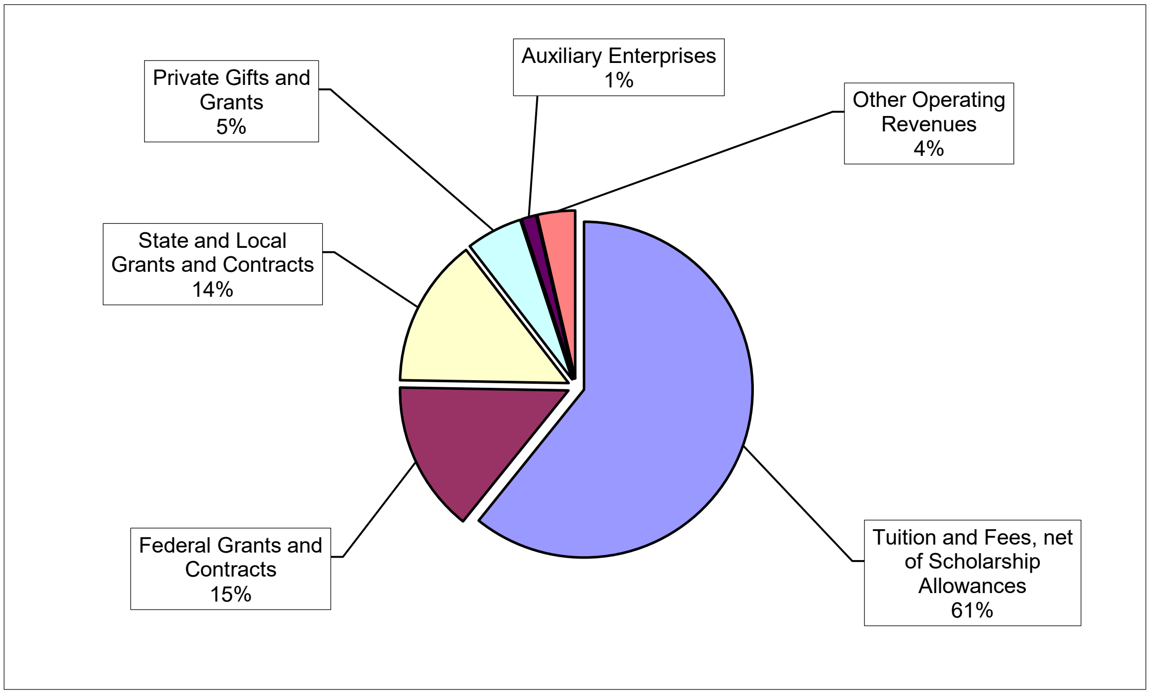
Total operating revenues decreased by $2.2 million from June 30, 2020 to June 30, 2021, and then increased from June 30, 2021 to June 30, 2022 by $2.9 million as a result of the following:

- Gross tuition and fee revenue increased by approximately $700 thousand during the three years ended June 30, 2022. Enrollment steadily increased over the two years, as we came out of the pandemic. Annual tuition and fee increases of 2.2%, 0.0% and 1.0% for the 2020, 2021, and 2022 academic years.

- Scholarship Allowances (the portion of financial aid assistance covering student tuition and fees) decreased from 2020 to 2021 mainly as a result of declining enrollment and increased in 2022 from 2021 as there was an increase in enrollment.

- Other operating revenue is down overall primarily due to the reduction in on-campus activity due to the pandemic.

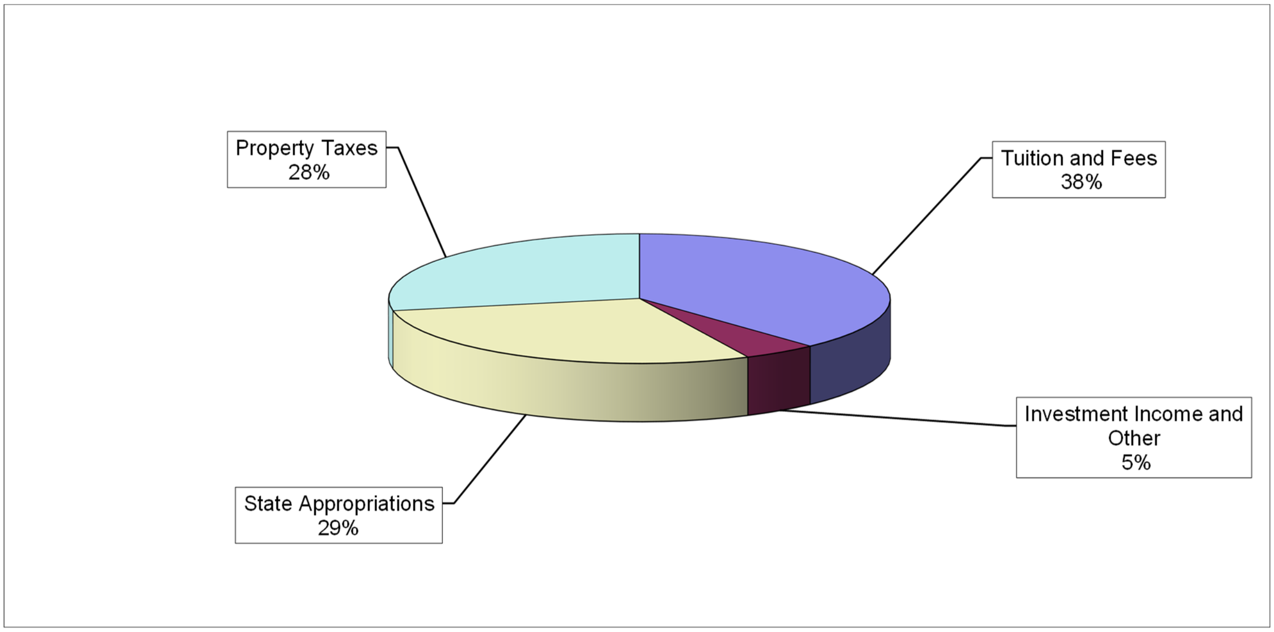
The following is a graphic illustration of operating revenues by source for 2022:



Internally, the College uses fund accounting to account for separate funding sources and uses. The operating revenues above, for instance, include revenues within all funds, depicting the funding sources of the institution as a whole as required by the reporting model.

The College accounts for its primary programs and operations in its General Fund. The General Fund revenues include three primary sources of revenue – tuition and fees, state appropriations, and property taxes. Investment income and other sources represent more minor proportions of the total. The General Fund revenues are separated in our combined financial statements into operating and non-operating sources.

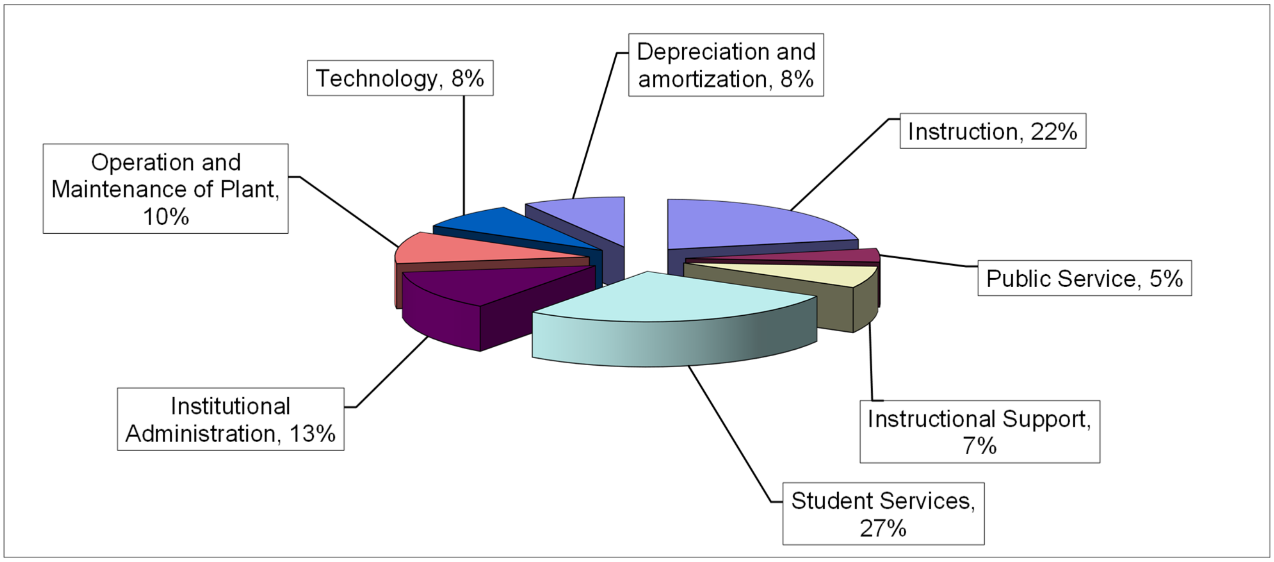
The following chart shows the percentages of all General Fund revenue sources for the year ended June 30, 2022:



Operating Expenses

Operating expenses represent all the costs necessary to provide services and conduct the programs of the College. Operating expenses for the fiscal year ended June 30, 2022 total $95.7 million, and consist of salaries and benefits, scholarships, utilities, contracted services, supplies and materials, and depreciation. These items are presented in a functional format in the Statement of Revenues, Expenses, and Changes in Net Position, consistent with the State of Michigan's reporting format, currently the Michigan Postsecondary Data Inventory (MPDI).

The following is a graphic illustration of operating expenses for the institution as a whole for the year ended June 30, 2022:



The College continued to spend the largest percentage of operating budget on instruction and student services, with institutional administration and operation and maintenance of plant making up the next largest proportions of operating expenses. These expenses include not only operating funds, but also plant and restricted fund activities.

	2022	2021	2020
Instruction	$ 20,867,090	$ 26,578,272	$ 27,735,125
Public Service	4,189,441	4,107,753	4,359,316
Instructional Support	6,718,374	9,110,967	10,216,214
Student Services	25,714,246	20,330,780	15,742,168
Institutional Administration	12,245,218	13,408,625	9,695,429
Operation and Maintenance of Plant	9,909,024	10,129,017	12,419,845
Technology	7,954,640	6,661,684	6,586,750
Depreciation and Amortization	8,138,677	7,847,982	8,490,322
Total Operating Expenses	$ 95,736,710	$ 98,175,080	$ 95,245,169

Total operating expenses increased $2.9 million from 2020 to 2021 and decreased $2.5 million from 2021 to 2022 as a result of the following:

- The overall decrease in expenses from 2021 to 2022 is mainly due to pension and OPEB fund reduction in expenses by $13.0 million in 2022.

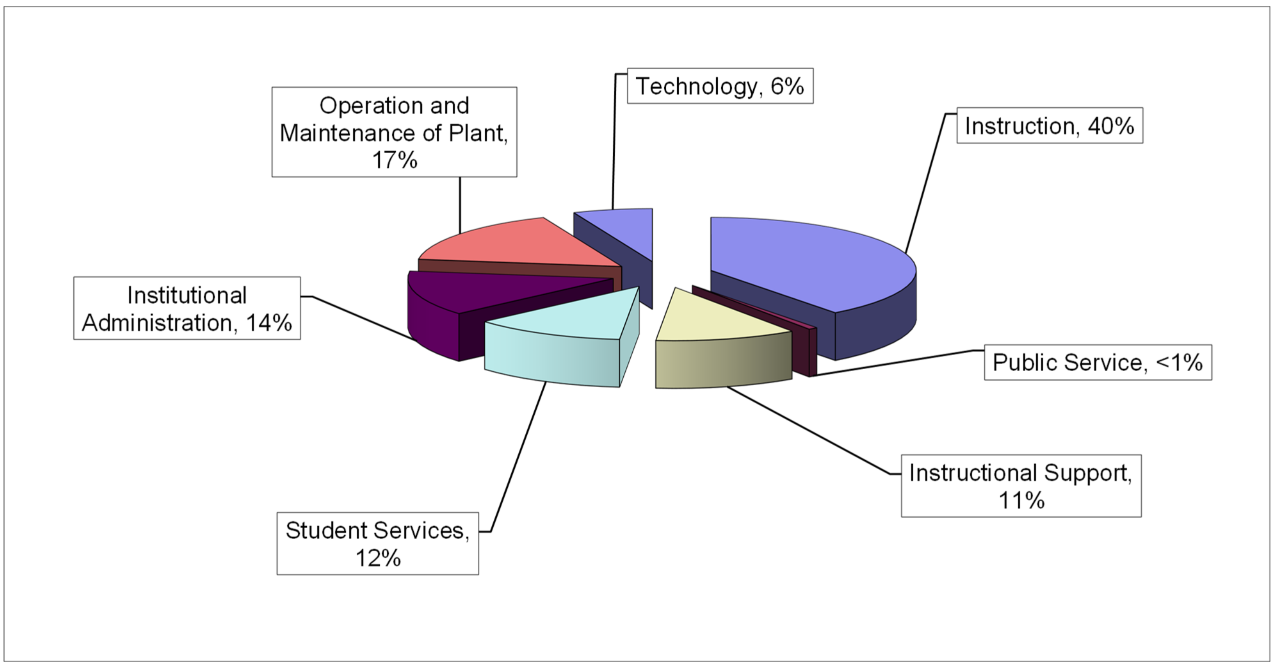
- Both student services and institutional administration increased in 2021 because of the HEERF grant funds spent as well as the scholarships issued for Futures For Frontliners and Michigan Reconnect programs. Student services also increased from 2021 to 2022 as the majority of the student portion of the HEERF funding was passed on to the students.

- There was a decrease in operation and maintenance of plant from 2020 to 2021, as large campus projects were finished and completed in 2020 such as the Lenore Croudy Family Life Center.

- The increase in Technology from 2021 to 2022 is mainly due to utilizing more outside contracted services than in previous years.

The majority of total operating expenses are reported internally in the College's General Fund. In the General Fund, operating expenses for 2022 were $71.3 million. General Fund operating expenses decreased by $3.5 million from 2021 to 2022 and decreased from 2020 to 2021 in the amount of $3.5 million. Most of the changes are the result of fluctuations in salaries, fringe benefit costs, contracted services, and bad debts.

Following is a graphic illustration of operating expenses by function as reported by the General Fund for the year ended June 30, 2022:



Non-Operating Revenues (Expenses)

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature and are not a result of College operations. They consist of state appropriations, property tax revenue, gifts and other support, and investment income.

	2022	2021	2020
State Appropriations	$ 18,832,578	$ 21,177,327	$ 19,288,020
Property Tax Levy	30,318,261	29,478,929	28,357,723
Gifts	2,414,973	2,095,962	2,118,718
Pell Grants	10,766,145	10,180,198	13,325,709
Federal HEERF and Coronavirus Relief Funding	16,753,689	17,705,486	134,469
Net Investment (Loss) Income	(50,857)	112,648	569,053
Gain (Loss) on the Sale of Fixed Assets	(5,388)	418,591	-
Net Premium (Discount) on Bonds	(2,973)	175,598	109,568
Total Non-Operating Revenues	$ 79,026,428	$ 81,344,739	$ 63,903,260

Total non-operating revenues increased by $17.4 million from 2020 to 2021 and then decreased by $2.3 million from 2021 to 2022. The following are the main reasons:

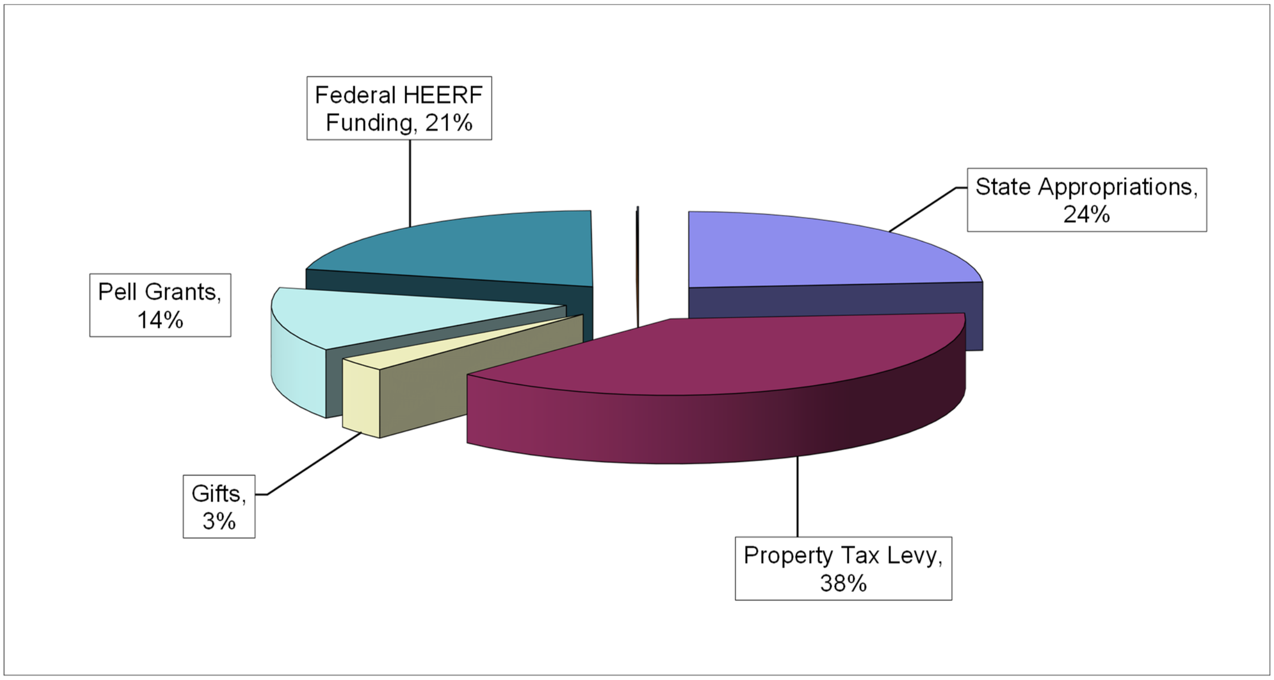
- State appropriations decreased by $1.8 million in 2020 in the base payment from the State, due to budget constraints from COVID. For the year ended June 30, 2021, $3.6 million was restricted for the pay down of the MPSERS liability. In 2022, there was a decrease in revenue from the adjustments in the Pension and OPEB fund of $3.6 million.

- Property tax revenues increased $2.0 million from 2020 to 2022. Property tax values have begun to slightly increase after a decline in values for several years. The College's combined tax levy rate was 2.7472 for 2022, 2.7605 for 2021 and 2.8019 for 2020.

- Pell revenue has decreased $2.6 million from 2020 to 2022 due to a drop in credit side enrollment. Financial aid dollars, namely Pell, brings with it additional administration costs, and a significant percentage of our students continue to rely on financial assistance for their higher educational needs.

- Federal HEERF funding in the fiscal year June 30, 2022 represents grants funds from the federal government in response to the COVID pandemic. At June 30, 2022, $15.3 million had been passed through to our students in the form of COVID relief. The majority of the remaining $19.2 million was used to support the College's lost revenue, including forgiveness of outstanding student accounts receivable during the pandemic and personal protection equipment.

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



Non-operating expenses are also listed in the same category with non-operating revenues. This item includes the interest paid on the College's outstanding bond debts and leases, pass through donations to the Foundation, as well as other costs associated with bond debt issuance and financing.

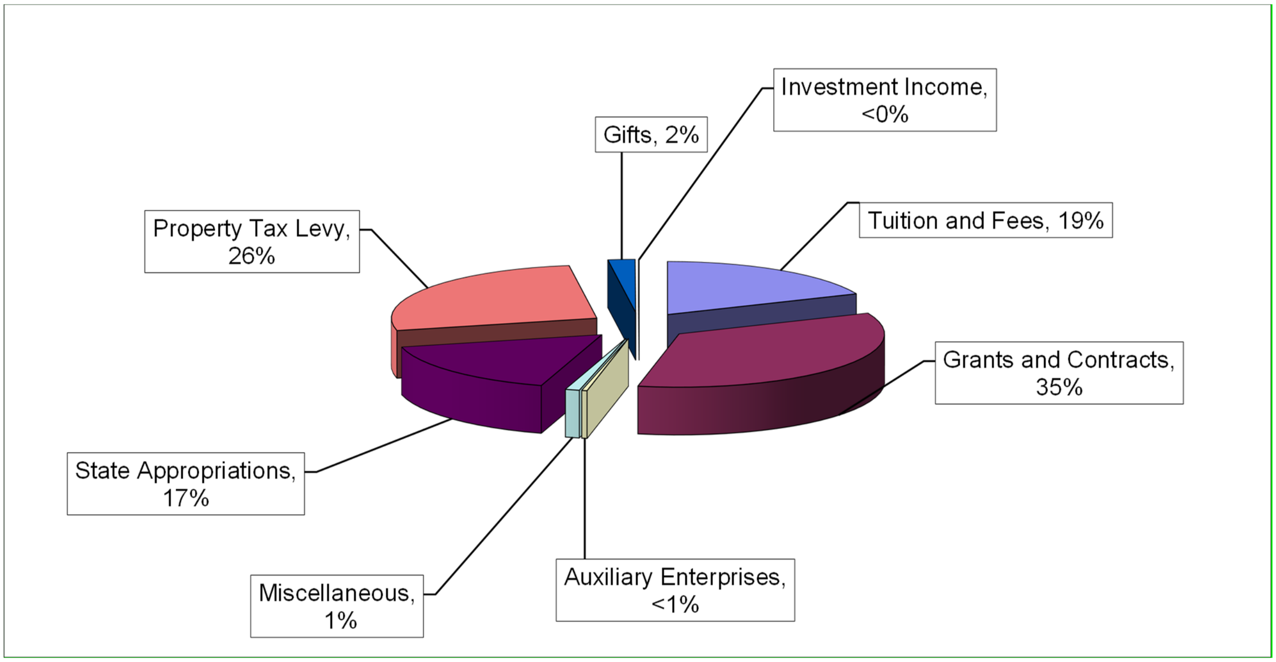
	2022	2021	2020
Interest on Capital Asset-Related Debt	$ 2,062,014	$ 2,102,817	$ 2,102,395
Bond Issuance Costs	-	-	393,460
Donation to Foundation	-	-	25,188
Total Non-Operating Expenses	$ 2,062,014	$ 2,102,817	$ 2,521,043

For June 30, 2020 the donation to the Foundation represents the transfer of a remainder portion of the Jana Robinson Trust from the College to the Foundation for MCC.

Not reflected in either the non-operating revenue/expense tables or charts is the "change in value of perpetual trusts." This represents unrealized gains and losses and fluctuates year to year based on market conditions for the investments held and administered by independent trustees. The change for the years 2022, 2021, and 2020 was ($9.1) million, $9.8 million, and ($667,239), respectively.

All Revenues – Combined

The following is a graphic illustration of the College's total revenues in all classifications Operating Revenues, Non-operating Revenues and Other Revenues—for 2022:



For fiscal year 2022, grants and contracts were the largest source of revenue for the College due to the HEERF funding. Property tax revenues accounted for 26% of total revenue as a result of property tax values increasing and student enrollment declining.

Statement of Cash Flows

In addition to the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, another way to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the fiscal year. The Statement of Cash Flows also helps to assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- The need for external financing

The following is a condensed Statement of Cash Flows for the College, only summarizing cash receipts and cash payments by type of activity, for the three years ended June 30:

	(in millions)		
	2022	2021	2020
Cash and cash equivalents (used) provided by:			
Operating activities	$ (67.8)	$ (56.1)	$ (49.3)
Non-capital financing activities	77.5	59.9	56.6
Capital and related financing activities	0.9	(3.6)	1.4
Investing activities	4.7	4.8	(5.8)
Net increase in cash and cash equivalents	15.3	5.0	2.9
Cash and cash equivalents, beginning of year	42.0	37.0	34.1
Cash and cash equivalents, end of year	$ 57.3	$ 42.0	$ 37.0

The $67.8 million in net cash used for operating activities includes $99.9 million in payments to employees and suppliers, offset by $32.1 million in cash received for tuition and fees, grants and contracts, auxiliary enterprise activities, and other miscellaneous revenues. This negative operating cash flow was covered by state appropriations, property taxes, Pell grants, gifts and other support, all of which are included in the $77.5 million in cash provided from non-capital financing activities.

The net cash provided by capital and related financing activities of $900 thousand was mainly due to the required principal and interest payments on outstanding bonded debt offset by the $9.5 million grant for the Prahl College Center. In 2021 the debt payments were offset with the sale of the Livingston site.

The net cash provided in investing activities is $4.7 million. This includes both regular and ongoing investment activities as well as investment activity for the College's prior year bond issuances.

The overall result of cash flows is an increase in cash and cash equivalents of $15.3 million during 2022.

Capital Assets and Debt Administration

Capital Assets

The following table shows the breakdown of capital asset balances by category at June 30:

	2022	2021	2020
Land	$ 1,240,940	$ 1,240,940	$ 1,240,940
Artwork	6,200	6,200	6,200
Construction in Progress	2,575,037	612,906	20,551,286
Buildings and Improvements	211,058,871	210,479,687	189,885,715
Infrastructure	23,503,853	19,843,065	19,228,241
Equipment	33,053,885	31,449,407	31,049,844
Vehicles	2,093,548	1,956,692	1,926,675
Library Books	2,502,972	2,464,340	2,425,130
Leased Assets - Buildings	11,184,186	11,140,051	11,140,051
Accumulated Depreciation and Amortization	(172,011,848)	(163,914,412)	(157,293,717)
Total Capital Assets	$ 115,207,644	$ 115,278,876	$ 120,160,365

Major capital additions completed this year include the following:

MMB Mechanical Systems Upgrade	$2.5 million
Ionization/Filtration	$697 thousand
Mobile Training Unit	$495 thousand
Gender neutral restrooms	$395 thousand
Technology	$229 thousand

More information about the College's capital assets is presented in the Notes to the Financial Statements.

Debt Administration

On June 17, 2020, the College issued $20,000,000 in Series 2020 Community College Bonds with an interest rates ranging from 2.000% and 2.25%. This is the first portion of the $80,000,000 authorized by voters, as discussed below.

On September 1, 2018, the College commenced a building lease with 550 Bears for the Culinary Arts Institute. The lease expires on December 31, 2047. Quarterly lease payments range from $13,750 to $152,051.

On March 10, 2020, the College in the general election submitted a proposition to the electors that Mott Community College be allowed to borrow $80,000,000 in the issuance of bonds for capital expenditures. The election was successful and this bond authority was granted. The College issued its first tranche of $20,000,000 in June 2020.

At June 30, 2022, the College had $58.8 million in long-term bond-related debt outstanding, versus $65.9 million on June 30, 2021 and $72.8 million on June 30, 2020.

The College's underlying credit rating was reaffirmed at 'A+' from Standard & Poor's in May 2022 for all of its General Obligation debt including the series of bonds issued during 2020. According to Standard & Poor's the strong rating reflected continued improvements in the College's general fund balance that stabilized its financial position. The 'A+' rating also reflects the following credit characteristics: 1) a diversifying economy that benefits from its proximity to Oakland County; 2) strong financial position; and 3) a moderate debt burden as a percentage of market value, coupled with rapid amortization. Their rationale included evidence of planned balanced financial operations in the near future and the strength of our reserve levels.

More detailed information about the College's long-term liabilities is presented in the Notes to the Financial Statements.

Economic Factors Affecting the Future

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of the coronavirus. On March 10, 2020, Michigan Governor Gretchen Whitmer declared a state of emergency across the State of Michigan, directing State agencies to use all resources necessary to prepare for and respond to the outbreak. Please see the COVID-19 Pandemic section in Management's Discussion and Analysis (page 4) as well as Note 1 for additional information on how the College is responding.

The economic position of the College is closely tied to that of Genesee County and the State of Michigan. Enrollment is counter-cyclical to the economy. In poor economic times, enrollment traditionally increases and in good economic times enrollment generally wanes. Each condition offers unique financial challenges. The 2022-2023 fiscal year enrollment is projected to decline.

In the fiscal years ended June 30, 2022, 2021 and 2020, a nominal increase of roughly 1 - 3% was received in state aid. Given the current state budget problems, Michigan Public School Employees Retirement System (MPSERS) unfunded liabilities, any increases in base funding is unlikely to keep up with inflation as State appropriations to community colleges have not kept up with the rate of inflation since 2000.

In September of 2012, the Legislature passed and Governor signed a MPSERS reform bill capping the percentage that the College would be responsible to pay each year. These laws have helped address challenges of rising operating costs, especially within the employee benefit area. Under this state reform, each community college received through its yearly appropriation a restricted pass-through payment for its portion of the MPSERS liability pay down. MCC passed-through $3.1 million in fiscal year 2020, and $3.6 million in fiscal year 2021 and 2022.

In December 2018, the Mott Community College Board of Trustees adopted a new, multi-year Strategic Plan for the period 2019-2021, which includes MCC's overarching Institutional Priorities, its high-level Goal Areas, and is based on MCC's Foundational Beliefs. Mott Community College will serve as the leader among all community colleges in the Institutional Priority areas of: Diversity, Equity & Inclusion, A Committed Employee Culture, A Student-Centered Environment, Stewardship & Sustainability, Compliance, and Workforce Collaboration & Partnerships. MCC's major goal areas fall under the themes of: Student Success, Employee Success, Teaching & Learning, Workforce Partnerships and College & Community Sustainability. All of the above rests on the foundational beliefs of MCC: Commitment, Civility, and Compliance.

The new Strategic Plan, labelled "Mott Strong," was first shared with the College community and the general public in January 2019. Mott Strong is the belief that we're a united family dedicated to creating successful students, bettering lives through education, and improving the economic and social fabric of the broader community. All of MCC's Divisions are now actively implementing and reporting on their progress based on the Plan. For additional information, please visit https://www.mcc.edu/strategic-plan/index.shtml.

C.S. Mott Community College
Statements of Net Position
June 30, 2022 and 2021

	Primary Government		Component Unit Foundation for Mott Community College	
	2022	2021	2022	2021
Assets				
Current assets				
Cash and cash equivalents	$ 57,261,768	$ 41,929,886	$ 20,766	$ 22,121
Short-term investments (Note 2)	2,004,947	495,742	-	-
Property taxes receivable	21,609	4,017	-	-
State appropriation receivable	3,830,112	3,775,603	-	-
Accounts receivable - Net of allowance for uncollectible accounts ($3,006,184 for 2022 and $4,194,871 for 2021)	1,230,721	1,240,221	210,193	208,766
Grants receivable	6,874,700	12,766,340	-	-
Leases receivable - current portion	108,998	108,584	-	-
Inventories	72,636	91,007	-	-
Prepaid expenses and other assets	3,326,678	2,320,803	18,577	12,295
Total current assets	74,732,169	62,732,203	249,536	243,182
Note receivable (Note 1)	6,342,000	6,342,000	-	-
Leases receivable (Note 3)	-	108,998	-	-
Long-term investments	3,458,043	2,877,659	9,571,663	12,097,378
Investments - restricted, unspent bond proceeds (Note 2)	9,566,827	16,088,059	-	-
Beneficial interest in perpetual trusts	44,736,581	53,828,746	-	-
Bond discount	27,639	29,649	-	-
Cash surrender value of life insurance	-	-	72,026	66,342
Depreciable capital assets - net of accumulated depreciation and amortization ($172,011,848 for 2022 and $163,914,412 for 2021) (Note 5)	111,385,467	113,418,830	-	-
Nondepreciable capital assets (Note 5)	3,822,177	1,860,046		
Total assets	254,070,903	257,286,190	9,893,225	12,406,902
Deferred outflows of resources				
Deferred pension amounts (Notes 1 & 7)	13,044,291	19,247,367	-	-
Deferred OPEB amounts (Notes 1 & 7)	4,958,168	6,338,552	-	-
Deferred charge on refunding	41,989	80,749	-	-
Total deferred outflows of resources	18,044,448	25,666,668	-	-

See notes to financial statements.

	Primary Government		Component Unit Foundation for Mott Community College	
	2022	2021	2022	2021
Liabilities				
Current liabilities				
Current portion of long-term liabilities (Note 6)	$ 6,815,843	$ 7,517,059	$ -	$ -
Accounts payable	4,287,016	6,628,792	9,618	9,295
Accrued interest payable	281,044	308,731	-	-
Accrued payroll and related liabilities	4,930,535	4,763,933	-	-
Deposits	365,246	258,083	-	-
Unearned revenue	10,341,435	1,617,390	19,250	-
Total current liabilities	27,021,119	21,093,988	28,868	9,295
Long-term debt obligations (Note 6)	63,693,190	70,261,098	-	-
Net pension liability (Notes 1 & 7)	63,305,063	94,468,648	-	-
Net OPEB liability (Notes 1 & 7)	3,928,605	14,460,955	-	-
Accrued termination pay	3,124,999	3,239,161	-	-
Other accrued liabilities	101,585	139,531	-	-
Total liabilities	161,174,561	203,663,381	28,868	9,295
Deferred inflows of resources				
Deferred lease inflows (Note 1 & 3)	108,791	217,581		
Deferred pension amounts (Notes 1 & 7)	28,242,930	7,756,488	-	-
Deferred OPEB amounts (Notes 1 & 7)	16,651,088	12,420,376	-	-
Total deferred inflows of resources	45,002,809	20,394,445	-	-
Net position				
Net investment in capital assets	53,828,679	53,911,308	-	-
Restricted for				
Nonexpendable	44,736,581	53,828,746	4,400,132	4,345,323
Expendable				
Scholarships and awards	1,354,708	1,109,049	4,324,283	5,745,772
Culinary Arts Institute	6,342,000	6,342,000	-	-
Debt service	1,536,219	1,432,192	-	-
Unrestricted (deficit)	(41,860,206)	(57,728,263)	1,139,942	2,306,512
Total net position	$ 65,937,981	$ 58,895,032	$ 9,864,357	$ 12,397,607

See notes to financial statements.

C.S. Mott Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	Primary Government		Component Unit Foundation for Mott Community College	
	2022	2021	2022	2021
Revenues				
Operating revenues				
Tuition and fees	$ 30,488,653	$ 29,713,783	$ -	$ -
Less scholarship allowances	(9,298,175)	(8,954,630)	-	-
Federal grants and contracts	5,072,234	4,118,982	-	-
State and local grants and contracts	5,000,754	2,656,364	-	-
Private gifts and grants	1,894,295	2,265,499	526,372	686,318
Auxiliary enterprises	479,414	776,606	-	-
Miscellaneous	1,270,235	1,423,972	318	32,270
Total operating revenues	34,907,410	32,000,576	526,690	718,588
Expenses				
Operating expenses				
Instruction	20,867,090	26,578,272	-	-
Public service	4,189,441	4,107,753	-	-
Instructional support	6,718,374	9,110,967	615,105	461,433
Student services	25,714,246	20,330,780	80,709	75,439
Institutional administration	12,245,218	13,408,625	400,000	400,000
Operation and maintenance of plant	9,909,024	10,129,017	-	-
Technology	7,954,640	6,661,684	-	-
Depreciation and amortization	8,138,677	7,847,982	-	-
Foundation operations	-	-	114,427	63,823
Total operating expenses	95,736,710	98,175,080	1,210,241	1,000,695
Operating loss	(60,829,300)	(66,174,504)	(683,551)	(282,107)
Non-Operating Revenues (Expenses)				
State appropriations	18,832,578	21,177,327	-	-
Property tax levy	30,318,261	29,478,929	-	-
Pell grants	10,766,145	10,180,198	-	-
HEERF & Coronavirus Relief Funding	16,753,689	17,705,486	-	-
Gifts	2,414,973	2,095,962	-	-
Net investment (loss) income	(50,857)	112,648	(1,849,699)	2,975,641
Interest on capital asset - related debt	(2,062,014)	(2,102,817)	-	-
Net (discount) premium on bonds	(2,973)	175,598		
(Loss) gain on the sale of fixed assets	(5,388)	418,591	-	-
Net non-operating revenues	76,964,414	79,241,922	(1,849,699)	2,975,641
Income (loss) before other financing sources	16,135,114	13,067,418	(2,533,250)	2,693,534
Other Revenue (Expenses)				
Change in value of perpetual trusts	(9,092,165)	9,753,447	-	-
Total other revenue (expense) sources	(9,092,165)	9,753,447	-	-
Increase (decrease) in net position	7,042,949	22,820,865	(2,533,250)	2,693,534
Net position - beginning of year	58,895,032	35,296,518	12,397,607	9,704,073
Cumulative effect of implementation of GASB Statement No. 87 (Note 1)	-	777,649	-	-
Net position - beginning of year, after cumulative effect of GASB Statement No. 87 implementation	58,895,032	36,074,167	12,397,607	9,704,073
Net position - end of year	$ 65,937,981	$ 58,895,032	$ 9,864,357	$ 12,397,607

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2022

	Primary Government 2022	Component Unit Foundation for Mott Community College 2022
Cash Flows from Operating Activities		
Tuition and fees	$ 20,954,415	$ -
Grants and contracts	8,187,259	21,351
Payments to suppliers	(36,376,787)	(206,865)
Payments to employees	(63,524,713)	-
Auxiliary enterprises	220,330	-
Gifts received	-	503,998
Allocations to primary government	995,855	(995,855)
Student loan receipts	9,259,040	-
Student loan disbursements	(8,834,407)	-
Other	1,323,490	-
Net cash used for operating activities	(67,795,518)	(677,371)
Cash Flows from Noncapital Financing Activities		
State appropriations	18,778,069	-
Local property taxes	21,450,508	-
Pell grants	11,074,516	-
HEERF Funding	24,016,905	-
Gifts and contributions for other than capital purposes	2,414,973	-
Deposit transactions	(202,792)	-
Net cash provided by noncapital financing activities	77,532,179	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(8,028,698)	-
Principal paid on capital debt	(7,135,000)	-
Grant - Prahl College Center	9,500,000	-
Lease payments	(135,623)	-
Capital property tax levy	8,850,161	-
Interest paid on capital debt and leases	(2,106,167)	-
Net cash provided by capital and related financing activities	944,673	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	6,773,732	540,671
Interest on investments	187,603	992,553
Purchase of investments	(2,310,787)	(857,208)
Net cash provided by investing activities	4,650,548	676,016
Net increase (decrease) in cash and cash equivalents	15,331,882	(1,355)
Cash and cash equivalents - beginning of year	41,929,886	22,121
Cash and cash equivalents - end of year	$ 57,261,768	$ 20,766

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2022

	Primary Government 2022	Component Unit Foundation for Mott Community College 2022
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (60,829,300)	$ (683,551)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and amortization	8,138,677	-
(Increase) decrease in assets and deferred outflows of resources:		
Grants receivable	(1,685,182)	-
Accounts receivable, net	9,500	(1,427)
Inventories	18,371	-
Prepaid expenses and other current assets	(1,005,875)	(11,966)
Lease receivable	108,583	-
Deferred outflows pension	6,203,076	-
Deferred outflows OPEB	1,380,384	-
Deferred outflows charge on refunding	38,760	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(2,341,776)	323
Accrued payroll and other compensation	52,440	-
Unearned revenue	(775,955)	19,250
Deposits	18,296	-
Other current liabilities	(37,946)	-
Deferred inflows pension	20,486,442	-
Deferred inflows OPEB	4,230,712	-
Deferred inflows leases	(108,790)	-
Net pension liability	(31,163,585)	-
Net OPEB liability	(10,532,350)	-
Net cash used for operating activities	$ (67,795,518)	$ (677,371)

Non - cash disclosure:
There was $44,135 of non - cash capital activities for the year ended June 30, 2022.

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2021

	Primary Government 2021	Component Unit Foundation for Mott Community College 2021
Cash Flows from Operating Activities		
Tuition and fees	$ 21,707,457	
Grants and contracts	8,779,791	82,203
Payments to suppliers	(37,365,417)	(128,698)
Payments to employees	(51,895,486)	-
Auxiliary enterprises	175,692	-
Gifts received	-	504,401
Allocations to primary government	861,433	(861,433)
Student loan receipts	9,393,044	-
Student loan disbursements	(9,283,305)	-
Other	1,437,009	-
Net cash used for operating activities	(56,189,782)	(403,527)
Cash Flows from Noncapital Financing Activities		
State appropriations	19,229,772	-
Local property taxes	20,976,963	-
Pell grants	9,767,737	-
HEERF & Coronavirus Relief Funding	7,765,355	-
Gifts and contributions for other than capital purposes	2,095,962	-
Deposit transactions	101,531	-
Net cash provided by noncapital financing activities	59,937,320	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(5,119,871)	-
Principal paid on capital debt	(6,920,000)	-
Lease payments	(118,461)	
Capital property tax levy	8,507,906	-
Proceeds from sale of Livingston site	2,383,000	-
Interest paid on capital debt and leases	(2,362,220)	-
Net cash used for capital and related financing activities	(3,629,646)	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	6,922,466	279,904
Interest on investments	148,686	440,051
Purchase of investments	(2,173,273)	(512,680)
Net cash provided by investing activities	4,897,879	207,275
Net increase (decrease) in cash and cash equivalents	5,015,771	(196,252)
Cash and cash equivalents - beginning of year	36,914,115	218,373
Cash and cash equivalents - end of year	$ 41,929,886	$ 22,121

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2021

	Primary Government 2021	Component Unit Foundation for Mott Community College 2021
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (66,174,504)	$ (282,107)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and amortization	7,847,982	-
(Increase) decrease in assets and deferred outflows of resources:		-
Grants receivable	1,045,634	-
Accounts receivable, net	954,417	(120,507)
Inventories	(14,650)	-
Prepaid expenses and other current assets	(1,442,447)	5,904
Lease receivable	(217,581)	
Deferred outflows pension	5,951,763	-
Deferred outflows OPEB	(650,746)	-
Deferred outflows charge on refunding	78,157	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	424,963	3,193
Accrued payroll and other compensation	491,664	-
Unearned revenue	(823,206)	(10,010)
Deposits held for others	1,567	-
Deferred inflows pension	(3,875,009)	-
Deferred inflows OPEB	3,050,219	-
Deferred inflows leases	217,581	-
Net pension liability	2,106,070	-
Net OPEB liability	(5,161,656)	-
Net cash used for operating activities	$ (56,189,782)	$ (403,527)

Non - cash disclosure:
There were no non - cash capital, noncapital, or investing activities for the year ended June 30, 2021

See notes to financial statements.

1. Basis of presentation and significant accounting policies

Reporting entity – C.S. Mott Community College (the "College") is a Michigan community college, with its main campus located in Flint, Michigan and satellite sites in Genesee and Lapeer Counties. The College is governed by a Board of Trustees, whose seven members are elected for six-year overlapping terms.

The accompanying financial statements have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) for determining the various organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Because of its economic interest, the Foundation for Mott Community College (FMCC) is included in the College's reporting entity as a discretely presented component unit. The Foundation for Mott Community College is a private organization that reports under the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features differ from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report accounting for these differences.

Separate financial statements of the Foundation can be obtained by contacting the Foundation for Mott Community College, 1401 East Court Street, Flint, Michigan 48503.

550 Bears, LLC (550 Bears) is a Michigan limited liability company formed during the year ended June 30, 2018. FMCC owns 10 percent of 550 Bears and the other 90 percent is owned by Downtown Restoration Corporation (DRC), an unrelated taxable entity that is a wholly-owned subsidiary of Uptown Reinvestment Corporation, a tax-exempt entity. FMCC's investment in 550 Bears is accounted for under the equity method of accounting and included in the prepaids and other assets line in the accompanying Statements of Net Position. 550 Bears was formed exclusively to acquire, own, and renovate a 36,000 square foot abandoned building and create the Mott Community College Culinary Arts Institute. The building is located in a severely distressed census tract that makes a taxpayer eligible to receive new markets tax credits (NMTC) for making a qualified equity investment in a community development entity (CDE), if the CDE then makes an equity investment or a loan to a qualified active low-income community business and all other criteria of the NMTC are met. During the year ended June 30, 2018, the CDE received a qualified equity investment of $3,393,000 from the investor (unrelated third party), which it used to make a loan to 550 Bears. Under the program as part of the loan agreement, 550 Bears has committed to maintaining its status as a qualified active low-income community business (QALICB) as defined in IRC Section 45D.

On September 1, 2018, the College commenced a building lease with 550 Bears for the Culinary Arts Institute. See Note 5 for additional information.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

During the 3-month period after the 84-month NMTC compliance period (the "Put Period"), the investor will have the right to sell its ownership interest in the NMTC Investment Fund to the College for an amount equal to $1,000. If the investor does not exercise the Put during the Put Period, the Put/Call Counterparty shall have a call option during the 3-month period following the Put Period to acquire the investor ownership interest in the NMTC Investment Fund for an amount equal to the fair market value of such interest.

Basis of presentation - The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to public colleges and universities as described in GASB Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*. The College follows the "business-type" activities model of the GASB Statement No. 35. Business-Type Activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Reporting for business-type activities is based on all applicable GASB pronouncements.

Significant accounting policies followed by the College are described below:

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

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

Short-term investments:
Investments with a maturity of greater than three months but less than twelve months.

Gifts and pledges:
Gifts are recorded at estimated fair values when received, and pledges are recorded at their net present value when all eligibility requirements have been met.

Investments:
The College carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position. Realized and unrealized gains and losses from securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

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

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

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

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

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

For a further discussion of fair value measurements, refer to Note 2 to the financial statements.

Allowance for Doubtful Accounts:

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

Inventories:

Inventories, including supplies, are stated at the lower of cost (first-in, first-out) or market.

Note Receivable:

During the year ended June 30, 2018, a leveraged loan of $6,342,000 was provided by the College to the investor for the purpose of financing the construction of the Culinary Arts Institute. Interest accrues at one percent and interest-only payments are due quarterly through December 2024. Principal and interest payments commence in 2025, and the note matures in December 2047. As collateral, the borrower has assigned all of its rights, title and interest in the CDE. The note is reviewed annually for collectability and is deemed fully collectible as of June 30, 2022 and 2021. The balance of the note receivable is classified as restricted – expendable net position as of June 30, 2022 and 2021.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

Capital Assets:

Capital assets are recorded at cost or, if donated, the acquisition value at the time of donation. Capital assets are depreciated over their estimated useful lives ranging from 3-50 years. Depreciation is computed using the straight-line method. No depreciation is recorded on land, art or construction in progress. Expenditures for major renewals and betterments that extend the useful lives of the capital assets are capitalized. The College has a policy of capitalizing only capital assets purchases of $5,000 and over. Expenditures for maintenance and repairs are charged to current expenditures as incurred.

Accrued Compensated Balances and Accrued Termination Pay:

Compensated absences are reported as accumulated liabilities to be paid under the College's current vacation, compensatory, and terminated leave pay policies. Vacation and compensatory pay is a component of accrued payroll and related liabilities, and as the amounts are due on demand at the time of employee termination, the liability is classified as current in the accompanying statements of net position.

The College provides termination pay benefits to certain employees upon departure from the College based on years of services and eligibility requirements listed under their union contracts. Accrued termination pay is calculated using a third party actuary and is presented in the non-current liability section of the accompanying statements of net position. There are 357 employees in the plan as of June 30, 2022 and 367 employees in the plan as of June 30, 2021. See Note 7 for additional information.

Deferred Outflows of Resources:

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

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the Michigan Public School Employees Retirement System (MPSERS) plan subsequent to the plan measurement date. More detailed information can be found in Note 7.

The College reports a deferred outflow of resources for its deferred charge on debt refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the life of the refunded or refunding bonds.

Deferred Inflows of Resources:

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

1. Basis of presentation and significant accounting policies – (continued)

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the MPSERS plan's investments and for lease amounts. Lease deferral amounts are amortized over the remaining life of the lease. More detailed information for the pension and OPEB amounts can be found in Note 7.

Pension:

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

Other Postemployment Benefit Costs:

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

Operating and non-operating revenues:

All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are state appropriations, property taxes, Pell grants, federal Higher Emergency Education Relief Funds (HEERF) funding, investment income and gifts.

Revenue recognition:

Revenues are recognized in the period earned. Revenue received prior to year-end that related to the next fiscal period is recorded as unearned revenue.

State appropriations for operations are recognized ratably over the state appropriation period. The appropriation period is from October 1 – June 30.

Property taxes, net of estimated refunds and uncollectible amounts, are recognized on the accrual basis in the year for which the levy was intended.

Tuition revenue is recognized as revenue in the semester during which the tuition is earned. Any amounts received prior to June 30 and related to the period after June 30 are deferred and reported as unearned revenue.

1. Basis of presentation and significant accounting policies – (continued)

Scholarship allowances:

Tuition and fee revenue are reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by 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 non-operating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Estimates:

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

Net position:

Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in federal loan programs and local grant funds to be used for the construction of the Culinary Arts Institute.

Certain unrestricted net position is designated by the Board for the College Life Enhancement Funds, repairs and upgrades to parking facilities, student success, professional development and a reserve fund to protect the College against emergencies.

Restricted resources:

The College applies expenses first against restricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

Bond issuance costs:

Bond issuance costs are expensed when incurred.

Reclassification:

Certain amounts as reported in the June 30, 2021 financial statements have been reclassified to conform with the June 30, 2022 presentation.

1. Basis of presentation and significant accounting policies – (continued)

Risks and Uncertainties:

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. In response to the pandemic, now known as COVID-19, governments have taken preventive or protective actions, such as temporary closures of non-essential businesses and "shelter at home" guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the "shelter at home" guidelines during March, April, May, and June 2020, the College shifted to a remote online learning environment, and for the fiscal year 2021-2022 the College was still in a primarily online remote learning environment. The College has experienced a decline in enrollment for the terms included in the fiscal year ended June 30, 2022 as well as a decline in operating expenses.

As of the date of issuance of the financial statements, the College's operations have not been significantly impacted, but the College continues to monitor the situation. To offset the financial impact to students and the losses incurred by the College caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act. For the year ended 2020 the College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling \$5,643,508 of which \$2,689,375 was required to be given directly to students. For the year ended June 30, 2021, the College was allocated HEERF grants totaling \$31,799,391 of which \$12,742,950 was required to go directly to students. For the year ended June 20, 2022, the College did not receive additional HEERF funding. For the years ended June 30, 2022 and 2021, the College recognized HEERF grant revenue totaling \$16,753,689 and \$15,862,986, respectively.

The College also recognized Coronavirus Relief Funds (CRF) federal grant revenue totaling \$1,842,500 during the year ended June 30, 2021, which was funded through the CARES act to be used for coronavirus relief. These funds were passed through the College from the State of Michigan.

No impairments were recorded as of the statement of net position date based on the effect on the College's operations to date; however, due to uncertainty surrounding the situation, management's judgment regarding this could change. 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.

Adoption of new accounting pronouncements:

During the year ended June 30, 2021, the College adopted GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. There was no significant impact on the College's financial statements as a result of adopting the new standard.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

During the year ended June 30, 2022, the College implemented GASB Statement No. 87, *Leases.* The standard 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 GASB 87, 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 recognized a cumulative change adjustment to increase net position by $777,649 as of July 1, 2020, reflecting the remeasurement of the asset and liability balances of a previously classified capital lease as of that date. The present value of previously classified operating leases, as lessee, was $986,490 as of July 1, 2020, with the College recording both lease right to use assets and lease obligations for this amount (no impact on net position). The present value of previously classified operating leases as lessor was $326,372 as of July 1, 2020, with the College recording both leases receivable and deferred inflows of resources for this amount (no impact on net position). As a result of the change, the College restated its fiscal 2021 statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows. Due to the restatement, the College increased assets by $1,562,156 and increased liabilities by $566,925 as of June 30, 2021. The net impact to fiscal 2021 revenue and expenses related to the implementation of GASB No. 87 was insignificant. Additional disclosure is found in Leases Receivable – Note 3, Capital Assets – Note 5 and Long-Term Liabilities – Note 6.

Subsequent Events:

The financial statements and related disclosures include evaluation of events up through and including October 28, 2022, which is the date the financial statements were available to be issued.

2. <u>Cash, investments and fair value measurements</u>

The College's deposits and investments are included on the statements of net position under the following classifications as of June 30:

	2022	2021
Cash and cash equivalents	$57,261,768	$41,929,886
Short-term investments	2,004,947	495,742
Long-term investments	3,458,043	2,877,659
Investments - restricted, unspent bond proceeds	9,566,827	16,088,059
Total	$72,291,585	$61,391,346

2. Cash, investments and fair value measurements – (continued)

The amounts are categorized as follows at June 30:

	2022	2021
Bank deposits (checking, savings, cash and sweep accounts)	$42,866,040	$31,328,773
Petty cash	13,065	12,861
Money Markets	15,407,102	17,677,151
Certificates of deposit	3,073,128	2,435,151
Investments in government obligations	10,932,250	9,937,410
Total	$72,291,585	$61,391,346

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

	Fair Market Value	Less Than One Year	1-10 Years	Credit Rating	Rating Organization
Certificates of Deposit	$ 3,073,128	$ 745,784	$ 2,327,344	N/A	N/A
Federated Government Agency Bonds	10,932,250	9,801,551	1,130,699	AA+	S&P
Total	$ 14,005,378	$ 10,547,335	$ 3,458,043		

As of June 30, 2021, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-10 Years	Credit Rating	Rating Organization
Certificates of Deposit	$ 2,435,151	$ 495,742	$ 1,939,409	N/A	N/A
Federated Government Agency Bonds	9,937,410	8,999,160	938,250	AA+	S&P
Total	$ 12,372,561	$ 9,494,902	$ 2,877,659		

College investments:

Investment policies for cash and investments as set forth by the Board of Trustees authorize the College to invest in bonds, bills or notes of the United States or other obligations of the State; certificates of deposit insured by a state or national bank or savings and loan organized and authorized to operate in the State of Michigan; commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase; and managed investment programs for the investment of school funds as approved by the Board of Trustees and in accordance with Michigan State law.

2. Cash, investments and fair value measurements – (continued)

Interest rate risk:

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments with interest rates that are affixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

The College is authorized by Michigan Public Act 237 of 2008 to invest surplus monies in bonds, bills, and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposit and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

Custodial credit risk - Investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

Custodial credit risk - Deposits:

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. The College does not require deposits to be insured or collateralized and it is precluded by state law from collateralizing its deposits. Of the deposits and cash that the College held as of June 30, 2022, $750,000 was covered by federal depository insurance and the temporary liquidity guarantee program. $56,511,767 was uninsured and uncollateralized for the year ended June 30, 2022. Of the deposits and cash that the College held as of June 30, 2021, $750,000 was covered by federal depository insurance and the temporary liquidity guarantee program. $41,179,886 was uninsured and uncollateralized for the year ended June 30, 2021.

Fair value measurements:

The College utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

2. Cash, investments and fair value measurements – (continued)

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2022 or 2021.

Money market funds: Shares held in money market funds are comprised of debt securities with individual maturities of 13 months or less and an average maturity of 75 days or less. The composition of securities is structured to maintain a value of $1 per share and these funds are classified as Level 1.

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

Corporate bonds: Certain corporate bonds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

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

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

2022	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 3,073,128	$ -	$ -	$ 3,073,127
Debt securities				
U.S. Government & agencies	10,932,250	-	-	10,932,250
Total investments at fair value	$ 14,005,378	$ -	$ -	$ 14,005,378

2021	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 2,435,151	$ -	$ -	$ 2,435,151
Debt securities				
U.S. Government & agencies	9,937,410	-	-	9,937,410
Total investments at fair value	$ 12,372,561	$ -	$ -	$ 12,372,561

2. Cash, investments and fair value measurements – (continued)

Foundation for Mott Community College:

Investments are comprised of mutual funds, common stock, and debt holdings with a fair market value of $9,571,663 and $12,097,378 as of June 30, 2022 and June 30, 2021, respectively. As of June 30, 2022, the Foundation held Level 1 investments in the amount of $7,229,877 and Level 2 investments of $2,341,786. As of June 30, 2021, the Foundation held Level 1 investments in the amount of $8,896,180 and Level 2 investments of $3,201,198.

Concentration of Credit Risk:

The College places no limit on the amount the College may invest in any one issuer. More than fifty one percent of the College's investments at June 30, 2022 was invested in U.S. Government & agencies.

3. Leases Receivable

The College is a lessor in two agreements that qualify as a long-term lease agreement of buildings located at the College's Lapeer and Southern Lakes branch campuses. The agreements qualify as long-term agreements as the College will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. The present value is discounted using the College's 2020 borrowing rate of 2.125%. Total lease revenue for the years ended June 30, 2022 and 2021 was $112,392. The lease agreements expire in June 2023. The College implemented the provisions of GASB Statement No. 87, *Leases*, on July 1, 2020, and at that time, recorded leases receivable of $326,372 and corresponding deferred inflows of resources for the same amount. The College expects to collect $108,998 in the June 30, 2023 fiscal year for these leases.

4. Beneficial interest in perpetual trusts

The College's beneficial interest in perpetual trusts represents funds held in and administered by independent trustees. The College derives income from such funds but they are not in the possession of or under control of the College. For this reason, these funds are recorded in nonexpendable net position in the accompanying Statements of Net Position. Changes in the value of the beneficial interest are recorded as a component of other financing sources. The beneficial interest in perpetual trusts is recorded at fair value. The fair value of the beneficial interests in trusts is based on quoted prices of the underlying assets that were held by the trustees. It is classified as a Level 3 investment as defined in Note 1.

5. Capital assets

The changes in various capital asset class categories for the year ended June 30, 2022 are as follows:

	Beginning Balance	Transfer/ Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	$ 1,240,940	$ -	$ -	$ 1,240,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	612,906	2,575,037	(612,906)	2,575,037	
Total nondepreciable capital assets	1,860,046	2,575,037	(612,906)	3,822,177	
Depreciable and amortizable capital assets:					
Buildings and improvements	207,561,716	579,184	-	208,140,900	15 - 50
Leasehold improvements	2,917,971	-	-	2,917,971	5
Infrastructure	19,843,065	3,660,788	-	23,503,853	10 - 50
Computer equipment	9,121,076	154,152	-	9,275,228	5 - 10
Audio-visual equipment	1,231,965	75,570	-	1,307,535	5 - 10
Other equipment	21,096,366	1,420,356	(45,600)	22,471,122	5 - 20
Vehicles	1,956,692	136,856	-	2,093,548	8
Leased assets - buildings	11,140,051	44,135	-	11,184,186	3 - 6
Library books	2,464,340	38,632	-	2,502,972	5
Total depreciable and amortizable capital assets	277,333,242	6,109,673	(45,600)	283,397,315	
Total capital assets	279,193,288	8,684,710	(658,506)	287,219,492	
Less: accumulated depreciation and amortization:					
Buildings and improvements	121,675,238	4,822,921	-	126,498,159	
Leasehold improvements	2,727,797	8,621	-	2,736,418	
Infrastructure	12,706,694	1,187,455	-	13,894,149	
Computer equipment	8,066,341	443,059	-	8,509,400	
Audio-visual equipment	928,276	69,429	-	997,705	
Other equipment	13,114,811	965,909	(41,241)	14,039,479	
Vehicles	1,816,375	40,981	-	1,857,356	
Leased assets - buildings	542,582	557,295	-	1,099,877	
Library books	2,336,298	43,007	-	2,379,305	
Total accumulated depreciation and amortization	163,914,412	8,138,677	(41,241)	172,011,848	
Total net capital assets	$ 115,278,876	$ 546,033	$ (617,265)	$ 115,207,644	

5. Capital assets – (continued)

The changes in various capital asset class categories for the year ended June 30, 2021 are as follows:

	Beginning Balance	Transfer/ Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	$ 1,240,940	$ -	$ -	$ 1,240,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	20,551,286	612,906	(20,551,286)	612,906	
Total nondepreciable capital assets	21,798,426	612,906	(20,551,286)	1,860,046	
Depreciable and amortizable capital assets:					
Buildings and improvements	186,967,744	23,950,897	(3,356,925)	207,561,716	15 - 50
Leasehold improvements	2,917,971	-	-	2,917,971	5
Infrastructure	19,228,241	614,824	-	19,843,065	10 - 50
Computer equipment	8,986,194	276,187	(141,305)	9,121,076	5 - 10
Audio-visual equipment	1,055,262	176,703	-	1,231,965	5 - 10
Other equipment	21,008,388	216,649	(128,671)	21,096,366	5 - 20
Vehicles	1,926,675	30,017	-	1,956,692	8
Leased assets - buildings	11,140,051	-	-	11,140,051	3 - 6
Library books	2,425,130	39,210	-	2,464,340	5
Total depreciable and amortizable capital assets	255,655,656	25,304,487	(3,626,901)	277,333,242	
Total capital assets	277,454,082	25,917,393	(24,178,187)	279,193,288	
Less: accumulated depreciation and amortization:					
Buildings and improvements	118,250,874	4,722,594	(1,298,230)	121,675,238	
Leasehold improvements	2,719,176	8,621	-	2,727,797	
Infrastructure	11,552,898	1,153,796	-	12,706,694	
Computer equipment	7,566,650	499,691	-	8,066,341	
Audio-visual equipment	866,007	62,269	-	928,276	
Other equipment	12,268,704	964,132	(118,025)	13,114,811	
Vehicles	1,775,338	41,037	-	1,816,375	
Leased assets - buildings	-	542,582	-	542,582	
Library books	2,294,070	42,228	-	2,336,298	
Total accumulated depreciation and amortization	157,293,717	8,036,950	(1,416,255)	163,914,412	
Total net capital assets	$ 120,160,365	$17,880,443	$ (22,761,932)	$ 115,278,876	

5. <u>Capital assets</u> – (continued)

The College is involved in four agreements as a lessee that qualify as long-term lease agreements. These agreements qualify as intangible, right to use assets and not financed purchases, as the College will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year. The present values are discounted using an interest rate of 2.125%, based on the College's 2020 borrowing rate. Below is a table that summarized these agreements.

Lease	Term of lease	Remaining term of agreements as of June 30, 2022
Building – Northern Tier	July 1, 2021 to June 30, 2026	Three years
Building – Literacy Network	July 1, 2018 to June 30, 2022	Expired
Parking – Rutherford Lot	July 1, 2021 to June 30, 2024	Two years
Building – Culinary Arts	September 1, 2018 to December 31, 2047	Twenty five years

The College implemented the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2020. In accordance with this Statement, lease assets have been added to the beginning balances shown in the tables above and a corresponding lease payable has been recorded in the same amount as of July 1, 2020.

C.S. Mott Community College's library renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, on June 30, 2046, the SBA will transfer title to the building to the College. The cost ($8.2 million) and accumulated depreciation for the facility is included in the accompanying statements of net position.

C.S. Mott Community College's regional technology center renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, on August 31, 2037, the SBA will transfer title to the building to the College. The cost ($33.4 million) and accumulated depreciation for the facility is included in the accompanying statements of net position.

C.S. Mott Community College's southern lakes branch center renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, on August 31, 2037, the SBA will transfer title to the building to the College. The cost ($8.4 million) and accumulated depreciation for the facility is included in the accompanying statements of net position.

6. Long-term liabilities

The changes in long-term liabilities for the year ended June 30, 2022, excluding Net Pension and OPEB liabilities which are discussed in further detail in Note 7, are as shown below.

Building and Improvement Bonds:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Obligations
Series 2014	2.00% - 4.00%	May 1, 2033	$ 8,440,000	$ -	$ 565,000	$ 7,875,000	$ 585,000
Series 2016	3.047%	May 1, 2035	17,875,000	-	950,000	16,925,000	1,000,000
Series 2017	1.920%	May 1, 2023	2,405,000	-	1,220,000	1,185,000	1,185,000
Series 2018	3.0% - 3.25%	May 1, 2037	17,875,000	-	925,000	16,950,000	950,000
Series 2020	2.0% - 2.25%	May 1, 2040	19,325,000	-	3,475,000	15,850,000	2,725,000
Total bonds payable			$ 65,920,000	$ -	$ 7,135,000	$ 58,785,000	$ 6,445,000
Lease payable - culinary building	2.125%	December 31, 2047	$ 10,222,845	$ 61,610	$ -	$ 10,284,455	$ -
Lease payable - other buildings	2.125%	Various	798,744	46,605	199,702	645,647	129,246
Accrued termination pay			3,442,416	63,035	186,106	3,319,345	194,346
Bond premium			627,929	-	37,798	590,131	37,797
Other accrued liabilities			144,915	-	33,876	111,039	9,454
Total bonds payable and other long-term liabilites			$ 81,156,849	$ 171,250	$ 7,592,482	73,735,617	$ 6,815,843
Current long-term liabilities						6,815,843	
Long-term liabilities						$ 66,919,774	

Bonded debt service requirements are as follows:

Year ended	Total	Principal	Interest
June 30, 2023	$ 8,131,265	$ 6,445,000	$ 1,686,265
June 30, 2024	4,767,962	3,235,000	1,532,962
June 30, 2025	4,776,913	3,335,000	1,441,913
June 30, 2026	4,805,731	3,460,000	1,345,731
June 30, 2027	4,830,131	3,585,000	1,245,131
June 30, 2028 - June 30, 2032	24,401,031	19,850,000	4,551,031
June 30, 2033 - June 30, 2037	17,849,000	16,250,000	1,599,000
June 30, 2038 - June 30, 2040	2,769,375	2,625,000	144,375
	$ 72,331,408	$ 58,785,000	$ 13,546,408

The College implemented the provisions of GASB statement No. 87, Leases, as of July 1, 2020. In accordance with this statement, lease assets have been added to the beginning balances and a corresponding lease payable has been recorded for the same amount as of July 1, 2020. The present value of future minimum payments as of June 30, 2022, were as follows:

6. Long-term liabilities - (continued)

Year ended	Total	Principal	Interest
June 30, 2023	$ 363,436	$ 129,246	$ 234,190
June 30, 2024	350,136	119,723	230,413
June 30, 2025	618,936	392,815	226,121
June 30, 2026	715,298	499,123	216,175
June 30, 2027	549,094	341,984	207,110
June 30, 2028 - June 30, 2032	2,786,930	1,865,988	920,942
June 30, 2033 - June 30, 2037	2,857,302	2,148,604	708,698
June 30, 2038 - June 30, 2042	2,929,452	2,464,684	464,768
June 30, 2043 - June 30, 2047	2,851,375	2,665,591	185,784
June 30, 2048	304,101	302,344	1,757
	$ 14,326,060	$10,930,102	$ 3,395,958

The changes in long-term liabilities for the year ended June 30, 2021 are as shown below.

Building and Improvement Bonds:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Obligations
Series 2009	3.00% - 4.00%	May 1, 2021	$ 75,000	$ -	$ 75,000	$ -	$ -
Series 2014	2.00% - 4.00%	May 1, 2033	8,980,000	-	540,000	8,440,000	565,000
Series 2015	3.00% - 5.00%	May 1, 2021	2,540,000	-	2,540,000	-	-
Series 2016	3.047%	May 1, 2035	18,675,000	-	800,000	17,875,000	950,000
Series 2017	1.920%	May 1, 2023	3,795,000	-	1,390,000	2,405,000	1,220,000
Series 2018	3.0% - 3.25%	May 1, 2037	18,775,000	-	900,000	17,875,000	925,000
Series 2020	2.0% - 2.25%	May 1, 2040	20,000,000	-	675,000	19,325,000	3,475,000
Total bonds payable			$ 72,840,000	$ -	$ 6,920,000	$ 65,920,000	$ 7,135,000
Lease payable - culinary building	2.125%	December 31, 2047	$ 10,153,561	$ 69,284	$ -	$ 10,222,845	$ -
Lease payable - other buildings	2.125%	Various	986,490	-	187,746	798,744	135,623
Accrued termination pay			3,226,486	434,404	218,474	3,442,416	203,255
Bond premium			883,694	-	255,765	627,929	37,797
Other accrued liabilities			22,783	122,132	-	144,915	5,384
Total bonds payable and other long-term liabilites			$ 88,113,014	$ 625,820	$ 7,581,985	81,156,849	$ 7,517,059
Current long-term liabilities						7,517,059	
Long-term liabilities						$ 73,639,790	

7. Employee benefits

Retirement Plan

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

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

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation, times years of service, times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

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

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

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

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

7. **<u>Employee benefits</u> – (continued)**

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

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

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

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2019 – September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 – September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 – September 30, 2022	13.39% - 20.14%	7.23% - 8.43%

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

7. Employee benefits – (continued)

The College's required and actual pension contributions to the plan for the years ended June 30, 2022, 2021 and 2020 were $8,272,506, $8,018,833 and $7,463,979, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $3,646,783, $3,644,032 and $3,111,097 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2021 and 2020, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2022, 2021 and 2020 were $2,086,323, $1,916,055 and $1,906,610, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual OPEB contributions do not include any additional allocation received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2022 and 2021, respectively.

Net Pension Liability. At June 30, 2022 and 2021, the College reported a liability of $63,305,063 and $94,468,648 for its proportionate share of the 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 as of September 2020 and 2019, which used updated procedures to roll forward the estimated liability to September 30, 2020 and 2019. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021, 2020 and 2019, the College's proportion was 0.26739%, 0.27501% and 0.27890%, respectively representing a 0.00762% decrease and 0.00389% decrease for the years ended September 30, 2021 and 2020, respectively.

Net OPEB Liability. At June 30, 2022 and 2021, the College reported a liability of $3,928,605 and $14,460,955 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020 and 2019, which used updated procedures to roll forward the estimated liability to September 30, 2021 and 2020. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021, 2020, and 2019, the College's proportion was 0.25738%, 0.26993%, and 0.27338% respectively, of MPSERS in total, representing a 0.01255% decrease for the year ended September 30, 2021 and a 0.00345% decrease for the year ended September 30, 2020.

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

For the year ended 2022 and 2021, the College recognized pension expense of $4,427,895 and $11,511,501, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

7. **<u>Employee benefits</u> – (continued)**

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected & actual experience	$ 980,623	$ 372,792	$ 607,831
Changes in assumptions	3,990,525	-	3,990,525
Net difference between projected and actual earnings on pension plan investments	-	20,352,374	(20,352,374)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,870,981	(3,870,981)
	4,971,148	24,596,147	(19,624,999)
College contributions subsequent to measurement date	8,073,143	-	8,073,143
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	3,646,783	(3,646,783)
Total	$ 13,044,291	$ 28,242,930	$ (15,198,639)

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected & actual experience	$ 1,443,403	$ 201,629	$ 1,241,774
Changes in assumptions	10,468,037	-	10,468,037
Net difference between projected and actual earnings on pension plan investments	396,915	-	396,915
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,910,827	(3,910,827)
	12,308,355	4,112,456	8,195,899
College contributions subsequent to measurement date	6,939,012	-	6,939,012
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	3,644,032	(3,644,032)
Total	$ 19,247,367	$ 7,756,488	$ 11,490,879

7. Employee benefits – (continued)

The $3,646,783 and $3,644,032 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979), will be recognized as state appropriations revenue for the years ended June 30, 2023 and 2022, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2022 will be recognized in pension expense as follows:

Years Ending	Amount
2023	$ (3,532,840)
2024	(4,681,608)
2025	(5,657,659)
2026	(5,752,892)
Total	$ (19,624,999)

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

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

For the years ended June 30, 2022 and 2021, the College recognized a reduction to OPEB expense of ($2,899,653) and ($933,697), respectively.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected & actual experience	$ -	$ 11,213,923	$ (11,213,923)
Changes in assumptions	3,284,119	491,427	2,792,692
Net difference between projected and actual earnings on OPEB plan investments	-	2,961,060	(2,961,060)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,984,678	(1,984,678)
	3,284,119	16,651,088	(13,366,969)
College contributions subsequent to measurement date	1,674,049	-	1,674,049
Total	$ 4,958,168	$ 16,651,088	$ (11,692,920)

7. Employee benefits – (continued)

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected & actual experience	$ -	$ 10,774,763	$ (10,774,763)
Changes in assumptions	4,768,064	-	4,768,064
Net difference between projected and actual earnings on OPEB plan investments	120,693	-	120,693
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,645,613	(1,645,613)
	4,888,757	12,420,376	(7,531,619)
College contributions subsequent to measurement date	1,449,795	-	1,449,795
Total	$ 6,338,552	$ 12,420,376	$ (6,081,824)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2022 will be recognized as a reduction of OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future OPEB expense):

Years Ending June 30	Amount
2023	$ (3,663,876)
2024	(3,267,408)
2025	(2,790,981)
2026	(2,545,397)
2027	(971,809)
Thereafter	(127,498)
Total	$ (13,366,969)

7. <u>Employee benefits</u> – (continued)

Actuarial Assumptions: The total pension liability and total OPEB liability as of September 30, 2021 and 2020 is based on the results of an actuarial valuation as of September 30, 2020 and 2019, respectively, and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal cost actuarial cost method
Wage inflation rate	2.75%
Investment rate of return – Pension	6.00% - 6.80%
Investment rate of return – OPEB	6.95%
Salary increases	2.75% – 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate	7.5% Year 1 graded to 3.5% year 15, 3.00% year 120; (7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2019)
Mortality basis	RP-2014 Male and Female Employee Annuitant Mortality tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retiree, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both male and females.
Cost of living pension adjustments	3.00% annual non-compounded for MIP members
OPEB 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
OPEB Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
OPEB Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

7. Employee benefits – (continued)

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.9870 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

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

7. <u>Employee benefits</u> – (continued)

2021 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed-income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Real return, opportunistic, and absolute pool	21.50%	8.15%	0.94%
Short-term investment pools	2.00%	-1.29%	-0.03%
Total	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.24%
Investment rate of return			6.80%

2020 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed-income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Real return, opportunistic, and absolute pool	21.50%	9.25%	0.94%
Short-term investment pools	2.00%	-0.09%	1.05%
Total	100.00%		5.33%
Inflation			2.10%
Risk adjustment			-0.63%
Investment rate of return			6.80%

7. **Employee benefits – (continued)**

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

2021 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed-income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Real return, opportunistic, and absolute pool	21.50%	8.15%	0.94%
Short-term investment pools	2.00%	-1.29%	-0.03%
Total	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
Investment rate of return			6.95%

7. Employee benefits – (continued)

2020 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed-income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Real return, opportunistic, and absolute pool	21.50%	9.25%	0.94%
Short-term investment pools	2.00%	-0.09%	0.00%
Total	100.00%		5.33%
Inflation			2.10%
Risk adjustment			-0.48%
Investment rate of return			6.95%

Rate of Return: For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, 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% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

7. <u>Employee benefits</u> – (continued)

2022		
1 Percent Decrease (5.00 – 5.80%)	Current Discount Rate (6.00 – 6.80%)	1 Percent Increase (7.00 – 7.80%)
$90,509,071	$63,305,063	$40,751,155

2021		
1 Percent Decrease (5.00 – 5.80%)	Current Discount Rate (6.00 – 6.80%)	1 Percent Increase (7.00 – 7.80%)
$122,273,640	$94,468,648	$71,424,508

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

2022		
1 Percent Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percent Increase (7.95%)
$7,300,057	$3,928,605	$1,067,446

2021		
1 Percent Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percent Increase (7.95%)
$18,576,741	$14,460,955	$10,995,809

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2022		
1 Percent Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1 Percent Increase (8.75%)
$956,191	$3,928,605	$7,272,929

2021		
1 Percent Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1 Percent Increase (8.00%)
$10,863,135	$14,460,955	$18,553,032

Pension Plan and OPEB Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

7. Employee benefits – (continued)

Payable to the Pension Plan and OPEB Plan: At June 30, 2022 and 2021, the College reported a payable of $911,103 and $928,861, respectively, for the outstanding amount of contributions to the pension plan required for the year then ended. At June 30, 2022 and 2021, the College reported a payable of $102,966 and $117,176, respectively, for the outstanding amount of contributions related to the OPEB plan.

Defined Contribution Plan

Certain 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). The ORP has 120 members and is a single employer plan. Under the ORP, the College contributes between 10% and 13.54%, and the participant contributes 3.9% of the participant's compensation. Total covered payroll for the years ended June 30, 2022 and 2021 was $11,980,606 and $12,391,054, respectively. Total College contributions for the years ended June 30, 2022 and 2021 were $1,283,812 and $1,339,644, respectively.

In addition to the MPSERS and ORP plans, the College also provides deferred compensation plans to all of its full-time employees under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. Employees may make elective deferrals up to amounts allowable by current tax law.

Accrued Termination Pay

The total amount of termination benefits paid out was $186,106 and $218,474, for the years ended June 30, 2022 and 2021, respectively. The actuarial assumptions are as follows:

Assumption	June 30, 2022	June 30, 2021
Cost method	Projected unit credit	Projected unit credit
Discount rate	4.48% per annum	2.29% per annum
Staff salary scale	3.75% per annum	3.00% per annum
Faculty salary scale	3.75% per annum	3.00% per annum
Health care inflation	1.3% per annum	3.70% per annum
Mortality rate, pre-retirement	MP-2021, Public Teacher 2010 headcount weighted (sex distinct) mortality	MP-2020, Public Teacher 2010 headcount weighted (sex distinct) mortality
Mortality rate, post-retirement	MP-2021, Public Teacher 2010 headcount weighted (sex distinct) mortality	MP-2020, Public Teacher 2010 headcount weighted (sex distinct) mortality

8. Contingencies and commitments

The College participates in various grant programs, both federal and state sponsored. The funds received through these programs are subject to audits by the grantor agencies and the results of these audits might identify costs that are not allowable. The College also has various construction contract commitments. Note 9 describes these commitments.

9. Construction in progress

The College has multiple construction projects in progress on campus consisting of the following: multiple roof restoration projects that include Lapeer campus building, Ballenger Field House, Gorman building and Department of Public Safety, the President's house renovation, network wiring, upgrades to parking ramps H and J, fire alarm replacement and baseball/softball field networking. As of June 30, 2022, total expenditures relating to these projects were $2,575,037. The completion of these projects are expected to occur during fiscal year 22-23. The total expenditures of these projects is estimated to be $3,438,463.

10. Risk management

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College has purchased commercial insurance for property loss, errors and omissions, and medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

11. Advance refunding

In prior years, the College defeased certain other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2022 and 2021, $1,225,000 and $2,660,000, respectively, of bonds outstanding are considered defeased.

12. GASB 77 Statement No. 77 – Tax abatements

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

For the fiscal year ended June 30, 2022 and June 30, 2021, the College's property tax revenues were reduced by $319,117 and $316,684, respectively.

13. Related Parties

The President of the College is a board member on the Foundation for Mott Community College board. The Foundation does give support to the College as well as to the students of the College in the form of scholarships. The total amount received from the Foundation for the years ended of June 30, 2022 and 2021 was $955,855 and $861,433, respectively. The College did not have any other related party transactions for fiscal year 2022 and 2021.

Required Supplemental Information

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Proportionate Share of the Net Pension Liability
as of the Plan Year Ended September 30:

	2018	2017	2016	2015	2014
College's proportion of the net pension liability	0.28680%	0.29941%	0.31876%	0.31004%	0.34207%
College's proportionate share of the net pension liability	$ 86,218,478	$ 77,588,625	$ 79,526,817	$ 75,726,813	$ 75,346,059
College's covered payroll	$ 23,787,341	$ 24,364,876	$ 26,711,512	$ 26,065,757	$ 27,855,602
College's proportionate share of the net pension liability as a percentage of its covered payroll	362.46%	318.44%	297.72%	290.52%	270.49%
Plan fiduciary net position as a percentage of the total pension liability	62.12%	63.96%	63.01%	63.17%	66.20%

	2021	2020	2019
College's proportion of the net pension liability	0.26739%	0.27501%	0.27890%
College's proportionate share of the net pension liability	$ 63,305,063	$ 94,468,648	$ 92,362,578
College's covered payroll	$ 2,337,714	$ 24,002,350	$ 23,942,049
College's proportionate share of the net pension liability as a percentage of its covered payroll	270.79%	393.58%	385.78%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.49%	60.08%

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

See notes to required supplemental information.

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of College's Contributions, Pension

	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Statutorily required contribution	$ 7,457,335	$ 7,339,496	$ 7,019,603	$ 7,229,049	$ 8,419,942
Contribution in relation to the contractually required contribution	(7,457,335)	(7,339,496)	(7,019,603)	(7,229,049)	(8,419,942)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	23,770,819	23,921,207	24,173,177	26,065,757	$ 27,855,602
Contribution as a percentage of covered payroll	31.37%	30.68%	29.04%	27.73%	30.23%

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 8,272,506	$ 8,018,833	$ 7,463,979
Contribution in relation to the contractually required contribution	(8,272,506)	(8,018,833)	(7,463,979)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered payroll	$ 24,841,350	$ 23,262,979	$ 23,912,728
Contribution as a percentage of covered payroll	33.30%	34.47%	31.21%

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

See notes to required supplemental information.

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Proportionate Share of the Net OPEB Liability
as of the Plan Year Ended September 30:

	2021	2020	2019	2018	2017
College's proportion of the net OPEB liability	0.25738%	0.26993%	0.27338%	0.27900%	0.30074%
College's proportionate share of the net OPEB liability	$ 3,928,605	$ 14,460,955	$ 19,622,611	$ 22,177,392	$ 26,632,166
College's covered payroll	$ 2,337,714	$ 24,002,350	$ 23,942,049	$ 23,787,341	$ 24,364,876
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.80%	60.25%	81.96%	93.23%	109.31%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.76%	48.67%	43.10%	36.53%

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

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of College's Contributions - OPEB

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Statutorily required contribution	$ 2,086,323	$ 1,916,055	$ 1,906,610	$ 1,867,204	$ 1,727,763
Contribution in relation to the contractually required contribution	(2,086,323)	(1,916,055)	(1,906,610)	(1,867,204)	(1,727,763)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 24,841,350	$ 23,262,979	$ 23,912,728	$ 23,770,819	$ 23,921,207
Contribution as a percentage of covered payroll	8.40%	8.24%	7.97%	7.86%	7.22%

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

See notes to required supplemental information.

C.S. Mott Community College
Notes to Required Supplemental Information
June 30, 2022

1. Pension information

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

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

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

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

2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.
2017 – The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50%.

2. OPEB information

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

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

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

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

2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
2020 – The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

2. <u>OPEB information</u> – (continued)

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

2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%.

Other Supplemental Information

C.S. Mott Community College
Combining Statement of Net Position
June 30, 2022

	Combined Total	General Fund	Pension Liability & OPEB Fund
Assets			
Current assets			
Cash and cash equivalents	$ 57,261,768	$ 42,880,092	$ -
Short-term investments	2,004,947	-	-
Property taxes receivable	21,609	21,609	-
State appropriation receivable	3,830,112	3,830,112	-
Accounts receivable -			-
net of $3,006,184 allowance	1,230,721	1,043,552	-
Grants receivable	6,874,700	-	-
Leases receivable - current portion	108,998	108,998	-
Inventories	72,636	72,636	-
Prepaid expenses and other assets	3,326,678	3,289,704	-
Total current assets	74,732,169	51,246,703	-
Notes receivable	6,342,000	-	-
Long-term investments	3,458,043	-	-
Investments - restricted, unspent bond proceeds	9,566,827	-	-
Beneficial interest in perpetual trusts	44,736,581	-	-
Bond discount	27,639	-	-
Depreciable capital assets - net of $172,011,848 accumulated depreciation and amortization	111,385,467	-	-
Nondepreciable capital assets	3,822,177	-	-
Total assets	254,070,903	51,246,703	-
Deferred outflows of resources			
Deferred pension amounts	13,044,291	-	13,044,291
Deferred OPEB amounts	4,958,168	-	4,958,168
Deferred charge on refunding	41,989	-	-
Total deferred outflows of resources	18,044,448	-	18,002,459

Designated Funds	HEERF Fund	Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ 14,381,676
-	-	-	-	-	-	2,004,947
-	-	-	-	-	-	-
-	-	-	-	-	-	-
783	-	29,192	151,529	-	-	5,665
-	-	-	-	6,874,700	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	36,974
783	-	29,192	151,529	6,874,700	-	16,429,262
-	-	-	-	-	-	6,342,000
-	-	-	-	-	-	3,458,043
-	-	-	-	-	-	9,566,827
-	-	-	-	-	44,736,581	-
-	-	-	-	-	-	27,639
-	-	-	-	-	-	111,385,467
-	-	-	-	-	-	3,822,177
783	-	29,192	151,529	6,874,700	44,736,581	151,031,415
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	41,989
-	-	-	-	-	-	41,989

C.S. Mott Community College
Combining Statement of Net Position (continued)
June 30, 2022

	Combined Total	General Fund	Pension Liability & OPEB Fund
Liabilities			
Current liabilities:			
Current portion of long-term liabilities	$ 6,815,843	$ 203,800	$ -
Accounts payable	4,287,016	4,259,529	-
Due to (from) other funds	-	25,905,572	-
Accrued interest payable	281,044	-	-
Accrued payroll and related liabilities	4,930,535	4,758,808	-
Deposits	365,246	18,296	-
Unearned revenue	10,341,435	587,333	-
Total current liabilities	27,021,119	35,733,338	-
Long-term debt obligations	63,693,190	-	-
Net pension liability	63,305,063	-	63,305,063
Net OPEB liability	3,928,605	-	3,928,605
Accrued termination pay	3,124,999	3,124,999	-
Other accrued liabilities	101,585	101,585	-
Total liabilities	161,174,561	38,959,922	67,233,668
Deferred inflows of resources			
Deferred lease inflows	108,791	108,791	
Deferred pension amounts	28,242,930	-	28,242,930
Deferred OPEB amounts	16,651,088	-	16,651,088
Total deferred inflows of resources	45,002,809	108,791	44,894,018
Net position			
Net investment in capital assets	53,828,679	-	-
Restricted for			
Nonexpendable	44,736,581	-	-
Expendable			
Scholarships and awards	1,354,708	-	-
Capital projects	6,342,000	-	-
Debt service	1,536,219	-	-
Unrestricted (deficit)	(41,860,206)	12,177,990	(94,125,227)
Total net position	$ 65,937,981	$ 12,177,990	$ (94,125,227)

Designated Funds	HEERF Fund	Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ 6,612,043
-	-	-	-	27,487	-	-
(20,829,058)	-	(113,348)	(195,421)	(4,407,149)	-	(360,596)
-	-	-	-	-	-	281,044
922	-	-	-	170,805	-	-
-	-	-	346,950	-	-	-
25,253	-	-	-	9,728,849	-	-
(20,802,883)	-	(113,348)	151,529	5,519,992	-	6,532,491
-	-	-	-	-	-	63,693,190
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(20,802,883)	-	(113,348)	151,529	5,519,992	-	70,225,681
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	53,828,679
-	-	-	-	-	44,736,581	-
-	-	-	-	1,354,708	-	-
-	-	-	-	-	-	6,342,000
-	-	-	-	-	-	1,536,219
20,803,666	-	142,540	-	-	-	19,140,825
$ 20,803,666	$ -	$ 142,540	$ -	$ 1,354,708	$ 44,736,581	$ 80,847,723

C.S. Mott Community College
Combining Statement of Revenues, Expenses,
Transfers and Changes in Net Position
June 30, 2022

	Combined Total	Eliminations	General Fund
Revenues			
Operating revenues			
Tuition and fees	$ 30,488,653	$ -	$ 29,178,108
Less scholarship allowances	(9,298,175)	(9,298,175)	-
Federal grants and contracts	5,072,234	-	-
State and local grants and contracts	5,000,754	-	-
Private gifts and grants	1,894,295	(51,959)	-
Auxiliary enterprises	479,414	-	-
Expenditures for equipment and capital improvements	-	(8,028,698)	-
Miscellaneous	1,270,235	-	1,143,300
Total operating revenues	34,907,410	(17,378,832)	30,321,408
Expenses			
Operating expenses			
Instruction	20,867,090	(1,481,171)	28,295,608
Public service	4,189,441	(30,805)	518,144
Instructional support	6,718,374	-	7,924,853
Student services	25,714,246	(9,298,175)	8,550,916
Institutional administration	12,245,218	-	9,773,503
Operation and maintenance of plant	9,909,024	(6,338,959)	11,803,622
Technology	7,954,640	(229,722)	4,457,475
Depreciation and amortization	8,138,677	-	-
Total operating expenses	95,736,710	(17,378,832)	71,324,121
Operating (loss) income	(60,829,300)	-	(41,002,713)
Non-Operating Revenues (Expenses)			
State appropriations	18,832,578	-	22,236,677
Property tax levy	30,318,261	-	21,468,100
Pell grants	10,766,145	-	-
HEERF Funding	16,753,689	-	-
Gifts	2,414,973	-	2,414,973
Net investment (loss) income	(50,857)	-	102,180
Interest on capital asset - related debt	(2,062,014)	-	-
(Loss) gain on the sale of fixed assets	(5,388)	-	-
Net (discount) premium on bonds	(2,973)	-	-
Net non-operating revenues	76,964,414	-	46,221,930
Income before other financing sources	16,135,114	-	5,219,217
Other Revenue (Expenses)			
Change in value of perpetual trusts	(9,092,165)	-	-
Transfers in (out)	-	-	(4,139,159)
Total other revenue sources	(9,092,165)	-	(4,139,159)
Increase in net position	7,042,949	-	1,080,058
Net Position			
Net position - beginning of year	58,895,032	-	11,097,932
Net position - end of year	$ 65,937,981	$ -	$ 12,177,990

Pension Liability & OPEB Fund	Designated Funds	Auxiliary Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ 1,309,445	$ -	$ -	$ -	$ 1,100
-	-	-	-	-	-
-	-	-	5,072,234	-	-
-	-	-	5,000,754	-	-
-	-	-	1,946,254	-	-
-	-	479,414	-	-	-
-	-	-	-	-	8,028,698
-	126,876	-	5	-	54
-	1,436,321	479,414	12,019,247	-	8,029,852
(5,999,367)	-	-	403,802	-	(351,782)
(782,526)	-	172,324	4,312,304	-	-
(1,695,474)	-	-	450,363	-	38,632
(1,565,052)	810,513	31,865	27,184,179	-	-
(912,948)	36,784	54,895	3,227,882	-	65,102
(1,825,895)	5,100	-	1,088	-	6,264,068
(260,842)	-	-	1,665,887	-	2,321,842
-	-	-	-	-	8,138,677
(13,042,104)	852,397	259,084	37,245,505	-	16,476,539
13,042,104	583,924	220,330	(25,226,258)	-	(8,446,687)
(3,646,783)	-	-	-	-	242,684
-	-	-	-	-	8,850,161
-	-	-	10,766,145	-	-
-	-	-	16,753,689	-	-
-	-	-	-	-	-
-	-	-	-	-	(153,037)
-	-	-	-	-	(2,062,014)
-	-	-	-	-	(5,388)
-	-	-	-	-	(2,973)
(3,646,783)	-	-	27,519,834	-	6,869,433
9,395,321	583,924	220,330	2,293,576	-	(1,577,254)
-	-	-	-	(9,092,165)	-
-	3,869,864	(198,080)	(2,047,917)	-	2,515,292
-	3,869,864	(198,080)	(2,047,917)	(9,092,165)	2,515,292
9,395,321	4,453,788	22,250	245,659	(9,092,165)	938,038
(103,520,548)	16,349,878	120,290	1,109,049	53,828,746	79,909,685
$ (94,125,227)	$ 20,803,666	$ 142,540	$ 1,354,708	$ 44,736,581	$ 80,847,723

C.S. Mott Community College
Schedule 1 - Details of General Fund Expenses
Year Ended June 30, 2022

	Salaries	Fringe Benefits	Services	Materials and Supplies
Instruction	$ 17,722,289	$ 8,447,334	$ 756,100	$ 846,786
Public service	227,697	92,540	144,352	38,314
Instructional support	4,358,561	2,807,227	395,019	187,680
Student services	4,394,789	2,558,066	882,056	220,149
Institutional administration	3,533,550	2,399,301	2,017,777	96,264
Physical plant operations	3,867,717	2,560,922	1,640,944	408,343
Technology	1,156,169	478,909	1,257,231	31,521
	$ 35,260,772	$ 19,344,299	$ 7,093,479	$ 1,829,057

Facilities Rent	Utilities and Insurance	Other Expenses	Capital Outlay	Total
$ 422,536	$ -	$ 95,283	$ 5,280	$ 28,295,608
8,500	-	6,741	-	518,144
-	-	168,737	7,629	7,924,853
31,225	-	461,509	3,122	8,550,916
7,091	-	1,719,483	37	9,773,503
-	2,602,887	47,229	675,580	11,803,622
-	-	1,533,645	-	4,457,475
$ 469,352	$ 2,602,887	$ 4,032,627	$ 691,648	$ 71,324,121

C.S. Mott Community College
Schedule 2 - Details of Auxiliary Activities
Year Ended June 30, 2022

Activity	Balance July 1, 2021	Revenues	Expenditures (1)
Vending	$ -	$ 29,029	$ -
Outside Catering	-	14,443	1,546
Bookstore	-	228,764	21,859
Day Care	70,290	193,028	170,778
Funding for College Initiatives	50,000	14,150	54,895
Student Computer Lab Printing	-	-	10,006
	$ 120,290	$ 479,414	$ 259,084

(1) Expenditures include amounts allocated from the General Fund for utilities and maintenance costs.
These costs amounted to $21,840 for the bookstore.

Excess (Revenues) Expenses	Other In (Out)	Balance June 30, 2022
$ (29,029)	$ -	$ -
(12,897)	-	-
(206,905)	-	-
(22,250)	-	92,540
40,745	40,745	50,000
10,006	-	-
$ (220,330)	$ 40,745	$ 142,540