Audited Financial Statements
and Other Supplementary Information

Washtenaw Community College

Years Ended June 30, 2022 and 2021
with Report of Independent Auditors

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Washtenaw Community College

Audited Financial Statements
and Other Supplementary Information

June 30, 2022

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Management's Discussion and Analysis

Washtenaw Community College

Management's Discussion and Analysis

Year Ended June 30, 2022

Introduction to the Financials

The discussion and analysis of Washtenaw Community College's (the College) financial statements provide an overview of the College's financial activities for the year 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's administration.

Using this Report

The College's annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements, notes to financial statements, and supplemental information.

These statements are organized so the reader can understand the College financially as a whole. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.*

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are recognized as incurred.

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

Excluding the impact of GASB Statements 68 and 75, the College's net position increased by approximately $11.4 million, or 6.0 percent for the year ended June 30, 2022. Of this change, unrestricted net position decreased $1.0 million. The amount invested in capital assets increased by approximately $12.4 million, as $19.3 million in new asset purchases and $1.1 million in principal debt reductions were offset by $8.0 million in depreciation expense and loss on asset disposals.

The College's financial position continues to be impacted significantly by GASB Statements 68 and 75. The College's overall net position increased approximately $23.6 million during the fiscal year ended June 30, 2022, which includes a positive $12.2 million impact due to the recording of net pension and other postemployment benefits (OPEB) liabilities per GASB Statements 68 and 75.

The College's net liabilities for pension and OPEB costs decreased $69.4 million, from $176.1 million to $106.7 million as of June 30, 2021 and June 30, 2022, respectively. The decrease was due to plan performance, changes in assumptions, and a decrease in the College's proportionate share of the overall net liability of the Michigan Public School Employees Retirement System (MPSERS) pension and OPEB plans. The College's total assets at fiscal year-end were $222.7 million, an increase of 6.3 percent or $13.3 million. The increase is primarily due to the increase in the net capital assets resulting from the major renovation to the Morris Lawrence Building. The following is a comparison of the major components of the net position of the College as of June 30, 2022, June 30, 2021, and June 30, 2020:

Net Position as of June 30 (in thousands)

	2022	2021	2020
Assets			
Current assets	$ 56,809	$ 56,009	$ 39,266
Noncurrent assets:			
Capital assets, net	148,803	137,421	139,421
Investments	17,132	16,057	15,153
Total assets	**222,744**	**209,487**	**193,840**
Deferred outflows of resources	**27,094**	**42,056**	**54,509**
Liabilities			
Current liabilities	17,571	14,626	13,097
Noncurrent liabilities:			
Net pension & OPEB liabilities	106,735	176,120	192,456
Other	4,658	5,758	6,839
Total liabilities	**128,964**	**196,504**	**212,392**
Deferred inflows of resources	**77,540**	**35,310**	**26,487**
Net Position			
Invested in capital assets	143,307	130,892	131,882
Unrestricted (deficit) net position:			
Net Pension & OPEB deficits	(157,442)	(169,684)	(164,791)
Other unrestricted	57,469	58,521	42,379
Total net position	**$ 43,334**	**$ 19,729**	**$ 9,470**

Internally, the College accounts for its activities using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. Due to the significance of the variances generated by the GASB 68 and 75 entries, and the related pension and OPEB expense resulting from the State of Michigan contributions to the MPSERS retirement plan, Operating Expenses are displayed below with those items shown separately from other College operating expenses. Following is a comparison of the major components of operating results of the College for the years ended June 30, 2022, June 30, 2021, and June 30, 2020:

Operating Results for the Year Ended June 30 (in thousands)

	2022	2021	2020
Operating Revenues	$ 38,022	$ 32,135	$ 41,382
Operating Expenses			
MPSERS – restricted & GASB 68/75	(12,398)	10,307	16,806
Operating expenses – all other	138,422	126,074	126,500
	126,024	136,381	143,306
Operating Loss	**(88,002)**	**(104,246)**	**(101,924)**
Nonoperating Revenues	110,457	114,505	91,859
Income (Loss) before Other	**22,455**	**10,259**	**(10,065)**
Other Revenues	1,150	-	-
Increase (Decrease) in Net Position	**23,605**	**10,259**	**(10,065)**
Net Position			
Beginning of year	19,729	9,470	19,535
End of year	**$ 43,334**	**$ 19,729**	**$ 9,470**

Operating Revenues

Operating revenues include tuition and fees, federal grants, state grants, private gifts, and contracts. Certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

The following table shows operating revenues by source for the years ended June 30, 2022, June 30, 2021, and June 30, 2020:

	2022		**2021**		**2020**	
	$ in 000's	% of total	$ in 000's	% of total	$ in 000's	% of total
Tuition and fees	$ 25,282	66%	$ 23,253	72%	$ 27,235	66%
Grants and contracts	3,877	10%	3,089	10%	3,807	9%
Auxiliary services	3,237	9%	1,962	6%	3,990	10%
Other sources	5,626	15%	3,831	12%	6,350	15%
	$ 38,022		**$ 32,135**		**$ 41,382**	

Fiscal Year 2022

For the College as a whole, total operating revenue increased by 18.3 percent or $5.9 million.

Significant changes included the following:

- Student tuition and fees revenue increased 8.7 percent or $2.0 million compared to the prior year. While credit hours for the College's Fall and Winter semesters decreased 3.4 percent and 3.9 percent, respectively, compared to the prior year, these decreases were largely offset by increased enrollment in on-campus classes which carry a higher tuition rate per credit hour. Also contributing to the increase in tuition revenue were increased tuition rates for out-of-district, out-of-state, and international students of 2.0 percent, 3.0 percent, and 4.0 percent, respectively. Additionally, increased on-campus enrollment had a profound impact on contact hour fee revenue which increased nearly $0.9 million or 137.0 percent from the prior year.
- Grant and contract revenue increased by $0.8 million or 25.5 percent. This was due to in large part to an increase in expenditures and related revenue for the Title III grant for the Program for Academic Success (PASS) grant used for the Alpha Scholars program.
- Auxiliary services revenue increased by 65.0 percent, or $1.3 million. This increase stems from the continued increase of new members and return of previous members to the Health and Fitness Center at Washtenaw Community College. While the center was reopened in September 2020, the center continues to rebuild its membership due to the significant impact of the COVID-19 pandemic.
- Other sources of revenue include trade partnership training programs, conference center services, and other miscellaneous revenue items. Other sources of revenue increased $1.8 million or 46.9 percent. This increase is due to trade partnership training programs resuming after the COVID-19 pandemic.

Fiscal Year 2021

For the College as a whole, total operating revenue decreased by 22.3 percent or $9.2 million.

Significant changes included the following:

- Student tuition and fees revenue decreased 14.6 percent or $4.0 million compared to the prior year. Credit hours for the College's Fall and Winter semesters fell 4.5 percent and 2.8 percent respectively, compared to the prior year. Also contributing to this decrease was primarily all of the College's classes being offered online. Rates for online classes are an average of 43.0 percent less than face to face classes for out-of-district, out-of-state, and international enrollments. Online courses also drastically reduce excess contact hour fees which comprised $1.4 million of the overall tuition and fees decrease.
- Grant and contract revenue decreased by $0.7 million or 18.8 percent. This decrease is attributed to the completion of the Job Seekers grant funded through the Department of Labor.
- Auxiliary services revenue decreased by 50.8 percent, or $2.0 million. This decrease stems from the closure of the Health and Fitness Center at Washtenaw Community College for the months of July through mid-September of 2020 due to the COVID-19 pandemic and in accordance with the executive order of the governor. As uncertainties surrounding the pandemic continued upon reopening, the center experienced a substantial decrease in its membership.
- Other sources of revenue include trade partnership training programs, conference center services, and other miscellaneous revenue items. Other sources of revenue decreased $2.5 million or 39.7 percent. This decrease is due to trade partnership training programs as well as conference center events being reduced or eliminated due to the COVID-19 pandemic.

Operating Expenses

Operating expenses are all the costs necessary to perform, conduct, and support academic programs, student services, and community activities. They include salaries and benefits, utilities, supplies, services, and depreciation and are then categorized by function. For this financial report, the different funds of the College are netted and interfund activities are eliminated.

The following table shows operating expenses by function for the institution as a whole at June 30, 2022, June 30, 2021, and June 30, 2020.

	2022		2021		2020	
	$ in 000's	% of total	$ in 000's	% of total	$ in 000's	% of total
Instruction	$ 40,718	32%	$ 47,444	35%	$ 52,650	37%
Technology	9,138	7%	9,269	7%	8,743	6%
Public Service	4,296	3%	3,246	2%	5,468	4%
Instructional Support	12,025	10%	14,073	10%	15,518	11%
Student Services and Student Aid	27,608	22%	29,598	22%	24,665	17%
Institutional Administration	12,026	10%	11,104	8%	14,314	10%
Physical Plant Operations	12,572	10%	14,307	11%	14,514	10%
Depreciation	7,641	6%	7,340	5%	7,434	5%
	$126,024		**$136,381**		**$143,306**	

Fiscal Year 2022

During fiscal year 2022, institution-wide operating expenses decreased 7.6 percent, or $10.4 million. A decrease in the combined GASB 68 pension expense and GASB 75 OPEB expense of $16.9 million was recognized in fiscal 2022. The decrease was primarily a result of differences between expected and actual experience of the MPSERS pension plan investments. Functionally, this had the most profound impact within the Instruction line as the largest share of MPSERS costs are allocated there. Excluding the GASB 68 pension expense and GASB 75 OPEB expense amounts, operating expenses increased $6.4 million, or 4.7 percent. $4.4 million of this increase comes from the general fund. This includes a $1.3 million increase in personnel costs due in large part to the trade partnership training programs that were previously paused during the pandemic. Customary annual compensation and benefit cost increases were largely offset by a lower number of full-time equivalent employees due to position vacancies. Also included within the general fund was a $2.9 million increase in direct expenditures stemming from increased costs as employees transitioned back to working on-campus. Within the restricted fund, operating expenses increased $1.1 million. This increase was spread over a number of grants including a $0.4 million increase in Title III expenditures and $0.3 million increase in Pell expenditures. Finally, the auxiliary fund experienced a growth of $1.0 million in expenditures. This increase is directly related to the growth in membership at the Health and Fitness Center at Washtenaw Community College.

Fiscal Year 2021

During fiscal year 2021, institution-wide operating expenses decreased 4.8 percent, or $6.9 million. A decrease in the combined GASB 68 pension expense and GASB 75 OPEB expense of 60.6 percent or $6.9 million was recognized in fiscal 2021. This decrease was primarily a result of a decrease in the College's proportionate share of the total liabilities of both the pension and OPEB plans as well as changes in plan assumptions and performance. Expenses in the general fund decreased by 7.5 percent, or $7.8 million. The decrease was largely as a result of a reduced cost base as the College operated in a remote environment. This reduction was largely offset by an $8.0 million, or 33.3 percent, increase in the restricted fund pertaining primarily to increased expenditures recognized under the various HEERF programs.

Non-operating Revenues (Expenses)

The following table shows net non-operating revenues (expenses) for the years ended June 30, 2022, June 30, 2021, and June 30, 2020:

	2022	2021	Change 2022 to 2021	2020	Change 2021 to 2020
			$ in 000's		
Pell Grant Award	$ 12,107	$ 11,773	$ 334	$ 12,744	$ (971)
Federal Grant – HEERF student	8,187	7,985	202	1,350	6,635
Federal Grant – HEERF institutional/CRF	8,267	14,657	(6,390)	231	14,426
State appropriations	22,362	21,030	1,332	19,526	1,504
Property taxes	61,260	58,904	2,356	56,669	2,235
Investment and interest income	533	482	51	1,010	(528)
Unrealized gain (loss) on investments	(1,767)	(120)	(1,647)	561	(681)
Loss on disposal of assets	(306)	-	(306)	-	-
Interest on capital asset – related debt	(186)	(206)	20	(232)	26
	$ 110,457	**$ 114,505**	**$ (4,048)**	**$ 91,859**	**$ 22,646**

Fiscal Year 2022

Net non-operating revenues decreased by $4.0 million. Significant variance items include the following:

- Federal HEERF Grants decreased by $6.2 million. This grant was awarded to the College to defray costs associated with the COVID-19 pandemic and transitioning to online courses as well as to provide financial support to college students in the form of emergency grants. The decrease in fiscal year 2022 primarily stems from a decrease in lost revenue. For fiscal year 2022, the College recognized approximately $5.6 million of eligible lost revenue expense including $3.6 million from academic sources and $2.0 million from auxiliary fund sources related to the fitness center. This compares to total lost revenue in fiscal year 2021 of $12.2 million.
- Federal Pell Grant revenue increased by 2.8 percent, or $0.3 million. This increase was due to additional eligible students availing themselves of the Federal Pell Grant.
- State Appropriations increased by 6.3 percent, or $1.3 million, as a result of a one-time supplemental payment from the State of Michigan of $0.6 million, increased performance-based funding of $0.2 million from the State of Michigan, and an increase of $0.5 million from the Local Community Stabilization Authority.
- Local government (property) taxes increased by 4.0 percent, or $2.4 million, due to increased taxable values throughout the county.
- The College recognized an unrealized loss on investments of $1.8 million, or a decrease of $1.7 million as compared to the unrealized loss on investments of $0.1 million recorded in fiscal year 2021. The College invests its surplus monies in interest-bearing instruments. Changes in the interest rates available in the marketplace, relative to the interest rates attached to the instruments in the College's investment portfolio, have impacted the market value of the portfolio significantly over the past three years. Historically, the College has held its investments until maturity, thus negating the impact of these market adjustments over time.

Fiscal Year 2021

Net non-operating revenues increased by $22.6 million. Significant variance items include the following:

- The most significant increase in non-operating revenue stems from increases in Federal HEERF Grants. These federal grants, issued under the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA) all fall within the HEERF program. Awards were received for these programs in April 2020, December 2020, and May 2021, respectively. Each grant includes a student and institutional portion. Guidance on administration of the grants and allowable spending was released with each new act. Given the timing of the award for the CARES Act, the College had only two months of expenditures in fiscal year 2020. The increase in revenue and related expenditures, which are included in operating expenses as noted above, stems from an entire year of processing emergency grants to students as well as eligible expenses processed with institutional funds. Eligible expenses include lost revenue. For fiscal year 2021, the College recognized approximately $12.2 million of eligible lost revenue expense including $6.2 million from academic sources, $1.5 million from non-academic sources, and $4.5 million from auxiliary fund sources related to the fitness center.

- Federal Pell Grant revenue decreased by 7.6 percent, or $971,000. The decline followed the College's decrease in enrollment.
- State Appropriations increased by 7.7 percent, or $1.5 million. This is a result of budget reductions of 8.0 percent in fiscal 2020 at the state level in response to the COVID-19 pandemic. For Fiscal 2021, the state restored the College's annual appropriation to pre-pandemic levels.
- Local government (property) taxes increased by 3.9 percent, or $2.2 million, due to increased taxable values throughout the county.
- The College recognized an unrealized loss on investments of $120,000, a decrease of 121.4 percent, or $681,000 as compared to the unrealized gain on investments of $561,000 recorded in fiscal year 2020. The College invests its surplus monies in interest-bearing instruments. Changes in the interest rates available in the marketplace, relative to the interest rates attached to the instruments in the College's investment portfolio, have impacted the market value of the portfolio significantly over the past three years. Historically, the College has held its investments until maturity, thus negating the impact of these market adjustments over time.

Other Revenue

The College recognized $1.2 million as a capital grant for fiscal year 2022. This amount represents half of the total commitment from the United Association of Plumbers and Pipefitters to share in the renovation costs of the Great Lakes Regional Training Center. The remainder is expected in fiscal year 2023 following completion of the building renovations.

Statement of Cash Flows

Another way to assess the financial health of the College is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

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

Cash Flows for the Year Ended June 30 (in thousands)

	2022	2021	Change 2022 to 2021	2020	Change 2021 to 2020
			$ in 000's		
Cash and Cash Equivalents (Used in) Provided by:					
Operating activities	$ (92,383)	$ (90,818)	$ (1,565)	$ (87,714)	$ (3,104)
Noncapital financing activities	118,451	101,690	16,761	91,177	10,513
Capital and related financing activities	(16,325)	(6,457)	(9,868)	(8,101)	1,644
Investing activities	(2,496)	(10,015)	7,519	5,182	(15,197)
Net (Decrease) Increase in Cash and Cash Equivalents	7,247	(5,600)	12,847	544	(6,144)
Cash and Cash Equivalents – Beginning of year	13,484	19,084	(5,600)	18,540	544
Cash and Cash Equivalents – End of year	**$ 20,731**	**$ 13,484**	**$ 7,247**	**$ 19,084**	**$ (5,600)**

Fiscal Year 2022

Cash flows increased $7.2 million for the year ended June 30, 2022. The first two categories, Operating and Noncapital financing activities reflect the basic operations of the College. These activities, which include tuition revenue, as well as property tax revenue and state appropriations, net of operating expenses, generated approximately $26.1 million in cash flows during fiscal year 2022. This net cash flow then financed $15.1 million of investments in capital assets and $1.2 million of debt reduction and related interest. As the College continues to execute both its long-term and short-term investment strategy, an additional $2.5 million was allocated to investments in fiscal year 2022. The College invests in a wide variety of interest-bearing vehicles maximizing investment returns with minimal increase in risk.

Fiscal Year 2021

Cash flows decreased $5.6 million for the year ended June 30, 2021. The first two categories, Operating and Noncapital financing activities reflect the basic operations of the College. These activities, which include tuition revenue, as well as property tax revenue and state appropriations, net of operating expenses, generated approximately $10.9 million in cash flows during fiscal year 2021. This net cash flow then financed $5.3 million of investments in capital assets and $1.2 million of debt reduction and related interest. As the College continues to execute both its long-term and short-term investment strategy, an additional $10.0 million was allocated to investments. The College invests in a wide variety of interest-bearing vehicles maximizing investment returns with minimal increase in risk.

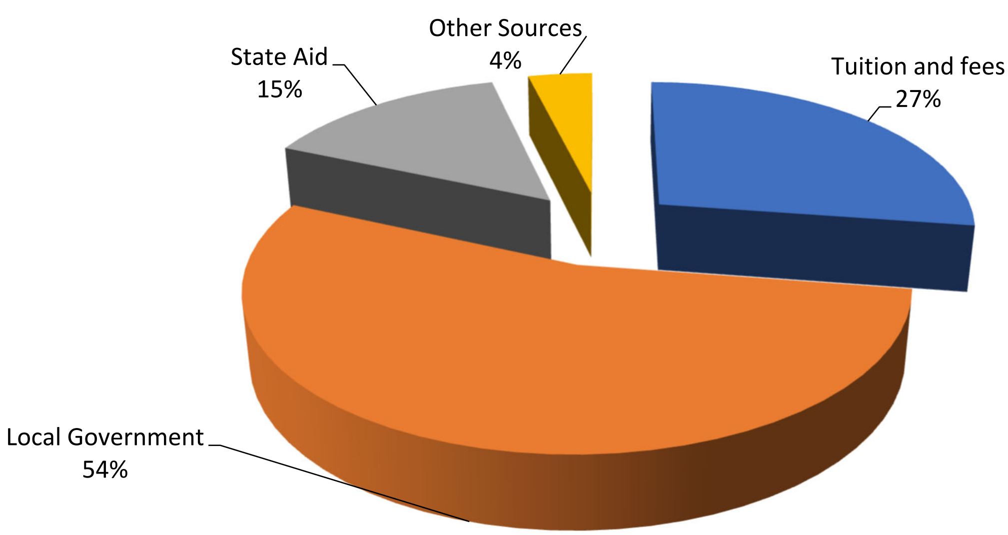
Supplementary Information

Immediately following the footnotes to the financial statements are four additional schedules of required supplementary information and two statements of other supplementary information. The Schedule of the College's Proportionate Share of Net Pension Liability and the Schedule of College Pension Contributions are related to GASB 68. The Schedule of the College's Proportionate Share of Net Other Postemployment Benefits Liability and the Schedule of the College's Other Postemployment Benefits Contributions are related to GASB 75. All four of these schedules reflect the College's participation in the MPSERS retirement plan. The Combining Statement of Net Position and Combining Statement of Revenue, Expenses, Transfers, and Changes in Net Position show the breakdown of the College's financial information into the various fund types which the College uses to manage its activities. The GASB 68 and GASB 75 entries are combined and reflected in a separate column labeled, Pension & OPEB Liabilities Fund, in order to provide a clearer picture of the impact of this significant activity. The College accounts for its primary programs and operations in its General Fund. The General Fund is primarily financed through the following sources of revenue - tuition and fees, local government taxes, state (aid) appropriations, and other sources, including investment income. For this report, these sources of revenue are classified as both operating and non-operating.

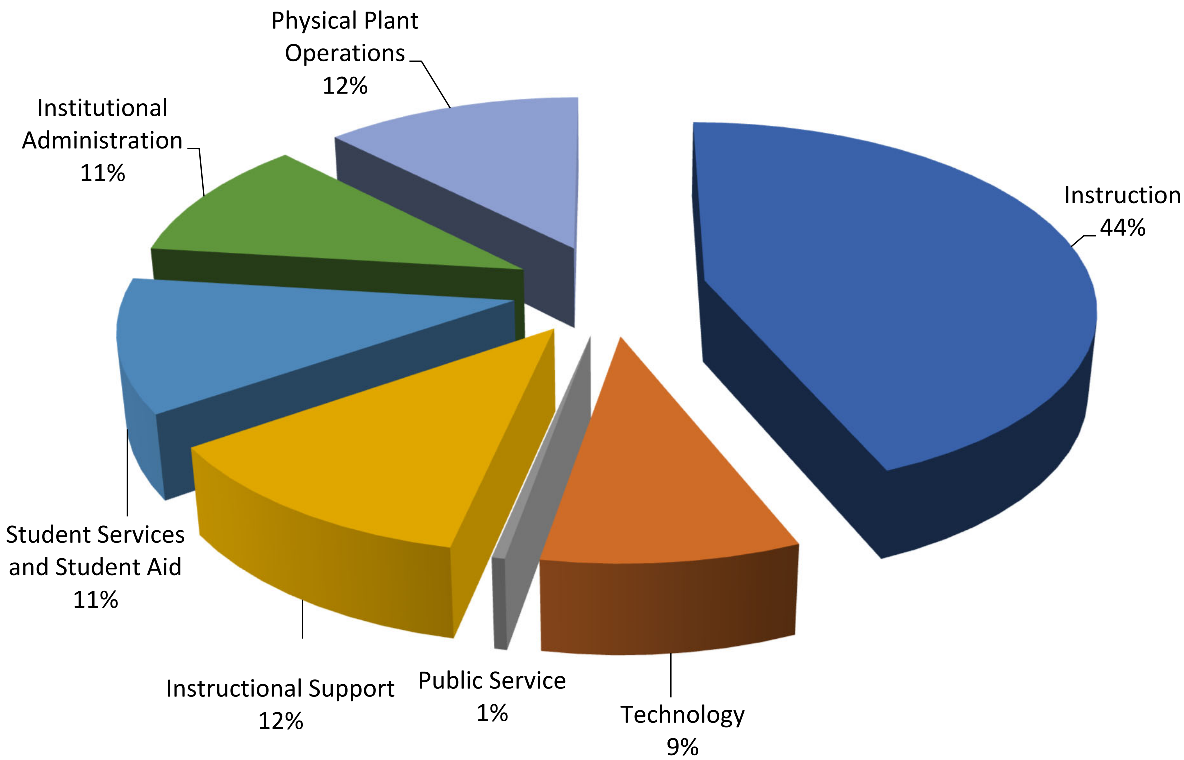
General Fund expenditures are classified by functional area and include both personnel and direct expenditures. Personnel and related expenditures accounted for approximately 78.0 percent of the General Fund operating expenses for the year ended June 30, 2022.

The following charts show the percentage of revenues, by source, and the percentage of expenses, by function, as they were reported in the General Fund for the year ended June 30, 2022.

General Fund Revenues - By Source



General Fund Expenses - By Function



Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2022

At June 30, 2022, the College had $148.8 million invested in capital assets, net of accumulated depreciation of approximately $147.7 million. Depreciation charges totaled $7.6 million for the current fiscal year.

Major capital projects in progress at June 30, 2022, are as follows:

- Morris Lawrence renovations
- Great Lakes Regional Training Center
- Wireless and network upgrades

Fiscal Year 2021

At June 30, 2021, the College had $137.4 million invested in capital assets, net of accumulated depreciation of approximately $140.1 million. Depreciation charges totaled $7.4 million for the current fiscal year.

Major capital projects in progress at June 30, 2021, were as follows:

- Morris Lawrence renovations
- Campus security upgrades

Debt

At June 30, 2022 and 2021, the College had $5.5 million and $6.5 million, respectively, outstanding in general obligation bonds. In March 2015, the College took advantage of the existing low interest rate environment and refinanced its outstanding long-term debt obligations. The impact of the refinancing will result in savings of approximately $1.5 million over the remaining life of the bonds, from the point of refunding. Footnote 7 to these financial statements discusses the transaction in greater detail.

Economic Factors that Will Affect the Future

COVID-19 has altered the modes by which students take College courses, with a large shift to online learning. While students have begun to return to on-campus classes, a large portion still take online courses. Online courses present both a risk and an opportunity. Tuition rates are often lower for online courses. However, online courses allow the College to reach students that otherwise would not take courses on campus. In that respect, the College has become even stronger in terms of its ability to serve its students' needs. Statewide, the number of high school graduates is slowly declining. This trend is expected to continue into the foreseeable future and could impact tuition and fee revenues. As such, the College is pursuing adult learners and other groups to mitigate this trend in high school graduates. The College's proficiency in the delivery of online coursework will help it serve the targeted nontraditional students.

Other economic uncertainties remain, such as inflation and its impact on the College's expenses and enrollment over the long term. As such, the College will be required to maintain financial flexibility to maintain a balanced budget.

Nationally, community colleges continue to be at the forefront due to affordable tuition rates and responsive curriculum. However, even with the relatively low cost for education, our students still greatly rely on federal and state aid and loans to fund their educational pursuit. In fiscal year 2022, College students received in excess of $28 million in federal and state funding to support the cost of their education at Washtenaw Community College, which is approximately $3 million more than in fiscal year 2021. To the extent that these funding sources could change due to future legislation, this may impact students' ability pursue their education.

The College is committed to providing quality, affordable education for our credit and non-credit students, while also serving as a resource for our entire community. Fiscal year 2022 in-district tuition rates remained flat in comparison with the prior year. Ongoing efforts to maintain low operating costs and to pursue external funding sources have allowed the College to offer outstanding programs at affordable tuition rates.

The College counts on the strong support of the citizens and business leaders of Washtenaw County. The health of the local economy has provided a consistent source of funding to the College through local property tax revenues. Revenue from property taxes is expected to increase modestly in the upcoming year as property values in Washtenaw County continue to improve.

State funding continues to account for approximately 15.0 percent of the College's annual operating budget. The College continues to perform well against state performance metrics. However, state funding is constantly threatened by various legislative initiatives which include potential restriction of use of the state School Aid Fund.

MPSERS, the state-run pension fund in which many of the College's employees participate, continues to be a significant cost to the College. Per MPSERS' comprehensive annual financial report as of September 30, 2021, the combined unfunded actuarial accrued liability for pensions and other postemployment benefits ("OPEB/Healthcare") for MPSERS is $26 billion. As of September 30, 2020, the combined unfunded actuarial liability for pensions and OPEB was $40 billion. This decrease of 35.0 percent in the combined unfunded accrued liability for pensions and OPEB stems primarily from investment returns exceeding expectations. Pursuant to accounting standards for pensions (GASB 68), and OPEB (GASB 75), the College's financial statements reflect liabilities totaling $106.7 million as of June 30, 2022, its proportionate share of the unfunded pension and OPEB liabilities. The State has begun to address this funding obligation by increasing the level of mandatory contributions by the College to MPSERS on behalf of its plan participants. Since 2013, the State has also provided additional restricted funding to the College to supplement the College's contribution to MPSERS. That supplemental State funding has more than doubled since 2014 and is absorbing a larger portion of the State budget. As a result, the State passed a new MPSERS reform law in July 2017 in a further attempt to reduce the potential for continued growth in these unfunded liabilities. The new plan structure encourages new plan members to select the defined contribution (DC) plan over the traditional defined benefit (DB) plan with more generous employer contributions to the DC plan and higher employee contributions to the DB plan. In the short-term, it actually increases costs due to the more generous employer match; however, the long-term goal is to reduce the risk and cost associated with the DB plan model.

Basic Financial Statements

Report of Independent Auditors

To the Board of Trustees
Washtenaw Community College
Ann Arbor, Michigan

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of Washtenaw Community College (College), and the Washtenaw Community College Foundation (Foundation), a discretely presented component unit of 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 financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washtenaw Community College and its discretely presented component unit, Washtenaw Community College Foundation as of June 30, 2022 and 2021, and the respective changes in financial position and Washtenaw Community College's cash flows 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 Audit of the Financial Statements section of our report. We are required to be independent of Washtenaw Community 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 opinions.

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 Washtenaw Community College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules for the pension and other postemployment benefit plans and related notes, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation the 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 September 14, 2022, on our consideration of Washtenaw Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Saginaw, Michigan
September 14, 2022

Washtenaw Community College

Statements of Net Position

	June 30 2022	June 30 2021
Assets		
Current assets:		
Cash and cash equivalents	**$ 20,730,881**	$ 13,483,761
Investments	**22,208,197**	22,040,319
Property taxes receivable, net	**112,566**	138,125
State appropriations receivable	**3,826,738**	3,732,113
Accounts receivable, net	**8,995,252**	15,700,651
Accrued interest receivable	**89,437**	71,377
Inventories	**221,467**	246,045
Prepaid and other assets	**624,602**	596,994
Total current assets	**56,809,140**	56,009,385
Noncurrent assets:		
Investments	**17,132,361**	16,056,440
Capital assets, net	**148,802,768**	137,420,793
Total noncurrent assets	**165,935,129**	153,477,233
Total assets	**222,744,269**	209,486,618
Deferred outflows of resources		
Deferred charge on refunding	**262,100**	310,705
Deferred OPEB amounts	**7,535,898**	10,064,561
Deferred pension amounts	**19,296,281**	31,680,898
Total deferred outflows of resources	**27,094,279**	42,056,164
Liabilities		
Current liabilities:		
Accounts payable	**5,946,478**	3,318,007
Accrued payroll and withholdings	**5,002,884**	4,519,901
Accrued vacation	**2,456,860**	2,789,419
Accrued interest payable	**50,869**	60,719
Deposits	**392,693**	343,289
Unearned revenue	**2,622,064**	2,514,123
Bonds payable, current portion	**1,099,699**	1,081,091
Total current liabilities	**17,571,547**	14,626,549
Noncurrent liabilities:		
Bonds payable, net of current portion	**4,658,432**	5,758,131
Net OPEB liability	**6,316,156**	22,726,502
Net pension liability	**100,418,699**	153,393,110
Total noncurrent liabilities	**111,393,287**	181,877,743
Total liabilities	**128,964,834**	196,504,292
Deferred inflows of resources		
Deferred OPEB amounts	**27,611,506**	21,119,828
Deferred pension amounts	**49,928,086**	14,189,959
Total deferred inflows of resources	**77,539,592**	35,309,787
Net position		
Net investment in capital assets	**143,306,737**	130,892,276
Unrestricted deficit	**(99,972,615)**	(111,163,573)
Total net position	**$ 43,334,122**	$ 19,728,703

See accompanying notes.

Washtenaw Community College

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2022	**2021**
Operating revenues		
Tuition and fees, net of scholarship allowance of $5,627,152 ($5,162,566 in 2021)	**$ 25,281,690**	$ 23,252,925
Federal grants and contracts	**3,042,501**	2,434,940
State grants and contracts	**685,726**	487,780
Private grants and contracts	**148,804**	166,677
Sales and services of educational activities	**166,731**	44,852
Auxiliary services	**3,237,264**	1,962,421
Other sources	**5,459,380**	3,785,704
Total operating revenues	**38,022,096**	32,135,299
Operating expenses		
Instruction	**40,718,183**	47,444,032
Technology	**9,137,848**	9,269,376
Public service	**4,296,370**	3,245,908
Instructional support	**12,025,227**	14,072,504
Student services and student aid	**27,607,467**	29,597,586
Institutional administration	**12,025,785**	11,104,153
Physical plant operations	**12,572,222**	14,307,327
Depreciation	**7,641,335**	7,340,089
Total operating expenses	**126,024,437**	136,380,975
Operating loss	**(88,002,341)**	(104,245,676)
Nonoperating revenues (expenses)		
Federal grant - Pell award	**12,107,160**	11,772,577
Federal grant - HEERF/CRF	**16,454,190**	22,642,207
State appropriations	**22,361,592**	21,029,431
Property taxes	**61,260,486**	58,904,247
Investment and interest income	**532,801**	481,673
Unrealized loss on investments	**(1,767,050)**	(119,924)
Loss on disposal of assets	**(305,880)**	-
Interest on capital asset - related debt	**(185,539)**	(205,907)
Net nonoperating revenues	**110,457,760**	114,504,304
Income before other revenues	**22,455,419**	10,258,628
Other revenues		
Capital grants	**1,150,000**	-
Change in net position	**23,605,419**	10,258,628
Net position, beginning of year	**19,728,703**	9,470,075
Net position, end of year	**$ 43,334,122**	$ 19,728,703

See accompanying notes.

Washtenaw Community College

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Cash flows from operating activities		
Tuition and fees	**$ 26,213,337**	$ 24,254,334
Grants and contracts	**3,745,073**	2,216,420
Payments to suppliers and students	**(44,405,937)**	(38,683,177)
Payments to employees	**(86,631,992)**	(84,353,734)
Other	**8,696,644**	5,748,125
Net cash used in operating activities	**(92,382,875)**	(90,818,032)
Cash flows from noncapital financing activities		
Federal grant - Pell award	**12,106,821**	11,772,866
Federal grant - HEERF/CFR	**23,015,969**	10,829,135
Property tax	**61,286,045**	59,423,237
State appropriations	**22,422,895**	19,660,154
Federal Direct Student Loan receipts	**11,983,361**	11,228,530
Federal Direct Student Loan disbursements	**(12,364,419)**	(11,223,976)
External scholarships and grant receipts	**3,115,104**	3,633,728
External scholarships and grant disbursements	**(3,115,104)**	(3,633,728)
Net cash provided by noncapital financing activities	**118,450,672**	101,689,946
Cash flows from capital and related financing activities		
Purchases of capital assets	**(16,246,694)**	(5,627,878)
Principal paid on capital debt	**(985,000)**	(945,000)
Capital grant receipts	**1,150,000**	-
Capital accounts receivable	**-**	396,500
Interest paid on capital debt	**(242,875)**	(280,675)
Net cash used in capital and related financing activities	**(16,324,569)**	(6,457,053)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	**73,248,000**	84,500,000
Interest on investments	**478,356**	492,944
Purchase of investments	**(76,222,464)**	(95,008,374)
Net cash used in investing activities	**(2,496,108)**	(10,015,430)
Net increase (decrease) in cash and cash equivalents	**7,247,120**	(5,600,569)
Cash and cash equivalents, beginning of year	**13,483,761**	19,084,330
Cash and cash equivalents, end of year	**$ 20,730,881**	$ 13,483,761

See accompanying notes.

Washtenaw Community College

Statements of Cash Flows (continued)

	Year Ended June 30	
	2022	**2021**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	**$ (88,002,341)**	$ (104,245,676)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	**7,641,335**	7,340,089
Bad debts (recovery)	**180,754**	(229,099)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	**344,263**	193,591
Inventories, prepaid and other assets	**(3,030)**	(166,293)
Accounts payable	**(454,025)**	1,218,474
Accrued payroll and other compensation	**150,424**	428,339
Unearned revenue	**107,941**	119,089
Deposits	**49,404**	37,100
Change in net pension and OPEB liability and deferred amounts	**(12,397,600)**	4,486,354
Cash used in operating activities	**$ (92,382,875)**	$ (90,818,032)

See accompanying notes.

Washtenaw Community College

Foundation Statements of Financial Position

	June 30 2022	June 30 2021
Assets		
Cash and cash equivalents	**$ 338,949**	$ 561,128
Contributions receivable, net of discount and allowance	**98,171**	190,542
Revolving loan fund receivable	**10,802**	10,802
Investments	**28,242,476**	30,514,418
Investments held under split-interest agreements	**97,213**	119,021
Beneficial interest in charitable remainder trust	**489,939**	525,601
Total assets	**$ 29,277,550**	$ 31,921,512
Liabilities and Net Assets		
Liabilities		
Accounts and grants payable	**$ 67,212**	$ 17,122
Revolving loan fund advance	**100,000**	100,000
Split-interest agreements payable	**25,382**	26,699
Total liabilities	**192,594**	143,821
Net assets		
Without donor restrictions:		
Board designated	**148,341**	148,341
Undesignated	**1,802,407**	2,220,718
With donor restrictions	**27,134,208**	29,408,632
Total net assets	**29,084,956**	31,777,691
Total liabilities and net assets	**$ 29,277,550**	$ 31,921,512

See accompanying notes.

Washtenaw Community College

Foundation Statements of Activities

	Year Ended June 30	
	2022	**2021**
Revenue, gains, and other support		
Contributions	**$ 2,073,426**	$ 938,492
Fundraising events, net of related expenses of $77,007 in 2022 ($58,594 in 2021)	**40,530**	24,388
Changes in value of split-interest agreements	**(20,491)**	19,089
Change in value of charitable remainder unitrust	**(35,662)**	119,093
Net investment return	**(3,033,587)**	7,184,819
Personnel services received from affiliate	**512,734**	378,593
Total revenue, gains, and other support	**(463,050)**	8,664,474
Expenses		
Support services:		
Salaries	**108,320**	252,676
Marketing	**17,763**	8,432
Computer training and support	**27,761**	33,226
Bad debt recoveries	**(4,910)**	(2,391)
Personnel services received from affiliate	**512,734**	378,593
Other	**14,515**	14,994
Program services:		
Scholarships	**1,362,658**	1,367,498
Other grants to College	**190,844**	113,915
Total expenses	**2,229,685**	2,166,943
Change in net assets	**(2,692,735)**	6,497,531
Net assets, beginning of year	**31,777,691**	25,280,160
Net assets, end of year	**$ 29,084,956**	$ 31,777,691

See accompanying notes.

1. Basis of Presentation and Significant Accounting Policies

Reporting Entity

Washtenaw Community College (College) is a Michigan community college whose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) No. 35 and the Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.

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

As required by accounting principles generally accepted in the United States of America, these financial statements present the College and its component unit, Washtenaw Community College Foundation (Foundation), described below. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational and financial relationship with the College.

The Foundation is discretely reported as a part of the College's 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 directors). Separate financial statements of the Foundation are available by contacting Washtenaw Community College Foundation, 4800 E. Huron River Drive, Ann Arbor, MI 48105.

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

Basis of Presentation

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

Use of Estimates

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

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

Fair Value Measurements

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

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

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

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

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

For a further discussion of fair value measurement, refer to Note 3 to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit and savings accounts, cash on hand, and all highly liquid investments with an initial maturity of ninety days or less.

Investments

Short-term investments, comprised of readily marketable debt securities with original maturities of more than 90 days at the time of purchase and which mature within one year, are carried at fair value.

The College carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses, and changes in net position.

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

Investments (continued)

The Foundation investments are carried at fair value. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventories

Inventories consist primarily of welding supplies and automotive service center supplies and are stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost. However, gifts of property are recorded at fair value at the time gifts are received. Library books are recorded using a historically based estimated value. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	10-15 years
Buildings and improvement	40 years
Equipment, furniture, and software	3-7 years
Library books	7 years

Accrued Vacation

Accrued vacation represents the accumulated liability to be paid under the College's vacation leave policy. The amount of accrued vacation to be paid during the next fiscal year is classified as current in the accompanying statements of net position.

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

Unearned Revenue

Revenue received prior to yearend that is related to the next fiscal period is recorded as unearned revenue. Unearned revenue as of June 30, 2022 and 2021 consists of approximately $2,020,000 and $2,005,000 of tuition revenue for the 2022 and 2021 spring/summer semesters, respectively. Unearned revenue also includes approximately $147,000 and $213,000 as of June 30, 2022 and 2021 for payments received toward Fall 2022 and Fall 2021 tuition and fees respectfully. Also included in unearned revenue is approximately $364,000 and $248,000 of Fitness Center membership fees as of June 30, 2022 and 2021, respectively. Grants received prior to qualifying expenditures are also included in unearned revenue.

Net OPEB Liability

For purposes of measuring the net 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 Plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Pension Liability

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 Plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports a deferred outflow of resources for its deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the life of the refunded or refunding bonds. The College also reports deferred outflows

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

Deferred Outflows of Resources (continued)

of resources for certain pension and other post-employment benefit (OPEB) related amounts, such as changes in expected and actual investment returns, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information, including the amortization of these pension and OPEB amounts, can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods 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 and OPEB related amounts, such as the difference between projected and actual earnings of the pension plan's investments, and the pension portion of Sec 147c state aid revenue received subsequent to the measurement date. More detailed information can be found in Note 8.

Unrestricted Net Deficit

The components of the College's unrestricted net deficit are as follows as of June 30:

	2022	2021
Encumbrances	**$ 883,215**	$ 1,669,238
Future conference funds	**164,120**	165,852
Health insurance claims	**-**	300,000
Designated for capital improvements	**9,066,665**	12,794,164
Pension and OPEB liabilities fund deficit	**(157,442,268)**	(169,683,940)
Unrestricted and unallocated	**47,355,653**	43,591,113
Total unrestricted net deficit	**$ (99,972,615)**	$ (111,163,573)

Revenue and Expense Recognition

Revenue from state appropriations is recognized in accordance with the accounting method described in the Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001, which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic

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

Revenue and Expense Recognition (continued)

semester are reported in the fiscal year in which the program is conducted. Student tuition does not include Federal Pell grant, Direct Loans, and certain other state grants and scholarships awarded directly to students. While these amounts are reflected in the statements of cash flows at gross value, students use some or all of these funds to satisfy account balances.

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities, and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, State appropriations, property taxes, and Pell Grant revenue are components of nonoperating and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

2. 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 Washtenaw County, are collected through February 28. Uncollected real property taxes of the College are turned over to Washtenaw County for subsequent collection. The College is subsequently paid 100% of delinquent real property taxes through Washtenaw County's tax revolving funds. These payments are usually received within three to five months after the delinquency date.

Property tax revenue recognized for general operating purposes was $61,260,486 and $58,904,247 based on $3.3759 and $3.3538 of tax per $1,000 of taxable property value in the College's taxing district for the years ended June 30, 2022 and 2021, respectively.

3. Cash and Investments

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

	2022	2021
Cash and cash equivalents	**$ 20,730,881**	$ 13,483,761
Investments	**39,340,558**	38,096,759
Total	**$ 60,071,439**	$ 51,580,520

3. Cash and Investments (continued)

The College's cash and cash equivalents consisted of the following as of June 30:

	2022	2021
Bank deposits (checking, savings, and money market accounts and certificates of deposit)	**$ 20,729,286**	$ 13,482,041
Petty cash or cash on hand	**1,595**	1,720
Total	**$ 20,730,881**	$ 13,483,761

Deposits

The above deposits as of June 30, 2022 and 2021 were reflected in the accounts of the bank (without recognition of checks written but not yet cleared, or of deposits in transit) at $21,858,190 and $8,019,310, respectively. Of the amount as of June 30, 2022, $1,500,000 was covered by federal depository insurance and $20,358,190 was uninsured and uncollateralized. Of the amount as of June 30, 2021, $730,573 was covered by federal depository insurance and $7,288,737 was uninsured and uncollateralized.

College Investments

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

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

U.S. agencies: U.S. agencies funds valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

U.S. treasuries: U.S. treasuries funds valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

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

3. Cash and Investments (continued)

College Investments (continued)

State of Michigan bonds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

Commercial paper: Level 1 fair value measurement is based upon the closing price reported on the active market in which the individual securities are traded.

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

	Level 1	Level 2	Level 3	Total
2022				
U.S. agencies	**$ 4,871,640**	**$ -**	**$ -**	**$ 4,871,640**
U.S. treasuries	**3,980,205**	**-**	**-**	**3,980,205**
Municipal bonds	**11,410,300**	**-**	**-**	**11,410,300**
State of Michigan bonds	**5,075,313**	**-**	**-**	**5,075,313**
Commercial paper	**14,003,100**	**-**	**-**	**14,003,100**
Total investments at fair value	**$ 39,340,558**	**$ -**	**$ -**	**$ 39,340,558**
2021				
U.S. agencies	$ 4,074,470	$ -	$ -	$ 4,074,470
U.S. treasuries	13,998,431	-	-	13,998,431
Municipal bonds	11,940,924	-	-	11,940,924
State of Michigan bonds	4,084,740	-	-	4,084,740
Commercial paper	3,998,194	-	-	3,998,194
Total investment at fair value	$ 38,096,759	$ -	$ -	$ 38,096,759

3. Cash and Investments (continued)

College Investments (continued)

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

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 to 5**	**6 to 10**	**Greater Than 10**
Municipal bonds	**$ 11,410,300**	**$ 500,160**	**$ 9,186,562**	**$ 1,723,578**	**$ -**
U.S. treasuries	**3,980,205**	**3,980,205**	**-**	**-**	**-**
U.S. agencies	**4,871,640**	**2,001,660**	**2,869,980**	**-**	**-**
State of Michigan bonds	**5,075,313**	**1,727,281**	**1,907,520**	**1,440,512**	**-**
Commercial paper	**14,003,100**	**14,003,100**	**-**	**-**	**-**
Total	**$ 39,340,558**	**$ 22,212,406**	**$13,964,062**	**$ 3,164,090**	**$ -**

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

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 to 5**	**6 to 10**	**Greater Than 10**
Municipal bonds	$ 11,940,924	$ 2,032,330	$ 5,656,954	$ 3,241,770	$ 1,009,870
U.S. treasuries	13,998,431	13,998,431	-	-	-
U.S. agencies	4,074,470	1,007,430	3,067,040	-	-
State of Michigan bonds	4,084,740	1,005,390	2,028,770	1,050,580	-
Commercial paper	3,998,194	3,998,194	-	-	-
Total	$ 38,096,759	$ 22,041,775	$10,752,764	$ 4,292,350	$ 1,009,870

Interest Rate Risk

As a means of limiting its exposure to portfolio and market risk, the College's investment policy states that investments are to be diversified by security type, financial institution, and maturity date of securities. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. Cash and Investments (continued)

College Investments (continued)

Credit Risk

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the board of trustees' policy to invest surplus monies in U.S. Treasury or agency bonds, bills, notes, or bankers' acceptances issued by a bank that is a member of the FDIC; negotiable certificates of deposit, savings accounts, or other interest-earning deposit accounts of a financial institution; commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC; commercial paper of corporations located in the state rated prime by at least one of the standard rating services; mutual funds, trusts, or investment pools that are composed entirely of instruments that are eligible collateral; repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced and obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by at least one rating service. The College's investments in the bonds of U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of June 30, 2022 and 2021. The College's investments in U.S. treasuries were rated Aaa by Moody's as of June 30, 2022 and 2021. The College's investments in Michigan municipalities were rated AA- to AA+ by Standard & Poor's and/or Aa1 to Aaa by Moody's as of June 30, 2022 and 2021. Additionally, as of June 30, 2022 and 2021, 65 and 68% of the College's Michigan municipality bonds, respectively, were included in the Michigan School Bond Qualification and Loan Program, which enhances the ratings for these bonds. As of June 30, 2022 and 2021, the Michigan School Bond Qualification and Loan Program was rated Aa1 by Moody's. The College's investments in State of Michigan Bonds were rated AA to AA+ by Standard & Poor's and Aa2 to Aa1 by Moody's as of June 30, 2022 and 2021. The College's investments in Commercial Paper were rated A-1+ to A-2 by Standard & Poor's as of June 30, 2022 and 2021.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in any one issuer. As of June 30, 2022, the College's investments were concentrated by issuer as follows: 29% issued by Michigan municipalities; 12% issued by U.S. agencies; 10% issued by U.S. treasuries; 36% commercial paper; and 13% State of Michigan bonds. As of June 30, 2021, the College's investments were concentrated by issuer as follows: 31% issued by Michigan municipalities; 11% issued by U.S. agencies; 37% issued by U.S. treasuries; 10% commercial paper; and 11% State of Michigan bonds. For the years ended June 30, 2022 and 2021, the College had 18 and 19 unique bond issuers within its portfolio, respectively. The largest single issuer accounted for

3. Cash and Investments (continued)

College Investments (continued)

Concentration of Credit Risk (continued)

approximately 13% and 37% as of June 30, 2022 and 2021, respectively. As of June 30, 2022, this issuer was the State of Michigan which was rated Aa1 to Aa2 by Moody's. As of June 30, 2021, this issuer was U.S. Treasury which was rated Aaa by Moody's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a policy for custodial credit risk. The College's investments are uninsured, unregistered, and held by the College's agent in the College's name. As of June 30, 2022, approximately 44% of the College's investments were in the custody of Fifth Third Securities, Inc.; 30% were in the custody of Key Bank Capital Markets; 13% were in the custody of PNC Capital Markets; and 13% were in the custody of Stifel, Nicolaus & Company, Inc. As of June 30, 2021, approximately 34% of the College's investments were in the custody of Fifth Third Securities, Inc.; 39% were in the custody of Key Bank Capital Markets; 12% were in the custody of PNC Capital Markets; and 15% were in the custody of Stifel, Nicolaus & Company, Inc.

Foundation Investments

Certain investments held by the Foundation use Net Asset Value (NAV) to determine the fair value of all the underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Private equity partnerships are accounted for on the equity method and are based on information provided by the general partner; management also takes into consideration the audited financial information and K-1 capital account balances to determine overall reasonableness of the recorded value. Management believes that the equity method represents the best estimate of the partnerships' fair values. Audited information is only available annually, based on each partnership's year-end. Because of the inherent uncertainty of valuations, values may differ from the values that would have been used had a ready market existed.

3. Cash and Investments (continued)

Foundation Investments (continued)

Investments held by the Foundation as of June 30 include the following:

	2022	2021
Commonfund multi-strategy equity fund	**$ 19,962,880**	$ 23,016,894
Commonfund multi-strategy bond fund	**5,617,853**	5,977,816
Commonfund Capital Partners VI, L.P.	**1,067,339**	871,646
Commonfund Capital Partners VII, L.P.	**1,076,340**	572,987
Commonfund Capital Partners VIII, L.P.	**224,303**	65,075
Commonfund Secondary Partners III, L.P.	**293,761**	10,000
Balance as of June 30	**$ 28,242,476**	$ 30,514,418

The Foundation has made long-term commitments of $2,725,000 to global private capital investing funds and Delaware limited partnerships. The partnership agreements have terms ranging from 10 to 12 years with up to an additional 3-year extension options. During fiscal 2022, a total of $586,248, or 21.5%, of the total commitment was funded by the Foundation. An investment commitment of $1,038,244 remains as of June 30, 2022. During fiscal 2021, a total of $250,612, or 9.2%, of the total commitment was funded by the Foundation. An investment commitment of $1,624,492 remained as of June 30, 2021.

The investment strategy of the above funds is long-term capital appreciation and risk-adjusted net returns through equity investments. The limited partnerships are comprised of private equity funds, venture capital funds, global private equity funds, global private capital secondaries, and natural resource funds. The funds include commitments to make periodic contributions in future periods. The nature of these partnership interests is that distributions are received through the liquidation of the underlying assets of the partnership over its remaining life.

When fully funded, management believes the portfolio would have about a 15% exposure to alternative investments which is comparable to an asset allocation of college endowment funds of a similar size.

4. Accounts Receivable

Accounts receivable consist of the following as of June 30:

	2022	2021
Student accounts	**$ 3,085,631**	$ 3,549,119
Miscellaneous grants	**1,531,526**	1,399,568
Higher Education Emergency Relief Fund (HEERF)	**5,645,229**	12,207,008
Pell	**118,620**	118,281
Federal Direct Loans	**473,430**	92,372
Other	**81,816**	207,014
Total	**10,936,252**	17,573,362
Less allowance for doubtful accounts	**1,941,000**	1,872,711
Accounts receivable, net	**$ 8,995,252**	$ 15,700,651

5. Capital Assets

The following tables present the changes in each of the capital assets class categories for the years ended June 30, 2022 and 2021:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Assets, not being depreciated:					
Land	**$ 2,086,937**	**$ -**	**$ -**	**$ -**	**$ 2,086,937**
Construction in progress	**2,521,196**	**17,315,995**	**(305,880)**	**(491,312)**	**19,039,999**
Other non-depreciable assets	**142,510**	**-**	**-**	**-**	**142,510**
Total capital assets, not being depreciated	**4,750,643**	**17,315,995**	**(305,880)**	**(491,312)**	**21,269,446**
Capital assets being depreciated:					
Land improvements and infrastructure	**17,128,669**	**445,138**	**-**	**-**	**17,573,807**
Buildings and improvements	**193,881,315**	**14,375**	**-**	**-**	**193,895,690**
Equipment, furniture, and software	**57,886,296**	**1,519,084**	**(33,742)**	**491,312**	**59,862,950**
Library books	**3,867,104**	**34,598**	**-**	**-**	**3,901,702**
Total capital assets being depreciated	**272,763,384**	**2,013,195**	**(33,742)**	**491,312**	**275,234,149**
Less accumulated depreciation:					
Land improvements and infrastructure	**12,329,776**	**726,420**	**-**	**-**	**13,056,196**
Buildings and improvements	**85,832,895**	**3,884,581**	**-**	**-**	**89,717,476**
Equipment, furniture, and software	**38,218,387**	**2,977,304**	**(33,742)**	**-**	**41,161,949**
Library materials	**3,712,176**	**53,030**	**-**	**-**	**3,765,206**
Total accumulated depreciation	**140,093,234**	**7,641,335**	**(33,742)**	**-**	**147,700,827**
Capital assets, being depreciated, net	**132,670,150**	**(5,628,140)**	**-**	**491,312**	**127,533,322**
Capital assets, net	**$ 137,420,793**	**$ 11,687,855**	**$ (305,880)**	**$ -**	**$ 148,802,768**

5. Capital Assets (continued)

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Assets, not being depreciated:					
Land	$ 2,086,937	$ -	$ -	$ -	$ 2,086,937
Construction in progress	2,654,691	1,999,051	-	(2,132,546)	2,521,196
Other non-depreciable assets	142,510	-	-	-	142,510
Total capital assets, not being depreciated	4,884,138	1,999,051	-	(2,132,546)	4,750,643
Capital assets being depreciated:					
Land improvements and infrastructure	16,896,468	111,155	-	121,046	17,128,669
Buildings and improvements	193,473,679	94,834	-	312,802	193,881,315
Equipment, furniture and software	53,076,162	3,094,327	17,109	1,698,698	57,886,296
Library books	3,826,898	40,206	-	-	3,867,104
Total capital assets being depreciated	267,273,207	3,340,522	17,109	2,132,546	272,763,384
Less accumulated depreciation:					
Land improvements and infrastructure	11,626,519	703,257	-	-	12,329,776
Buildings and improvements	81,956,134	3,876,761	-	-	85,832,895
Equipment, furniture, and software	35,507,758	2,693,520	17,109	-	38,218,387
Library materials	3,645,625	66,551	-	-	3,712,176
Total accumulated depreciation	132,736,036	7,340,089	17,109	-	140,093,234
Capital assets, being depreciated, net	134,537,171	(3,999,567)	-	2,132,546	132,670,150
Capital assets, net	$ 139,421,309	$(2,000,516)	$ -	$ -	$ 137,420,793

The College is in the process of upgrading technology and equipment, renovating existing buildings, and improving infrastructure on the College's grounds. As of June 30, 2022 and 2021, construction in progress for these capital improvement projects was as follows:

	2022	2021
Morris Lawrence Building Renovations	**$ 12,134,197**	$ 661,773
GL Renovations	**2,939,919**	119,410
Wireless Upgrades	**1,507,403**	172,429
LA Roof	**441,016**	-
Elevator Upgrades	**408,108**	173,239
Campus Security Upgrades	**390,834**	390,745
Student Center Renovations	**348,427**	347,579
Service Drive Replacement	**262,331**	-
Campus Lighting Upgrades	**199,547**	148,890
Miscellaneous construction projects	**168,062**	120,498
Roof Fall Protection Project	**121,643**	-
LA Wayfinding Project	**118,512**	-
ATC Design	**-**	290,869
GM Garden Level Lighting	**-**	95,764
Total construction in progress	**$ 19,039,999**	$ 2,521,196

5. Capital Assets (continued)

Total future commitments as of June 30, 2022 and 2021 related to these projects approximated $3,130,000 and $9,318,000, respectively. The largest part of the commitments is $1,098,000 and $8,796,000, respectively, for the Morris Lawrence Building renovations.

6. Lease Agreements

The College completed its last capital lease obligation in fiscal year 2020 and currently has no other significant lease agreements or negotiations for fiscal year 2022 or 2021.

7. Long-term Obligations

Long-term obligation activity during the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2015 Refunding Bonds	**$ 6,520,000**	**$ -**	**$ (985,000)**	**$ 5,535,000**	**$ 1,020,000**
Bond Premium on 2015 Refunding Bonds	**319,222**	**-**	**(96,091)**	**223,131**	**79,699**
Total bonds payable	**$ 6,839,222**	**$ -**	**$ (1,081,091)**	**$ 5,758,131**	**$ 1,099,699**

Long-term obligation activity during the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2015 Refunding Bonds	$ 7,465,000	$ -	$ (945,000)	$ 6,520,000	$ 985,000
Bond Premium on 2015 Refunding Bonds	431,065	-	(111,843)	319,222	96,091
Total bonds payable	$ 7,896,065	$ -	$ (1,056,843)	$ 6,839,222	$ 1,081,091

Bond Defeasance

In March 2015, the College issued $12,785,000 of Refunding Bonds, Series 2015 with an average interest rate of 3.76% which, in conjunction with a debt service fund contribution, were used to refund $1,965,000 of outstanding Refunding Bonds, Series 2005B and advance refund $11,535,000 of Facilities Bonds, Series 2006, with average interest rates of 3.95% and 4.44%, respectively. The net proceeds of $13,990,731 (after payment of $109,090 in underwriting fees and other issuance costs), plus an additional $293,236 of prior debt retirement fund monies, were

7. Long-term Obligations (continued)

Bond Defeasance (continued)

used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the College's long-term obligations. In prior years, the College defeased certain other bonds. As of June 30, 2022 and 2021, $5,940,000 and $6,980,000 of bonds outstanding are considered defeased, respectively.

General Obligation Bonds

General obligation bonds totaling $5,535,000 and $6,520,000 were outstanding as of June 30, 2022 and 2021, with interest rates varying from 2.5% to 4.0%. Principal payments are due annually in April with payments for the upcoming year totaling $1,020,000 and payments of $9,885,000 made during fiscal 2022. Interest payments are due semi-annually in April and October in the amount of $101,738 each for fiscal 2023 and $121,438 each during fiscal 2022. These bonds are insured and mature in varying amounts through fiscal 2027.

Total principal and interest maturities on the general obligation bonds for years succeeding June 30, 2022 are summarized as follows:

	Debt Obligations		
Years Ending June 30	**Principal**	**Interest**	**Amount**
2023	$ 1,020,000	$ 203,475	$ 1,223,475
2024	1,065,000	162,675	1,227,675
2025	1,105,000	120,075	1,225,075
2026	1,150,000	75,875	1,225,875
2027	1,195,000	29,875	1,224,875
Total	$ 5,535,000	$ 591,975	$ 6,126,975

Accrued Vacation Pay

The liability has been recorded based on the number of days available for each employee.

8. Retirement Plans

Defined Benefit Plan

Plan Description

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

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

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

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided

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

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

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Other Postemployment Benefits Provided

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

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

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

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2021, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 14.51% - 15.05% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% – 4.00%	19.78% – 20.14%
Member Investment Plan (MIP)	3.00% – 7.00%	19.78% – 20.14%
Pension Plus	3.00% – 6.40%	16.82% – 17.22%
Pension Plus 2	6.20%	19.59% – 19.93%
Defined Contribution	0.00%	13.39% – 13.73%

Required contributions to the pension plan from the College approximated $12,910,000, $12,576,000, and $12,509,000 for the years ended June 30, 2022, 2021, and 2020, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% – 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.23% –7.57%

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Contributions (continued)

Required contributions to the OPEB plan from the College approximated $2,949,000, $2,989,000, and $3,128,000 for the years ended June 30, 2022, 2021, and 2020, respectively.

The table below summarizes deferred contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	3.00%	7.93% – 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

For the years ended June 30, 2022, 2021, and 2020, required and actual contributions from the College for those members with a defined contribution benefit were $809,953, $693,134, and $735,428, respectively.

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

As of June 30, 2022 and 2021, the College reported a liability of $100,418,699 and $153,393,110, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020 and 2019, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. As of September 30, 2021, the College's proportion was 0.42415%, which was a decrease of 0.02240% from its proportion measured as of September 30, 2020 of 0.44655%

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

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

For the year ended June 30, 2022, the College recognized pension expense of $7,597,681. As of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Change in assumptions	$ 6,330,036	$ -	$ 6,330,036
Differences between expected and actual experience	1,555,529	591,347	964,182
Changes in proportion and differences between employer contributions and proportionate share	55,442	11,075,982	(11,020,540)
Net difference between projected and actual earnings on pension plan investments	-	32,284,289	(32,284,289)
	7,941,007	43,951,618	(36,010,611)
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	5,976,468	(5,976,468)
College contributions subsequent to the measurement date	11,355,274	-	11,355,274
Total	$19,296,281	$49,928,086	$ (30,631,805)

The $11,355,274 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The $5,976,468 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriation revenue for the year ending June 30, 2023.

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the year ended June 30:

2023	$ (6,746,257)
2024	(9,428,286)
2025	(10,416,703)
2026	(9,419,365)
Total	$ (36,010,611)

For the year ended June 30, 2021, the College recognized pension expense of $21,207,051. As of June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Change in assumptions	$ 16,997,435	$ -	$ 16,997,435
Differences between expected and actual experience	2,343,721	327,395	2,016,326
Changes in proportion and differences between employer contributions and proportionate share	516,451	8,042,024	(7,525,573)
Net difference between projected and actual earnings on pension plan investments	644,489	-	644,489
	20,502,096	8,369,419	12,132,677
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	5,820,540	(5,820,540)
College contributions subsequent to the measurement date	11,178,802	-	11,178,802
Total	$ 31,680,898	$ 14,189,959	$ 17,490,939

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

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

As of June 30, 2022 and 2021, the College reported a liability of $6,316,156 and $22,726,502, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020 and 2019. The College's proportion of the net OPEB liability was determined by dividing each employers statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. As of September 30, 2021, the College's proportion was 0.41380%, which was a decrease of 0.01042% from its proportion measured as of September 30, 2020 of 0.42422%.

For the year ended June 30, 2022, the College recognized negative OPEB expense of $4,582,269. As of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 18,029,018	$ (18,029,018)
Changes in assumptions	5,279,993	790,084	4,489,909
Net difference between projected and actual earnings on OPEB plan investments	-	4,760,601	(4,760,601)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,031,803	(4,031,803)
	5,279,993	27,611,506	(22,331,513)
College contributions subsequent to the measurement date	2,255,905	-	2,255,905
Total	$ 7,535,898	$ 27,611,506	$ (20,075,608)

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

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

The $2,255,905 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023	$ (5,802,774)
2024	(5,380,590)
2025	(4,956,716)
2026	(4,567,832)
2027	(1,435,292)
Thereafter	(188,309)
Total	$ (22,331,513)

For the year ended June 30, 2021, the College recognized negative OPEB expense of $1,534,207. As of June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 16,933,368	$ (16,933,368)
Changes in assumptions	7,493,379	-	7,493,379
Net difference between projected and actual earnings on OPEB plan investments	189,678	-	189,678
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,186,460	(4,186,460)
	7,683,057	21,119,828	(13,436,771)
College contributions subsequent to the measurement date	2,381,504	-	2,381,504
Total	$ 10,064,561	$ 21,119,828	$ (11,055,267)

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2020 and 2019 actuarial valuations (for fiscal years ended June 30, 2022 and 2021) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Projected salary increases	2.75% – 11.55%, including wage inflation at 2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre 65: 7.75% Year 1 graded to 3.50% Year 15 Post 65: 5.25% Year 1 graded to 3.00% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Actuarial Assumptions (continued)

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5.0000 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5.0000 years.

Long-Term Expected Return on Pension Plan Assets

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

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Long-Term Expected Return on Pension Plan Assets (continued)

2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	**25.00%**	**5.40%**	**1.35%**
International equity	**15.00%**	**7.50%**	**1.13%**
Private equity pools	**16.00%**	**9.10%**	**1.46%**
Real estate and infrastructure pools	**10.00%**	**5.40%**	**0.54%**
Fixed income pools	**10.50%**	**-0.70%**	**-0.07%**
Absolute return pools	**9.00%**	**2.60%**	**0.23%**
Real return / opportunistic pools	**12.50%**	**6.10%**	**0.76%**
Short-term investment pools	**2.00%**	**-1.30%**	**-0.03%**
	100.00%		**5.37%**
Inflation			**2.00%**
Risk adjustment			**-0.57%**
Investment rate of return			**6.80%**

2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.60%	1.40%
International equity	15.00%	7.40%	1.11%
Private equity pools	16.00%	9.30%	1.49%
50Real estate and infrastructure pools	10.00%	4.90%	0.49%
Fixed income pools	10.50%	0.50%	0.05%
Absolute return pools	9.00%	3.20%	0.29%
Real return / opportunistic pools	12.50%	6.60%	0.83%
Short-term investment pools	2.00%	-0.10%	0.00%
	100.00%		5.66%
Inflation			2.10%
Risk adjustment			-0.96%
Investment rate of return			6.80%

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Long-term Expected Return on OPEB Plan Assets

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

2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.40%	1.35%
International equity	15.00%	7.50%	1.13%
Private equity pools	16.00%	9.10%	1.46%
Real estate and infrastructure pools	10.00%	5.40%	0.54%
Fixed income pools	10.50%	-0.70%	-0.07%
Absolute return pools	9.00%	2.60%	0.23%
Real return / opportunistic pools	12.50%	6.10%	0.76%
Short-term investment pools	2.00%	-1.30%	-0.03%
	100.00%		5.37%
Inflation			2.00%
Risk adjustment			-0.42%
Investment rate of return			6.95%

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Long-term Expected Return on OPEB Plan Assets (continued)

2020

Asset Class	Target Allocation	Long Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.60%	1.40%
International equity	15.00%	7.40%	1.11%
Private equity pools	16.00%	9.30%	1.49%
Real estate and infrastructure pools	10.00%	4.90%	0.49%
Fixed income pools	10.50%	0.50%	0.05%
Absolute return pools	9.00%	3.20%	0.29%
Real return / opportunistic pools	12.50%	6.60%	0.83%
Short-term investment pools	2.00%	-0.10%	0.00%
	100.00%		5.66%
Inflation			2.10%
Risk adjustment			-0.81%
Investment rate of return			6.95%

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability, (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), both of which are hybrid plans provided through non-university employers only and a discount rate of 6.95% was used to measure the total OPEB liability for fiscal years 2022 and 2021. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95% for fiscal years 2022 and 2021. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30:

	1% Decrease (5.80% / 5.80% / 5.00%)	**Current Discount Rate (6.80% / 6.80% / 6.00%)**	**1% Increase (7.80% / 7.80% / 7.00%)**
2022			
College's proportionate share of the net pension liability	**$ 143,571,505**	**$ 100,418,699**	**$ 64,642,191**
2021			
College's proportionate share of the net pension liability	$ 198,541,359	$ 153,393,110	$ 115,975,274

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

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

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

	1% Decrease (5.95%)	**Current Discount Rate (6.95%)**	**1% Increase (7.95%)**
2022			
College's proportionate share of the net OPEB liability	**$ 11,736,558**	**$ 6,316,156**	**$ 1,716,171**
2021			
College's proportionate share of the net OPEB liability	$ 29,194,774	$ 22,726,502	$ 17,280,758

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

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30:

	1% Decrease	**Current Healthcare Cost Trend Rate (5.25%-7.75%)**	**1% Increase**
2022			
College's proportionate share of the net OPEB liability	**$ 1,537,302**	**$ 6,316,156**	**$ 11,692,942**
2021			
College's proportionate share of the net OPEB liability	$ 17,072,251	$ 22,726,502	$ 29,157,514

8. Retirement Plans (continued)

Defined Benefit Plan (continued)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

As of June 30, 2022, the College reported a payable of $1,226,321 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022. As of June 30, 2021, the College reported a payable of $1,170,811 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

As of June 30, 2022, the College reported a payable of $59,459 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022. As of June 30, 2021, the College reported a payable of $49,779 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

Defined Contribution Plan

Beginning in October 1996, the College established a 401(a) plan as an alternative to the retirement plan from the MPSERS. All full-time educators and administrators are eligible to participate in the plan. The plan had 186 and 187 members as of June 30, 2022 and 2021, respectively.

The plan requires College and participant contributions to be made as a percentage of the participants' gross earnings. The College must contribute 12% of gross earnings, and the participants must contribute 3% of gross earnings. The College made contributions to the plan totaling approximately $2,251,000 and $2,200,000 for the years ended June 30, 2022 and 2021, respectively.

9. Risk Management

The College funds its employees' health benefit plan on a partially uninsured basis, providing coverage for employees' medical, dental, and vision claims. The College's maximum stop-loss is limited to $55,000 per employee contract covered under the plan. As of June 30, 2022 and 2021, the estimated maximum stop-loss that the College could incur approximated $1,149,000 and $1,455,000, respectively.

The College is partially uninsured for workers' compensation to a maximum of $400,000 for each accident and, in the aggregate, for claims up to approximately $5,000,000 for the 24-month insurance policy period expiring July 1, 2023.

The College estimates the liability for health benefit claims and workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. For the years ended June 30, 2022 and 2021, changes in the estimated liabilities were as follows:

	Workers' Compensation	**Health Benefits**
Estimated liability, July 1, 2019	$ 30,995	$ 766,053
Estimated claims incurred, including changes in estimates	61,183	2,407,720
Less claim payments	78,712	2,452,517
Estimated liability, June 30, 2020	13,466	721,256
Estimated claims incurred, including changes in estimates	3,406	2,033,141
Less claim payments	9,946	2,366,110
Estimated liability, June 30, 2021	6,926	388,287
Estimated claims incurred, including changes in estimates	**(3,768)**	**2,079,929**
Less claim payments	**3,158**	**2,047,966**
Estimated liability, June 30, 2022	**$ -**	**$ 420,250**

10. Related Parties

The Washtenaw Community College Foundation is a separate legal entity established as a 501(c)(3) not-for-profit corporation and governed by its own board of directors to accept, collect, hold, and invest donations made for the promotion of educational activities.

The College provides employees and office space to the Foundation at no charge. The amount of such assistance for the years ended June 30, 2022 and 2021 was approximately $561,000 and $424,000, respectively.

In addition, the College received payments from the Foundation for student scholarships and support totaling approximately $1,573,000 and $1,713,000 for the years ended June 30, 2022 and 2021, respectively. The Foundation also makes direct payments on behalf of students and faculty.

The Washtenaw Community College Board of Trustees is the chartering body for the Washtenaw Technical Middle College (the "Academy"). The College has entered into several contractual agreements with the Academy, including a facility use license agreement, an administrative and educational support services agreement, and a joint enrollment agreement. For both years ended June 30, 2022 and 2021, the facility use license agreement and education support services agreement required that the Academy pay the College $150,000. Under the joint enrollment agreement, the Academy students may be jointly enrolled in both the College and the Academy. The Academy pays all tuition and fees for students enrolled at the College. Tuition and fees under this agreement were approximately $1,703,000 and $1,520,000 for the years ended June 30, 2022 and 2021, respectively.

11. Foundation Endowments and Net Assets With Donor Restrictions

Donor Restricted and Board Designated Endowments

The Foundation's endowment includes donor-restricted endowment funds, and funds designated by the Foundation's Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Foundation's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act ("SMPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in

11. Foundation Endowments and Net Assets With Donor Restrictions (continued)

Interpretation of Relevant Law (continued)

perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SMPMIFA.

In accordance with SMPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation (depreciation) of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

Composition of Endowment Net Assets

The following is a summary of the Foundation's 2022 endowment and changes therein:

	Without Donor Restrictions	With Donor Restrictions	Total
Composition by type of Fund			
Board-designated endowment funds	**$ 148,341**	**$ -**	**$ 148,341**
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	**-**	**15,828,896**	**15,828,896**
Accumulated investment gains	**-**	**10,372,245**	**10,372,245**
Total endowment funds	**$ 148,341**	**$ 26,201,141**	**$ 26,349,482**

11. Foundation Endowments and Net Assets With Donor Restrictions (continued)

Composition of Endowment Net Assets (continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets			
Net investment income	**$ -**	**$ (2,639,483)**	**$ (2,639,483)**
Contributions	**-**	**1,687,416**	**1,687,416**
Transfers	**-**	**(10,213)**	**(10,213)**
Appropriation of endowment assets for expenditure	**-**	**(1,106,258)**	**(1,106,258)**
Changes in endowment net assets	**-**	**(2,068,538)**	**(2,068,538)**
Endowment net assets:			
Beginning of year	**148,341**	**28,269,679**	**28,418,020**
End of year	**$ 148,341**	**$ 26,201,141**	**$ 26,349,482**

The following is a summary of the Foundation's 2021 endowment and changes therein:

	Without Donor Restrictions	With Donor Restrictions	Total
Composition by type of Fund			
Board-designated endowment funds	$ 148,341	$ -	$ 148,341
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	14,158,189	14,158,189
Accumulated investment gains	-	14,111,490	14,111,490
Total endowment funds	$ 148,341	$ 28,269,679	$ 28,418,020
Changes in endowment net assets			
Net investment income	$ -	$ 6,235,011	$ 6,235,011
Contributions	-	523,764	523,764
Transfers	-	(1,322)	(1,322)
Appropriation of endowment assets for expenditure	(275,000)	(864,314)	(1,139,314)
Changes in endowment net assets	(275,000)	5,893,139	5,618,139
Endowment net assets:			
Beginning of year	423,341	22,376,540	22,799,881
End of year	$ 148,341	$ 28,269,679	$ 28,418,020

11. Foundation Endowments and Net Assets With Donor Restrictions (continued)

Composition of Endowment Net Assets (continued)

Net assets with donor restrictions, including the endowment net assets in the above tables, consist of the following amounts as of June 30:

	2022	2021
Permanent endowments held for the benefit of the College	**$ 15,828,896**	$ 14,158,189
Accumulated net investment gains on endowments held for the benefit of the College	**10,372,245**	14,111,490
Other funds restricted for purpose	**305,365**	382,488
Contributions receivable for endowments	**65,932**	138,542
Beneficial interest in charitable remainder trust	**489,939**	525,601
Split-interest agreements (net of annuities)	**71,831**	92,322
Total net assets with donor restrictions	**$ 27,134,208**	$ 29,408,632

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SMPMIFA requires the Foundation to retain as a fund of perpetual duration. 18 funds, with total original gift values of $1,334,399, fair values of $1,181,049, and deficiencies of $153,350 were reported in net assets with donor restrictions as of June 30, 2022. There were no deficiencies of this matter as of June 30, 2021. When an endowment is underwater, it is the Foundation's intent to reinvest any dividends and interest until the endowment is made whole.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that maintain the purchasing power of the endowment assets as well as provide additional real growth. The Foundation benchmarks endowment funds investment performance against a policy benchmark which is made up of a similar allocation to certain market indexes (i.e., S&P 500, Russell 3000, MSCI World ex U.S., MSCI EMF Net, and Barclays Capital US Aggregate Bond). The Foundation expects its endowment funds, over time, to provide a rate of return at least equal to the spending rate plus inflation. Actual returns in any given year may vary from this amount.

11. Foundation Endowments and Net Assets With Donor Restrictions (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board, on or before March 31 of each year, declares the amount of funds available from Foundation assets for distribution to Washtenaw Community College for scholarships, grants, and/or any other purposes approved by the Board and accepted by the College during the following fiscal year. The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate that is equal to or greater than the pace of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

In the event that the market value of the board designated endowments falls below the historic dollar value, the Foundation reserves the right to make no distribution, other than actual investment expenses and administrative fees. The Foundation may, however, at the recommendation of the Finance Committee and the approval of the Board, allow a distribution which is prudent, or otherwise deemed to be a justifiable expenditure, using the factors established in SMPMIFA. At the time the Board allows a distribution from such account, it can retain sole discretion over future expenditures from the fund as long as the fund falls below the historic dollar value or delegate, on a case-by-case basis, supervision of prudent future expenditures from the fund to the Finance Committee. If it is determined that income distributions are stopped, unspent income residing in the earnings account, if any, will continue to be available for spending purposes and will be disregarded in comparing the market value to its historic gift value. During a period in which income distributions are stopped, and it is deemed to be prudent by the Finance Committee, investment expenses and administrative fees may continue to be drawn from the fund.

11. Foundation Endowments and Net Assets With Donor Restrictions (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

Unless otherwise specifically allowed in the donor agreement, or written permission is given by the donor if the market value of a donor-restricted endowment is at, or below, the account's historic dollar value at the time allocation amounts are determined, no distribution will be made from such fund; instead, distributions will be reinvested into the fund in an effort to help the market value of the fund recover. If it is determined that income distributions are stopped on a donor-restricted endowment fund, unspent income residing in the earnings account, if any, will continue to be available for spending purposes and will be disregarded in comparing an endowment's market value to its historical gift value. During a period in which income distributions are stopped on a donor-restricted endowment fund, investment expenses and administrative fees may continue to be drawn from the fund. It is further established that the Finance Committee and/or the Board of Directors review this policy on an annual basis.

12. Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to impact industries throughout the world including higher education. Throughout fiscal year 2021, Executive Orders issued by Michigan's Governor effectively prohibited certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume normal campus operations including in-person learning. The full extent and the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and any future COVID-19 variants, and its impact on students, employees, and vendors, all of which still provide a measure of uncertainty that cannot be reasonably predicted at this time. The College did, however, successfully return to campus during fiscal year 2022; and management believes, as a result of what it learned from the many operational changes implemented to adapt both at the height of the pandemic, and throughout the resumption of normal campus operations, that it is better positioned to withstand those uncertainties as they may arise in the future.

In response to the pandemic, the College was allocated funding from the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA) collectively known as Higher Education Emergency Relief Funds (HEERF). HEERF funds awarded for emergency financial aid grants to students totaled $15.6 million; HEERF funds awarded for Institutional use totaled $22.0 million; and Strengthening Institutions Program funds awarded totaled $1.7 million. In addition, the State of Michigan allocated $1.6 million of funds from the Coronavirus Relief Fund (CRF) awarded to the State under the Cares Act.

Required Supplementary Information

Washtenaw Community College

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Years Ended June 30							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
College's proportion of the net pension liability	**0.42415%**	0.44655%	0.47847%	0.48233%	0.48038%	0.46738%	0.45330%	0.44402%
College's proportionate share of the net pension liability	**$ 100,418,699**	$ 153,393,110	$ 158,454,498	$ 144,998,202	$ 124,486,379	$ 116,608,139	$ 110,718,864	$ 97,802,079
College's covered payroll	**37,811,603**	37,883,972	41,650,413	41,155,423	41,032,987	41,220,476	38,675,423	38,039,183
College's proportionate share of the net pension liability as a percentage of its covered payroll	**265.58%**	404.90%	380.44%	352.32%	303.38%	282.89%	286.28%	257.11%
Plan fiduciary net position as a percentage of the total pension liability	**72.60%**	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

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

See notes to required supplementary information.

Washtenaw Community College

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Pension Contributions

	Years Ended June 30							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Statutorily required contributions	**$ 12,909,766**	$ 12,576,192	$ 12,508,574	$ 12,687,042	$ 12,882,238	$ 11,196,524	$ 10,532,263	$ 8,277,610
Contributions in relation to the statutorily required contributions	**(12,909,766)**	(12,576,192)	(12,508,574)	(12,687,042)	(12,882,238)	(11,196,524)	(10,532,263)	(8,277,610)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	**$ 37,598,083**	$ 36,952,757	$ 39,673,313	$ 41,593,322	$ 39,073,246	$ 40,900,320	$ 37,968,811	$ 38,653,956
Contributions as a percentage of covered payroll	**34.34%**	34.03%	31.53%	30.50%	32.97%	27.38%	27.74%	21.41%

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

See notes to required supplementary information.

Washtenaw Community College

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits Liability

	Years Ended June 30				
	2022	**2021**	**2020**	**2019**	**2018**
College's proportion of the net OPEB liability	**0.41380%**	0.42422%	0.47371%	0.48142%	0.41840%
College's proportionate share of the net OPEB liability	**$ 6,316,156**	$ 22,726,502	$ 34,001,908	$ 38,267,510	$ 42,669,543
College's covered payroll	**37,811,603**	37,883,972	41,650,413	41,155,423	41,032,987
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	**16.70%**	59.99%	81.64%	92.98%	103.99%
Plan fiduciary net position as a percentage of the total OPEB liability	**87.33%**	59.44%	48.46%	42.95%	36.39%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

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

See notes to required supplementary information.

Washtenaw Community College

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Other Postemployment Benefits Contributions

	Years Ended June 30				
	2022	**2021**	**2020**	**2019**	**2018**
Statutorily required contributions	**$ 2,949,234**	$ 2,988,560	$ 3,127,748	$ 3,230,731	$ 2,830,342
Contributions in relation to the statutorily required contributions	**(2,949,234)**	(2,988,560)	(3,127,748)	(3,230,731)	(2,830,342)
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -
College's covered payroll	**$ 37,598,083**	$ 36,952,757	$ 39,673,313	$ 41,593,322	$ 39,073,246
Contributions as a percentage of covered payroll	**7.84%**	8.09%	7.88%	7.77%	7.24%

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

See notes to required supplementary information.

Pension Information

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

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

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

- 2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic Plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan for the September 30, 2019 actuarial valuation.

- 2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic Plans, 7.00% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan for the September 30, 2018 actuarial valuation.

- 2018 – The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic Plans and 7.00% for the Pension Plus Plan for the September 30, 2017 actuarial valuation.

OPEB Information

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

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

- 2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95% for the September 30, 2019 actuarial valuation.

- 2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15% for the September 30, 2018 actuarial valuation.

Other Supplementary Information

Washtenaw Community College

Combining Statement of Net Position

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

	General Fund	Restricted Fund	Pension & OPEB Liabilities	Auxiliary Fund	Plant Fund	Custodial Fund	Eliminations	June 30, 2022	June 30, 2021
Assets									
Current assets:									
Cash and cash equivalents	$ 7,148,077	$ -	$ -	$ 538,712	$ 12,733,775	$ 310,317	$ -	$ 20,730,881	$ 13,483,761
Investments	22,208,197	-	-	-	-	-	-	22,208,197	22,040,319
Accounts receivable:									
Property taxes receivable, less allowance of $88,000 ($88,000 in 2021)	112,566	-	-	-	-	-	-	112,566	138,125
State appropriations receivable	2,740,108	1,086,630	-	-	-	-	-	3,826,738	3,732,113
Accounts receivable, less allowance of $1,941,000 ($1,873,000 in 2021)	1,144,631	7,768,805	-	24,755	-	57,061	-	8,995,252	15,700,651
Accrued interest receivable	89,437	-	-	-	-	-	-	89,437	71,377
Due from (to) other funds	7,066,380	(7,274,356)	-	204,161	3,815	-	-	-	-
Inventories	217,415	-	-	4,052	-	-	-	221,467	246,045
Prepaid and other assets	606,802	840	-	16,960	-	-	-	624,602	596,994
Total current assets	41,333,613	1,581,919	-	788,640	12,737,590	367,378	-	56,809,140	56,009,385
Noncurrent assets:									
Investments	17,132,361	-	-	-	-	-	-	17,132,361	16,056,440
Capital assets, net									
Land	-	-	-	-	2,086,937	-	-	2,086,937	2,086,937
Land improvements and infrastructure	-	-	-	-	4,517,611	-	-	4,517,611	4,798,893
Buildings and improvements	-	-	-	-	104,178,214	-	-	104,178,214	108,048,420
Equipment, furniture, and software	-	-	-	-	18,701,001	-	-	18,701,001	19,667,909
Library books	-	-	-	-	142,510	-	-	142,510	154,928
Other non-depreciable assets	-	-	-	-	136,496	-	-	136,496	142,510
Construction in progress	-	-	-	-	19,039,999	-	-	19,039,999	2,521,196
Total noncurrent assets	17,132,361	-	-	-	148,802,768	-	-	165,935,129	153,477,233
Total assets	58,465,974	1,581,919	-	788,640	161,540,358	367,378	-	222,744,269	209,486,618
Deferred outflows of resources:									
Deferred charge on refunding	-	-	-	-	262,100	-	-	262,100	310,705
Deferred OPEB amounts	-	-	7,535,898	-	-	-	-	7,535,898	10,064,561
Deferred pension amounts	-	-	19,296,281	-	-	-	-	19,296,281	31,680,898
Total deferred outflows of resources	-	-	26,832,179	-	262,100	-	-	27,094,279	42,056,164

Washtenaw Community College

Combining Statement of Net Position

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

	General Fund	Restricted Fund	Pension & OPEB Liabilities	Auxiliary Fund	Plant Fund	Agency Fund	Eliminations	June 30, 2022	June 30, 2021
Liabilities									
Current liabilities:									
Accounts payable	$ 1,759,289	$ 280,946	$ -	$ 276,248	$ 3,620,056	$ 9,939	$ -	$ 5,946,478	$ 3,318,007
Accrued expenses:									
Payroll and withholdings	3,835,377	1,165,824	-	-	-	1,683	-	5,002,884	4,519,901
Vacation	2,368,480	79,046	-	-	-	9,334	-	2,456,860	2,789,419
Interest payable	-	-	-	-	50,869	-	-	50,869	60,719
Deposits	46,271	-	-	-	-	346,422	-	392,693	343,289
Unearned revenue	2,201,843	56,103	-	364,118	-	-	-	2,622,064	2,514,123
Bonds payable, current portion	-	-	-	-	1,099,699	-	-	1,099,699	1,081,091
Total current liabilities	10,211,260	1,581,919	-	640,366	4,770,624	367,378	-	17,571,547	14,626,549
Noncurrent liabilities:									
Bonds payable	-	-	-	-	4,658,432	-	-	4,658,432	5,758,131
Net OPEB liability	-	-	6,316,156	-	-	-	-	6,316,156	22,726,502
Net pension liability	-	-	100,418,699	-	-	-	-	100,418,699	153,393,110
Total noncurrent liabilities	-	-	106,734,855	-	4,658,432	-	-	111,393,287	181,877,743
Total liabilities	10,211,260	1,581,919	106,734,855	640,366	9,429,056	367,378	-	128,964,834	196,504,292
Deferred inflows of resources:									
Deferred OPEB amounts	-	-	27,611,506	-	-	-	-	27,611,506	21,119,828
Deferred pension amounts	-	-	49,928,086	-	-	-	-	49,928,086	14,189,959
Total deferred inflows of resources	-	-	77,539,592	-	-	-	-	77,539,592	35,309,787
Net position									
Net investment in capital assets	-	-	-	-	143,306,737	-	-	143,306,737	130,892,276
Unrestricted deficit	48,254,714	-	(157,442,268)	148,274	9,066,665	-	-	(99,972,615)	(111,163,573)
Total net position (deficit)	$ 48,254,714	$ -	$ (157,442,268)	$ 148,274	$ 152,373,402	$ -	$ -	$ 43,334,122	$ 19,728,703

Washtenaw Community College

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position

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

	Current Funds						Combined Totals	
	General Fund	**Restricted Fund**	**Pension & OPEB Liabilities Fund**	**Auxiliary Fund**	**Plant Fund**	**Eliminations**	**June 30, 2022**	**June 30, 2021**
Operating revenues								
Tuition and fees, net of scholarship allowance of $5,627,152 ($5,162,566 in 2021)	$ 30,908,842	$ -	$ -	$ -	$ -	$ (5,627,152)	$ 25,281,690	$ 23,252,925
Federal grants and contracts	-	3,042,501	-	-	-	-	3,042,501	2,434,940
State grants and contracts	-	685,726	-	-	-	-	685,726	487,780
Private grants and contracts	-	148,804	-	-	-	-	148,804	166,677
Sales and services of educational activities	166,731	-	-	-	-	-	166,731	44,852
Current fund expenditures for equipment and capital improvements	-	-	-	-	714,680	(714,680)	-	-
Auxiliary services	-	-	-	3,237,264	-	-	3,237,264	1,962,421
Other sources	5,407,430	51,950	-	-	-	-	5,459,380	3,785,704
Total operating revenues	36,483,003	3,928,981	-	3,237,264	714,680	(6,341,832)	38,022,096	32,135,299
Operating expenses								
Instruction	43,888,920	4,623,094	(7,199,289)	-	-	(594,542)	40,718,183	47,444,032
Technology	9,082,431	79,469	-	-	-	(24,052)	9,137,848	9,269,376
Public service	459,742	708,531	(26,035)	3,154,132	-	-	4,296,370	3,245,908
Instructional support	12,137,766	1,569,765	(1,647,640)	-	-	(34,664)	12,025,227	14,072,504
Student services and student aid	11,580,524	23,139,327	(1,485,232)	-	-	(5,627,152)	27,607,467	29,597,586
Institutional administration	10,677,834	1,815,299	(433,916)	-	-	(33,432)	12,025,785	11,104,153
Physical plant operations	12,157,098	1,234,895	(1,605,488)	-	813,707	(27,990)	12,572,222	14,307,327
Depreciation	-	-	-	-	7,641,335	-	7,641,335	7,340,089
Total operating expenses	99,984,315	33,170,380	(12,397,600)	3,154,132	8,455,042	(6,341,832)	126,024,437	136,380,975
Operating income (loss)	(63,501,312)	(29,241,399)	12,397,600 -	83,132	(7,740,362)	-	(88,002,341)	(104,245,676)
Nonoperating revenues (expenses)								
Federal grant – Pell award	-	12,107,160	-	-	-	-	12,107,160	11,772,577
Federal grant – HEERF student	-	8,186,839	-	-	-	-	8,186,839	7,984,650
Federal grant – HEERF institutional/CRF	-	8,267,351	-	-	-	-	8,267,351	14,657,557
State appropriations	16,541,052	5,976,468	(155,928)	-	-	-	22,361,592	21,029,431
Property taxes	61,260,486	-	-	-	-	-	61,260,486	58,904,247
Investment and interest income	532,801	-	-	-	-	-	532,801	481,673
Unrealized loss on investments	(1,767,050)	-	-	-	-	-	(1,767,050)	(119,924)
Loss on disposal of assets	(290,869)	-	-	-	(15,011)	-	(305,880)	-
Interest on capital asset – related debt	-	-	-	-	(185,539)	-	(185,539)	(205,907)
Total nonoperating revenues (expenses)	76,276,420	34,537,818	(155,928)	-	(200,550)	-	110,457,760	114,504,304
Income (loss) before other revenues	12,775,108	5,296,419	12,241,672	83,132	(7,940,912)	-	22,455,419	10,258,628
Other revenues								
Capital grants	-	-	-	-	1,150,000	-	1,150,000	-
Increase (decrease) in net position – before transfers	12,775,108	5,296,419	12,241,672	83,132	(6,790,912)	-	23,605,419	10,258,628
Transfers (out) in	(10,181,456)	(5,296,419)	-	-	15,477,875	-	-	-
Net increase (decrease) in net position	2,593,652	-	12,241,672	83,132	8,686,963	-	23,605,419	10,258,628
Net position, beginning of year	45,661,062	-	(169,683,940)	65,142	143,686,439	-	19,728,703	9,470,075
Net position, end of year	$ 48,254,714	$ -	$ (157,442,268)	$ 148,274	$ 152,373,402	$ -	$ 43,334,122	$ 19,728,703