Schoolcraft College®

ANNUAL FINANCIAL REPORT

June 30, 2022

On the Cover

The transformation of the Applied Sciences Building into the fully completed Health Sciences Center, funded partially from capital outlay appropriations from the State of Michigan, includes state-of-the-art equipment and programming to prepare the next generation of healthcare providers.

Table of Contents

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Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Schoolcraft College (the "College") as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the College has adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 87*, Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Trustees
Schoolcraft College

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Trustees
Schoolcraft College

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 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, 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.

Plante & Moran, PLLC

October 5, 2022

Management's Discussion & Analysis - Unaudited

The discussion and analysis of Schoolcraft College's financial statements provides an overview of the College's financial position at June 30, 2022 and 2021 and its financial activities for the three years ended June 30, 2022. Management has prepared the financial statements and the related footnote disclosures, along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

Using The Annual Report

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

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

Financial Highlights

The Statement of Net Position reports the College's financial position as of June 30, 2022 and 2021. The Statement of Revenues, Expenses, and Changes in Net Position reports the change in net position for the years ended June 30, 2022 and 2021. The College's financial position increased during the years ended June 30, 2022 and 2021, with net position increasing by $23.0 million and $2.0 million (as restated), respectively. See note 1 for more detailed information on the restatement of 2021 balances.

The increase in 2022 is primarily due to a sizeable increase in tuition and fees, as well as increases in state grant revenues, property tax revenue and state appropriations, most notably $10.0 million in state capital outlay appropriations related to the Health Sciences Building renovation. The increases are offset by a decrease in investment performance. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in an $11.8 million increase in net position. Finally, miscellaneous revenue including American Harvest, Mainstreet Café, Henry's, Fitness Center, Firearms Training Center, and Vista Tech rentals, increased slightly due to COVID-19 restrictions lessening in 2022.

The increase in 2021 is primarily due to a sizeable increase in federal and state grant revenues as well as increases in property tax revenue and state appropriations. The increases are offset by decreases in tuition revenue due to enrollment declines, decreases in auxiliary and bookstore sales, and a new financed purchase resulting in increased interest expense. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in a $3.5 million decrease in net position; however, this was a much smaller impact than 2020. Finally, miscellaneous revenue including American Harvest, Mainstreet Café, Henry's, Fitness Center, Firearms Training Center, and Vista Tech rentals, decreased due to COVID-19.

Management's Discussion & Analysis - Unaudited

Following is a summary of the major components of the financial position of the College as of June 30, 2022, 2021 (as restated) and 2020, in millions:

Financial Position (in millions)

	2022	2021	2020
Current assets	$ 31.0	$ 29.0	$ 28.5
Non-current assets			
Other	24.2	27.1	30.0
Capital assets	163.9	158.4	134.5
Total assets	219.1	214.5	193.0
Deferred outflow of resources	24.8	38.0	47.7
Current liabilities	24.4	25.2	28.6
Long-term liabilities	154.4	220.1	226.1
Total liabilities	178.8	245.3	254.7
Deferred inflow of resources	82.4	47.5	29.0
Net position			
Net investment in capital assets	92.5	95.3	83.4
Restricted	0.1	0.1	0.1
Unrestricted	(109.9)	(135.7)	(126.5)
Total net (deficit) position	$ (17.3)	$ (40.3)	$ (43.0)

During the year end June 30, 2022, total assets increased by $4.7 million and total liabilities decreased by $66.5 million. The primary changes in assets include an increase in unrestricted cash and investments of $3.7 million due to positive operations during 2022, an increase in state appropriations receivable of $2.1 million primarily due to the final amounts owed by the state of Michigan for the Health Sciences Building capital outlay project, as well as a $1.1 million decrease in federal grants receivable primarily due to the Higher Education Emergency Relief Fund (HEERF) funding under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF 2) and the American Rescue Plan Act (ARP) (HEERF 3) that was in receivables in 2021, but not in 2022. Additionally, amounts due from component units decreased by $3.3 million based on timing of SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units. Long-term investments decreased by $2.2 million due to rising interest rate environment having an offset effect on bond yields, and lease receivables decreased $875,000 current year receipts and the maturity of 3 leases. Finally, capital projects increased $5.5 million due to capital projects described below. The primary changes in liabilities include a decrease in accounts payable of $1.2 million based on timing of payment for ongoing capital projects, a decrease in short and long-term debt obligations combined of $4.3 million due to principal payments, and most notably a decrease in net pension liability of $45.5 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68, and a decrease in the net OPEB liability of $15.3 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2022 deferred outflows decreased by $13.2 million. The primary changes in deferred outflows for the plan were a decrease of $675,000 due to differences between expected and actual experience, a decrease of $11.6 million due to changes in actuarial assumptions, a decrease of $760,000 in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $312,000 due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and an increase in contributions subsequent to the measurement date of $155,000. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents

Management's Discussion & Analysis - Unaudited

an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2022 deferred inflows related to retirement and postemployment benefits increased by $36.2 million. The primary changes in deferred inflows for the plan were an increase of $1.2 million due to changes in the difference between expected and actual experience, an increase of $34.5 million in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $732,000 due to changes in actuarial assumptions, and a decrease of $536,000 due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan. During the year end June 30, 2022 deferred inflows related to leases decreased $1.2 million which was a result of certain leases maturing in 2022 in addition to the recognition of lease revenue for existing leases which decreases the deferred inflows.

During the year end June 30, 2021, total assets increased by $5.3 million and total liabilities decreased by $9.4 million. The primary changes in assets include an increase in unrestricted cash and investments of $5.1 million due to positive operations during 2021, an increase in state appropriations receivable of $1.6 million due to State of Michigan Public Act 146 of 2020 which caused an 11% decrease in 2020 state aid receivable, as well as a $430,000 increase in federal grants receivable primarily due to the Higher Education Emergency Relief Fund (HEERF) funding under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF 2) and the American Rescue Plan Act (ARP) (HEERF 3). Additionally, amounts due from component units decreased by $5.3 million based on timing of SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units. Finally, restricted cash and investments from the 2020 bond issuance described below decreased by $20.0 million as funds were used for capital projects, which contributed to an increase in property and equipment of $23.2 million due to capital projects ongoing also described below. The primary changes in liabilities include a decrease in accounts payable of $6.6 million based on timing of payment for ongoing capital projects, an increase in unearned revenue of $2.3 million related to HEERF 2 and 3, an increase in short and long-term debt obligations combined of $3.6 million due to a new capital building and equipment lease of $8.1 million offset by principal payments made totaling $4.4 million, a decrease in net pension liability of $1.2 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68, and a decrease in the net OPEB liability of $8.3 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2021 deferred outflows decreased by $9.7 million. The primary changes in deferred outflows for the plan were an increase of $1.5 million due to differences between expected and actual experience, a decrease of $11.4 million due to changes in actuarial assumptions, an increase of $760,000 in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $1.2 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and an increase in contributions subsequent to the measurement date of $667,000. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2021 deferred inflows increased by $3.3 million. The primary changes in deferred inflows for the plan were an increase of $4.7 million due to changes in the difference between expected and actual experience, a decrease of $5.0 million in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, and an increase of $2.9 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan.

Management's Discussion & Analysis - Unaudited

Following is a summary of the major components of the changes in net position of the College for the years ended June 30, 2022, 2021 (as restated) and 2020, in millions:

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

	2022	2021	2020
Operating revenues			
Tuition and fees (net of scholarship allowance)	$ 31.7	$ 28.5	$ 32.4
Federal grants and contracts	1.8	1.3	1.6
State and other grants and contracts	4.1	2.3	0.5
Sales and services of auxiliary activities	4.3	3.3	5.6
Gain on disposal of assets	0.2	0.1	0.1
Miscellaneous	2.9	2.6	3.2
Total operating revenue	45.0	38.1	43.4
Operating expenses			
Instruction	30.0	34.3	36.3
Information Technology	5.6	7.2	8.3
Public services	1.9	2.0	2.4
Instructional support	12.4	13.4	13.8
Student services	27.6	23.3	23.5
Institutional administration	10.1	10.4	11.6
Operation and maintenance of plant	14.1	12.9	12.7
Depreciation	9.1	8.5	7.5
Total operating expenses	110.8	112.0	116.1
Net operating loss	(65.8)	(73.9)	(72.7)
Nonoperating revenues and (expenses)			
State operating appropriations	22.1	20.6	19.2
Property taxes	36.0	35.1	33.3
Pell grants	9.4	10.3	11.6
Federal grants and contracts	14.1	11.4	4.3
Other nonoperating revenues and (expenses) - net	(2.8)	(1.5)	(0.8)
Net nonoperating revenues	78.8	75.9	67.6
Other			
State capital appropriations	10.0	-	-
Transfers between College and Development Component Units	-	-	-
Total other	10.0	-	-
Net decrease in net position	23.0	2.0	(5.1)
Net position, beginning of year	(40.3)	(43.0)	(37.9)
Adjustment for change in accounting principle	-	0.7	-
Net position, beginning of year, as restated	(40.3)	(42.3)	(37.9)
Net position, end of year	$ (17.3)	$ (40.3)	$ (43.0)

Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and the sale of food by Food Service and Culinary Arts. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes.

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

- Student tuition and fee revenue increased $3.1 million due to enrollment declines offset by tuition and fee rate increases and a $1.2 million decrease in the scholarship allowance, which results in more Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $1.9 million or 5.10% due to tuition increases of 2.60%, as well as additional fee revenue charged for classes that require extra faculty time outside of the normal class credit hours, offset by an enrollment decrease of 2.57%.
- State grant revenue increased $1.8 million primarily due to state of Michigan grants Futures for Frontliners and Reconnect.
- Auxiliary enterprises revenue increased by $1.0 million primarily due to closures of the Bookstore, Children's Center, and Henry's as a result of COVID-19 in 2021 that did not occur in 2022.

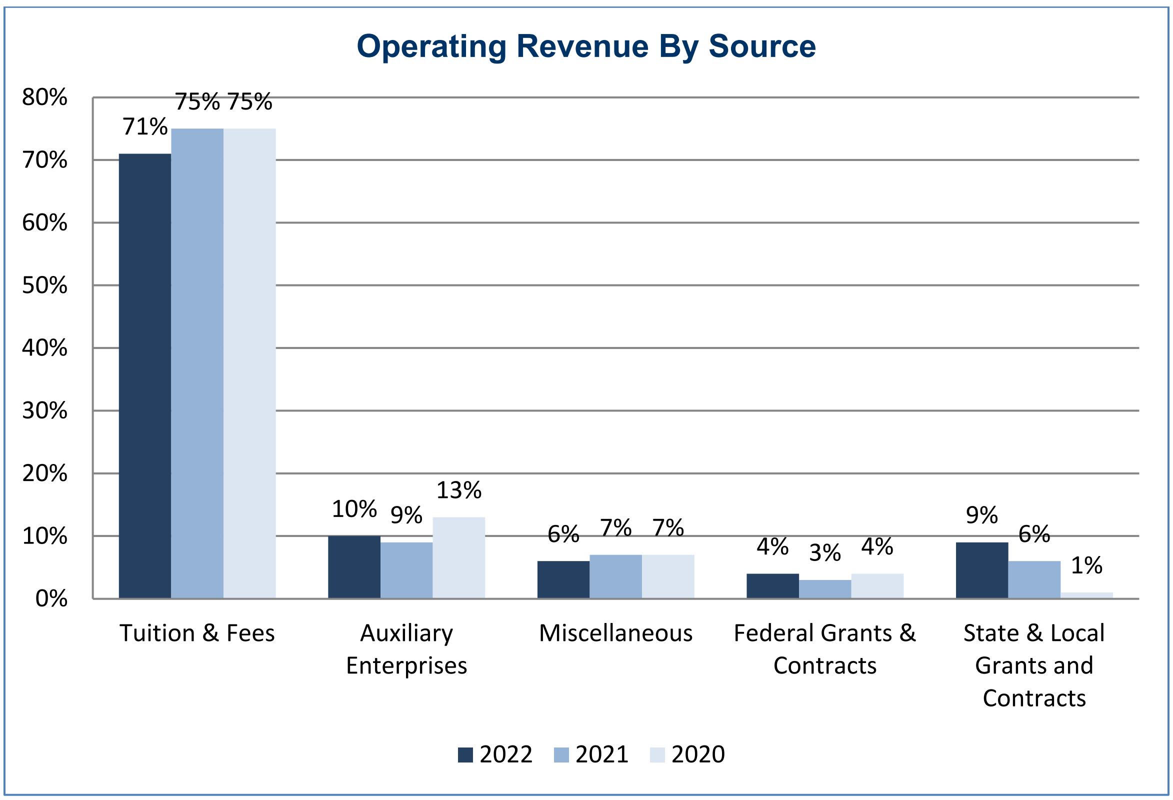
Management's Discussion & Analysis - Unaudited

- Miscellaneous revenue including American Harvest, Mainstreet Café, Fitness Center, Firearms Training Center, and Vista Tech rentals also increased due to their closures as a result of COVID-19 in 2021 that did not occur in 2022.

Operating revenue changes were the result of the following for the year ended June 30, 2021:

- Student tuition and fee revenue decreased $3.9 million due to enrollment declines offset by tuition and fee increases and a slight increase in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances decreased $4.8 million or 11.47% due to tuition increases of 3.52%, as well as additional fee revenue charged for classes that require extra faculty time outside of the normal class credit hours, coupled with an enrollment decrease of 12.09%.
- State grant revenue increased $1.8 million primarily due to new state of Michigan grants Futures for Frontliners and Reconnect.
- Auxiliary enterprises revenue decreased by $1.7 million primarily due to closures of the Bookstore, Children's Center, and Henry's as a result of COVID-19.
- Miscellaneous revenue including American Harvest, Mainstreet Café, Fitness Center, Firearms Training Center, and Vista Tech rentals also decreased due to their closures as a result of COVID-19.

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



Operating Expenses

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

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

- Operating expenses overall decreased 1.09%, or $1.2 million. The primary reason for the decrease was a decrease of approximately $14.6M in expenses associated with the

Management's Discussion & Analysis - Unaudited

College's proportionate share of the MPSERS pension and OPEB plans offset by moderate increases in average salary and benefit packages, a $4.5 million increase in HEERF student portion expenditures, a $1.8 million increase in state of Michigan grants Futures for Frontliners and Reconnect, a $1.2 million increase in facilities costs due to the addition of the Manufacturing & Engineering Center and newly renovated Health Sciences Center, and a $547,000 increase in depreciation and amortization expense.

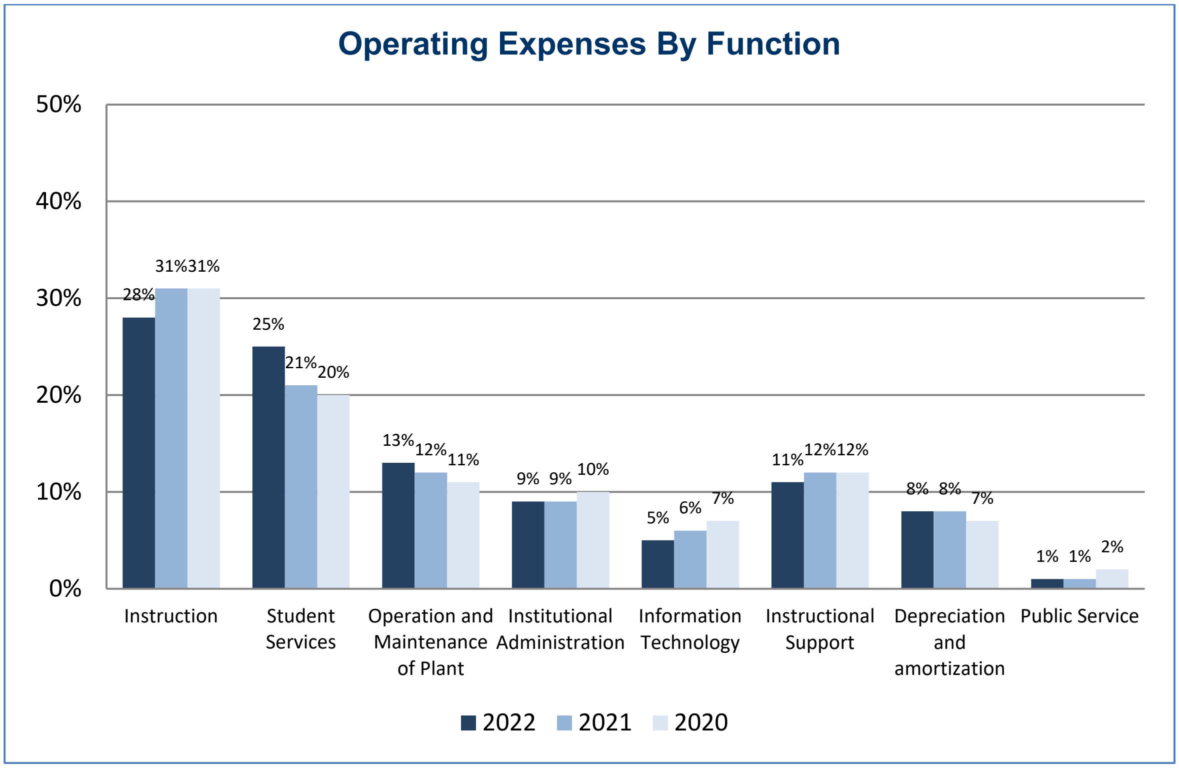
- Instruction and Instructional Support combined decreased 10.94%, or $5.2 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by salary and benefit increases.
- Information Technology decreased 22.58%, or $1.6 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as a decrease in salary and benefit expenses due to reduced headcount.
- Student services increased 18.41%, or $4.3 million, primarily due to an increase in HEERF student portion awards issued increasing from 2021 by $4.5 million.
- Operating and maintenance of plant increased 9.35%, or $1.2 million, primarily due to the addition of the Manufacturing & Engineering Center and newly renovated Health Sciences Center, in addition to salary and benefit increases.
- Depreciation and amortization increased 6.44%, or $547,000, primarily due to capitalization of the Health Sciences Center capital outlay project, the Frank E. and Bessie Angileri Conference Center, Foundation office renovation, Biomedical Technology Center lab renovation, and security systems upgrade phase 2 on main campus.

Operating expense changes were the result of the following for the year ended June 30, 2021:

- Operating expenses overall decreased 3.59%, or $4.2 million. The primary reason for the decrease was a decrease of approximately $4.9M in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by moderate increases in average salary and benefit packages.
- Instruction and Instructional Support combined decreased 4.97%, or $2.5 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by salary and benefit increases.
- Information Technology decreased 13.6%, or $1.1 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as decreases in other professional services due to the SQL conversion which only occurred in 2020, offset by salary and benefit increases.
- Institutional Administration decreased 10.37%, or $1.2 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as a decrease of $464,000 in bad debts expense due to COVID-19 which only occurred in 2020, offset by salary and benefit increases.
- Depreciation increased 13.23%, or $993,000, primarily due to capitalization of the Mechanical and Engineering Center, the Mercy Elite Sports Center, and infrastructure improvements on main campus.

Management's Discussion & Analysis - Unaudited

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



Non-Operating Revenues and Expenses

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, Pell grants, COVID-19 related federal funding, lease income including related interest income, and investment income.

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

- State operating appropriations increased by $1.5 million. This is primarily due to a one-time supplemental operations receipt of $518,000, an increase in personal property tax reimbursements of $188,000, an increase of $344,000 in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, and a decrease of $380,000 due to the effects of GASB 68.
- State capital appropriations increased by $10.0 million due to the capital outlay project which renovated the Applied Sciences Building into the new Health Sciences Center.
- Property taxes increased by $912,000 (2.60%) due to an increase in property tax values of 3.24% offset by a decrease in the millage rate levied of 0.77% due to the one-time winter levy of 0.0177 mills levied in 2021 only.
- Unrealized losses on investments of approximately $1.6 million were recognized compared to unrealized losses on investments of approximately $577,000 in 2021. Interest rates increased in FY 2022, which affects the fair value of the College's bond investments.
- Federal grants revenue increased by $2.6 million due to HEERF 2 and 3 under the CRRSAA and the ARP Acts.

Management's Discussion & Analysis - Unaudited

- Pell grant awards decreased by $854,000, or 8.31%, primarily due to an approximate 2.57% decrease in enrollment in addition to several other forms of aid being available including HEERF, and state of Michigan Futures for Frontliners and Reconnect.

Non-operating revenues and expenses changes were the result of the following factors for the year ended June 30, 2021:

- State appropriations increased by $1.5 million. This is primarily due to State of Michigan Public Act 146 of 2020 which caused a $1.4M or 11% decrease in 2020 state aid revenue. This state aid reduction in 2020, which did not occur again in 2021, was replaced with federal Coronavirus Relief Funds (CRF) passed through the state in FY 2021. This increase also included an increase in personal property tax reimbursements of $259,000, an increase of $724,000 in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, and a decrease of $994,000 due to the effects of GASB 68.
- Property taxes increased by $1.7 million (5.24%) due to an increase in property tax values of 3.97% in addition to an increase in the millage rate levied of 0.82% due to the one-time winter levy of 0.0177 mills.
- Unrealized losses on investments of approximately $577,000 were recognized compared to unrealized gains on investments of approximately $683,000 in 2020. Interest rates increased in FY 2021, which affects the fair value of the College's bond investments.
- Federal grants revenue increased by $7.1 million due to HEERF 2 and 3 under the CRRSAA and the ARP Acts, combined with the CRF funds mentioned above.
- Pell grant awards decreased by $1.3 million, or 11.28%, primarily due to an approximate 12.09% decrease in enrollment.

Other

Other revenues and expenses consist of items that are typically nonrecurring, extraordinary, or unusual to the College. Included as other, the College received state capital appropriations of $10.0 million due to the capital outlay project which renovated the Applied Sciences Building into the new Health Sciences Center for the year ended June 30, 2022. No other revenues or expenses were recorded for the years ended June 30, 2021 or 2020.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows may also help users assess:

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

The College's cash and cash equivalent position increased by $3.7 million at June 30, 2022, primarily due to state of Michigan capital outlay appropriations of $10.0 million and an increase in federal grants due to HEERF of $5.7 million, offset by making investments in construction and facilities improvements of $15.7 million, and a decrease in investments purchased of $4.7 million. Additionally, due to timing of construction payments causing payables to decrease cash flow used for operations was negatively affected in 2022 compared to 2021 by $4.2 million. Cash receipts due to HEERF 2 and 3 increased $5.7 million. Finally, timing of payment of amounts due from component units of due to SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units, was negatively affected in 2022 compared to 2021 by $2.1 million.

Management's Discussion & Analysis - Unaudited

Statement of Cash Flows (in millions)

	2022	2021 As Restated	2020
Cash (used in) provided by:			
Operating activities	$ (72.8)	$ (68.6)	$ (47.7)
Noncapital financing activities	97.4	83.5	59.6
Capital and related financing activities	(21.8)	(29.8)	(0.5)
Investing activities	0.9	(2.5)	1.2
Net increase (decrease) in cash and equivalents	3.7	(17.4)	12.6
Cash and equivalents - beginning of year	13.4	30.8	18.2
Cash and equivalents - end of year	$ 17.1	$ 13.4	$ 30.8

Capital Assets and Debt Administration:
Capital Assets

The College had $163.9 million and $158.4 million invested in property and equipment, net of accumulated depreciation and amortization of $89.5 million and $88.3 million at June 30, 2022 and 2021, respectively. Depreciation and amortization charges totaled $9.0 and $8.5 million, respectively, for the years then ended.

	2022	2021 As Restated	2020
Land and land improvements	$ 13.6	$ 14.2	$ 14.9
Buildings and improvements	127.2	110.7	89.8
Equipment	10.6	9.4	10.2
Infrastructure	11.2	12.0	4.9
Construction in progress	1.3	12.1	14.7
	$ 163.9	$ 158.4	$ 134.5

Major capital additions include:

	Source of Funds: Bond Proceeds	Donated Funds	Operating Funds	Total
Projects completed this year:				
Applied Science Capital Outlay	$ 7,986,247	$ -	$ -	$ 7,986,247
Frank E. and Bessie Angileri Conference Center	-	182,782	-	182,782
Foundation Office Renovation	-	99,108	190,977	290,085
OCA Office Renovation	-	-	127,855	127,855
Biomedical Technology Center Lab Renovation	-	-	227,733	227,733
Trinity Health Screen Wall	-	-	495,000	495,000
Security Systems Upgrade	-	-	570,245	570,245
Projects started this year or last year:				
VistaTech 2.0	-	-	476,802	476,802
Applied Science Fire Suppression	-	-	209,264	209,264
Total major additions	$ 7,986,247	$ 281,890	$ 2,297,876	$ 10,566,013

The College has entered into construction contracts and commitments totaling approximately $8.6 million for the VistaTech 2.0 and Applied Science Fire Suppression and Renovation projects. As of June 30, 2022 the College had incurred $1.3 million relating to these projects. The projects are expected to be completed during the year ending June 30, 2023. The remaining commitments totaling $7.3 million will be funded by operating funds.

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

Management's Discussion & Analysis - Unaudited

Debt Administration

At year-end, the College had $43.1 million in debt outstanding, which is made up of the outstanding principal balances of four general obligation, limited-tax bonds, issued for various construction projects. These four bond issuances provided proceeds of $18.0 million, $8.0 million, $10.0 million, and $22.0 million in the years issued, and were authorized by the Board of Trustees on March 27, 2013, March 23, 2016, November 14, 2018, and September 25, 2019, respectively. All construction projects funded by bonds have been completed. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.5%.

The College's general obligation bond rating was Aa1 by Moody's in October 2019 upon issuance. According to Moody's, at the time of the bond issuance, the strong rating was based upon the College's large and growing tax base, the successful ballot proposal in the fall 2018 elections which restored the College's millage rate to its full authorized level which is described in more detail in the economic factors which will affect the future section, above average resident income levels, and a low debt burden.

Also at year-end, the College had $2.1 million in debt outstanding from the lease agreement signed to fund the upgrade of the College's network through installation and implementation of hardware and software, which included desktop virtualization, and campus-wide network equipment enhancements, as authorized by the Board of Trustees on November 20, 2019. Lease payments, including principal and interest of 3.7%, are due annually through maturity in fiscal year 2024.

Also at year-end, the College had $5.7 million in debt outstanding from the lease agreement signed to lease the St. Joe's Sports Dome from SC College Dome LLC, as authorized by the Board of Trustees on June 22, 2016. Lease payments, including principal and interest of 13.64%, are due monthly through maturity in fiscal year 2042.

Finally, at year-end, the College had $7.8 million in debt outstanding from the lease agreement signed to lease the St. Joe's Mercy Elite Sports Center from SC Health Sciences 2, Inc., as authorized by the Board of Trustees on June 22, 2016. Lease payments, including principal and interest of 12.59%, are due monthly through maturity in fiscal year 2041.

Component Units

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

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

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

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

Management's Discussion & Analysis - Unaudited

During 2019, SC Health Sciences, Inc. and SC Health Sciences II, Inc. were formed to construct and subsequently lease a medical center and sports center, respectively, to generate additional revenue for the charitable and educational purposes that support the College. Construction on the medial center was completed as of June 30, 2022. Construction on the sports center was completed as of June 30, 2021.

Economic Factors Which Will Affect the Future

Revenue - In 2022/23 the College anticipates receiving State appropriation funding of $14.4 million for operations, which excludes UAAL funding, and is only slightly above the amount received from the State in 2001/02 of $12.7 million. State equalized value and taxable values have increased slightly in the College district along with new construction. Property tax revenue for 2022/2023 will increase by approximately 4-5% due to property tax base increases and is estimated to continue increasing at a modest rate for 2023/2024. The College's property tax base finally recovered to pre-recession property tax base levels in 2021/2022 which is 14 years after the initial decline in 2008/09. The Board has approved an average tuition and fee increase of 3.48% while per credit hour fees will remain flat, effective with the fall 2022 term, making for an effective increase in tuition and fees of 2.54%, and enrollment for the fall semester compared to last year is projected to decrease by approximately 5%.

MPSERS - On September 5, 2012 Public Act 300 (or Senate Bill 1040) was signed into law by the Governor. The law outlines significant reforms to the MPSERS retirement system that has dramatically affected the expected retirement rates paid by the College as well as the benefits provided to MPSERS participants. In connection with Public Act 300, the College's MPSERS contribution rate will be capped at 28.23% for 2022/23 until further legislation is enacted. Under these rates, this represents a cumulative increase from 2004/05 of approximately 89.85%. During that same period of time, the cumulative CPI for the United States increased 52.34%. If MPSERS had limited increases to the CPI figures over that period, the current actual rate would be 22.65%. Schoolcraft's recurring revenue streams are relegated to increases tied to the CPI rate. Contributions to MPSERS using the adjusted CPI figure of 22.65% would net the college a recurring savings of approximately $1.8 million annually. Unfortunately, the MPSERS contribution rate has increased beyond the CPI and the MPSERS plan still has unfunded pension and postemployment benefit liabilities totaling approximately $23.7 billion and $1.5 billion, respectively.

The College's portion of the unfunded pension liability is approximately $93.5 million and $138.9 million as of June 30, 2022 and 2021, respectively. The College's portion of the unfunded postemployment benefit liability is approximately $5.8 million and $21.2 million as of June 30, 2022 and 2021, respectively.

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

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

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

Management's Discussion & Analysis - Unaudited

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

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

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

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

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

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

COVID-19 - In 2020 and into 2021 and beyond, the COVID-19 pandemic affected the College's operations in a number of ways. Traditional and continuing education classes were moved to an online format in an effort to keep operations ongoing while complying with the Governor's executive orders. A number of spring 2020 continuing education classes were cancelled which resulted in numerous refunds issued to students in spring 2020. Additionally, all Vista Tech events from March 13, 2020 through the end of the 2021 fiscal year and beyond were cancelled which resulted in significant refunds to customers. Several revenue generating areas on campus were closed including American Harvest, Main Street Café, JC Café, the Ocelot Spot Café, Firearms Training Center, Children's Center, and the Fitness Center, which resulted in reduced revenues, all while the College continued to pay all employees. Effective with the beginning of the fall 2021 semester, all areas on campus reopened with certain restrictions in place to ensure the safety of students and staff. Revenue from HEERF 1, 2, and 3 as well as CRF replenished most of the lost revenues. HEERF funds of approximately $6.8 million in student grants was awarded to students prior to June 30, 2022, with the remaining $2.9 million expected to be awarded to students in fiscal year 2023. On the institutional side, HEERF 1, 2, and 3 were fully drawn down as of June 30, 2022.

Non-Recurring Revenues - In 2022, there were significant one-time revenue streams that won't recur in the future. First, the College received $10.0 million from the state of Michigan related to the capital outlay project which renovated the Applied Sciences Building into the new Health Sciences Center. Additionally, the 2022 impact of GASB 68/75 resulted in an $11.4 million income pick-up due to investment performance as well as discount rate and actuarial assumptions for the current year. Finally, the College recognized $7.2 million in HEERF institutional portion revenue in 2022. As of June 30, 2022,

Management's Discussion & Analysis - Unaudited

the entirety of all HEERF institutional awards has been utilized. Backing out the effects of these large non-recurring revenue streams, the College would have recognized a net loss of $5.6 million. Management is currently evaluating revenue generation and cost cutting strategies for 2023 and beyond.

Statement of Net Position

	College As of June 30		Development Component Units As of June 30	
	2022	2021 (as restated)	2022	2021 (as restated)
Assets				
Current Assets				
Cash and cash equivalents - Note 2	$ 17,117,385	$ 13,367,785	$ 2,763,343	$ 4,635,780
Property taxes receivable, net of allowance for doubtful			-	-
accounts of $61,200 in 2022 and $54,300 in 2021	469,878	346,857	-	-
State appropriation receivable	5,618,252	3,524,848	-	-
Accounts receivable, net of allowance for doubtful			-	-
accounts of $1,021,614 in 2022 and $867,418 in 2021	2,618,569	2,425,067	267,027	192,786
Leases receivable - Note 11	689,551	875,363	3,901,816	3,009,168
Accrued interest receivable	10,220	13,056	147,074	148,815
Federal and state grants receivable	1,159,542	2,247,115	-	-
Student loans receivable, net of allowance for doubtful				
accounts of $0 in both 2022 and 2021	16,250	16,250	-	-
Inventories	1,158,496	1,324,355	-	-
Prepaid expenses and other assets	977,595	342,403	2,715	51,584
Deposits	481,109	488,503	-	-
Due from component units	724,564	3,997,893	-	-
Total Current Assets	31,041,411	28,969,495	7,081,975	8,038,133
Noncurrent Assets				
Restricted cash and cash equivalents	-	-	637,383	17,269,833
Long-term investments - Note 2	10,327,445	12,516,019	8,931,827	7,516,944
Lease receivable - Note 11	13,915,577	14,605,127	107,884,372	96,351,474
Property and equipment - Note 7	163,948,412	158,396,134	75,744,497	68,245,526
Total Assets	219,232,845	214,486,775	200,280,054	197,421,910
Deferred Outflows of Resources - Note 3	24,774,039	37,962,842	-	-
Liabilities				
Current Liabilities				
Current portion of debt obligations - Note 9	4,471,439	4,333,663	2,760,508	2,446,349
Accounts payable	5,194,931	6,386,807	835	418
Related party payable - Note 12	-	-	561,987	2,771,984
Accrued interest payable	338,410	359,675	173,597	128,487
Accrued payroll and other compensation	7,125,376	7,286,702	-	-
Deposits	486,208	441,391	-	-
Unearned revenue	6,831,034	6,360,891	835,913	625,116
Due to College	-	-	489,275	3,528,388
Total Current Liabilities	24,447,398	25,169,129	4,822,115	9,500,742
Noncurrent Liabilities				
Net pension liability - Note 3	93,457,616	138,907,699	-	-
Net OPEB liability - Note 3	5,848,028	21,183,427	-	-
Long-term debt obligations - Note 9	54,332,134	58,803,572	64,602,944	67,363,453
Unearned revenue	-	-	2,117,006	2,140,238
Accrued severance pay - Note 9	749,011	1,232,697	-	-
Total Liabilities	178,834,187	245,296,524	71,542,065	79,004,433
Deferred Inflows of Resources				
Retirement and postemployment benefits - Note 3	68,453,162	32,297,337	-	-
Leases - Note 11	14,036,420	15,201,401	106,938,484	97,580,006
Total Deferred Inflows of Resources	82,489,582	47,498,738	106,938,484	97,580,006
Net Position (Deficit)				
Net investment in capital assets	92,475,764	95,258,899	10,180,372	10,611,943
Restricted for:				
Expendable restricted grants	57,478	77,053	-	-
Nonexpendable Minority interest	-	-	6,994,944	8,622,872
Unrestricted	(109,850,127)	(135,681,597)	4,624,189	1,602,656
Total Net Position (Deficit)	$ (17,316,885)	$ (40,345,645)	$ 21,799,505	$ 20,837,471

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Net Assets

	As of June 30	
	2022	2021
Assets		
Cash and cash equivalents	$ 254,876	$ 224,650
Marketable securities	17,651,265	20,017,278
Assets held under charitable remainder unitrust agreement	84,584	102,970
Accounts receivable	-	210
Contributions receivable - net	129,900	121,780
Beneficial interest in remainder trusts	5,297	7,845
Prepaid expenses	15,518	19,325
Total Assets	$ 18,141,440	$ 20,494,058
Liabilities And Net Assets		
Liabilities		
Payable to Schoolcraft College	$ 235,289	$ 395,505
Other liabilities	23,768	79,211
Liability under charitable remainder unitrust and gift annuity agreements	49,787	49,722
Total Liabilities	308,844	524,438
Net Assets		
Without donor restrictions	4,428,102	4,993,445
With donor restrictions	13,404,494	14,976,175
Total Net Assets	17,832,596	19,969,620
Total Liabilities And Net Assets	$ 18,141,440	$ 20,494,058

The accompanying notes are an integral part of these statements.

Statement of Revenue, Expenses and Changes in Net Position

	College Years Ended June 30		Development Component Units Years Ended June 30	
	2022	2021 (as restated)	2022	2021 (as restated)
Operating Revenue				
Tuition and fees (Net of scholarship allowances of $7,628,394 in 2022 and $8,850,930 in 2021)	$ 31,673,251	$ 28,542,973	$ -	$ -
Federal grants and contracts	1,771,698	1,329,855	-	-
State and local grants and contracts	4,127,181	2,326,593	-	-
Nongovernmental grants	46,930	510	-	-
Auxiliary enterprises	4,308,301	3,268,654	-	-
Gain on disposal of assets	240,642	81,417	-	-
Miscellaneous	2,791,494	2,553,471	643,085	496,924
Total Operating Revenue	44,959,497	38,103,473	643,085	496,924
Operating Expenses				
Instruction	30,014,939	34,237,086	-	-
Information Technology	5,551,493	7,170,701		
Public service	1,829,863	1,995,377	-	-
Instructional support	12,417,304	13,405,453	-	-
Student services	27,629,253	23,333,405	-	-
Institutional administration	10,138,869	10,415,718	-	-
Operation and maintenance of plant	14,142,569	12,932,910	-	-
Depreciation and amortization	9,046,546	8,499,122	1,869,263	1,615,163
Other expenditures	-	-	2,088,639	1,047,344
Total Operating Expenses	110,770,836	111,989,772	3,957,902	2,662,507
Operating Loss	(65,811,339)	(73,886,299)	(3,314,817)	(2,165,583)
Nonoperating Revenue and (Expenses)				
State operating appropriations	22,101,988	20,619,914	-	-
Property tax levy	35,977,709	35,065,848	-	-
Lease income	1,164,983	1,097,298	5,998,335	2,856,584
Interest income on investments	398,224	521,054	166,292	151,010
Interest income on leases	405,711	397,695	6,449,653	4,495,385
Interest expense	(3,077,347)	(2,971,104)	(3,433,138)	(2,902,085)
Financing fees	(3,200)	(2,700)	(77,646)	(284,149)
Unrealized (loss) gain on investments	(1,604,391)	(576,962)	(2,171,351)	1,787,884
Federal grants and contracts	14,061,506	11,437,935	-	-
Pell grants	9,414,916	10,268,506	-	-
Net Nonoperating Revenue	78,840,099	75,857,484	6,932,145	6,104,629
Income Before Other	13,028,760	1,971,185	3,617,328	3,939,046
Other				
State capital appropriations	10,000,000	-	-	-
Distribution to minority owner	-	-	(2,655,294)	(693,460)
Total Other	10,000,000	-	(2,655,294)	(693,460)
Increase in Net Position	23,028,760	1,971,185	962,034	3,245,586
Net Position (Deficit)				
Net Position (Deficit) - Beginning of Year	(40,345,645)	(43,007,875)	20,837,471	19,993,403
Adjustment for change in accounting principle - Note 1	-	691,045	-	(2,401,518)
Net Position (Deficit) - Beginning of Year, as Restated	(40,345,645)	(42,316,830)	20,837,471	17,591,885
Net Position (Deficit) - End of Year	$ (17,316,885)	$ (40,345,645)	$ 21,799,505	$ 20,837,471

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Activities and Changes in Net Assets

	Years Ended June 30	
	2022	2021
Revenue		
Gifts and contributions of cash and other financial assets	$ 878,003	$ 706,009
Fund-raising events	98,132	-
Investment income	671,923	446,905
(Decrease) Increase in value of beneficial interest in remainder trusts	(2,548)	3,456
Change in cash surrender value of life insurance policy	-	(28)
Realized and unrealized (losses) gains on investments	(2,986,443)	5,080,840
(Decrease) Increase in actuarial value of charitable remainder unitrust agreement	(19,293)	23,038
Donated administrative support	692,790	673,899
Total Revenue	(667,436)	6,934,119
Expenses		
Scholarships	308,146	283,721
Other College support	203,020	333,416
Fund-raising expenses	42,963	-
Donated administrative expenses	692,790	673,899
Administrative expenses	222,669	318,749
Total Expenses	1,469,588	1,609,785
(Decrease) Increase in Net Assets	(2,137,024)	5,324,334
Net Assets - Beginning of Year	19,969,620	14,645,286
Net Assets - End of Year	$ 17,832,596	$ 19,969,620

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	Years Ended June 30 2022	Years Ended June 30 2021 (as restated)
Cash Flows From Operating Activities		
Tuition and fees	$ 29,592,543	$ 28,996,615
Grants and contracts	6,053,050	3,065,400
Payments to suppliers	(65,317,287)	(57,601,323)
Payments to employees	(50,479,966)	(48,906,465)
Auxiliary enterprise charges	4,308,301	3,268,654
Other	3,032,136	2,553,471
Net Cash Used For Operating Activities	(72,811,223)	(68,623,648)
Cash Flows From Noncapital Financing Activities		
Local property taxes	35,854,688	34,954,857
Pell grants	9,396,740	10,438,254
Federal grants and contracts	18,673,725	13,036,215
William D. Ford Direct Lending receipts	4,096,584	5,594,220
William D. Ford Direct Lending disbursements	(4,249,495)	(5,599,027)
State appropriations	30,352,227	19,732,325
Net payments from component units	3,273,329	5,339,105
Net Cash Provided by Noncapital Financing Activities	97,397,798	83,495,949
Cash Flows From Capital And Related Financing Activities		
Purchase of capital assets	(15,698,420)	(23,666,735)
Principal paid on capital debt	(3,085,000)	(3,005,000)
Interest paid on capital debt	(1,212,060)	(1,285,060)
Lease principal payments	(1,181,142)	(1,460,012)
Interest paid on leases	(1,887,051)	(1,626,291)
Lease receipts	875,364	818,209
Interest on leases	405,712	397,695
Net Cash Used for Capital and Related Financing Activities	(21,782,597)	(29,827,194)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	1,507,963	2,747,355
Interest on investments	401,058	517,433
Purchase of investments	(963,399)	(5,714,960)
Net Cash Provided By (Used For) Investing Activities	945,622	(2,450,172)
Net Increase (Decrease) In Cash And Cash Equivalents	3,749,600	(17,405,065)
Cash And Cash Equivalents - Beginning Of Year	13,367,785	30,772,850
Cash And Cash Equivalents - End Of Year	$ 17,117,385	$ 13,367,785
Significant Noncash Transactions		
Property acquired under financed purchase	$ -	$ 8,093,988

The accompanying notes are an integral part of these statements.

Statement of Cash Flows (continued)

	Years Ended June 30	
	2022	2021
Statement of Net Position Classifications Of Cash and Cash Equivalents		
Cash and cash equivalents	$ 17,117,385	$ 13,367,785
Total Cash And Cash Equivalents	$ 17,117,385	$ 13,367,785

	Years Ended June 30	
	2022	2021
Reconciliation Of Net Loss To Net Cash Used For Operating Activities:		
Operating loss	$ (65,811,339)	$ (73,886,299)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	9,046,546	8,504,256
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	(193,502)	(241,299)
Federal and state grant receivable	107,241	(617,958)
Inventories	165,859	194,884
Prepaid assets and other current assets	(635,192)	260,414
Deposits	7,394	(387,450)
Deferred outflows of assets	13,188,803	9,728,539
(Decrease) increase in liabilities and deferred inflows:		
Accounts payable	(1,191,876)	(6,818,934)
Accrued payroll and other compensation	(161,326)	726,412
Accrued severance pay	(483,686)	(75,926)
Deposits	44,817	111,470
Unearned revenue	(1,921,662)	833,471
Deferred inflows of assets	35,812,182	2,565,086
Net pension liability	(45,450,083)	(1,212,094)
Net OPEB liability	(15,335,399)	(8,308,220)
Net Cash Used For Operating Activities	$ (72,811,223)	$ (68,623,648)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

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

Reporting Entity

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

Financial statements for the SDA, SCDU 14, SCSD, SCTC, SCH, SCH II, and SCU16 (collectively referred to as "Development Component Units") as of and for the years ended June 30, 2022 and 2021 are as follows:

Condensed Statement of Net Position

	Schoolcraft Development Authority 2022	SC Development Unit 14, Inc. 2022	SC Sports Dome, Inc. 2022	SC Technology Center, Inc. 2022	SC Health Sciences, Inc. 2022	SC Health Sciences II, Inc. 2022	SC Unit 16, Inc. 2022	Combined Total 2022
Assets								
Current Assets	$ 162,775	$ 2,165,252	$ 1,311,767	$ 299,185	$ 2,804,133	$ 338,863	$ -	$ 7,081,975
Noncurrent Assets	24,849,837	51,959,913	11,695,403	86,047	89,378,580	15,141,556	86,743	193,198,079
Total Assets	25,012,612	54,125,165	13,007,170	385,232	92,182,713	15,480,419	86,743	200,280,054
Liabilities								
Current Liabilities	95,533	1,293,485	375,712	2,450	2,498,993	469,199	86,743	4,822,115
Noncurrent Liabilities	2,117,006	18,990,318	-	-	37,612,626	8,000,000	-	66,719,950
Total Liabilities	2,212,539	20,283,803	375,712	2,450	40,111,619	8,469,199	86,743	71,542,065
Deferred Inflows of Resources	24,137,607	16,869,252	5,255,766	145,615	53,116,933	7,413,311	-	106,938,484
Net Position								
Net investment in capital assets	-	4,036,722	6,066,742	76,908	-	-	-	10,180,372
Restricted for								
Nonexpendable Minority interest	-	2,994,944	4,000,000	-	-	-	-	6,994,944
Unrestricted	(1,337,534)	9,940,444	(2,691,050)	160,259	(1,045,839)	(402,091)	-	4,624,189
Total Net Position	$ (1,337,534)	$ 16,972,110	$ 7,375,692	$ 237,167	$ (1,045,839)	$ (402,091)	$ -	$ 21,799,505

	Schoolcraft Development Authority 2021 (as restated)	SC Development Unit 14, Inc. 2021 (as restated)	SC Sports Dome, Inc. 2021 (as restated)	SC Technology Center, Inc. 2021 (as restated)	SC Health Sciences, Inc. 2021 (as restated)	SC Health Sciences II, Inc. 2021 (as restated)	SC Unit 16, Inc. 2021 (as restated)	Combined Total 2021 (as restated)
Assets								
Current Assets	$ 436,603	$ 1,534,082	$ 2,743,740	$ 309,001	$ 2,753,656	$ 261,051	$ -	$ 8,038,133
Noncurrent Assets	24,864,916	52,592,229	12,121,524	262,841	83,876,951	15,665,316	-	189,383,777
Total Assets	25,301,519	54,126,311	14,865,264	571,842	86,630,607	15,926,367	-	197,421,910
Liabilities								
Current Liabilities	23,232	1,063,225	360,578	1,800	7,382,707	669,200	-	9,500,742
Noncurrent Liabilities	2,140,238	20,053,130	-	-	39,310,323	8,000,000	-	69,503,691
Total Liabilities	2,163,470	21,116,355	360,578	1,800	46,693,030	8,669,200	-	79,004,433
Deferred Inflows of Resources	24,511,116	18,570,354	5,527,564	297,722	40,854,656	7,818,594	-	97,580,006
Net Position								
Net investment in capital assets	-	4,073,947	6,428,096	109,900	-	-	-	10,611,943
Restricted for								
Nonexpendable Minority interest	-	2,622,871	6,000,000	-	-	-	-	8,622,871
Unrestricted	(1,373,069)	7,742,785	(3,450,975)	162,420	(917,079)	(561,425)	-	1,602,657
Total Net Position, as Restated	$ (1,373,069)	$ 14,439,603	$ 8,977,121	$ 272,320	$ (917,079)	$ (561,425)	$ -	$ 20,837,471

Notes to Financial Statements

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Schoolcraft Development Authority 2022	SC Development Unit 14, Inc. 2022	SC Sports Dome, Inc. 2022	SC Technology Center, Inc. 2022	SC Health Sciences, Inc. 2022	SC Health Sciences II, Inc. 2022	SC Unit 16, Inc. 2022	Combined Total 2022
Revenue								
Operating Revenue	$ 23,231	$ 19,980	$ 469,114	$ -	$ 130,760	$ -	$ -	$ 643,085
Expenses								
Operating Expenses	15,464	956,242	467,357	70,944	2,018,680	429,215	-	3,957,902
Nonoperating Revenue and (Expenses)								
Interest income on investments	134	165,827	-	-	331	-	-	166,292
Interest income on leases	902,873	1,042,980	1,052,107	8,686	2,043,347	1,399,660	-	6,449,653
Lease income	373,511	1,701,101	-	152,106	3,771,617	-	-	5,998,335
Interest expense	-	(1,166,428)	-	-	(1,455,599)	(811,111)	-	(3,433,138)
Financing fees	-	-	-	-	(77,646)	-	-	(77,646)
Unrealized gain on investments	-	(2,171,351)	-	-	-	-	-	(2,171,351)
Total Nonoperating Revenue and (Expenses)	1,276,518	(427,871)	1,052,107	160,792	4,282,050	588,549	-	6,932,145
Other Revenue and (Expenses)								
Transfers between Component Units	(1,248,750)	3,896,640	-	(125,000)	(2,522,890)	-	-	-
Distribution to minority owner	-	-	(2,655,294)	-	-	-	-	(2,655,294)
Total Other Revenue and (Expenses)	(1,248,750)	3,896,640	(2,655,294)	(125,000)	(2,522,890)	-	-	(2,655,294)
Increase in Net Position	35,535	2,532,507	(1,601,430)	(35,152)	(128,760)	159,334	-	962,034
Net Position - Beginning of Year	(1,373,069)	14,439,603	8,977,122	272,319	(917,079)	(561,425)	-	20,837,471
Net Position - End of Year	$ (1,337,534)	$ 16,972,110	$ 7,375,692	$ 237,167	$ (1,045,839)	$ (402,091)	$ -	$ 21,799,505

	Schoolcraft Development Authority 2021 (as restated)	SC Development Unit 14, Inc. 2021 (as restated)	SC Sports Dome, Inc. 2021 (as restated)	SC Technology Center, Inc. 2021 (as restated)	SC Health Sciences, Inc. 2021 (as restated)	SC Health Sciences II, Inc. 2021 (as restated)	SC Unit 16, Inc. 2021 (as restated)	Combined Total 2021 (as restated)
Revenue								
Operating Revenue	$ 23,232	$ 17,547	$ 431,825	$ 1,800	$ 22,520	$ -	$ -	$ 496,924
Expenses								
Operating Expenses	3,987	913,436	450,755	51,510	930,764	312,055	-	2,662,507
Nonoperating Revenue and (Expenses)								
Interest income on investments	55	148,697	-	-	2,258	-	-	151,010
Interest income on leases	903,215	1,101,727	1,059,362	13,938	376,040	1,041,103	-	4,495,385
Lease income	373,511	1,653,819	-	152,105	677,149	-	-	2,856,584
Interest expense	-	(1,217,209)	-	-	(873,765)	(811,111)	-	(2,902,085)
Financing fees	-	-	-	-	(234,149)	(50,000)	-	(284,149)
Unrealized gain on investments	-	1,787,884	-	-	-	-	-	1,787,884
Total Nonoperating Revenue and (Expenses)	1,276,781	3,474,918	1,059,362	166,043	(52,467)	179,992	-	6,104,629
Other Revenue and (Expenses)								
Transfers between Component Units	(520,000)	600,000	20,000	(100,000)	-	-	-	-
Distribution to minority owner	-	-	(693,460)	-	-	-	-	(693,460)
Total Other Revenue and (Expenses)	(520,000)	600,000	(673,460)	(100,000)	-	-	-	(693,460)
Increase (Decrease) in Net Position	776,026	3,179,029	366,972	16,333	(960,711)	(132,063)	-	3,245,586
Net Position - Beginning of Year	(2,149,095)	13,614,809	8,657,433	255,986	43,632	(429,362)	-	19,993,403
Adjustment for change in accounting principle	-	(2,401,518)	-	-	-	-	-	(2,401,518)
Net Position - Beginning of Year, As Restated	(2,149,095)	11,213,291	8,657,433	255,986	43,632	(429,362)	-	17,591,885
Net Position - End of Year	$ (1,373,069)	$ 14,392,320	$ 9,024,405	$ 272,319	$ (917,079)	$ (561,425)	$ -	$ 20,837,471

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board Statement (GASB) No. 35 and the State of Michigan *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.*

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or part by fees charged to external parties for goods and services.

Significant Accounting Policies

<u>Measurement Focus and Basis of Accounting</u>

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

<u>Cash and Cash Equivalents</u>

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

<u>Investments</u>

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

Notes to Financial Statements

Accounts Receivable – College

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

Accounts Receivable – Development Component Units

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

Due to/from College/Component Units

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

Inventories

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

Restricted Cash and Cash Equivalents

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

Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, at the acquisition value as of the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life of the assets.

Deferred Outflows of Resources

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

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue for the College at June 30, 2022 is for the summer 2022 semester which began July 5, 2022 and for the fall 2022 semester which began August 29, 2022. In addition, unearned revenue of approximately $2.5 million was recorded as of June 30, 2022 for the institutional portion of Higher Education Emergency Relief Fund (HEERF) amounts awarded under the American Rescue Plan Act (ARP) (HEERF 3) that were spent by the College before year-end but are not eligible for revenue recognition until the corresponding student portion is spent. Unearned revenue for the College at June 30, 2021 is for the summer 2021 semester which began July 6, 2021 and for the fall 2021 semester which began August 30, 2021. In addition, unearned revenue of approximately $1.6 million was recorded as of June 30, 2021 for the institutional portion of Higher Education Emergency Relief Fund (HEERF) amounts awarded under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF 2) and the American Rescue Plan Act (ARP) (HEERF 3) that were spent by the College before year-end but are not eligible for revenue recognition until the corresponding student portion is spent. Unearned revenue for the Development Component Units is for rental revenue received prior to year-end that relates to the next fiscal period. In addition, advance payments received in connection with leases or lease extensions are recorded as unearned revenue and recognized on a straight-line basis over the lease term.

Accrued Severance Pay

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

Notes to Financial Statements

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

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

Deferred Inflows of Resources
In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as funding received through state appropriations for contributions to the plans after the measurement date and the difference between projected and actual earnings of the plans' investments. More detailed information can be found in Note 3. The College also reports deferred inflows of resources for the net present value of leases that mature beyond June 30, 2022 and 2021, amortized to lease income on a straight-line basis over the lease terms. More detailed information can be found in Note 11.

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

Unrestricted Net Position
Unrestricted net position represents net position that is not subject to externally imposed restrictions. A portion of the unrestricted net position has been designated for certain future expenditures and contingent liabilities of the College. While these items are not actual liabilities, they do represent commitments of College resources at June 30, 2022 and 2021 (as restated) and the Board of Trustees believes that provision should be made for these future expenditures. These designations are as follows:

College	2022	2021 As Restated
Designated for:		
Scholarships	$ 359,000	$ 358,040
Technology replacements	279,000	1,280,000
Major maintenance & renovation	7,325,794	380,455
Instructional and student support systems	750,000	750,000
Auxiliary activities	753,000	-
Personnel commitments, self insurance reserves and working capital	6,774,000	6,641,000
Reserve for executive orders	2,500,000	2,500,000
Debt service costs	4,471,000	4,309,000
Unrestricted and unallocated	(133,061,921)	(151,900,092)
Total Unrestricted Net Position	$ (109,850,127)	$ (135,681,597)

Notes to Financial Statements

Unrestricted net position of the Development Component Units is entirely unrestricted and unallocated at both June 30, 2022 and 2021.

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

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

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

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

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

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

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

Property tax revenue levied for general operating purposes was $36,241,260 and $35,377,589 based on $2.2700 and $2.2877 of tax per $1,000 of taxable property value in the community college taxing district for the years ended June 30, 2022 and 2021, respectively.

Risks and Uncertainties
The College continues to be affected by the COVID-19 pandemic. While all locations are currently open since the “shelter-at-home” guidelines were lifted during the fall 2021 semester, changing student preferences and reduced in-person events and conferences have resulted in significant lost revenues for the College for the years ended June 30, 2022 and 2021. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants under each of these Acts. HEERF 1 which was funded by CARES, totaled $4,676,826, of which 50 percent was required to be given directly to students. HEERF 2 which was funded by CRRSAA, totaled $10,389,325, of which $2,338,413 was required to be given directly to students. HEERF 3 which was funded by ARP, totaled $18,544,862, of which $9,515,825 was required to be given directly to students. For the years ended June 30, 2022 and 2021, the College recognized HEERF grant revenue totaling $14,061,505 and $9,932,535, respectively. An additional

Notes to Financial Statements

$2,391,805 and $1,606,082 of HEERF institutional qualifying expenditures were spent in the years ended June 30, 2022 and 2021, respectively, but not yet recognized as revenue as of June 30, 2022 and 2021 due to contingencies related to spending the student portion. The College expects to spend the remaining HEERF funds of approximately $2.9 million before the end of the grant period. $1,479,000 of Coronavirus Relief Fund (CRF) federal grant revenue also funded through the CARES Act to be used for coronavirus relief was also passed through to the College from the State of Michigan and recognized as revenue as qualifying expenditures were incurred during the year ended June 30, 2021. No impairments were recorded as of the balance sheet 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 in the future. 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.

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

Subsequent Events
The financial statements and related disclosures include evaluation of events up through and including October 5, 2022, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement
During the year ended June 30, 2022, the College adopted GASB Statement No. 87, Leases, which increases the usefulness of governments' financial statements by requiring 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. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result, the balance sheet now includes a liability for the present value of payments expected to be made and right-to-use assets. The balance sheet now also includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 11. The financial statements for the year ended June 30, 2021 have been restated in order to adopt GASB Statement No. 87.

The new lease standard had a significant effect on the College's statement of net position and statement of revenue, expenses and changes in net position as a result of the Dome and Sports Center leases described in Note 11 that were previously classified as capital leases, including a reclassification of the assets from buildings and improvements to amortizable lease assets and an adjustment to beginning net position at July 1, 2020, respectively.

This new lease standard also had a significant effect on the College's statement of net position as a result of the Development Component Unit leases described in Note 11 that were previously classified as operating leases, including an increase in lease receivables, property and equipment, and deferred inflows.

Notes to Financial Statements

The effects of this new standard for the College and Development Component Units were as follows:

	College			Development Component Units		
	July 1, 2020 As previously reported	GASB No. 87 Adoption	July 1, 2020 As restated	July 1, 2020 As previously reported	GASB No. 87 Adoption	July 1, 2020 As restated
Lease Receivable	-	16,298,702.00	16,298,702.00	-	51,405,273.00	51,405,273.00
Rent Receivable	-	-	-	2,401,519.00	(2,401,519.00)	-
Capital Lease Receivable	-	-	-	5,799,363.00	(5,799,363.00)	-
Property and Equipment	134,528,187.00	679,363.00	135,207,550.00	47,595,718.00	5,799,363.00	53,395,081.00
Deferred Inflow of Resources	-	16,298,702.00	16,298,702.00	-	51,405,273.00	51,405,273.00
Net Position (Deficit) - Beginning of Year	(43,007,875.00)	691,045.00	(42,316,830.00)	19,993,403.00	(2,401,518.00)	17,591,885.00
	June 30, 2021 As previously reported	GASB No. 87 Adoption	June 30, 2021 As restated	June 30, 2021 As previously reported	GASB No. 87 Adoption	June 30, 2021 As restated
Lease Receivable	-	15,480,490.00	15,480,490.00	-	99,360,642.00	99,360,642.00
Rent Receivable	-	-	-	2,448,803.00	(2,448,803.00)	-
Capital Lease Receivable	-	-	-	13,701,230.00	(13,701,230.00)	-
Property and Equipment	157,699,955.00	696,179.00	158,396,134.00	54,899,368.00	13,346,158.00	68,245,526.00
Deferred Inflow of Resources	-	15,201,401.00	15,201,401.00	-	97,580,006.00	97,580,006.00
Net Position (Deficit) - End of Year	(41,320,913.00)	975,268.00	(40,345,645.00)	21,860,711.00	(1,023,240.00)	20,837,471.00
	For the Year Ended June 30, 2021 As previously reported	GASB No. 87 Adoption	For the Year Ended June 30, 2021 As restated	For the Year Ended June 30, 2021 As previously reported	GASB No. 87 Adoption	For the Year Ended June 30, 2021 As restated
Auxiliary Enterprises Revenue	3,937,033.00	(668,379.00)	3,268,654.00	-	-	-
Miscellaneous Operating Revenue	3,100,996.00	(547,525.00)	2,553,471.00	4,370,152.00	(3,873,228.00)	496,924.00
Lease Income	-	1,097,298.00	1,097,298.00	-	2,856,584.00	2,856,584.00
Interest Income	521,054.00	(521,054.00)	-	1,692,600.00	(1,692,600.00)	-
Interest Income on Investments	-	521,054.00	521,054.00	-	151,010.00	151,010.00
Interest Income on Leases	-	397,695.00	397,695.00	-	4,495,385.00	4,495,385.00
Depreciation and Amortization	8,504,256.00	(5,134.00)	8,499,122.00	1,056,288.00	558,875.00	1,615,163.00

Upcoming Accounting Pronouncements

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2023.

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

Note 2 - Deposits and Investments

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

	2022	2021
Cash and cash equivalents	$ 17,117,385	$ 13,367,785
Long-term investments	10,327,445	12,516,019
Total	$ 27,444,830	$ 25,883,804

Notes to Financial Statements

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

	2022	2021
Cash and cash equivalents	$ 2,763,343	$ 4,635,780
Restricted cash and cash equivalents	637,383	17,269,833
Long-term investments	8,931,827	7,516,944
Total	$ 12,332,553	$ 29,422,557

As of June 30, 2022 and 2021, the College's investments are comprised entirely of federal government agency bonds with maturities of more than 5 years.

As of June 30, 2022, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 249,739	$ -	$ 102,129	$ 147,610
Federal government agency securities	450,247	-	323,863	126,384
Total	$ 699,986	$ -	$ 425,992	$ 273,994

As of June 30, 2021, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 183,628	$ -	$ 17,288	$ 166,340
Federal government agency securities	346,949	-	132,796	214,153
Total	$ 530,577	$ -	$ 150,084	$ 380,493

Deposits

The above College deposits were reflected in the accounts of the bank at June 30, 2022 and 2021 (without recognition of checks written but not yet cleared or of deposits in transit) at $15,915,744 and $13,598,278 respectively. Of this amount $250,000 in both 2022 and 2021 was covered by federal depository insurance and $15,665,744 and $13,348,278, respectively, was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each financial institution it deposits funds with and assesses the level of risk of each financial institution; only those institutions with an acceptable estimated risk level are used as depositories.

The above Development Component Units deposits were reflected in the accounts of the bank at June 30, 2022 and 2021 at the same amount due to no outstanding checks or deposits in transit at year-end. At June 30, 2022 and 2021, $2,059,414 and $1,947,359, respectively, was covered by federal depository insurance and $1,341,312 and $19,958,254, respectively, was uninsured and uncollateralized.

Interest Rate Risk

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

Credit Risk

The College is authorized by Michigan Public Act 331 of 1966, as amended through 2012, and by resolution of the Board of Trustees to invest surplus monies in bonds, bills and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposits and certain repurchase agreements. The College has no investment policy

Notes to Financial Statements

that would further limit its investment choices. As of June 30, 2022, the College's investments in federal government agency bonds were rated AA+/Aaa by Standard & Poor's, and cash equivalents in commercial paper were rated A1 by Standard & Poor's and P-1 by Moody's Investor Services. As of June 30, 2021, the College's investments in federal government agency bonds were rated AA+/Aaa by Standard & Poor's. The Development Component Units do not have a policy limiting credit risk. As of June 30 2022, the Development Component Units investments in corporate bonds were rated BAA1/AA2 by Moody's Investor Service and BBB/A+ by Standard & Poor's and investments in federal government agency securities were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's. As of June 30 2021, the Development Component Units investments in corporate bonds were rated BBB+/A+ by Standard & Poor's and investments in federal government agency securities were rated AAA by Moody's Investors Service.

Concentration of Credit Risk
The College places no limit on the amount the College may invest in any one issuer. More than 5 percent of the College's investments at June 30, 2022 and 2021 were invested in federal government-backed securities.

The Development Component Units place no limit on the amount that may be invested in any one issuer. There were no individual investments comprising more than 5 percent of the Development Component Unit's investments at June 30, 2022 and 2021.

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

Schoolcraft College Foundation Investments
Investments are comprised of mutual funds with a fair market value of $17,651,265 and $20,017,278 as of June 30, 2022 and June 30, 2021, respectively.

Note 3 - Retirement Plans and Postemployment Benefits

Michigan Public Schools Employees' Retirement System

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

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

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

The range of rates during the periods covered by this report 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	13.73% - 20.14%	7.23% - 8.09%

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

The College's required and actual pension contributions to MPSERS for the years ended June 30, 2022 and 2021 were approximately $12,433,000 and $12,135,000, respectively, which include the College's

Notes to Financial Statements

contributions for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately $5,749,000 and $5,405,000 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) stabilization rate for the years ended June 30, 2022 and 2021, respectively.

The College's required and actual OPEB contributions to MPSERS for the years ended June 30, 2022 and 2021 were approximately $2,893,000 and $3,019,000, respectively, which include the College's contributions for those members with a defined contribution benefit.

<u>Net Pension Liability</u>
At June 30, 2022 and 2021, the College reported a liability of approximately $93,458,000 and $138,908,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension 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 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 0.395, 0.404, and 0.423 percent, respectively, representing a 2.382 percent decrease and 4.428 percent decrease for the years ended September 30, 2021 and 2020, respectively.

<u>Net OPEB Liability</u>
At June 30, 2022 and 2021, the College reported a liability of approximately $5,848,000 and $21,183,000, respectively, 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, College's proportion was 0.383, 0.395, and 0.411 percent, respectively, representing a 3.107 percent decrease and 3.763 percent decrease for the years ended September 30, 2021 and 2020, respectively.

<u>Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

For the years ended June 30, 2022 and 2021, the College recognized pension expense of $7,350,861 and $18,802,414, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,447,699	$ 550,354
Changes of assumptions	5,891,234	-
Net difference between projected and actual earnings on pension plan assets	-	30,046,323
Changes in proportion and differences between College contributions and proportionate share of contributions	-	7,149,450
College contributions subsequent to the measurement date	10,502,619	-
Total	$ 17,841,552	$ 37,746,127

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,122,396	$ 296,478
Changes of assumptions	15,392,312	-
Net difference between projected and actual earnings on pension plan assets	583,628	-
Changes in proportion and differences between College contributions and proportionate share of contributions	322,956	7,581,125
College contributions subsequent to the measurement date	10,202,376	-
Total	$ 28,623,668	$ 7,877,603

In addition, $5,748,652 and $5,405,009 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, 2022 and 2021, respectively.

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

Year Ending June 30	Amount
2023	$ 5,825,975
2024	7,658,232
2025	8,514,984
2026	8,408,003
Total	$ 30,407,194

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2023).

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 OPEB recovery of $4,287,489 and $1,457,487, respectively.

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,692,779
Changes of assumptions	4,888,661	731,526
Net difference between projected and actual earnings on OPEB plan assets	-	4,407,764
Changes in proportion and differences between College contributions and proportionate share of contributions	47,755	3,126,314
College contributions subsequent to the measurement date	1,996,071	-
Total	$ 6,932,487	$ 24,958,383

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,783,633
Changes of assumptions	6,984,597	-
Net difference between projected and actual earnings on OPEB plan assets	176,799	-
Changes in proportion and differences between College contributions and proportionate share of contributions	36,568	3,231,092
College contributions subsequent to the measurement date	2,141,210	-
Total	$ 9,339,174	$ 19,014,725

There are no deferred inflows of resources resulting from the OPEB portion of state aid payments at June 30, 2022 and 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year Ending June 30	Amount
2023	$ 5,425,905
2024	4,944,211
2025	4,331,935
2026	3,803,351
2027	1,340,668
Thereafter	175,897
Total	$ 20,021,967

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year (2023).

Notes to Financial Statements

Actuarial Assumptions

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

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return (Pension)	6.00 to 6.80 percent, net of investment expenses based on the groups
Assumed rate of return (OPEB)	6.95 percent, net of investment expenses based on the groups
Salary increases	2.75 percent to 11.55 percent, including wage inflation of 2.75 percent
Healthcare cost trend rate	5.25 percent to 7.75 percent, year 1 graded to 3.50 percent year 15, 3.00 percent year 120 (2021); 7.00 percent, year 1 graded to 3.50 percent year 15, 3.00 percent year 120 (2020)
Mortality basis	RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% male and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00 percent, annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the measurement date of September 30, 2021 for the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plan's net pension liability by approximately $8.1 billion and the total plan's net OPEB liability by approximately $1.1 billion.

Significant assumption changes since the measurement date of September 30, 2020 for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.00 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the measurement date of September 30, 2020.

Significant assumption changes since the measurement date of September 30, 2019 for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the measurement date of September 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.00-6.80 percent as of September 30, 2021 and 2020, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan’s fiduciary net position and the OPEB plan’s fiduciary net position were projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Notes to Financial Statements

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

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

	2022		2021	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.40%	25.0%	5.60%
Private equity pools	16.0%	9.10%	16.0%	9.30%
International equity pools	15.0%	7.50%	15.0%	7.40%
Fixed-income pools	10.5%	-0.70%	10.5%	0.50%
Real estate & infrastructure pools	10.0%	5.40%	10.0%	4.90%
Absolute return pools	9.0%	2.60%	9.0%	3.20%
Real return & opportunistic pools	12.5%	6.10%	12.5%	6.60%
Short-term investment pools	2.0%	-1.30%	2.0%	-0.10%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.0% and 2.1% as of September 30, 2021 and 2020, respectively.

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

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

2022		
1.00 percent decrease (5.00-5.80 percent)	Current discount rate (6.00-6.80 Percent)	1.00 percent increase (7.00-7.80 percent)
$ 133,619,045	$ 93,457,616	$ 60,161,157

2021		
1.00 percent decrease (5.00-5.80 percent)	Current discount rate (6.00-6.80 Percent)	1.00 percent increase (7.00-7.80 percent)
$ 179,792,453	$ 138,907,699	$ 105,023,351

Notes to Financial Statements

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

2022

1.00 percent decrease (5.95 percent)	Current discount rate (6.95 Percent)	1.00 percent increase (7.95 percent)
$ 10,866,691	$ 5,848,028	$ 1,588,975

2021

1.00 percent decrease (5.95 percent)	Current discount rate (6.95 Percent)	1.00 percent increase (7.95 percent)
$ 27,212,520	$ 21,183,427	$ 16,107,437

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

2022

1.00 percent decrease (6.00 percent)	Current healthcare cost trend rate (7.00 Percent)	1.00 percent increase (8.00 percent)
$ 1,423,363	$ 5,848,028	$ 10,826,308

2021

1.00 percent decrease (6.00 percent)	Current healthcare cost trend rate (7.00 Percent)	1.00 percent increase (8.00 percent)
$ 15,913,086	$ 21,183,427	$ 27,177,790

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension and OPEB Plan

At June 30, 2022, the College reported a payable of $1,969,601 and $168,700 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $1,806,781 and $148,489 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Defined Contribution Pension Plan

Full-time faculty, administrators and full-time classified employees may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Under ORP, the College contributes 12.00%, and the participant contributes 4.00% of the participant's compensation. Compensation covered under the plan for the year ended June 30, 2022 was approximately $13,177,000, resulting in contributions of approximately $1,581,000 and $527,000 for the College and employee, respectively. Compensation covered under the plan for the year ended June 30, 2021 was approximately $12,576,000, resulting in contributions of approximately $1,509,000 and $503,000 for the College and employee, respectively.

Notes to Financial Statements

Note 4 - Risk Management

The College is exposed to various risks of loss related to property loss, general liability, errors and omissions, workers' compensation as well as medical benefits provided to employees. The College is self-insured for vision benefits and is partially self-insured for workers' compensation to a maximum of $400,000 for each claim and, in the aggregate, for claims up to $1,000,000 for the two-year insurance policy period through June 30, 2022.

The College is self-insured for medical benefits for substantially all employees with a maximum of $170,000 for each enrolled contract and up to $4,369,600 for calendar year 2022 and up to $4,457,700 for calendar year 2021 in the aggregate. Claims are funded by the College and paid by the plan administrator on a fiscal year basis. Actual payments are based on claims filed. The College pays administrative and estimated claims costs of the plan up to their obligation under PA152.

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

The College and nineteen other Michigan community colleges have formed MCCRMA to provide liability, vehicle physical damage and property and crime insurances. For the year ended June 30, 2022, the College is responsible for a self-insured retention (SIR) of $15,000 per occurrence and $45,000 in the aggregate. Claims in excess of the SIR are covered by the Authority and are reinsured through third party insurance carriers, up to coverage limits of $15 million for liability, $300,000 per vehicle and $650,000 per disaster for vehicle physical damage, and $338 million aggregate for property and crime coverage of buildings and personal property. The College made contributions during the years ended June 30, 2022 and 2021 to the MCCRMA of approximately $360,000 and $327,000 respectively for insurance coverage.

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

	2022	2021	2020
Balance, beginning of year	$ 489,421	$ 481,368	$ 483,324
Claims incurred and changes in estimates	2,976,324	3,124,925	2,746,429
Claims and premium payments	(2,936,551)	(3,116,872)	(2,748,385)
Balance, end of year	$ 529,194	$ 489,421	$ 481,368

Note 5 - Fair Value Measurements

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

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

Notes to Financial Statements

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2022

		Fair Value Measurements Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 10,327,445	$ -	$ 10,327,445	$ -
Total assets by fair value level	$ 10,327,445	$ -	$ 10,327,445	$ -
Total assets measured at fair value	$ 10,327,445			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 12,516,019	$ -	$ 12,516,019	$ -
Total assets by fair value level	$ 12,516,019	$ -	$ 12,516,019	$ -
Total assets measured at fair value	$ 12,516,019			

The fair value of the Federal government agency securities at June 30, 2022 and 2021 were determined primarily based on level 2 inputs. The College estimates the fair value of these assets using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The Development Component Units have the following recurring fair value measurements as of June 30, 2022 and 2021:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2022

		Fair Value Measurements Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 7,342,791	$ 7,342,791	$ -	$ -
Debt Securities				
Corporate bonds	249,739	-	249,739	-
Fixed income mutual funds	889,050	889,050	-	-
Federal government agency securities	450,247	-	450,247	-
Total assets by fair value level	$ 8,931,827	$ 8,231,841	$ 699,986	$ -
Total assets measured at fair value	$ 8,931,827			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 6,471,698	$ 6,471,698	$ -	$ -
Debt Securities				
Corporate bonds	183,628	-	183,628	-
Fixed income mutual funds	514,669	514,669	-	-
Federal government agency securities	346,949	-	346,949	-
Total assets by fair value level	$ 7,516,944	$ 6,986,367	$ 530,577	$ -
Total assets measured at fair value	$ 7,516,944			

Securities classified in level 1 are valued using prices quoted in active markets for those securities. The fair value of the corporate bonds and federal government agency securities at June 30, 2022 and 2021 were determined primarily based on level 2 inputs. The Development Component Units estimate the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Notes to Financial Statements

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2022

		Fair Value Measurements Using		
	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 10,266,947	$ 10,266,947	$ -	$ -
International mutual funds	3,020,215	3,020,215	-	-
Fixed Income Mutual Funds	2,974,815	2,974,815	-	-
Real Assets Mutual Funds	1,188,897	1,188,897	-	-
Money Market Mutual Fund	200,391	200,391	-	-
Assets Held Under Charitable Remainder Unitrust	84,584	84,584	-	-
Beneficial Interest in Remainder Trusts	5,297	-	-	5,297
Total assets by fair value level	$ 17,741,146	$ 17,735,849	$ -	$ 5,297
Total assets measured at fair value	$ 17,741,146			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2021

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 12,068,249	$ 12,068,249	$ -	$ -
International mutual funds	3,531,510	3,531,510	-	-
Fixed Income Mutual Funds	2,920,196	2,920,196	-	-
Real Assets Mutual Funds	1,335,356	1,335,356	-	-
Money Market Mutual Fund	161,967	161,967	-	-
Assets Held Under Charitable Remainder Unitrust	102,970	102,970	-	-
Beneficial Interest in Remainder Trusts	7,845	-	-	7,845
Total assets by fair value level	$ 20,128,093	$ 20,120,248	$ -	$ 7,845
Total assets measured at fair value	$ 20,128,093			

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2022 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

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

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

For the year ended June 30, 2022, changes in level 3 assets measured at fair value on a recurring basis included an unrealized loss of $2,548. For the year ended June 30, 2021, changes in level 3 assets measured at fair value on a recurring basis included an unrealized gain of $3,456.

Note 6 - Commitments, Contingencies and Capital Outlay

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

The College has entered into construction contracts and commitments totaling approximately $8,635,781 for the Vista Tech 2.0, and Applied Science fire suppression and classroom renovation. As of June 30, 2022 the College incurred approximately $1,309,987 relating to these projects. The projects are expected to be completed at various points during the year ending June 30, 2023.

Notes to Financial Statements

Note 7 - Property and Equipment

The following tables presents the changes in the various fixed asset class categories for the College for the years ended June 30, 2022 and June 30, 2021, as restated:

Year ended June 30, 2022	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	12,116,484	10,566,013	(21,372,510)	1,309,987	
Total Nondepreciable Capital Assets	13,947,712	10,566,013	(21,372,510)	3,141,215	
Depreciable Capital Assets					
Land Improvements	20,698,138	-	-	20,698,138	10-30
Buildings and Improvements	152,188,928	21,372,510	(3,838,235)	169,723,203	10-40
Infrastructure	16,719,347	-	-	16,719,347	20
Furniture, Fixtures and Equipment	29,188,529	4,582,609	(4,482,196)	29,288,942	5-7
Total Depreciable Capital Assets	218,794,942	25,955,119	(8,320,431)	236,429,630	
Total Capital Assets	232,742,654	36,521,132	(29,692,941)	239,570,845	
Less Accumulated Depreciation					
Land Improvements	8,307,278	626,155	-	8,933,433	
Buildings and Improvements	54,875,735	3,867,700	(3,538,401)	55,205,034	
Infrastructure	4,683,336	790,214	-	5,473,550	
Furniture, Fixtures and Equipment	19,826,329	3,085,394	(4,232,232)	18,679,491	
Total Accumulated Depreciation	87,692,678	8,369,463	(7,770,633)	88,291,508	
Amortizeable Lease Assets - Buildings	13,905,033	-	-	13,905,033	20-25
Less Accumulated Amortization	558,875	677,083	-	1,235,958	
Total Capital Assets, Net	$ 158,396,134	$ 27,474,586	$ (21,922,308)	$ 163,948,412	

Year ended June 30, 2021	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	14,741,200	21,183,777	(23,808,493)	12,116,484	
Total Nondepreciable Capital Assets	16,572,428	21,183,777	(23,808,493)	13,947,712	
Depreciable Capital Assets					
Land Improvements	20,698,138	-	-	20,698,138	10-30
Buildings and Improvements	136,087,090	23,844,322	(7,742,484)	152,188,928	10-40
Infrastructure	9,012,688	7,706,659	-	16,719,347	20
Furniture, Fixtures and Equipment	33,809,700	2,834,458	(7,455,629)	29,188,529	5-7
Total Depreciable Capital Assets	199,607,616	34,385,439	(15,198,113)	218,794,942	
Total Capital Assets	216,180,044	55,569,216	(39,006,606)	232,742,654	
Less Accumulated Depreciation					
Land Improvements	7,678,507	628,771	-	8,307,278	
Buildings and Improvements	51,401,089	3,474,646	-	54,875,735	
Infrastructure	4,075,558	607,778	-	4,683,336	
Furniture, Fixtures and Equipment	23,616,703	3,229,055	(7,019,429)	19,826,329	
Total Accumulated Depreciation	86,771,857	7,940,250	(7,019,429)	87,692,678	
Amortizeable Lease Assets - Buildings	5,799,363	8,105,670	-	13,905,033	20-25
Less Accumulated Amortization	-	558,875	-	558,875	
Total Capital Assets, Net	$ 135,207,550	$ 55,175,761	$ (31,987,177)	$ 158,396,134	

Notes to Financial Statements

The following table presents the changes in the various fixed asset class categories for the Development Component Units for the years ended June 30, 2022 and 2021, as restated:

Year ended June 30, 2022	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	7,763,074	10,045,313	(17,721,644)	86,743	
Total Nondepreciable Capital Assets	7,763,074	10,045,313	(17,721,644)	86,743	
Depreciable Capital Assets					
Land Improvements	4,005,254	-	-	4,005,254	9-20
Buildings and Improvements	60,748,951	17,721,644	-	78,470,595	40
Equipment	210,591	-	-	210,591	5-30
Total Depreciable Capital Assets	64,964,796	17,721,644	-	82,686,440	
Total Capital Assets	72,727,870	27,766,957	(17,721,644)	82,773,183	
Less Accumulated Depreciation					
Land Improvements	946,570	224,558	-	1,171,128	
Buildings and Improvements	3,435,083	2,288,791	-	5,723,874	
Equipment	100,691	32,993	-	133,684	
Total Accumulated Depreciation	4,482,344	2,546,342	-	7,028,686	
Total Capital Assets, Net	$ 68,245,526	$ 25,220,615	$ (17,721,644)	$ 75,744,497	

Year ended June 30, 2021	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	18,734,052	16,447,617	(27,418,595)	7,763,074	
Total Nondepreciable Capital Assets	18,734,052	16,447,617	(27,418,595)	7,763,074	
Depreciable Capital Assets					
Land Improvements	4,005,254	-	-	4,005,254	9-20
Buildings and Improvements	33,330,357	27,418,594	-	60,748,951	40
Equipment	192,600	17,991	-	210,591	5-30
Total Depreciable Capital Assets	37,528,211	27,436,585	-	64,964,796	
Total Capital Assets	56,262,263	43,884,202	(27,418,595)	72,727,870	
Less Accumulated Depreciation					
Land Improvements	722,012	224,558	-	946,570	
Buildings and Improvements	2,074,173	1,360,910	-	3,435,083	
Equipment	70,997	29,694	-	100,691	
Total Accumulated Depreciation	2,867,182	1,615,162	-	4,482,344	
Total Capital Assets, Net	$ 53,395,081	$ 42,269,040	$ (27,418,595)	$ 68,245,526	

Note 8 - Federal Loan Programs

The College participates in the U.S. Department of Education William D. Ford direct lending program and disbursed $4,249,495 and $5,599,027 for the years ended June 30, 2022 and 2021, respectively, for student loans. These distributions and related funding source are not included as expenses and revenue in the accompanying financial statements.

Notes to Financial Statements

Note 9 - Long-Term Liabilities

Long-Term liability activity for the College for the years ended June 30, 2022 and 2021 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2022					
Accrued Severance Pay	$ 1,232,697	$ 150,095	$ 633,781	$ 749,011	$ -
Financed Purchase - Equipment	3,168,260	-	1,020,061	2,148,199	1,055,670
Lease Payable - Dome	5,749,983	-	56,553	5,693,430	64,769
Lease Payable - Sports Center	7,951,251	-	104,527	7,846,724	118,479
Bonds Payable	46,267,741	-	3,152,521	43,115,220	3,232,521
Total Long Term Liabilities	$ 64,369,932	$ 150,095	$ 4,967,443	$ 59,552,584	$ 4,471,439
Year ended June 30, 2021 (as restated)					
Accrued Severance Pay	$ 1,308,623	$ 197,562	$ 273,488	$ 1,232,697	$ -
Accrued Early Retirement Payable	393,086	-	393,086	-	-
Financed Purchase - Equipment	4,424,471	-	1,256,211	3,168,260	1,020,061
Lease Payable - Dome	5,799,364	-	49,381	5,749,983	56,553
Lease Payable - Sports Center	-	8,105,671	154,420	7,951,251	104,528
Bonds Payable	49,340,262	-	3,072,521	46,267,741	3,152,521
Total Long Term Liabilities	$ 61,265,806	$ 8,303,233	$ 5,199,107	$ 64,369,932	$ 4,333,663

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

Accrued Early Retirement Payable – During the year ended June 30, 2017, the College offered an early retirement incentive to employees meeting certain requirements. For eligible employees, the amount payable by the College amounts to one year of salary up to $90,000 payable to the employee over 5 years.

Financed Purchase Payable (Direct Borrowing) – During the year ended June 30, 2020, the College signed an agreement with a vendor to upgrade the College's servers through installation and implementation of hardware and software campus-wide. The College then entered into a financing arrangement with a financial institution, which is classified as a financed purchase payable. At the end of the financing term, the College has the option to purchase the assets subject to the lease for $1 or return all products to the lessor. As of June 30, 2020, the College has fully drawn down the authorized principal amount of $5,284,613. As of June 30, 2022 and 2021, the College's outstanding liability is $2,148,199 and $3,168,260, respectively. The financed purchase is listed as a long-term liability and the related asset is listed as equipment. The College is required to meet certain financial covenants in accordance with the financing agreement. The interest rate is 3.7%. Interest expense related to the financed purchase was $102,831 and $137,502 for the years ended June 30, 2022 and 2021, respectively.

Under the financing agreement, the future minimum payments are as follows:

Year Ending June 30	Principal	Interest	Total
2023	1,055,670	75,020	1,130,690
2024	1,092,529	38,159	1,130,688
Total	$ 2,148,199	$ 113,179	$ 2,261,378

Leases Payable (Related Party) – The College leases certain assets from various related third parties. The assets leased include the St. Joes' Sports Dome and the St. Joe's Mercy Elite Sports Center. Payments are fixed monthly.

Notes to Financial Statements

During the year ended June 30, 2016, the College signed an agreement with SCCD to lease the St. Joe's Sports Dome. As of June 30, 2022 and 2021, the College's outstanding lease liability is $5,693,430 and $5,749,983, respectively. The lease is listed as a long-term liability and the related asset is listed as a lease asset. The interest rate implicit in the lease is 13.64%. Interest expense related to the lease was $780,308 and $787,563 for the years ended June 30, 2022 and 2021, respectively.

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

Year Ending June 30	Principal	Interest
2023	64,769	772,735
2024	74,178	763,326
2025	84,955	752,549
2026	97,297	740,207
2027	111,433	726,072
2028 - 2032	852,463	3,335,057
2033 - 2037	1,679,701	2,507,819
2038 - 2042	2,728,634	900,549
Total	$ 5,693,430	$ 10,498,314

During the year ended June 30, 2021, the College signed an agreement with SCH II to lease the St. Joe's Mercy Elite Sports Center. As of June 30, 2022 and 2021, the College's outstanding lease liability is $7,846,723 and $7,951,250, respectively. The lease is listed as a long-term liability and the related asset is listed as a lease asset. The imputed interest rate is 12.59%. Interest expense related to the lease was $994,376 and $754,027 for the years ended June 30, 2022 and 2021, respectively.

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

Year Ending June 30	Principal	Interest
2023	118,479	981,521
2024	134,292	965,708
2025	152,216	947,785
2026	172,532	927,469
2027	195,559	904,441
2028 - 2032	1,446,338	4,053,663
2033 - 2037	2,705,932	2,794,068
2038 - 2041	2,921,375	653,623
Total	$ 7,846,723	$ 12,228,278

Bonds Payable – During 2013, the College issued $18.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 27, 2013. The total amount of $8,243,172 including unamortized bond premium of $73,172, was outstanding as of June 30, 2022. The total amount of $9,480,715 including unamortized bond premium of $85,715, was outstanding as of June 30, 2021. Bond principal payments are due annually each May through maturity in fiscal year 2028. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.0%.

During 2016, the College issued $8.045 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 23, 2016. The total amount of $4,969,187 including unamortized bond premium of $44,187, was outstanding as of June 30, 2022. The total amount of $5,504,189 including unamortized bond premium of $49,189, was outstanding as of June 30, 2021. Bond principal payments are due annually each May through maturity in fiscal year 2031. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 2.5%.

During 2019, the College issued $10.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on November 14, 2018. The total amount of $8,933,143 including unamortized bond premium of $63,143, was outstanding as of June 30, 2022. The total amount of

Notes to Financial Statements

$9,362,217 including unamortized bond premium of $67,217, was outstanding as of June 30, 2021. Bond principal payments are due annually each May through maturity in fiscal year 2038. Interest payments are due semi-annually through maturity at rates ranging from 3.0% to 3.5%.

During 2020, the College issued $22.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on September 25, 2019. The total amount of $20,969,718 including unamortized bond premium of $749,718, was outstanding as of June 30, 2022. The total amount of $21,920,620 including unamortized bond premium of $795,620, was outstanding as of June 30, 2021. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at a rate of 3.0%.

As of June 30, 2022 bonds payable, excluding unamortized bond premiums of $930,220, mature as follows:

Year	Principal	Interest	Total
2023	3,165,000	1,204,582	4,369,582
2024	3,250,000	1,127,582	4,377,582
2025	3,335,000	1,048,432	4,383,432
2026	3,415,000	962,107	4,377,107
2027	3,505,000	865,057	4,370,057
2028 - 2032	12,140,000	3,036,044	15,176,044
2033 - 2037	9,775,000	1,492,138	11,267,138
2038 - 2039	3,600,000	155,650	3,755,650
	$ 42,185,000	$ 9,891,591	$ 52,076,591

Long-term liability activity for the Development Component Units for the years ended June 30, 2022 and 2021 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2022					
Mortgages Payable	$ 69,809,802	$ -	$ 2,446,349	$ 67,363,453	$ 2,760,508
Total Long Term Liabilities	$ 69,809,802	$ -	$ 2,446,349	$ 67,363,453	$ 2,760,508
Year ended June 30, 2021					
Mortgage Payable	$ 39,473,680	$ 31,407,000	$ 1,070,878	$ 69,809,802	$ 2,446,349
Total Long Term Liabilities	$ 39,473,680	$ 31,407,000	$ 1,070,878	$ 69,809,802	$ 2,446,349

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

Notes to Financial Statements

As of June 30, 2022 7 Delta mortgage maturities are as follows:

Year	Principal	Interest	Total
2023	1,062,812	1,112,636	2,175,448
2024	1,169,761	1,050,846	2,220,607
2025	1,282,810	982,955	2,265,765
2026	1,402,308	908,616	2,310,924
2027	1,528,621	827,461	2,356,082
2028 - 2032	13,606,818	2,632,362	16,239,180
	$ 20,053,130	$ 7,514,876	$ 27,568,006

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

As of June 30, 2022 SCH mortgage maturities are as follows:

Year	Principal	Interest	Total
2023	1,697,696	1,399,012	3,096,708
2024	1,839,796	1,335,039	3,174,835
2025	1,989,126	1,265,789	3,254,915
2026	2,146,004	1,190,994	3,336,998
2027	2,310,759	1,110,373	3,421,132
2028 - 2032	14,325,604	4,117,560	18,443,164
2033 - 2036	15,001,337	1,131,927	16,133,264
	$ 39,310,323	$ 11,550,693	$ 50,861,016

Mortgage Payable (Direct Borrowing) – SCH II – During 2020, SCH II issued a loan directly to a lender, co-owned by the minority owner of SCCD and a third party, totaling $8,000,000 for construction of a sports center. As of June 30, 2021, the full $8,000,000 of the total principal has been advanced to SCH II. The first two loan principal payments are due in fiscal year 2026 and fiscal year 2029. A third principal payment is due in fiscal year 2032 with the amount to be determined by the lender. If the lender does not elect for the third principal payment to equal the full remaining balance on the note, a fourth principal payment will be required between fiscal year 2032 and fiscal year 2041. Interest payments are due monthly through maturity in fiscal year 2032 at a rate of 10.0%. The loan is secured by substantially all assets of SCH II. In addition, all leases and rental income received by SCH II are assigned to the loan. Outstanding amounts become immediately due in an event of default.

Notes to Financial Statements

As of June 30, 2022 SCH II mortgage maturities are as follows:

Year	Principal	Interest	Total
2023	-	811,111	811,111
2024	-	813,333	813,333
2025	2,500,000	726,389	3,226,389
2026	-	557,639	557,639
2027	-	557,639	557,639
2028 - 2032	5,500,000	1,590,278	7,090,278
	$ 8,000,000	$ 5,056,389	$ 13,056,389

Note 10 - Tax Abatements

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

For the fiscal years ended June 30, 2022 and 2021, the College's property tax revenues were reduced by $417,685 and $446,337, respectively, under these programs.

There are no abatements made by the College.

Note 11 - Lease Receivables

The College leases certain assets to various third parties. The assets leased include buildings and land. Payments are generally fixed monthly and include annual escalations ranging from 1% to 3%. One of the College's leases contains a fixed annual minimum amount of $200,000 with certain variable payments not included in the measurement of the lease receivable required based on the number of seats sold.

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

On June 23, 2016, SCCD entered into a master lease agreement with Schoolcraft College for use of the Soccer Dome. The lease agreement is for 25 years and commenced on November 4, 2016. The lease agreement provides for base monthly rental payments due in advance of $69,792 or $837,500 per year. SCCD has recognized a lease receivable of $5,693,430 and $5,749,983 as of June 30, 2022 and 2021, respectively, which represents the net present value of the future minimum lease payments.

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

In May 2019, the College entered into three sublease agreements with separate third parties. The first sublease agreement, dated May 15, 2019 is for 21 years and is for use of the Sports Center. The base rent, payable in monthly installments of $4,167 or $50,000 per year, commenced on November 2, 2020, and is due

Notes to Financial Statements

on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 252. The second sublease agreement, dated May 28, 2019 is for 15 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,625 or $127,500 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 13 through month 180. The third and final sublease agreement, dated May 29, 2019 is for 10 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,158 or $121,900 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 2.0% each lease year from month 13 through month 120.

During the years ended June 30, 2022 and 2021, the College recognized the following related to its lessor agreements:

	2022	2021
Lease revenue	1,164,983	1,097,298
Interest income related to its leases	405,711	397,695
Total	$ 1,570,694	$ 1,494,993

Future principal and interest payment requirements related to the College's lease receivable at June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	689,551	384,760	1,074,311
2024	687,640	366,683	1,054,323
2025	717,603	347,924	1,065,527
2026	748,558	328,348	1,076,906
2027	780,533	307,932	1,088,465
2028 - 2032	4,191,598	1,206,797	5,398,395
2033 - 2037	3,797,256	647,789	4,445,045
2038 - 2042	2,992,389	172,740	3,165,129
	$ 14,605,128	$ 3,762,973	$ 18,368,101

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

On September 29, 2020, SCH II entered into a master lease agreement with Schoolcraft College for use of the Sports Center. The lease agreement is for 20 years and commenced on September 30, 2020. The lease agreement provides for base monthly rental payments due in advance of $91,667 or $1,100,000 per year. SCH II has recognized a lease receivable of $7,846,723 and $7,951,250 as of June 30, 2022 and 2021, respectively, which represents the net present value of the future minimum lease payments. The schedule of the future minimum lease payments is described in more detail in Note 9.

During the year ended June 30, 2022 and 2021, the Development Component Units recognized the following related to its lessor agreements:

	2022	2021
Lease revenue	6,000,007	2,903,866
Interest income related to its leases	6,449,653	4,495,385
Total	$ 12,449,660	$ 7,399,251

Notes to Financial Statements

Future principal and interest payment requirements related to the Development Component Units lease receivable at June 30, 2022 are as follows:

Year	Principal	Interest	Total
2023	3,901,816	5,599,008	9,500,824
2024	4,108,085	5,411,295	9,519,380
2025	4,460,099	5,208,911	9,669,010
2026	4,847,798	4,987,789	9,835,587
2027	5,258,705	4,746,298	10,005,003
2028 - 2032	33,079,307	18,665,633	51,744,940
2033 - 2037	26,461,528	11,411,656	37,873,184
2038 - 2042	6,303,599	5,860,307	12,163,906
2043 - 2047	890,592	4,168,690	5,059,282
2048 - 2052	1,200,723	3,980,251	5,180,974
2053 - 2057	1,550,791	3,734,064	5,284,855
2058 - 2062	1,996,501	3,414,483	5,410,984
2063 - 2067	2,509,118	3,010,293	5,519,411
2068 - 2072	3,149,690	2,500,508	5,650,198
2073 - 2077	3,895,889	1,867,515	5,763,404
2078 - 2082	1,250,168	1,318,361	2,568,529
2083 - 2087	549,670	1,211,349	1,761,019
2088 - 2092	697,733	1,098,285	1,796,018
2093 - 2097	851,252	959,766	1,811,018
2098 - 2102	1,059,039	786,980	1,846,019
2103 - 2107	1,284,109	576,910	1,861,019
2108 - 2112	1,577,615	318,404	1,896,019
2113 - 2115	902,360	43,674	946,034
	$ 111,786,187	$ 90,880,430	$ 202,666,617

Note 12 - Related Party Transactions

The College provided management and administration services totaling $84,290 and $67,491 to the Development Component Units during the year ended June 30, 2022 and 2021, respectively.

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

Under the terms of the SCCD operating agreement, a preferred return of 10% per annum is incurred on the first $6 million of the minority owner's contributed capital until the capital is returned. During the year ending June 30, 2022, the first return of capital of $2 million was made in accordance with the operating agreement. During the years ended June 30, 2022 and 2021, $2,466,667 and $600,000 was distributed and $100,000 and $150,000 was in related party payable, respectively. Additional distributions of $188,628 in 2022 and $93,460 in 2021 were also made to the minority owner based on provisions of the operating agreement with $76,931 and $31,811 payable as of June 30, 2022 and 2021, respectively.

Under the terms of the SCH lease and development agreements, an asset management, development, and financing agreement was consummated which includes an excess cash provision whereby 50% of excess cash, as defined in the agreement, is payable to SCDU 14 and the other 50% to the asset manager, who is the minority owner of SCCD. There was excess cash of $300,000 as of June 30, 2022, therefore, expense and payable of $300,000 is recorded as of June 30, 2022. There was no excess cash as of June 30, 2021 and, accordingly, no expense or payable is recorded as of June 30, 2021.

Notes to Financial Statements

In addition, the SCH II lender is a related party to the minority owner of SCCD. Financing fees of $0 and interest payments of $811,111 were paid to this related party during the year ended June 30, 2022. Financing fees of $50,000 and interest payments of $811,111 were paid to this related party during the year ended June 30, 2021.

The College provided construction funding totaling $2,925,856 and $602,532 to SCH and SCH II, respectively, as of June 30, 2021. Of these amounts, $402,532 is still outstanding as of June 30, 2022, which will be paid back to the College during the years ending June 30, 2023 and 2024.

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

See Note 14 for a description of the transactions between the College and the Foundation.

Note 13 - State Building Authority

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

Note 14 - Schoolcraft College Foundation

Schoolcraft College Foundation (Foundation) is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors to accept, collect, hold and invest donations made for the promotion of educational and cultural activities. The College receives support from the Foundation whose bylaws require that the Foundation's net assets be used solely for the benefit of Schoolcraft College. During the years ended June 30, 2022 and 2021 the College and its students received support from the Foundation of approximately $511,000 and $468,000 respectively. The College provides supervisory and clerical staff and office space to the Foundation at no charge, valued at approximately $693,000 and $674,000 for the year ended June 30, 2022 and 2021, respectively. The College also pays expenses on behalf of the Foundation with subsequent reimbursement from the Foundation. Approximately $235,000 and $396,000 is owed from the Foundation to the College as of June 30, 2022 and 2021, respectively. One member of the College Board of Trustees, the College Chief Financial Officer and the College Executive Director of Development are ex-officio members of the Foundation Board of Governors.

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

Required Supplementary Information

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

	As of September 30							
	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability: As a percentage	0.39475%	0.40438%	0.42311%	0.44357%	0.45082%	0.43904%	0.41995%	0.41935%
Amount	$ 93,457,616	$ 138,907,699	$ 140,119,793	$ 133,344,428	$ 116,825,440	$ 109,537,407	$ 102,572,130	$ 92,367,456
College's covered payroll	$ 34,736,552	$ 35,147,786	$ 36,012,509	$ 37,164,747	$ 38,344,336	$ 37,139,786	$ 35,623,198	$ 35,788,975
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	269.05%	395.21%	389.09%	358.79%	304.67%	294.93%	287.94%	258.09%
MPSERS fiduciary net position as a percentage of the total pension liability	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	63.17%	66.20%

Schedule of College Contributions - Pension:

	As of June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	12,057,360	11,775,915	11,081,588	11,022,048	11,182,180	10,780,622	10,174,578	8,313,567
Contributions in relation to the actuarially determined contractually required contribution	12,057,360	11,775,915	11,081,588	11,022,048	11,182,180	10,780,622	10,174,578	8,313,567
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	$ 33,612,381	$ 34,571,882	$ 35,607,920	$ 35,753,783	$ 37,475,378	$ 39,285,558	$ 36,796,837	$ 35,928,448
Contributions as a percentage of covered payroll	35.87%	34.06%	31.12%	30.83%	29.84%	27.44%	27.65%	23.14%

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

	As of September 30				
	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB liability: As a percentage	0.38313%	0.39541%	0.41088%	0.43517%	0.45212%
Amount	$ 5,848,028	$ 21,183,427	$ 29,491,647	$ 34,591,329	$ 40,036,949
College's covered payroll	$ 34,736,552	$ 35,147,786	$ 36,012,509	$ 37,164,747	$ 38,344,336
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	16.84%	60.27%	81.89%	93.08%	104.41%
MPSERS fiduciary net position as a percentage of the total OPEB liability	88.87%	59.76%	48.67%	43.10%	36.53%

Schedule of College Contributions - OPEB:

	As of June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	2,689,999	2,831,437	2,832,254	2,782,315	2,686,750
Contributions in relation to the actuarially determined contractually required contribution	2,689,999	2,831,437	2,832,254	2,782,315	2,686,750
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	$ 33,612,381	$ 34,571,882	$ 35,607,920	$ 35,733,783	$ 37,475,378
Contributions as a percentage of covered payroll	8.00%	8.19%	7.95%	7.79%	7.17%

Notes to Required Supplementary Information

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

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

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

OPEB Information

Benefit Changes

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

Changes in Assumptions

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

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

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

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

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

Consolidating Statement of Net Position

As of June 30, 2022 (With Comparative Totals for 2021)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2022	College Combined Total 2021
Assets									
Current Assets									
Cash and cash equivalents	$ 7,523,925	$ 5,489,485	$ 832,399	$ 3,108,423	$ -	$ -	$ 163,153	$ 17,117,385	$ 13,367,785
Property taxes receivable	469,878	-	-	-	-	-	-	469,878	346,857
State appropriation receivable	5,618,252	-	-	-	-	-	-	5,618,252	3,524,848
Accounts receivable	1,673,665	389,464	10,440	-	-	545,000	-	2,618,569	2,425,067
Leases receivable	208,808	-	480,743	-	-	-	-	689,551	875,363
Accrued interest receivable	10,220	-	-	-	-	-	-	10,220	13,056
Federal and state grants receivable	-	-	-	1,159,542	-	-	-	1,159,542	2,247,115
Student loans receivable	-	-	-	-	16,250	-	-	16,250	16,250
Inventories	354,132	-	804,364	-	-	-	-	1,158,496	1,324,355
Prepaid expenses and other assets	867,748	-	109,847	-	-	-	-	977,595	342,403
Deposits	481,109	-	-	-	-	-	-	481,109	488,503
Due from (to) component units	235,289	-	-	-	-	489,275	-	724,564	3,997,893
Due from (to) other funds	9,696,290	-	-	-	-	(9,696,290)	-	-	-
Total Current Assets	27,139,316	5,878,949	2,237,793	4,267,965	16,250	(8,662,015)	163,153	31,041,411	28,969,495
Noncurrent Assets									
Long-term investments	6,838,762	2,030,799	307,944	1,149,940	-	-	-	10,327,445	12,516,019
Leases receivable	2,900,048	-	11,015,529	-	-	-	-	13,915,577	14,605,127
Property and Equipment:									
Land and improvements	-	-	-	-	-	13,595,934	-	13,595,934	14,222,089
Infrastructure	-	-	-	-	-	11,245,797	-	11,245,797	12,036,011
Buildings and improvements	-	-	12,669,075	-	-	114,518,170	-	127,187,245	110,659,352
Equipment	-	-	-	-	-	10,609,449	-	10,609,449	9,362,198
Construction in progress	-	-	-	-	-	1,309,987	-	1,309,987	12,116,484
Total Property and Equipment	-	-	12,669,075	-	-	151,279,337	-	163,948,412	158,396,134
Total Assets	36,878,126	7,909,748	26,230,341	5,417,905	16,250	142,617,322	163,153	219,232,845	214,486,775
Deferred Outflows of Resources	24,774,039	-	-	-	-	-	-	24,774,039	37,962,842

Consolidating Statement of Net Position (Continued)

As of June 30, 2022 (With Comparative Totals for 2021)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2022	College Combined Total 2021
Liabilities									
Current Liabilities									
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -	$ 4,471,439	$ -	4,471,439	$ 4,333,663
Accounts payable	1,678,924	67,478	134,620	2,934,161	-	371,553	8,195	5,194,931	6,386,807
Accrued interest payable	-	-	147,074	-	-	191,336	-	338,410	359,675
Accrued payroll and other compensation	6,974,474	24,070	92,371	34,461	-	-	-	7,125,376	7,286,702
Deposits	-	-	331,250	-	-	-	154,958	486,208	441,391
Unearned revenue	4,120,084	158,783	160,362	2,391,805	-	-	-	6,831,034	6,360,891
Total Current Liabilities	12,773,482	250,331	865,677	5,360,427	-	5,034,328	163,153	24,447,398	25,169,129
Noncurrent Liabilities									
Net pension liability	93,457,616	-	-	-	-	-	-	93,457,616	138,907,699
Net OPEB liability	5,848,028	-	-	-	-	-	-	5,848,028	21,183,427
Long-term debt obligations	-	-	-	-	-	54,332,134	-	54,332,134	58,803,572
Accrued severance pay	749,011	-	-	-	-	-	-	749,011	1,232,697
Total Liabilities	112,828,137	250,331	865,677	5,360,427	-	59,366,462	163,153	178,834,187	245,296,524
Deferred Inflows of Resources									
Retirement and postemployment benefits	68,453,162	-	-	-	-	-	-	68,453,162	32,297,337
Leases	2,965,078	-	11,071,342	-	-	-	-	14,036,420	15,201,401
Total Deferred Inflows of Resources	71,418,240	-	11,071,342	-	-	-	-	82,489,582	47,498,738
Net Position									
Net investment in capital assets	-	-	-	-	-	92,475,764	-	92,475,764	95,258,899
Restricted for:									
Expendable restricted grants	-	-	-	57,478	-	-	-	57,478	77,053
Unrestricted	(122,594,212)	7,659,417	14,293,322	-	16,250	(9,224,904)	-	(109,850,127)	(135,681,597)
Total Net Position	$ (122,594,212)	$ 7,659,417	$ 14,293,322	$ 57,478	$ 16,250	$ 83,250,860	$ -	$ (17,316,885)	$ (40,345,645)

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

For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2022	College Combined Total 2021 (as restated)
Revenue									
Operating Revenue									
Tuition and fees (Net of scholarship allowances of $7,628,394 in 2022 and $8,850,930 in 2021)	$ 38,096,731	$ 1,204,914	$ -	$ -	$ -	$ -	$ (7,628,394)	$ 31,673,251	$ 28,542,973
Federal grants and contracts	-	-	-	1,771,698	-	-	-	1,771,698	1,329,855
State and local grants and contracts	9,200	-	-	4,117,981	-	-	-	4,127,181	2,326,593
Nongovernmental grants	-	-	-	46,930	-	-	-	46,930	510
Auxiliary enterprises	-	-	4,432,341	-	-	-	(124,040)	4,308,301	3,268,654
Indirect cost recoveries	139,494	-	-	-	-	-	(139,494)	-	-
Gain on disposal of assets	-	-	-	-		240,642	-	240,642	81,417
Miscellaneous	630,109	1,984,988	3,685	189,261	-	-	(16,549)	2,791,494	2,553,471
Total Operating Revenue	38,875,534	3,189,902	4,436,026	6,125,870	-	240,642	(7,908,477)	44,959,497	38,103,473
Expenses									
Operating Expenses									
Instruction	28,545,700	1,004,030	36,279	1,017,201	-	-	(588,271)	30,014,939	34,237,086
Information Technology	5,600,219	400	-	-	-	-	(49,126)	5,551,493	7,170,701
Public service	877,939	263,401	-	723,616	-	-	(35,093)	1,829,863	1,995,377
Instructional support	11,602,717	405,635	91,789	551,567	-	-	(234,404)	12,417,304	13,405,453
Student services	8,816,630	1,139,335	5,011,145	20,385,861	-	-	(7,723,718)	27,629,253	23,333,405
Institutional administration	10,251,143	3,529	-	-	-	-	(115,803)	10,138,869	10,415,718
Operation and maintenance of plant	12,234,412	99,487	-	-	-	970,732	837,938	14,142,569	12,932,910
Depreciation and amortization	-	-	677,083	-	-	8,369,463	-	9,046,546	8,499,122
Total Operating Expenses	77,928,760	2,915,817	5,816,296	22,678,245	-	9,340,195	(7,908,477)	110,770,836	111,989,772
Operating Income (Loss)	(39,053,226)	274,085	(1,380,270)	(16,552,375)	-	(9,099,553)	-	(65,811,339)	(73,886,299)

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

For the Year Ended June 30, 2022 (With Comparative Totals for 2021)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2022	College Combined Total 2021 (as restated)
Nonoperating Revenue and (Expenses)									
State operating appropriations	$ 22,101,988	$ -	$ -	$ -	$ -	$ -	$ -	$ 22,101,988	$ 20,619,914
Property tax levy	35,977,709	-	-	-	-	-	-	35,977,709	35,065,848
Lease income	496,691	-	668,292	-	-	-	-	1,164,983	1,097,298
Interest income on investments	398,224	-	-	-	-	-	-	398,224	521,054
Interest income on leases	90,631	-	315,080	-	-	-	-	405,711	397,695
Interest expense	-	-	-	-	-	(3,077,347)	-	(3,077,347)	(2,971,104)
Financing fees	-	-	-	-	-	(3,200)	-	(3,200)	(2,700)
Unrealized gain (loss) on investments	(2,163,250)	-	-	-	-	558,859	-	(1,604,391)	(576,962)
Federal grants and contracts	-	-	-	14,061,506	-	-	-	14,061,506	11,437,935
Pell grants	-	-	-	9,414,916	-	-	-	9,414,916	10,268,506
Net Nonoperating Revenue and (Expenses)	56,901,993	-	983,372	23,476,422	-	(2,521,688)	-	78,840,099	75,857,484
Income Before Other	17,848,767	274,085	(396,898)	6,924,047	-	(11,621,241)	-	13,028,760	1,971,185
Other									
State capital appropriations	-	-	-	-	-	10,000,000	-	10,000,000	-
Transfers between College and component units	-	-	-	-	-	-	-	-	-
Total Other Revenue	-	-	-	-	-	10,000,000	-	10,000,000	-
Increase (Decrease) in Net Position	17,848,767	274,085	(396,898)	6,924,047	-	(1,621,241)	-	23,028,760	1,971,185
Transfers In (Out)	(4,513,253)	952,266	2,773,572	(6,943,622)	-	7,731,037	-	-	-
Net Increase (Decrease) in Net Position	13,335,514	1,226,351	2,376,674	(19,575)	-	6,109,796	-	23,028,760	1,971,185
Net Position - Beginning of Year	(135,929,726)	6,433,066	11,916,648	77,053	16,250	77,141,064	-	(40,345,645)	(43,007,875)
Adjustment for change in accounting principle - Note 1	-	-	-	-	-	-	-	-	691,045
Net Position - Beginning of Year, As Restated	(135,929,726)	6,433,066	11,916,648	77,053	16,250	77,141,064	-	(40,345,645)	(42,316,830)
Net Position - End of Year	$ (122,594,212)	$ 7,659,417	$ 14,293,322	$ 57,478	$ 16,250	$ 83,250,860	$ -	$ (17,316,885)	$ (40,345,645)