North Central Michigan College

Years Ended June 30, 2022 and 2021

Financial Statements and Supplementary Information

Rehmann

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NORTH CENTRAL MICHIGAN COLLEGE

Executive Officers and Board of Trustees

Executive Officers

David Roland Finley, Ph.D.
President

Board of Trustees

INDEPENDENT AUDITORS' REPORT

Rehmann

INDEPENDENT AUDITORS' REPORT

October 24, 2022

Board of Trustees
North Central Michigan College
Petoskey, Michigan

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of ***North Central Michigan College*** (the "College"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of ***North Central Michigan College*** as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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107 South Cass St., Suite A, Traverse City, MI 49684 231.946.3230

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 judgement made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The supplementary combining information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and accordingly we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued under separate cover, our report dated October 24, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH CENTRAL MICHIGAN COLLEGE

Management's Discussion and Analysis

Introduction

The North Central Michigan College (the "College") financial report consists of three basic financial statements: the Statements of Net Position which presents the assets, deferred outflows, liabilities, deferred inflows and net position of the College as of the end of the 2022 and 2021 fiscal years; the Statements of Revenues, Expenses and Changes in Net Position, which reflects revenues and expenses recognized during the 2022 and 2021 fiscal years; and the Statements of Cash Flows, which provides information on all of the cash inflows and outflows for the College by major category during the 2022 and 2021 fiscal years. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

In compliance with GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus,"* the North Central Michigan College Foundation (the "Foundation") is reported as a blended component unit of the College. Separately issued financial statements for the Foundation are also available by contacting the Foundation office.

The following discussion and analysis provides an overview of the financial position and activities of North Central Michigan College for the year ended June 30, 2022. Management has prepared this discussion along with the financial statements, related note disclosures and the required supplemental pension and other postemployment benefits schedules. Following the basic financial statements, notes, and the required supplemental pension and other postemployment benefit schedules, are two supplementary information statements: the Combining Statement of Net Position and the Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position. Though GASB does not require this supplementary information be present for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College that is not detailed in the basic statements.

Financial Highlights

The College's financial position remained strong at June 30, 2022, with assets of $63.6 million and liabilities of $14.6 million. Of the liabilities, $2.7 million are due within one year and $11.9 million are due beyond one year. Of the amount due beyond one year, $9.0 million relates to the net pension and other postemployment benefits liabilities. These substantial liabilities are recorded because the GASB requires the College to record its share of the unfunded Michigan Public School Employees' Retirement System ("MPSERS") obligation/liability for employees.

The College continues to face challenges posed by the uncertainty of state appropriations, decreasing student enrollments, rising inflation and rising health care costs. These financial statements reflect College-wide departmental savings in an effort to balance the budget given the potential of further budget reductions.

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

These two statements will help the reader answer the question, "Is North Central Michigan College as a whole, better or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as North Central Michigan College's operating results.

These two statements report the College's net position and net position changes. One can think of net position – the difference between assets, deferred outflows/inflows of resources, and liabilities – as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the net position are one indicator of whether the College's financial health is improving or deteriorating. Many other non-financial factors, such as the trend in student enrollment, student retention, condition of the buildings, and strength of the faculty also need to be considered to assess the overall health of the College.

These statements include all assets, deferred outflows/inflows of resources, 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 taken into account regardless of when cash is received or paid.

Statement of Net Position

Total net position at June 30, 2022, 2021, and 2020 was $44.0 million, $40.2 million, and $32.7 million, respectively. Following is a comparison of the major components of the net position of the College and operating results for years ended June 30, 2022, 2021, and 2020:

Net Position as of June 30 (in millions)

	2022	2021	2020
Current and other assets	$ 30.7	$ 30.2	$ 27.3
Capital assets, net of depreciation	32.9	31.1	27.2
Total assets	63.6	61.3	54.5
Deferred outflows of resources	2.4	3.6	4.6
Other liabilities	2.7	2.1	2.0
Noncurrent liabilities	11.9	18.3	20.2
Total liabilities	14.6	20.4	22.2
Deferred inflows of resources	7.4	4.3	4.2
Net position:			
Net investment in capital assets	30.0	27.8	23.5
Restricted-nonexpendable	7.4	6.0	4.5
Restricted-expendable	6.7	6.9	5.9
Unrestricted (deficit)	(0.1)	(0.5)	(1.2)
Total net position	$ 44.0	$ 40.2	$ 32.7

Statement of Revenue, Expenses, and Changes in Net Position

The following is a comparative analysis of components of the revenue, expenses, and changes in net position for the years ended June 30, 2022, 2021, and 2020:

Operating Results for the Years Ended June 30 (in millions)

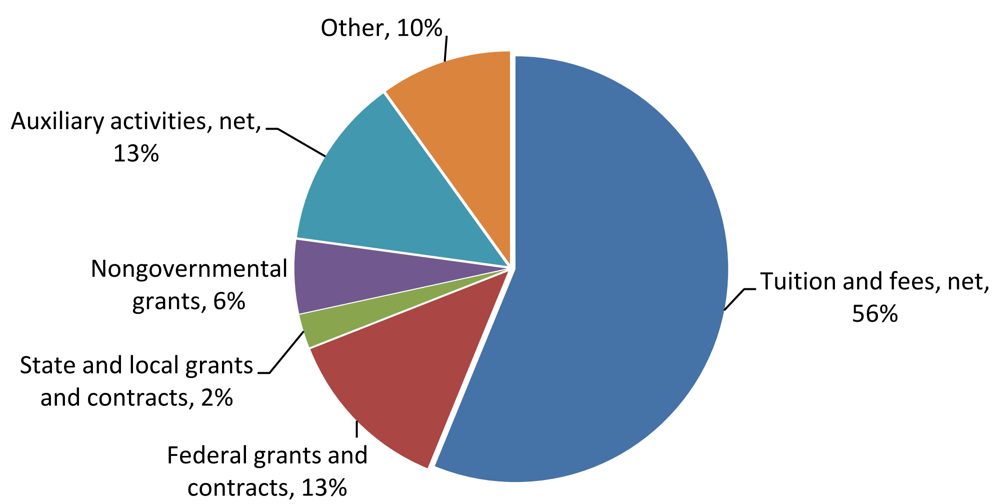
	2022	2021	2020
Total operating revenues			
Tuition and fees, net	$ 3.5	$ 4.0	$ 3.7
Federal grants and contracts	0.8	0.2	0.2
State and local grants and contracts	0.2	0.1	0.1
Nongovernmental grants	0.3	0.3	0.2
Auxiliary activities, net	0.8	0.5	0.7
Other	0.6	0.3	0.4
Total operating revenues	6.2	5.4	5.3
Total operating expenses	21.2	18.7	18.9
Net operating loss	(15.0)	(13.3)	(13.6)
Nonoperating revenues (expenses)			
State appropriations	3.9	3.7	3.4
Property tax levy	6.6	6.4	6.2
Federal Higher Education Emergency Relief Funds grant	4.2	1.0	0.5
Federal Coronavirus Relief Fund grant	-	0.4	-
Pell grants	1.6	1.9	2.2
Investment income	0.1	0.9	0.3
Net realized and unrealized loss (gain) on investments	(1.2)	(0.1)	0.2
Interest on capital related debt	(0.1)	(0.1)	(0.1)
Donations	3.5	2.9	0.7
Net nonoperating revenues	18.6	17.0	13.4
Other revenues			
State capital grants	0.7	2.7	-
Contributions and investment (loss) income allocated to permanent endowments	(0.5)	1.1	0.1
Total other revenues (losses)	0.2	3.8	0.1
Change in net position	3.8	7.5	(0.1)
Net position – beginning of year	40.2	32.7	32.8
Net position – end of year	$ 44.0	$ 40.2	$ 32.7

Management's Discussion and Analysis

Operating Revenue

Operating revenues include charges for all exchange transactions such as tuition and fees, the commissions from the sales of books and supplies, rental revenue of the residence halls and revenue from the cafeteria & conference center. In addition, certain federal, state, and private grants are considered operating revenues, if they are not for capital purposes, and are considered a contract for services.

The following is a graphic illustration of operating revenues for fiscal year 2022:



Operating revenue changes for fiscal year 2022 compared to the prior fiscal year were the result of the following factors:

- Net tuition and fees totaled $3,504,032, a $485,368 decrease in revenues due primarily to a decrease in enrollment and a decrease in scholarship allowance.
- The tuition and fees decrease was offset by increases in other Operating Revenue categories. The easing of the COVID-19 pandemic allowed other revenue streams to recover to their pre-pandemic levels. This includes increases in Auxiliary activities (due mainly to residence hall occupancy) and non-credit course options (which was aided by new programs and a return to in-classroom settings).

Operating revenue changes for fiscal year 2021 compared to the prior fiscal year were the result of the following factors:

- Net tuition and fees totaled $3,989,400, a $287,897 increase in revenues due primarily to an increase in tuition rates and a decrease in the scholarship allowance.
- Auxiliary activities totaled $548,800, a decrease of $154,994 in revenues due primarily to the novel coronavirus (“COVID-19”) pandemic. This included only making single rooms available in our Residence Hall, thus reducing capacity and the associated revenue.

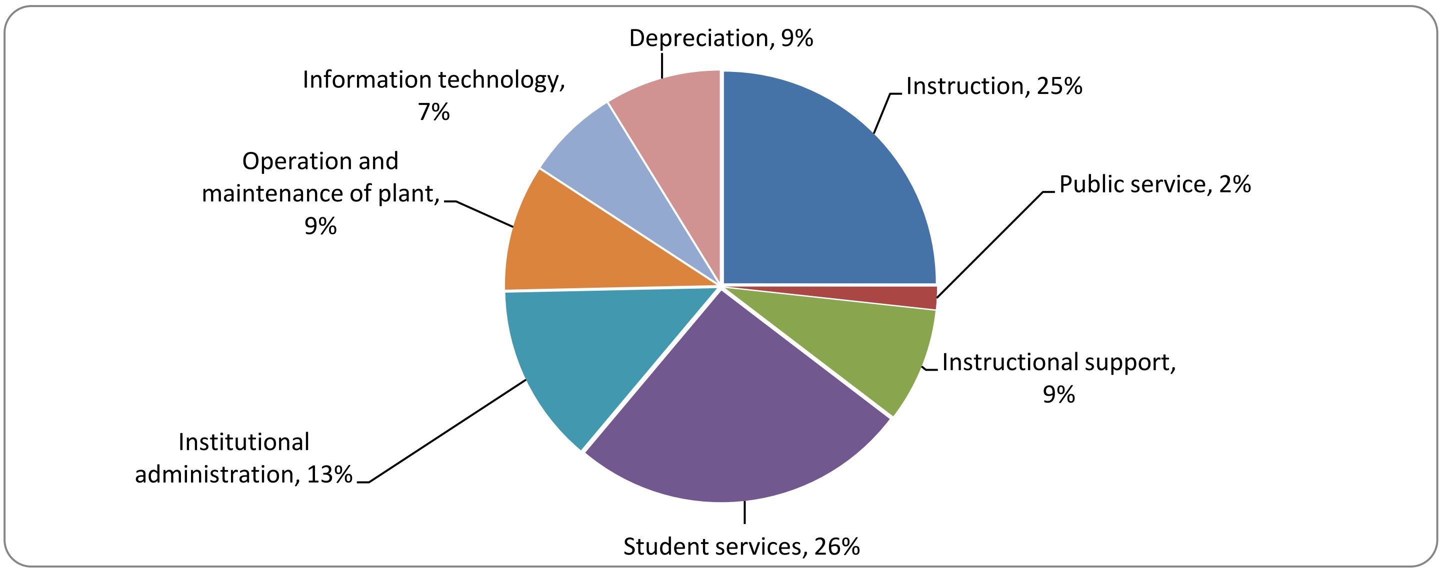
Management's Discussion and Analysis

The College receives substantial nonoperating support from state appropriations, property tax revenue and Pell grants. Additionally, in fiscal year 2022 and 2021, the College received $4,229,648 and $959,854, respectively, from the Federal Higher Education Emergency Relief Fund grant as part of the federal CARES Act as a result of the COVID-19 pandemic. These nonoperating revenue sources mitigate the normal operating losses as tuition and fees alone are not adequate to cover operating expenses. Nonoperating revenues and expenses are an integral component in determining the increase or decrease in net position.

Operating Expenses

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

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



Operating expenses increased by 13.0% from prior year. Operating expense changes for fiscal year 2022 were the result of the following factors:

- Salaries and fringes increased by approximately 6.3% this fiscal year primarily because several open staff positions were filled during the year, annual wage increases, and the Support Staff's first Collective Bargaining Agreement being in effect (which created wage adjustments). Salaries and fringes totaled approximately $11.6 million this fiscal year, representing 55% of total operating expenses.
- Depreciation increased by $81,115. This is primarily because of significant phases of the Borra Learning Center building renovation project being placed in service during the fiscal year.

Operating expense changes for fiscal year 2021 were the result of the following factors:

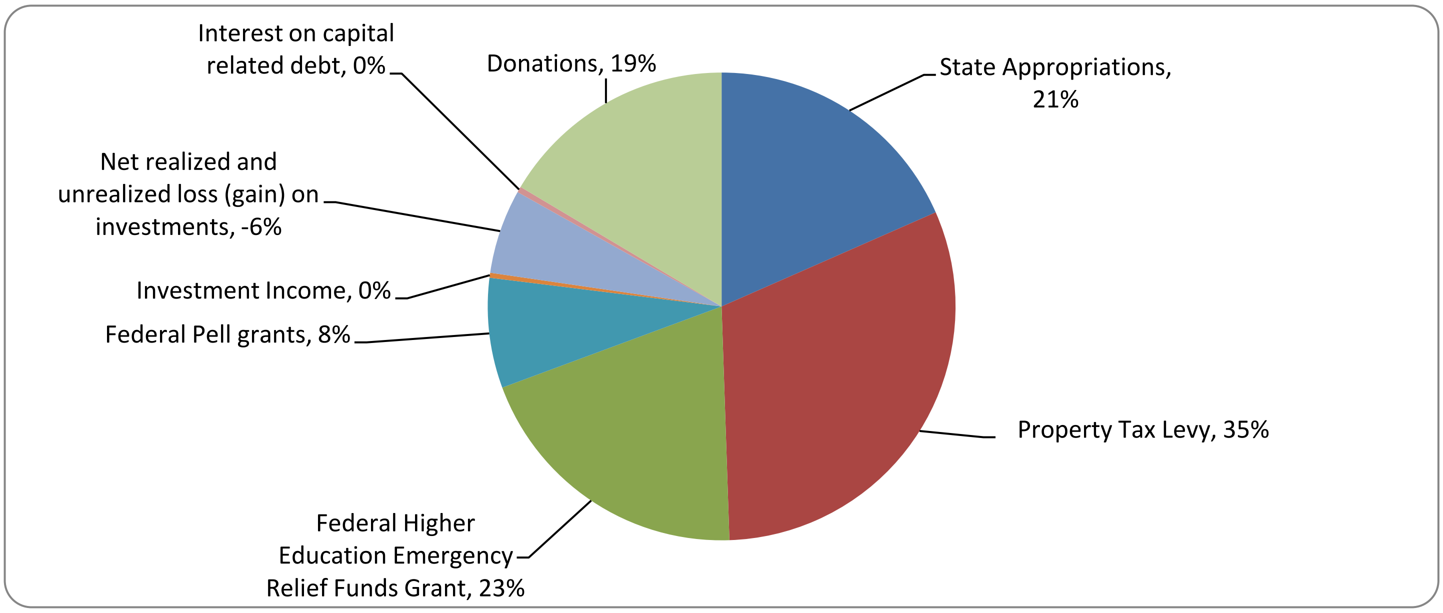
- Salaries and fringes decreased by approximately 4.7% this fiscal year primarily because several open staff positions which were not filled during the year, and some filled part way through the year. Salaries and fringes totaled approximately $10.9 million this fiscal year, representing 58% of total operating expenses.
- Depreciation increased by $393,949. This is primarily because of significant phases of the Borra Learning Center building renovation project being placed in service during the fiscal year.

Management's Discussion and Analysis

Nonoperating and Other Revenue

Net nonoperating revenues represent all revenue sources that are primarily non-exchange in nature less interest on capital asset-related debt. They consist primarily of state appropriations, property tax revenue, Pell grants, Federal Higher Education Emergency Relief Funds grant, Federal Coronavirus Relief Fund grant and investment income (including realized and unrealized gains and losses).

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



Net nonoperating revenue changes for fiscal year 2022 compared to the prior fiscal year were the result of the following factors:

- State appropriations increased by $170,166 due primarily to budgeted amounts provided by the State.
- Property tax levy revenue increased by $193,156 due primarily to increases in property tax values.
- Pell grants decreased by $251,926 due primarily to a decrease in enrollment.
- Federal Higher Education Emergency Relief Funds (HEERF) continued to be utilized to assist the College with challenges caused by the COVID-19 pandemic. $4,229,648 was provided in HEERF during the year for such expenses as providing pass-thru distributions to qualified students, campus safety and operations, and purchasing equipment and software to enable distance learning for students.
- Donations received by the Foundation were $3,500,639. Significant amounts, including pledges, were received for the Foundation's Building Tomorrow Together fundraising campaign. Also, significant funds were received for scholarships and athletics.

Management's Discussion and Analysis

Net nonoperating revenue changes for fiscal year 2021 compared to the prior fiscal year were the result of the following factors:

- State appropriations increased by $388,809 due primarily to budgeted amounts provided by the State.
- Property tax levy revenue increased by $180,455 due primarily to increases in property tax values.
- Pell grants decreased by $367,727 due primarily to a decrease in enrollment.
- HEERF continued to be utilized to assist the College with challenges caused by the COVID-19 pandemic. $959,854 was provided in HEERF during the year for such expenses as providing reimbursement to students for room and board, campus safety and operations, replacing lost revenue in the Colleges auxiliary activities, and purchasing equipment and software to enable distance learning for students.
- Donations received by the Foundation were $2,921,051 primarily due to pledges for the Foundation's Building Tomorrow Together fundraising campaign. A campaign goal is to raise funds for the College's proposed main classroom building renovation. There were also significant contributions to the Foundation's scholarship and community outreach funds during the year.

Other Revenues (Losses)

Other revenues consist of items that are typically nonrecurring, extraordinary, or unusual to the College. State capital grant revenues of $672,741 resulted from the State of Michigan's Capital Outlay program. This grant money helped to fund the Borra Learning Center building renovation project.

Additionally, other expenses of $518,305 resulted from additions and investment loss allocated to permanent endowments for the promotion of the College's educational and cultural activities. This amount is from the Foundation's receipt of these types of contributions from donors.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statements of Cash Flows also may help 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 Years Ended June 30 (in millions)

	2022	2021	2020
Cash provided by (used for):			
Operating activities	$ (14.6)	$ (11.6)	$ (11.8)
Noncapital financing activities	20.2	15.8	13.7
Capital and related financing activities	(2.8)	(4.3)	(1.9)
Investing activities	(2.5)	(0.5)	0.9
Net increase (decrease) in cash	0.3	(0.6)	0.9
Cash beginning of year	11.4	12.0	11.1
Cash end of year	$ 11.7	$ 11.4	$ 12.0

Net cash used for operating activities totaled $14.6 million for the fiscal year ending June 30, 2022. This was financed by $20.2 million of net cash flows from non-capital financing activities such as property taxes and state appropriations. Net cash used in capital and related financing activities totaled $2.8 million. This includes $3.8 million of capital asset purchases, and $0.4 million of debt principal and interest payments, offset by proceeds of $1.4 million from State capital grants. Net cash used in investing activities totaled $2.5 million. This includes interest received of $0.2 million, the sale and maturities of investments totaling $1.6 million, and the purchase of investments of $4.3 million. The net result of all cash flows resulted in an increase in the College's cash of $0.3 million from last year.

Capital Assets

At June 30, 2022, the College had approximately $32.9 million invested in capital assets, net of accumulated depreciation of $25.9 million. Depreciation charges totaled approximately $1.9 million for the current fiscal year.

	2022	2021	2020
Land	$ 33,306	$ 13,306	$ 13,306
Construction in progress	1,228,736	1,742,716	1,879,079
Sculptures	522,609	522,609	522,609
Capital assets not being depreciated or amortized	1,784,651	2,278,631	2,414,994
Buildings and improvements	46,413,328	43,610,506	38,169,310
Infrastructure	3,032,360	2,977,137	2,996,637
Furniture, fixtures, and equipment	5,797,938	4,750,589	4,465,400
Library materials	449,672	431,735	510,273
Software	1,307,608	1,066,750	975,250
Capital assets being depreciated	57,000,906	52,836,717	47,116,870
Total capital assets	58,785,557	55,115,348	49,531,864
Less accumulated depreciation	25,865,522	24,002,464	22,351,586
Total capital assets, net	$ 32,920,035	$ 31,112,884	$ 27,180,278

The approximate cost of major capital additions this year consist of the following:

Borra Learning Center building renovation	$ 2,425,000
Howard Street house purchase	367,000
Amatrol smart factory equipment for technology courses	173,000
Adult simulator for nursing courses	104,000
College website renovation	76,000
Mechatronics equipment for technology courses	72,000

Construction in progress of $1,228,736 consists mainly of expenses incurred by June 30, 2022 for the following projects: Campus technology upgrade ($816,035); the Borra Learning Center heating, ventilation and air conditioning upgrade ($202,494); and renovation of the gymnasium for inter-collegiate athletics competition ($169,116).

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

Management's Discussion and Analysis

Debt

The College had $3,065,000 in bond debt outstanding at June 30, 2022. Debt principal repayments of $345,000 were made on this debt during the year. More detailed information about the College's long-term liabilities is presented in the notes to the financial statements.

Economic Factors That Will Affect the Future

The economic position of the College is always impacted by the actions of the State of Michigan. Over the past few years, the College has had to adjust to lower State funding to maintain a balanced budget. Economic factors that will affect the future of the College include:

1. State of Michigan appropriations represent 27% of the total General Fund revenue for 2021-22. The State Budget for 2022-23 provides for a 4.6% increase in State appropriations.

2. Property tax revenue for the fiscal year ending June 30, 2023 will account for approximately 40% of General Fund revenues. Taxable property values in Emmet County continue to increase year over year with a 3.2% increase occurring between 2021 and 2022. Local and state economies have rebounded significantly in the last few years fueling increases in residential property values. The outlook remains strong for property tax revenue increases in the future.

3. At the February 17, 2022 meeting, the Board of Trustees approved a 4.5% increase in tuition rates beginning with the summer semester of 2022. The Board of Trustees considers multiple factors when considering any tuition increase including the financial impact on students and their families, as well as the rising cost of services offered by the College.

4. Based on the demographics of the area, recruiting and retaining new traditional-aged students over the next decade will be challenging for the College:

   a. Area high school senior classes are expected to continue to decline over the next decade resulting in a shrinking pool of dual enrollment and early college applicants.
   b. Competition among area community colleges and four-year institutions has intensified as they compete for fewer students.

   Offsetting these challenging trends is the State of Michigan MI Reconnect program which pays tuition for learners 25 years of age and older. Continued funding for this program is included in the 2022-23 State Budget.

   Nonetheless, the College will need to innovate and create new, exciting, and relevant programs to be able to compete for students in the future. In addition, the College will need to continue to expand student recruitment efforts beyond the district. With limited housing options available in the local area, the College will need to look at new campus housing opportunities for these students.

5. The College's most recent Michigan Capital Outlay project, the renovation and expansion of the Borra Learning Center was completed in summer 2021. The College has submitted a 2023 Capital Outlay request to the State of Michigan for a proposed Career and Technical Education Enhancement Project. This $9.1 Million proposal is currently awaiting Legislative approval.

Management's Discussion and Analysis

Contacting the College's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, North Central Michigan College, 1515 Howard Street, Petoskey, Michigan 49770.

FINANCIAL STATEMENTS

NORTH CENTRAL MICHIGAN COLLEGE

Statements of Net Position

	June 30	
	2022	**2021**
Assets		
Current assets		
Cash and cash equivalents	$ 7,327,679	$ 8,124,153
Receivables, net	451,816	191,790
State capital outlay receivable	-	767,603
Federal and state grants receivable	1,205,025	821,057
Pledges receivable	31,250	752,174
Inventories	7,592	8,607
Prepaids and other current assets	336,695	421,312
Total current assets	**9,360,057**	**11,086,696**
Noncurrent assets		
Restricted cash	4,334,302	3,282,415
Investments	15,697,601	14,991,380
Pledges receivable, net of current portion	1,302,907	821,458
Capital assets not being depreciated	1,784,651	2,278,631
Capital assets being depreciated, net	31,135,384	28,834,253
Total noncurrent assets	**54,254,845**	**50,208,137**
Total assets	**63,614,902**	**61,294,833**
Deferred outflows of resources		
Deferred charge on refunding	100,504	113,067
Deferred pension amounts	1,620,753	2,639,163
Deferred OPEB amounts	636,181	855,395
Total deferred outflows of resources	**2,357,438**	**3,607,625**
Liabilities		
Current liabilities		
Accounts payable	826,411	604,880
Accrued payroll and related liabilities	449,810	439,268
Unearned revenue	960,830	574,940
Due to depositors	105,782	90,315
Interest payable	11,228	12,492
Current portion of long-term obligations	365,000	355,000
Total current liabilities	**2,719,061**	**2,076,895**
Noncurrent liabilities		
Net pension liability	8,479,029	13,154,594
Net OPEB liability	517,900	1,946,268
Long-term obligations, net of current portion	2,880,326	3,222,107
Total noncurrent liabilities	**11,877,255**	**18,322,969**
Total liabilities	**14,596,316**	**20,399,864**
Deferred inflows of resources		
Deferred pension amounts	4,827,281	2,182,401
Deferred OPEB amounts	2,582,399	2,151,211
Total deferred inflows of resources	**7,409,680**	**4,333,612**
Net position		
Net investment in capital assets	29,955,539	27,702,884
Restricted for:		
Nonexpendable endowments	7,415,004	7,478,237
Expendable scholarships and grants	2,625,440	2,296,635
Expendable construction and debt service	4,089,220	3,146,892
Unrestricted (deficit) (Note 8)	(118,859)	(455,666)
Total net position	**$ 43,966,344**	**$ 40,168,982**

The accompanying notes are an integral part of these financial statements.

NORTH CENTRAL MICHIGAN COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2022	2021
Operating revenues		
Tuition and fees	$ 5,664,700	$ 6,444,477
Scholarship allowance	(2,160,668)	(2,455,077)
Net tuition and fees	**3,504,032**	**3,989,400**
Federal grants and contracts	801,298	220,423
State and local grants and contracts	158,973	75,370
Nongovernmental grants	347,480	319,096
Auxiliary activities, net of scholarship allowance of $86,310 ($34,420 for 2021)	804,795	548,800
Other operating revenues	619,149	314,277
Total operating revenues	**6,235,727**	**5,467,366**
Operating expenses		
Instruction	5,302,399	5,901,577
Public service	364,548	267,736
Instructional support	1,835,776	1,640,554
Student services	5,455,824	3,539,953
Institutional administration	2,873,636	2,481,106
Operation and maintenance of plant	2,025,046	1,663,302
Information technology	1,485,903	1,461,691
Depreciation	1,863,058	1,781,943
Total operating expenses	**21,206,190**	**18,737,862**
Operating loss	**(14,970,463)**	**(13,270,496)**
Nonoperating revenues (expenses)		
State appropriations	3,914,048	3,743,882
Property tax levy	6,604,663	6,411,507
Federal Higher Education Emergency Relief Funds grant	4,229,648	959,854
Federal Coronavirus Relief Fund grant	-	379,900
Federal Pell grants	1,616,901	1,868,827
Investment income, net	72,827	884,466
Net realized and unrealized loss on investments	(1,239,086)	(91,449)
Net loss on disposal of capital assets	-	(8,091)
Interest on capital asset-related debt	(86,251)	(95,314)
Donations	3,500,639	2,921,051
Net nonoperating revenues	**18,613,389**	**16,974,633**
Other revenues (losses)		
State capital grants	672,741	2,648,759
Contributions and investment (loss) income allocated to permanent endowments	(518,305)	1,081,727
Net other revenues	**154,436**	**3,730,486**
Change in net position	**3,797,362**	**7,434,623**
Net position, beginning of year	**40,168,982**	**32,734,359**
Net position, end of year	**$ 43,966,344**	**$ 40,168,982**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Cash flows from operating activities		
Tuition and fees	$ 3,447,178	$ 4,019,378
Grants and other contracts	1,307,760	1,000,638
Auxiliary enterprise receipts	781,973	548,800
Payments to employees	(9,034,632)	(6,578,367)
Payments to suppliers	(11,686,836)	(10,923,197)
Other receipts	619,149	314,277
Net cash used in operating activities	**(14,565,408)**	**(11,618,471)**
Cash flows from noncapital financing activities		
State appropriations	3,901,936	3,356,990
Local property taxes	6,604,663	6,411,507
Pell grants	1,616,901	1,868,827
Federal Higher Education Emergency Relief Fund grants	4,229,648	959,854
Federal Coronavirus Relief Fund grant	-	379,900
Federal direct lending receipts	561,281	742,787
Federal direct lending disbursements	(561,281)	(742,787)
Additions (reductions) to permanent endowments	51,053	(25,455)
Donations and special events	3,750,945	2,852,192
Other	13,219	(4,865)
Net cash provided by noncapital financing activities	**20,168,365**	**15,798,950**
Cash flows from capital and related financing activities		
Purchase of capital assets	(3,787,702)	(5,722,639)
Principal paid on long-term debt	(345,000)	(340,000)
Interest paid on capital asset-related debt	(87,515)	(96,560)
Proceeds from State capital grants	1,440,344	1,881,156
Net cash used in capital and related financing activities	**(2,779,873)**	**(4,278,043)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	1,566,049	3,576,167
Interest received on investments	169,582	151,378
Purchase of investments	(4,303,302)	(4,188,379)
Net cash used in investing activities	**(2,567,671)**	**(460,834)**
Net increase (decrease) in cash and cash equivalents	**255,413**	**(558,398)**
Cash and cash equivalents, beginning of year	11,406,568	11,964,966
Cash and cash equivalents, end of year	**$ 11,661,981**	**$ 11,406,568**
Reconciliation to Statements of Net Position		
Cash and cash equivalents	$ 7,327,679	$ 8,124,153
Restricted cash	4,334,302	3,282,415
Cash and cash equivalents, end of year	**$ 11,661,981**	**$ 11,406,568**

continued…

Statements of Cash Flows (Concluded)

	Year Ended June 30	
	2022	2021
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (14,970,463)	$ (13,270,496)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,863,058	1,781,943
Provision for uncollectible accounts	94,200	39,050
Change in operating assets and liabilities which (used) provided provided cash:		
Receivables	(98,967)	(24,528)
Federal and state grants receivable	(371,856)	162,191
Inventories	1,015	5,703
Prepaid expenses and other current assets	84,617	(30,550)
Accounts payable	221,531	(137,186)
Accrued payroll and related liabilities	10,542	(70,100)
Unearned revenue	375,689	240,944
Due to depositors	15,467	37,120
Change in net pension liability	(4,675,565)	(610,416)
Change in net OPEB liability	(1,428,368)	(889,656)
Change in pension deferred inflows	2,644,880	(275,158)
Change in pension deferred outflows	1,018,410	1,036,020
Change in OPEB deferred inflows	431,188	423,332
Change in OPEB deferred outflows	219,214	(36,684)
Net cash used in operating activities	**$ (14,565,408)**	**$ (11,618,471)**

concluded

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

North Central Michigan College (the "College") is a community college offering courses at its Petoskey, Michigan campus and other locations in northwest lower Michigan. The College is governed by a seven-member Board of Trustees elected at large by Emmet County voters.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has determined that North Central Michigan College Foundation (the "Foundation") meets the criteria of a component unit.

The Foundation is a legally separate, tax-exempt not-for-profit organization that was formed for the purpose of receiving funds for the sole benefit of the College. The Foundation is blended into the College's financial statements because the College is the sole member of the Foundation. The criteria established by the Financial Accounting Standards Board ("FASB") for the Foundation financial statement presentation has been modified to conform with the GASB presentation for inclusion in the College's financial statements. Separately issued financial statements for the Foundation are available by contacting the Foundation at 1515 Howard Street, Petoskey, Michigan 49770.

The condensed financial information for the Foundation as of and for the years ended June 30, 2022 and 2021, is as follows:

	2022	2021
Condensed statements of net position		
Cash and cash equivalents	$ 252,121	$ 421,719
Other assets	11,434,609	11,417,609
Total assets	11,686,730	11,839,328
Total net position	**$ 11,686,730**	**$ 11,839,328**
Condensed statements of revenues, expenses and changes in net position		
Operating expenses		
Institutional administration	$ 2,014,306	$ 3,577,605
Nonoperating and other revenues		
Donations	3,500,639	3,057,340
Contributions and (losses) income allocated to permanent endowments	(518,305)	1,081,727
Investment income, net of fees	(880,531)	798,867
Distributions to College	(240,095)	(192,845)
Change in net position	(152,598)	1,167,484
Net position - beginning of year	11,839,328	10,671,844
Net position - end of year	**$ 11,686,730**	**$ 11,839,328**

	2022	2021
Condensed statements of cash flows		
Net cash provided by (used in)		
Operating activities	$ 1,467,618	$ (1,300,127)
Noncapital financing activities	207,012	577,562
Investing activities	(1,844,228)	(631,152)
Net decrease in cash and cash equivalents	(169,598)	(1,353,717)
Beginning cash and cash equivalents	421,719	1,775,436
Ending cash and cash equivalents	**$ 252,121**	**$ 421,719**

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 spread throughout the United States of America and the globe. The extent of 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 its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded $5,667,066 during 2021, from the Federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and $876,879 during 2020 from the Coronavirus Aid, Relief, and Economic Security Act. The College recognized revenue from these awards of $4,229,648 and $959,854 during 2022 and 2021, respectively. The College was additionally awarded funding in the amount of $379,900 through the Federal Coronavirus Relief Fund which was recognized in fiscal 2021. While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Basis of Presentation

The College's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB, including Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities and the State of Michigan Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.* The College follows all applicable GASB pronouncements and the "business-type activities" reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the College's financial activities.

Significant Accounting Policies

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

Accrual Basis

The financial statements of the College have been presented using the economic resources measurement focus 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 matching criteria are met.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include but are not limited to the accounts receivable allowance for bad debts, the depreciable lives and remaining useful lives of capital assets, the assumptions used to estimate accrued employee benefits payable, the estimate of the insurance claims incurred but not reported, and the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and OPEB plans.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, cash on hand, money market accounts, and all highly liquid investments with an initial maturity of three months or less.

Restricted Cash

Restricted cash consists of cash held for capital improvements and capital master plan projects.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year end. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to an 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 allowance.

Investments

The College and Foundation carry their 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.

Fair Value Measurements

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

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

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

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

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

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

Gifts and Pledges

Contributions, including unconditional promises to give, are recorded when received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions upon which they depend have been met. Non-cash gifts are recorded at estimated fair value when received. Unconditional pledges due within one year are recorded at amount pledged and unconditional pledges due after one year are recorded at their net present value when it is determined that the collection of the gift is probable. Pledges receivable consist of pledges for the Building Tomorrow Together campaign and for providing nursing scholarships. They have been discounted at a 3.60% and 3.25% annual rate of interest, as of June 30, 2022 and 2021, respectively. The unamortized discount on these promises to give is $147,113 and $111,642 at June 30, 2022 and 2021, respectively.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consists of food service supplies.

Capital Assets and Depreciation

Capital assets are recorded at cost or, if acquired by gift, at the estimated fair value as of the date of donation. Depreciation and amortization are provided for capital assets on a straight-line basis over the estimated useful life of the assets. The College's capitalization policy is to capitalize individual amounts of $5,000 or more. The following estimated useful lives are used to compute depreciation:

Buildings/building improvements	40 years
Library materials	10 years
Infrastructure	15-20 years
Furniture, fixtures and equipment	3-20 years
Software	3-10 years

Accrued Compensated Absences

Accrued compensated absences represents the accumulated liability to be paid under the College's current sick and personal day policy. Under the College's policy, employees earn sick and personal time based on years of service with the College. Accrued compensated absences are included in the long-term obligations amount on the statements of net position.

Revenue Recognition

Revenue from state appropriations are recognized in accordance with the accounting method described in the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001* . Student tuition and related revenues and expenses of an academic semester are allocated to the fiscal year in which the program is conducted. Property tax revenue is recognized in the year in which taxes are received (see Note 2).

Operating revenues of the College consist of tuition and fees, certain grants and contracts, and sales and services of educational activities. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, property taxes, Federal Higher Education Emergency Relief Fund ("HEERF") grant revenue, Federal Coronavirus Relief Fund grant revenue, and Federal Pell grants are components of nonoperating and other revenues. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Revenues received prior to year end that are related to the next fiscal year are recorded as unearned revenues. Unearned revenue relates primarily to student tuition and fees for the summer semester, student deposits and deposits of diverted Michigan income tax withholding from employers contracting with the College under the Michigan New Jobs Training Program to be used for future employee trainings.

Operating Expenses

Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating.

Deferred Outflows of Resources

In addition to assets, the statements of net position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and OPEB-related amounts, as well as for the deferred loss on refunding. A deferred refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. More detailed information can be found in Note 9.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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. More detailed information can be found in Note 9.

Pension and Other Postemployment Benefits ("OPEB") Liabilities

For the purpose of measuring the net pension and OPEB liabilities, their respective deferred outflows and deferred inflows of resources, their respective expenses, and the following information regarding the fiduciary net position of the Michigan Public School Employees' Retirement System ("MPSERS"), including additions to/deductions from MPSERS fiduciary net position, have been determined on the same basis as they are reported by MPSERS.

MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Accordingly, contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Unemployment Insurance

The College reimburses the State of Michigan Unemployment Agency (the “Agency”) for the actual amount of unemployment benefits disbursed by the Agency on behalf of the College. Billings received for amounts paid by the Agency through June 30 are accrued.

Internal Services Activities

In the process of aggregating data for the statements of net position and statements of revenues, expenses and changes in net position, some amounts reported as internal activity and balances have been eliminated on the statements of revenues, expenses and changes in net position.

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to “unrelated business taxable income.” The Foundation has been classified as not a private foundation.

The Foundation considers whether it has engaged in activities that jeopardize its current tax-exempt status with the Internal Revenue Service. Furthermore, the Foundation determines whether it has any unrelated business income, which may be subject to federal and state income taxes.

The Foundation has evaluated years 2019 through 2022, the years which remain subject to examination by major tax jurisdictions as of June 30, 2022, for uncertain tax positions. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits (“UTB”) (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2022 and 2021, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Reclassification

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

Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2022, the most recent statement of financial position presented herein, through October 24, 2022, the date these financial statements were available to be issued. No significant such events or transactions were identified by the Foundation.

2. PROPERTY TAXES

Property tax revenue is recognized in the year in which taxes are received. The College has determined that there would not be a significant difference if recognized in the year for which taxes have been levied, as required by GASB.

For the years ended June 30, 2022 and 2021, 2.0252 mills and 2.0528 mills, respectively, of tax per $1,000 of taxable property value in the College’s taxing district were levied for general operating purposes on all property. Total operating property tax revenue was $6,604,663 and $6,411,507 for the years ended June 30, 2022 and 2021, respectively.

3. CASH, INVESTMENTS AND FAIR VALUE MEASUREMENTS

Bank Deposits and Investments

State of Michigan ("State") statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services.

The investment policy of the Foundation established by the Foundation's Board of Directors authorizes investments in a diversified portfolio of equities, fixed income securities and short-term fixed income instruments (i.e. securities with maturities under three years). The overall investment objective is to maximize growth while generating sufficient income and maintaining adequate cash reserves to meet stated distribution requirements as established from time to time by the Foundation Board. Mutually agreed upon allocation parameters among these types of investments are established at least annually with the Foundation's investment advisor. Short sales; put and call option strategies; margin purchases; commodities (futures); securities of the Investment Manager's corporation or parent corporation; direct investments in tangible assets such as real estate, oil and gas, precious metals, in excess of 5 percent of the total portfolio; and derivatives as a yield enhancement not as a hedge are prohibited unless specific written permission is received from the Foundation Board.

Interest Rate Risk

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

	Fair Value	Less Than One Year	1-3 Years	More Than 3 Years
U.S. Agencies	$ 3,055,634	$ 799,522	$ 1,704,931	$ 551,181
U.S. Treasuries	2,343,065	50,033	813,183	1,479,849
Mutual bond funds	3,604,052	-	58,776	3,545,276
Total investments in debt securities	**9,002,751**	**$ 849,555**	**$ 2,576,890**	**$ 5,576,306**
Mutual equity funds	**6,694,850**			
Total investments	**$ 15,697,601**			

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

	Fair Value	Less Than One Year	1-3 Years	More Than 3 Years
U.S. Agencies	$ 4,445,908	$ 884,272	$ 1,250,460	$ 2,311,176
U.S. Treasuries	699,972	-	260,238	439,734
Mutual bond funds	3,563,904	-	60,639	3,503,265
Total investments in debt securities	**8,709,784**	**$ 884,272**	**$ 1,571,337**	**$ 6,254,175**
Mutual equity funds	**6,281,596**			
Total investments	**$ 14,991,380**			

The College does not have specific investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Foundation investment policy states that the average weighted value of the portfolio should not exceed ten years.

As of June 30, 2022 and 2021, the average weighted value of the portfolio in fixed income securities does not exceed ten years. The Foundation invests in mutual equity funds with a long-term objective to preserve principal and provide appreciation. Therefore, the interest rate risk is not considered in its decisions.

The maturities of certain mutual bond funds are based on the average weighted maturity method. Certain other mutual bond funds have no weighted average maturity statistics because they are heavily invested in preferred stocks. These mutual bond funds are therefore classified as having a maturity of more than three years.

Credit Risk

The College and Foundation are exposed to credit risk for investments in certain debt securities and mutual bond funds. Credit quality ratings are established by nationally recognized statistical rating organizations (NRSROs). Where more than one rating exists, and those ratings are conflicting, the rating with the greatest degree of risk is disclosed.

As of June 30, 2022, the credit quality ratings for these types of investments and credit risk exposure as a percent of these types of investments are as follows:

	Credit Quality Rating	Percent
U.S. Agencies	Aaa	46
Mutual bond funds	Not Rated	54

As of June 30, 2021, the credit quality ratings for these types of investments and credit risk exposure as a percent of these types of investments are as follows:

	Credit Quality Rating	Percent
U.S. Agencies	Aaa	53
Mutual bond funds	Not Rated	47

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's and Foundation's deposits may not be returned to them. The College and Foundation do not have a deposit policy for custodial credit risk. At June 30, 2022, the bank balance was $11,644,486 of which $11,105,719 was uninsured and uncollateralized. At June 30, 2021, the bank balance was $11,072,655 of which $10,347,430 was uninsured and uncollateralized.

Custodial Credit Risk of Investments

Custodial credit risk for an investment is the risk that the College or Foundation will not be able to recover the value of their investments that are in the possession of an outside party, should a failure of that party occur. State law does not require, nor do the College and Foundation investment policies address custodial credit risk. However, all of the investments are in the name of the College or Foundation, as applicable, and the investments are held in trust accounts with each financial institution from which they were purchased.

Concentration Credit Risk

Neither the College nor Foundation places a limit on the amount that may be invested in any one issuer. Five percent or more of the College's and Foundation's investments at June 30, 2022 and 2021 were invested as follows:

	2022	2021
U.S. Treasury Notes	15%	8%
Fannie Mae	11%	12%
SPDR S&P 500 ETF Trust	11%	11%
Ishares Core S&P 500 ETF	7%	6%
Dodge & Cox Income Fund	6%	0%

Fair Value Measurements

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

Mutual funds: Shares held in mutual funds are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Foundation at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

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

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College and Foundation believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

	Assets at Fair Value			
2022	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. government obligations	$ 5,398,699	$ -	$ -	$ 5,398,699
Mutual bond funds	3,604,052	-	-	3,604,052
Mutual equity funds	6,694,850	-	-	6,694,850
Total investments at fair value	**$ 15,697,601**	**$ -**	**$ -**	**$ 15,697,601**

	Assets at Fair Value			
2021	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. government obligations	$ 5,145,880	$ -	$ -	$ 5,145,880
Mutual bond funds	3,563,904	-	-	3,563,904
Mutual equity funds	6,281,596	-	-	6,281,596
Total investments at fair value	**$ 14,991,380**	**$ -**	**$ -**	**$ 14,991,380**

Notes to Financial Statements

4. RECEIVABLES, NET

Receivables, net consist of the following at June 30:

	2022	2021
Auxiliary activities	$ 23,237	$ 415
Corporate and community education	25,410	6,867
Student	281,499	201,013
Other	221,086	34,283
Total	**551,232**	**242,578**
Less allowance for doubtful accounts	99,416	50,788
Receivables, net	**$ 451,816**	**$ 191,790**

5. STATE CAPITAL OUTLAY RECEIVABLE

On July 24, 2017, the Governor of Michigan signed into law Public Act 107 of 2017, a fiscal year 2017 appropriations act that authorized the College to begin planning for the renovation of the main classroom building on campus. The project was approved through the Michigan Capital Outlay program and, through the program, the State of Michigan matches 46% ($3,400,000) of the $7,400,000 project cost. Per the agreement with the State, a fee will be charged to the College for document verification, audit, and expenditure review services. The fee shall equal 1 percent of the total authorized cost, but it shall be no less than $75,000, and no more than $500,000. Based on the eligible costs incurred through June 30, 2021, and net of the State's fee, the College has recorded a receivable of $767,603 from the State. In 2022, payments by the State were received by the College in full.

Notes to Financial Statements

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Land	$ 13,306	$ 20,000	$ -	$ -	$ 33,306
Construction in progress	1,742,716	1,228,736	(117,493)	(1,625,223)	1,228,736
Sculptures	522,609	-	-	-	522,609
Subtotal nondepreciable assets	**2,278,631**	**1,248,736**	**(117,493)**	**(1,625,223)**	**1,784,651**
Capital assets being depreciated					
Building and improvements	43,610,506	1,177,599	-	1,625,223	46,413,328
Infrastructure	2,977,137	55,223	-	-	3,032,360
Furniture, fixtures and equipment	4,750,589	1,047,349	-	-	5,797,938
Library materials	431,735	17,937	-	-	449,672
Software	1,066,750	240,858	-	-	1,307,608
Subtotal depreciable assets	**52,836,717**	**2,538,966**	**-**	**1,625,223**	**57,000,906**
Less accumulated depreciation					
Building and improvements	17,174,449	1,373,588	-	-	18,548,037
Infrastructure	2,704,570	77,092	-	-	2,781,662
Furniture, fixtures and equipment	2,876,706	307,921	-	-	3,184,627
Library materials	334,001	32,720	-	-	366,721
Software	912,738	71,737	-	-	984,475
Total accumulated depreciation	**24,002,464**	**1,863,058**	**-**	**-**	**25,865,522**
Capital assets being depreciated, net	**28,834,253**	**675,908**	**-**	**1,625,223**	**31,135,384**
Capital assets, net	**$ 31,112,884**	**$ 1,924,644**	**$ (117,493)**	**$ -**	**$ 32,920,035**

Construction in progress of $1,228,736 consists mainly of expenses incurred by June 30, 2022 for the following projects: Campus technology upgrade ($816,035); the Borra Learning Center heating, ventilation and air conditioning upgrade ($202,494); and renovation of the gymnasium for inter-collegiate athletics competition ($169,116).

Construction contract commitments include amounts unexpended as of June 30, 2022 for the following projects: Campus technology upgrade ($187,090) the Borra Learning Center heating, ventilation and air conditioning upgrade ($1,546,879) and athletics-related projects ($224,229). These projects are expected to be completed and put into service during the fiscal year ended June 30, 2023.

In July 2022, the College authorized spending not to exceed $150,000 to obtain planning and preliminary design services of an architect for a second residence hall building at the College.

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated					
Land	$ 13,306	$ -	$ -	$ -	$ 13,306
Construction in progress	1,879,079	1,742,716	-	(1,879,079)	1,742,716
Sculptures	522,609	-	-		522,609
Subtotal nondepreciable assets	**2,414,994**	**1,742,716**	**-**	**(1,879,079)**	**2,278,631**
Capital assets being depreciated					
Building and improvements	38,169,310	3,577,412	(15,295)	1,879,079	43,610,506
Infrastructure	2,996,637	-	(19,500)	-	2,977,137
Furniture, fixtures and equipment	4,465,401	303,311	(18,123)	-	4,750,589
Library materials	510,273	7,700	(86,238)	-	431,735
Software	975,250	91,500	-	-	1,066,750
Subtotal depreciable assets	**47,116,871**	**3,979,923**	**(139,156)**	**1,879,079**	**52,836,717**
Less accumulated depreciation					
Building and improvements	16,078,825	1,102,830	(7,206)	-	17,174,449
Infrastructure	2,634,815	89,255	(19,500)	-	2,704,570
Furniture, fixtures and equipment	2,633,876	260,951	(18,121)	-	2,876,706
Library materials	381,118	39,121	(86,238)	-	334,001
Software	622,952	289,786	-	-	912,738
Total accumulated depreciation	**22,351,586**	**1,781,943**	**(131,065)**	**-**	**24,002,464**
Capital assets being depreciated, net	**24,765,285**	**2,197,980**	**(8,091)**	**1,879,079**	**28,834,253**
Capital assets, net	**$ 27,180,279**	**$ 3,940,696**	**$ (8,091)**	**$ -**	**$ 31,112,884**

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 totaled $1,863,058 and $1,781,943, respectively.

During the year ended June 30, 2013, the College entered into an agreement with the State of Michigan as part of the Capital Outlay program offered by the Michigan State Building Authority (MSBA). The State appropriated approximately $5,200,000 toward the construction of the College's Health Education and Science Center. The appropriations were funded by the issuance of bonds financed by the MSBA. The MSBA bond issue is secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement among the MSBA, the State of Michigan and the College. During the lease term, which is not to exceed 40 years, the MSBA will hold title to the building, the State of Michigan will make all lease payments to the MSBA and the College will pay all operating and maintenance costs. These lease payments are made out of the State of Michigan general operating budget. The cost and accumulated depreciation for the building is included in the College's capital assets as the College will obtain title to the building at the end of the lease. No corresponding obligations have been recorded since there are no payments due by the College under this lease agreement. At the expiration of the lease, which is when bonds are paid off, the MSBA has agreed to convey the title to the College for one dollar.

7. LONG-TERM OBLIGATIONS

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Bonds payable					
Series 2017	$ 3,410,000	$ -	$ (345,000)	$ 3,065,000	$ 355,000
Other long-term obligations					
Accrued employee benefits payable	167,107	19,618	(6,399)	180,326	10,000
Total long-term obligations	**$ 3,577,107**	**$ 19,618**	**$ (351,399)**	**$ 3,245,326**	**$ 365,000**

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Bonds payable					
Series 2017	$ 3,750,000	$ -	$ (340,000)	$ 3,410,000	$ 345,000
Other long-term obligations					
Accrued employee benefits payable	171,972	20,095	(24,960)	167,107	10,000
Total long-term obligations	**$ 3,921,972**	**$ 20,095**	**$ (364,960)**	**$ 3,577,107**	**$ 355,000**

College Building and Site and Refunding Bonds, Series 2017

At June 30, 2022, general obligation bonds totaling $3,065,000 were outstanding with an interest rate of 2.198 percent. Principal payments are due annually in May with payments for the upcoming year of $355,000. Interest payments are due semiannually in May and November ranging from approximately $4,500 to $41,000. These bonds are insured and mature in 2030.

Future debt service requirements on bonds payable for years ending after June 30, 2022 are as follows:

	Debt Obligations		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2023	$ 355,000	$ 67,369	$ 422,369
2024	365,000	59,566	424,566
2025	370,000	51,543	421,543
2026	380,000	43,411	423,411
2027	385,000	35,058	420,058
2028-2030	1,210,000	53,521	1,263,521
Totals	**$ 3,065,000**	**$ 310,468**	**$ 3,375,468**

Interest expense was $86,251 and $95,314 for the years ended June 30, 2022 and 2021, respectively.

8. NET POSITION CLASSIFICATIONS

Net Investment in Capital Assets

This represents capital assets, net of accumulated depreciation, unspent bond proceeds, deferred charge on refunding, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position

Nonexpendable - This represents the portion of net position whose use by the College and Foundation is subject to externally imposed constraints that require the amounts be retained in perpetuity.

Expendable - This represents the portion of net position whose use by the College and Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and Foundation pursuant to those constraints or that expire by the passage of time.

Unrestricted Net Position (Deficit)

This represents the portion of net position that is not subject to externally imposed constraints.

The College's and Foundation's unrestricted net position (deficit) consists of the following at June 30:

	2022	2021
College designated for specific purpose:		
Future capital outlay and major maintenance	$ 3,505,233	$ 3,802,438
Auxiliary activities	57,649	140,749
Equipment purchases, sabbaticals and other programs	6,373,149	7,154,498
	9,936,031	11,097,685
Pension and OPEB liability fund deficit	(14,149,675)	(15,939,916)
Undesignated, College	1,995,516	1,982,121
Undesignated, Foundation	2,099,269	2,404,444
	(10,054,890)	(11,553,351)
Total unrestricted net position (deficit)	**$ (118,859)**	**$ (455,666)**

9. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple 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 Employees’ Retirement Act (1980 PA 300 as amended).

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

The System’s financial statements are available 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 member 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.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

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 transition 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 Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2022, 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 were $1,105,100, $1,074,899 and $1,058,148 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%

Required contributions to the OPEB plan from the College were $267,936, $260,287 and $274,801 for the years ended June 30, 2022, 2021 and 2020, respectively.

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

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

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 $28,093, $16,183 and $19,520, respectively.

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

At June 30, 2022 and 2021, the College reported a liability of $8,479,029 and $13,154,594, 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 30, 2020 and 2019. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.03581%, which was a decrease of 0.00248% points from its proportion measured as of September 30, 2020 of 0.03829%.

Notes to Financial Statements

For the year ended June 30, 2022, the College recognized pension expense of $81,413. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 131,344	$ 49,931	$ 81,413
Changes in assumptions	534,488	-	534,488
Net difference between projected and actual earnings on pension plan investments	-	2,725,981	(2,725,981)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,546,787	(1,546,787)
	665,832	4,322,699	(3,656,867)
College contributions subsequent to the measurement date	954,921	-	954,921
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	504,582	(504,582)
Total	**$ 1,620,753**	**$ 4,827,281**	**$ (3,206,528)**

The $954,921 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 ending June 30, 2023. The $504,582 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 appropriations revenue for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	$ (949,937)
2024	(967,910)
2025	(928,682)
2026	(810,338)
Total	**$ (3,656,867)**

For the year ended June 30, 2021, the College recognized pension expense of $1,178,369. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 200,991	$ 28,077	$ 172,914
Changes in assumptions	1,457,656	-	1,457,656
Net difference between projected and actual earnings on pension plan investments	55,270	-	55,270
Changes in proportion and differences between employer contributions and proportionate share of contributions	542	1,659,927	(1,659,385)
	1,714,459	1,688,004	26,455
College contributions subsequent to the measurement date	924,704	-	924,704
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	494,397	(494,397)
	924,704	494,397	430,307
Total	**$ 2,639,163**	**$ 2,182,401**	**$ 456,762**

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

At June 30, 2022 and 2021, the College reported a liability of $517,900 and $1,946,268, 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 30, 2020 and 2019. The College’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the College’s proportion was 0.03393%, which was a decrease of 0.00240% points from its proportion measured as of September 30, 2020 of 0.03633%.

For the year ended June 30, 2022, the College recognized a reduction to OPEB expense of $521,041. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,478,309	$ (1,478,309)
Changes in assumptions	432,939	64,784	368,155
Net difference between projected and actual earnings on OPEB plan investments	-	390,351	(390,351)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,254	648,955	(644,701)
	437,193	2,582,399	(2,145,206)
College contributions subsequent to the measurement date	198,988	-	198,988
Total	$ 636,181	$ 2,582,399	$ (1,946,218)

The $198,988 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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (622,050)
2024	(549,625)
2025	(442,895)
2026	(377,988)
2027	(134,944)
Thereafter	(17,704)
Total	$ (2,145,206)

For the year ended June 30, 2021, the College recognized a reduction to OPEB expense of $256,144. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,450,151	$ (1,450,151)
Changes in assumptions	641,723	-	641,723
Net difference between projected and actual earnings on OPEB plan investments	16,244	-	16,244
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,162	701,060	(696,898)
	662,129	2,151,211	(1,489,082)
College contributions subsequent to the measurement date	193,266	-	193,266
Total	$ 855,395	$ 2,151,211	$ (1,295,816)

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 the 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%
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%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2019)
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.

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, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

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

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan 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:

2021 **Asset Class**	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Expected Money-Weighted Rate of Return**
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.24%
Investment rate of return			**6.80%**

2020 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	100.00%		5.33%
Inflation			2.10%
Risk adjustment			-0.63%
Investment rate of return			**6.80%**

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 Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
Investment rate of return			**6.95%**

2020 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	100.00%		5.33%
Inflation			2.10%
Risk adjustment			-0.48%
Investment rate of return			**6.95%**

Rate of Return

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

Discount Rate

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

Sensitivity of the 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, 6.0% 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, 2022:

	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%)
College's proportionate share of the net pension liability	$ 12,122,712	$ 8,479,029	$ 5,458,177

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, 6.0% 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, 2021:

	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%)
College's proportionate share of the net pension liability	$ 17,026,391	$ 13,154,594	$ 9,945,738

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, 2022:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 962,352	$ 517,900	$ 140,719

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, 2021:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 2,500,202	$ 1,946,268	$ 1,479,901

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

The following presents the College's proportionate share of the net OPEB liability calculated using 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, 2022:

	1% Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net OPEB liability	$ 126,053	$ 517,900	$ 958,775

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, 2021:

	1% Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net OPEB liability	$ 1,462,045	$ 1,946,268	$ 2,497,011

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

At June 30, 2022, the College reported a payable of $91,742 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $89,890 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

At June 30, 2022 and 2021, the College did not have any outstanding amounts related to its OPEB contributions to the Plan required for the years ended June 30, 2022 and 2021.

Defined Contribution Plan

Effective January 1, 2000, existing professional MPSERS members and new professional employees of the College may elect to participate in an Optional Retirement Program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association (TIAA). As of June 30, 2022 and 2021, the plan had 49 and 48 participants, respectively. Under ORP, the College contributes 11.0 percent and the participant contributes 4.0 percent of the participant's compensation. Participants are immediately 100 percent vested in all ORP contributions. Total contributions by the College were $446,792 and $442,219 for the years ended June 30, 2022 and 2021, respectively. Total contributions by employees were $162,470 and $160,807 for the years ended June 30, 2022 and 2021, respectively.

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), and medical benefits provided to employees. The College participates in the Michigan Community College Risk Management Authority (MCCRMA) risk pool for claims relating to auto, property, and liability. The College is insured for workers' compensation benefits through School Employers Trust and School Employers Group (SET SEG). Settled claims of both MCCRMA and SET SEG have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The College also purchases commercial insurance for other risks of loss, including employee health and accident insurance.

Self-Insurance

The College became self-insured for health benefits for eligible administrative staff as of January 1, 2017. The College estimates the liability for self-insured 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. In January of 2021, the College ended their self-insurance plan. The estimated liability for the fiscal years ended June 30, 2021 was insignificant. The estimated liability for the fiscal year ended June 30, 2021 for health benefits is as follows:

Unpaid claims - beginning of year (July 1, 2020)	$ 80,000
Estimated claims incurred, including changes in estimates	480,000
Less - claim payments	560,000
Unpaid claims - end of year (June 30, 2021)	**$ -**

11. COMMITMENTS AND CONTINGENCIES

The College receives significant financial assistance from State and Federal agencies in the form of grants and awards. The use of these funds generally requires compliance with grantor terms and conditions and is subject to audit by the grantor agency.

Disallowed expenditures resulting from grantor audits could become a liability of the College, however, management believes that any future disallowances, if any, would not have a material effect on the College's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 8,479,029	$ 13,154,594	$ 13,765,010	$ 13,740,626	$ 12,740,104	$ 12,855,123	$ 12,487,412	$ 11,006,813
College's proportion of the net pension liability	0.03581%	0.03829%	0.04157%	0.04571%	0.04916%	0.05153%	0.05113%	0.04997%
College's covered payroll	$ 3,053,831	$ 3,214,254	$ 3,451,326	$ 3,673,644	$ 4,051,511	$ 4,254,349	$ 4,720,050	$ 4,317,801
College's proportionate share of the net pension liability as a percentage of its covered payroll	277.65%	409.26%	398.83%	374.03%	314.45%	302.16%	264.56%	254.92%
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%

See notes to required supplementary information.

NORTH CENTRAL MICHIGAN COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Pension Contributions

	Year Ended June 30							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Statutorily required contribution	$ 1,105,100	$ 1,074,899	$ 1,058,148	$ 1,092,564	$ 1,289,708	$ 1,155,318	$ 1,152,041	$ 956,347
Contributions in relation to the statutorily required contribution	(1,105,100)	(1,074,899)	(1,058,148)	(1,092,564)	(1,289,708)	(1,155,318)	(1,152,041)	(956,347)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,303,768	$ 3,108,016	$ 3,344,640	$ 3,533,055	$ 3,870,695	$ 4,096,466	$ 4,054,090	$ 4,840,737
Contributions as a percentage of covered payroll	33.45%	34.58%	31.64%	30.92%	33.32%	28.20%	28.42%	19.76%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,				
	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 517,900	$ 1,946,268	$ 2,835,924	$ 3,433,136	$ 4,364,577
College's proportion of the net OPEB liability	0.03393%	0.03633%	0.03951%	0.04319%	0.04929%
College's covered payroll	$ 3,053,831	$ 3,214,254	$ 3,451,326	$ 3,673,644	$ 4,051,511
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.96%	60.55%	82.17%	93.45%	107.73%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

NORTH CENTRAL MICHIGAN COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2022	**2021**	**2020**	**2019**	**2018**
Statutorily required contribution	$ 267,936	$ 260,287	$ 274,801	$ 280,071	$ 286,745
Contributions in relation to the statutorily required contribution	(267,936)	(260,287)	(274,801)	(280,071)	(286,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 3,303,768	$ 3,108,016	$ 3,344,640	$ 3,533,055	$ 3,870,695
Contributions as a percentage of covered payroll	8.11%	8.37%	8.22%	7.93%	7.41%

See notes to required supplementary information.

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:

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

OPEB Information

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

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

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

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

SUPPLEMENTARY INFORMATION

Combining Statement of Net Position
June 30, 2022 (Unaudited)
(with comparative totals for 2021)

	General Fund	Pension and OPEB Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund	Plant Fund	Agency Fund	College Total June 30, 2022	Foundation	Combined Total June 30, 2022	Combined Total June 30, 2021
Assets											
Current assets											
Cash and cash equivalents	$ 3,404,398	$ -	$ 91,224	$ 239,616	$ -	$ 3,236,161	$ 104,159	$ 7,075,558	$ 252,121	$ 7,327,679	$ 8,124,153
Receivables, net	428,579	-	-	23,237	-	-	-	451,816	-	451,816	191,790
State capital outlay receivable	-	-	-	-	-	-	-	-	-	-	767,603
Federal and state grants receivable	763,548	-	-	-	441,477	-	-	1,205,025	-	1,205,025	821,057
Pledges receivable	-	-	-	-	-	-	-	-	31,250	31,250	752,174
Inventories	-	-	-	7,592	-	-	-	7,592	-	7,592	8,607
Prepaids and other current assets	336,695	-	-	-	-	-	-	336,695	-	336,695	421,312
Due from (to) other funds	(1,506,358)	-	876,008	(135,165)	231,311	534,942	1,623	2,361	(2,361)	-	-
Total current assets	**3,426,862**	**-**	**967,232**	**135,280**	**672,788**	**3,771,103**	**105,782**	**9,079,047**	**281,010**	**9,360,057**	**11,086,696**
Noncurrent assets											
Restricted cash	-	-	-	-	498,518	3,835,784	-	4,334,302	-	4,334,302	3,282,415
Investments	-	-	5,594,788	-	-	-	-	5,594,788	10,102,813	15,697,601	14,991,380
Pledges receivable, net of current portion	-	-	-	-	-	-	-	-	1,302,907	1,302,907	821,458
Capital assets not being depreciated	-	-	-	-	-	1,784,651	-	1,784,651	-	1,784,651	2,278,631
Capital assets being depreciated, net	-	-	-	-	-	31,135,384	-	31,135,384	-	31,135,384	28,834,253
Total noncurrent assets	**-**	**-**	**5,594,788**	**-**	**498,518**	**36,755,819**	**-**	**42,849,125**	**11,405,720**	**54,254,845**	**50,208,137**
Total assets	**3,426,862**	**-**	**6,562,020**	**135,280**	**1,171,306**	**40,526,922**	**105,782**	**51,928,172**	**11,686,730**	**63,614,902**	**61,294,833**
Deferred outflows of resources											
Deferred charge on refunding	-	-	-	-	-	100,504	-	100,504	-	100,504	113,067
Deferred pension amounts	-	1,620,753	-	-	-	-	-	1,620,753	-	1,620,753	2,639,163
Deferred OPEB amounts	-	636,181	-	-	-	-	-	636,181	-	636,181	855,395
Total deferred outflows of resources	**-**	**2,256,934**	**-**	**-**	**-**	**100,504**	**-**	**2,357,438**	**-**	**2,357,438**	**3,607,625**
Liabilities											
Current liabilities											
Accounts payable	816,761	-	-	2,093	6,351	1,206	-	826,411	-	826,411	604,880
Accrued payroll and related liabilities	449,810	-	-	-	-	-	-	449,810	-	449,810	439,268
Unearned revenue	164,775	-	8,545	75,538	711,972	-	-	960,830	-	960,830	574,940
Due to depositors	-	-	-	-	-	-	105,782	105,782	-	105,782	90,315
Interest payable	-	-	-	-	-	11,228	-	11,228	-	11,228	12,492
Current portion of long-term obligations	-	-	10,000	-	-	355,000	-	365,000	-	365,000	355,000
Total current liabilities	**1,431,346**	**-**	**18,545**	**77,631**	**718,323**	**367,434**	**105,782**	**2,719,061**	**-**	**2,719,061**	**2,076,895**
Noncurrent liabilities											
Net pension liability	-	8,479,029	-	-	-	-	-	8,479,029	-	8,479,029	13,154,594
Net OPEB liability	-	517,900	-	-	-	-	-	517,900	-	517,900	1,946,268
Long-term obligations, net of current portion	-	-	170,326	-	-	2,710,000	-	2,880,326	-	2,880,326	3,222,107
Total noncurrent liabilities	**-**	**8,996,929**	**170,326**	**-**	**-**	**2,710,000**	**-**	**11,877,255**	**-**	**11,877,255**	**18,322,969**
Total liabilities	**1,431,346**	**8,996,929**	**188,871**	**77,631**	**718,323**	**3,077,434**	**105,782**	**14,596,316**	**-**	**14,596,316**	**20,399,864**
Deferred inflows of resources											
Deferred pension amounts	-	4,827,281	-	-	-	-	-	4,827,281	-	4,827,281	2,182,401
Deferred OPEB amounts	-	2,582,399	-	-	-	-	-	2,582,399	-	2,582,399	2,151,211
Total deferred inflows of resources	**-**	**7,409,680**	**-**	**-**	**-**	**-**	**-**	**7,409,680**	**-**	**7,409,680**	**4,333,612**
Net position (deficit)											
Net investment in capital assets	-	-	-	-	-	29,955,539	-	29,955,539	-	29,955,539	27,702,884
Restricted for:											
Nonexpendable endowments	-	-	-	-	-	-	-	-	7,415,004	7,415,004	7,478,237
Expendable scholarships and grants	-	-	-	-	452,983	-	-	452,983	2,172,457	2,625,440	2,296,635
Expendable construction and debt service	-	-	-	-	-	4,089,220	-	4,089,220	-	4,089,220	3,146,892
Unrestricted (deficit)	1,995,516	(14,149,675)	6,373,149	57,649	-	3,505,233	-	(2,218,128)	2,099,269	(118,859)	(455,666)
Total net position (deficit)	**$ 1,995,516**	**$ (14,149,675)**	**$ 6,373,149**	**$ 57,649**	**$ 452,983**	**$ 37,549,992**	**$ -**	**$ 32,279,614**	**$ 11,686,730**	**$ 43,966,344**	**$ 40,168,982**

NORTH CENTRAL MICHIGAN COLLEGE

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

Year Ended June 30, 2022 (Unaudited)
(with comparative totals for 2021)

	General Fund	Pension and OPEB Fund	Designated Fund	Auxiliary Activities Fund	Restricted Fund	Plant Fund	College Total June 30, 2021	Foundation	Eliminations	Combined Total June 30, 2022	Combined Total June 30, 2021
Operating revenues											
Tuition and fees, net of scholarship allowance of $2,160,668	$ 4,952,771	$ -	$ 711,929	$ -	$ -	$ -	$ 5,664,700	$ -	$ (2,160,668)	$ 3,504,032	$ 3,989,400
Federal grants and contracts	-	-	-	-	801,298	-	801,298	-	-	801,298	220,423
State and local grants and contracts	-	-	-	-	158,973	-	158,973	-	-	158,973	75,370
Nongovernmental grants	-	-	-	-	537,204	-	537,204	-	(189,724)	347,480	319,096
Auxiliary activities	-	-	-	891,105	-	-	891,105	-	(86,310)	804,795	548,800
Other operating revenues	529,062	-	33,888	-	53,057	3,784	619,791	-	(642)	619,149	314,277
Total operating revenues	**5,481,833**	**-**	**745,817**	**891,105**	**1,550,532**	**3,784**	**8,673,071**	**-**	**(2,437,344)**	**6,235,727**	**5,467,366**
Operating expenses											
Instruction	6,311,627	(980,348)	-	-	250	-	5,331,529	-	(29,130)	5,302,399	5,901,577
Public service	197,973	(25,931)	-	192,506	-	-	364,548	-	-	364,548	267,736
Instructional support	1,792,541	(269,182)	75,730	-	243,974	-	1,843,063	-	(7,287)	1,835,776	1,640,554
Student services	2,563,453	(367,630)	27,823	790,215	4,630,532	-	7,644,393	-	(2,188,569)	5,455,824	3,539,953
Institutional administration	2,230,531	(344,453)	249,493	-	219,117	-	2,354,688	2,014,306	(1,495,358)	2,873,636	2,481,106
Operations and maintenance of plant	1,852,056	(177,160)	148,983	-	-	201,167	2,025,046	-	-	2,025,046	1,663,302
Information technology	697,053	(130,119)	918,969	-	-	-	1,485,903	-	-	1,485,903	1,461,691
Depreciation	-	-	-	-	-	1,863,058	1,863,058	-	-	1,863,058	1,781,943
Total operating expenses	**15,645,234**	**(2,294,823)**	**1,420,998**	**982,721**	**5,093,873**	**2,064,225**	**22,912,228**	**2,014,306**	**(3,720,344)**	**21,206,190**	**18,737,862**
Operating (loss) income	**(10,163,401)**	**2,294,823**	**(675,181)**	**(91,616)**	**(3,543,341)**	**(2,060,441)**	**(14,239,157)**	**(2,014,306)**	**1,283,000**	**(14,970,463)**	**(13,270,496)**
Nonoperating revenues (expenses)											
State appropriations	4,418,630	(504,582)	-	-	-	-	3,914,048	-	-	3,914,048	3,743,882
Property tax levy	6,604,663	-	-	-	-	-	6,604,663	-	-	6,604,663	6,411,507
Higher Education Emergency Relief Fund grants	-	-	-	-	4,229,648	-	4,229,648	-	-	4,229,648	959,854
Coronavirus Relief Fund grant	-	-	-	-	-	-	-	-	-	-	379,900
Federal Pell grants	-	-	-	-	1,616,901	-	1,616,901	-	-	1,616,901	1,868,827
Investment income loss, net	572	-	69,913	-	-	2,342	72,827	-	-	72,827	884,466
Net realized and unrealized loss on investments	-	-	(358,555)	-	-	-	(358,555)	(880,531)	-	(1,239,086)	(91,449)
Net loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-	(8,091)
Interest on capital asset-related debt	-	-	-	-	-	(86,251)	(86,251)	-	-	(86,251)	(95,314)
Donations	-	-	-	-	-	-	-	3,500,639	-	3,500,639	2,921,051
Net nonoperating revenues (expenses)	**11,023,865**	**(504,582)**	**(288,642)**	**-**	**5,846,549**	**(83,909)**	**15,993,281**	**2,620,108**	**-**	**18,613,389**	**16,974,633**
Other revenues											
State capital grants	-	-	-	-	-	1,955,741	1,955,741	-	(1,283,000)	672,741	2,648,759
Contributions and investment (loss) income allocated to permanent endowments	-	-	-	-	-	-	-	(518,305)	-	(518,305)	1,081,727
Total other revenues	**-**	**-**	**-**	**-**	**-**	**1,955,741**	**1,955,741**	**(518,305)**	**(1,283,000)**	**154,436**	**3,730,486**
Increase (decrease) in net position before transfers	860,464	1,790,241	(963,823)	(91,616)	2,303,208	(188,609)	3,709,865	87,497	-	3,797,362	7,434,623
Transfers (out) in	(847,069)	-	182,474	8,516	(2,190,213)	3,086,387	240,095	(240,095)	-	-	-
Increase (decrease) in net position	**13,395**	**1,790,241**	**(781,349)**	**(83,100)**	**112,995**	**2,897,778**	**3,949,960**	**(152,598)**	**-**	**3,797,362**	**7,434,623**
Net position (deficit), beginning of year	**1,982,121**	**(15,939,916)**	**7,154,498**	**140,749**	**339,988**	**34,652,214**	**28,329,654**	**11,839,328**	**-**	**40,168,982**	**32,734,359**
Net position (deficit), end of year	**$ 1,995,516**	**$ (14,149,675)**	**$ 6,373,149**	**$ 57,649**	**$ 452,983**	**$ 37,549,992**	**$ 32,279,614**	**$ 11,686,730**	**$ -**	**$ 43,966,344**	**$ 40,168,982**