MACOMB COMMUNITY COLLEGE

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Macomb Community College

Education • Enrichment • Economic Development

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MACOMB COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

November 19, 2020

Board of Trustees
Macomb Community College
Warren, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of *Macomb Community College* (the "College"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Macomb Community College Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of *Macomb Community College* as of June 30, 2020 and 2019, and the results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and OPEB and related notes to those schedules, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 19, 2020, on our consideration of *Macomb Community College's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

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MACOMB COMMUNITY COLLEGE

Management's Discussion and Analysis

The discussion and analysis of *Macomb Community College's* (the College) financial statements provides an overview of the College's financial position at June 30, 2020, 2019 and 2018 and its activities for the three years ended June 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements, footnotes and this discussion are the responsibility of management and are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

Using the Financial Report

This financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements, which consist of the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and notes to the financial statements. Following the basic financial statements and footnotes are four supplemental schedules: the GASB 68 and GASB 75 required supplementary information, the combining statement of net position and the combining statement of revenues, expenses and changes in net position as of and for the year ended June 30, 2020.

In 2018, the College implemented Governmental Accounting Standards Board Statement No. 75, Accounting for Postemployment Benefits Other than Pension (GASB 75). This standard required the College to record its proportionate share of the other postemployment liability of the Michigan Public School employees Retirement System (MPSERS), the defined benefit plan which the majority of the employees of the College participate. The standard has had a significant impact on the liabilities and net position of the College as discussed below.

The College's financial statements include all assets and liabilities using the accrual basis of accounting. All revenues and expenses are recorded as incurred regardless of when cash is received or paid. Revenues and expenses are separated into categories of operating and nonoperating.

Under the provision of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Macomb Community College Foundation (the Foundation) has been determined to be a component unit. Accordingly, the Foundation is discretely presented in the College's financial statements. Refer to Note 1 and Note 10 of the financial statements for information regarding the Foundation.

Financial Highlights

The financial statements report information on the College as a whole. These statements report the College's financial position as of June 30, 2020 and 2019 and changes in net position for the two years ended June 30, 2020. The College's financial position remained strong at June 30, 2020 and 2019, with assets of $409.2 million and $403.0 million, respectively and liabilities of $297.5 million and $283.5 million, respectively. The College recorded additional net pension liability of $17.8 million to reflect its share of the unfunded Michigan Public School Employees' Retirement System (MPSERS) long-term net pension liability and a decrease of $6.2 million in net other postemployment benefits (OPEB) liability, as required by GASB No. 68 and 75, respectively. The change in net position was impacted by the change in market value of investments depreciation of capitalized assets and recording of the College's share of the Michigan Public School Employees Retirement System (MPSERS) long-term net pension and other postemployment benefits liability as required by GASB Statements 68, *Accounting And Financial Reporting For Pensions*, and 75, *Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions*. While the implementation of GASB 68 and 75 continues to impact total net position, it did not have any impact on the College's cash flows or operating budgets. In 2020, the College had $2.6 million in net realized and unrealized gains compared to a net realized and unrealized gains of $9.6 million in 2019. For the fiscal year ended June 30, 2020, the College's expenses exceeded revenues and other support, thereby decreasing the net position of the College by $9.6 million as compared to $10.9 million increase in the previous year.

Management's Discussion and Analysis

The Pension and OPEB Liability Fund reported a deficit of $237.0 million in the unrestricted net position as of June 30, 2020, which is partially offset by the unrestricted net position of the College's General Fund and Plant Fund, in the amount of $226.4 million resulting in an overall unrestricted deficit of $13.2 million at June 30, 2020.

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

The following is a comparative analysis of key components of the Statement of Net Position as of June 30:

	2020	2019	2018
Assets			
Current assets	$ 90,464,970	$ 47,545,284	$ 36,860,934
Long-term investments	158,642,297	191,332,096	195,500,330
Capital assets, net	160,114,588	164,095,737	158,364,109
Total assets	**409,221,855**	**402,973,117**	**390,725,373**
Deferred outflows of resources	**79,342,598**	**78,935,723**	**45,810,554**
Liabilities			
Current liabilities	16,627,397	14,728,212	19,159,011
Long-term liabilities, net	3,376,063	2,821,300	2,979,345
Net pension liability	228,719,483	210,953,866	184,192,399
Net OPEB liability	48,803,271	55,036,439	63,099,138
Total liabilities	**297,526,214**	**283,539,817**	**269,429,893**
Deferred inflows of resources	**41,984,897**	**39,699,116**	**19,559,476**
Net position			
Net investment in capital assets	160,114,588	164,095,737	158,364,109
Expendable endowments, scholarships and grants	2,115,916	1,893,099	2,211,232
CARES Act Funds deficit	(2,550,529)	-	-
Pension and OPEB deficits	(237,025,576)	(225,230,266)	(220,452,007)
Other unrestricted	226,398,943	217,911,337	207,605,224
Total net position	**$149,053,342**	**$158,669,907**	**$147,728,558**

Management's Discussion and Analysis

The following is a comparative analysis of key components of the revenues, expenses and change in net position for the years ended June 30:

	2020	2019	2018
Operating revenues	$ 48,597,402	$ 53,603,200	$ 56,222,030
Operating expenses	171,495,613	159,258,541	160,869,285
Operating loss	(122,898,211)	(105,655,341)	(104,647,255)
Nonoperating revenues	113,246,464	116,501,372	101,128,733
Other revenues	35,182	95,318	13,583
Change in net position	(9,616,565)	10,941,349	(3,504,939)
Net position, beginning of year	158,669,907	147,728,558	213,192,946
Adjustment for change in accounting principle	-	-	(61,959,449)
Net position, beginning of year, as restated	158,669,907	147,728,558	151,233,497
Net position, end of year	**$ 149,053,342**	**$ 158,669,907**	**$ 147,728,558**

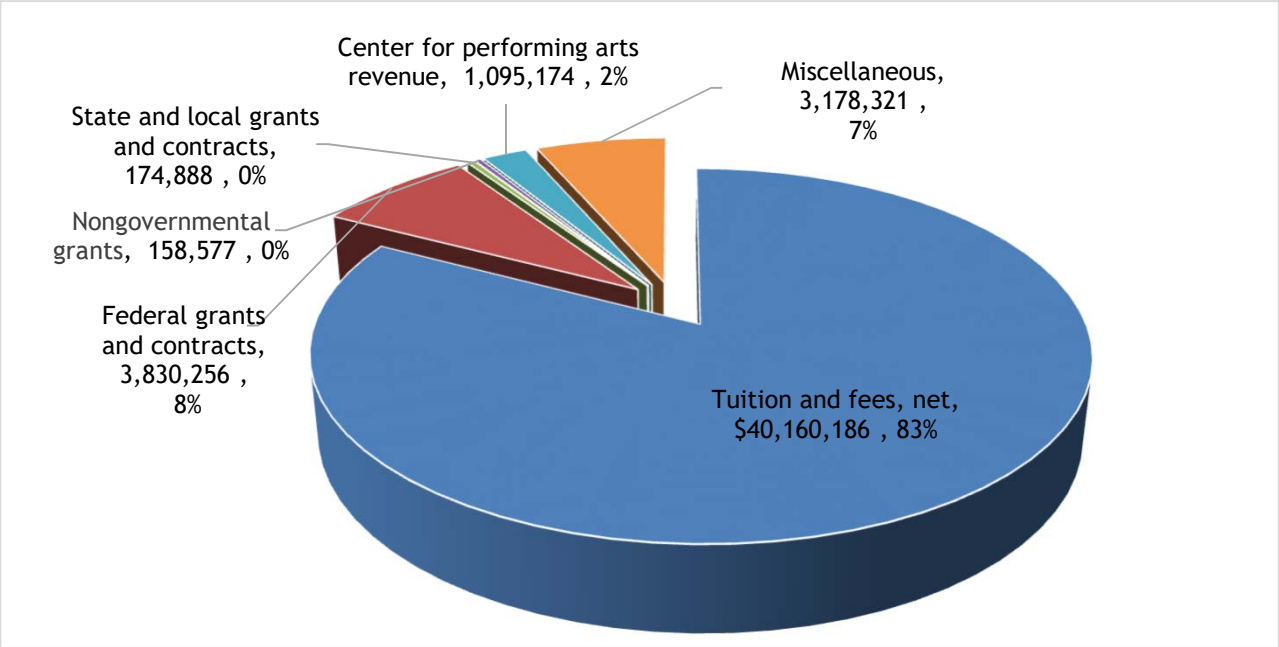
Operating Revenues

Operating revenues include all transactions that result in sales and / or receipts from goods and services, such as tuition and fees and ticket sales revenue from the Macomb Center for Performing Arts. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. Operating revenues consisted of the following during the years ended June 30:

	2020	2019	2018
Operating revenues			
Tuition and fees, net	$ 40,160,186	$ 43,615,299	$ 44,593,742
Federal grants and contracts	3,830,256	3,799,743	3,843,286
State and local grants and contracts	174,888	188,354	235,055
Nongovernmental grants	158,577	96,907	1,483,906
Center for performing arts revenue	1,095,174	1,749,447	1,908,833
Miscellaneous	3,178,321	4,153,450	4,157,208
Total operating revenues	**$ 48,597,402**	**$ 53,603,200**	**$ 56,222,030**

Management's Discussion and Analysis

The following is a graphic illustration of operating revenues for fiscal year 2020:



For the three years ended June 30, 2020, there was a 9.9 percent decline in net tuition and fee revenue of $4.5 million. This revenue decrease is due to a combination of a 2.0 percent increase in tuition rates, a 5.96 percent decline in credit hours and a .5 percent increase in the amount of tuition and fees paid with financial aid during the three-year period. The strength of the economy through December 2019 impacted enrollment, as community college enrollment is typically counter-cyclical to the economy. This was compounded by the negative impact that COVID-19 had on the winter semester related to student refunds, as well as enrollment for spring/summer 2020.

The College also received an award of $4.0 million from the Department of Labor for the American Apprenticeship Initiative on October 1, 2015. This initiative is intended to provide a catalyst in supporting a uniquely American apprenticeship system that meets our country's particular economic, industry and workforce needs. The College's revenue will be received over the five-year grant period that ends September 30, 2020.

Revenue at the Center for Performing Arts had a decrease of $814,000 or 42.64 percent during the three years ended June 30, 2020. The Performing Arts Center cancelled shows in March 2020 due to the COVID-19 pandemic, which accounts for the revenue decrease. This venue is anticipated to remain closed throughout calendar year 2020.

Management's Discussion and Analysis

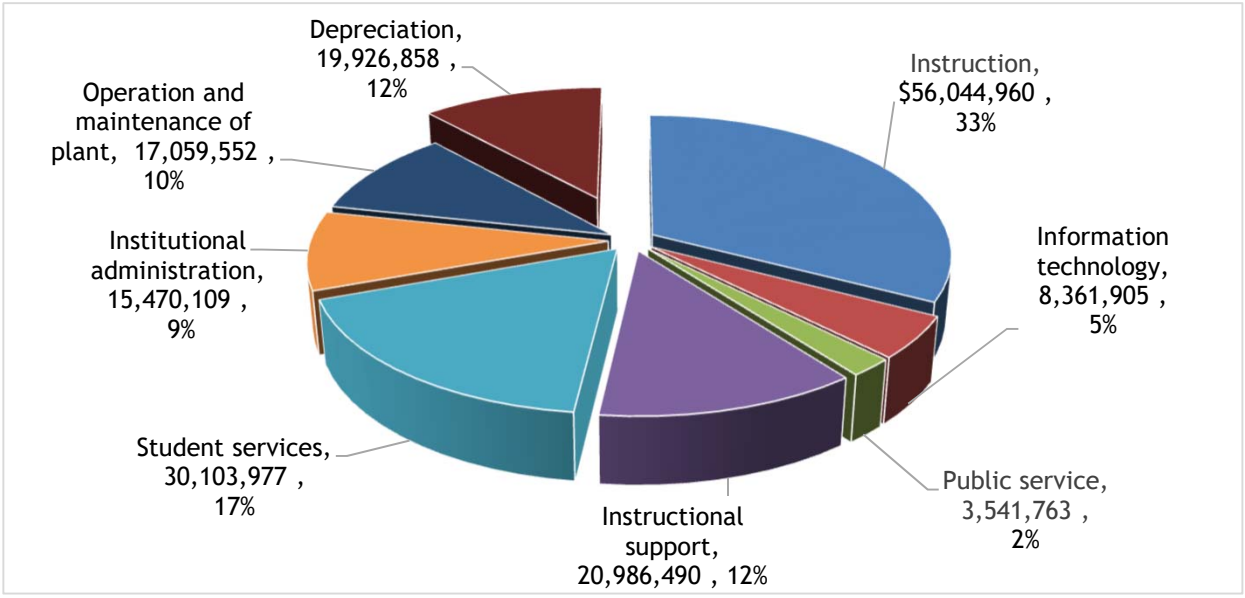
Operating Expenses

Operating expenses are the costs necessary for the College to provide services and conduct the programs necessary to carry out the College's mission. Operating expenses consisted of the following for the three years ended June 30:

	2020	2019	2018
Operating			
Instruction	$ 56,044,960	$ 53,802,323	$ 54,689,516
Information technology	8,361,905	8,610,266	8,543,832
Public service	3,541,763	3,779,422	3,715,328
Instructional support	20,986,490	19,850,612	19,738,491
Student services	30,103,977	25,135,960	26,382,476
Institutional administration	15,470,109	13,976,971	15,454,666
Operation and maintenance of plant	17,059,552	15,350,381	15,210,758
Depreciation	19,926,858	18,752,606	17,134,218
Total operating expenses	**$171,495,613**	**$159,258,541**	**$160,869,285**

Included in expenses are amounts funded through state appropriations to pay the College's portion of the MPSERS Unfunded Actuarial Accrued Liability (UAAL). Funds received from the State and paid to the Office of Retirement Services were $7.8 million, $7.9 million and $7.4 million for the years ended June 30, 2020, 2019 and 2018, respectively.

The following is a graphic illustration of operating expenses for the year ended June 30, 2020:



The primary operating expenses of the College are salaries, payroll taxes and related fringe benefits. The College incurred approximately $115.5 million, $106.7 million, and $104.6 million of payroll-related expenses during the three years ended June 30, 2020. This represents 67.32 percent, 66.9 percent and 66.2 percent of the College's operating expenses during those years, respectively.

Management's Discussion and Analysis

Wage expenses have increased $1,961,000 or 2.86 percent during the three years ended June 30, 2020 primarily due to negotiated pay increases.

Benefit expenses have increased $7.0 million or 18.8 percent during the three years ended June 30, 2020 due primarily to a $6.3 million increase in pension expense, including adjustments to the College's UAAL. The College received $330,000 increase in state appropriations for UAAL received over the same period, the purpose of the UAAL state appropriation is to assist in funding the MPSERS unfunded pension liability. The UAAL state appropriations received were $7.8 million, $7.9 million, and $7.4 for the years ended June 30, 2020, 2019 and 2018, respectively.

Nonoperating Revenues

The College receives substantial non-operating support from state appropriations, property tax revenue and Federal Pell grants thus operating expenses normally exceed operating revenues resulting in an operating loss. Nonoperating revenues and expenses are an integral component in funding annual operations.

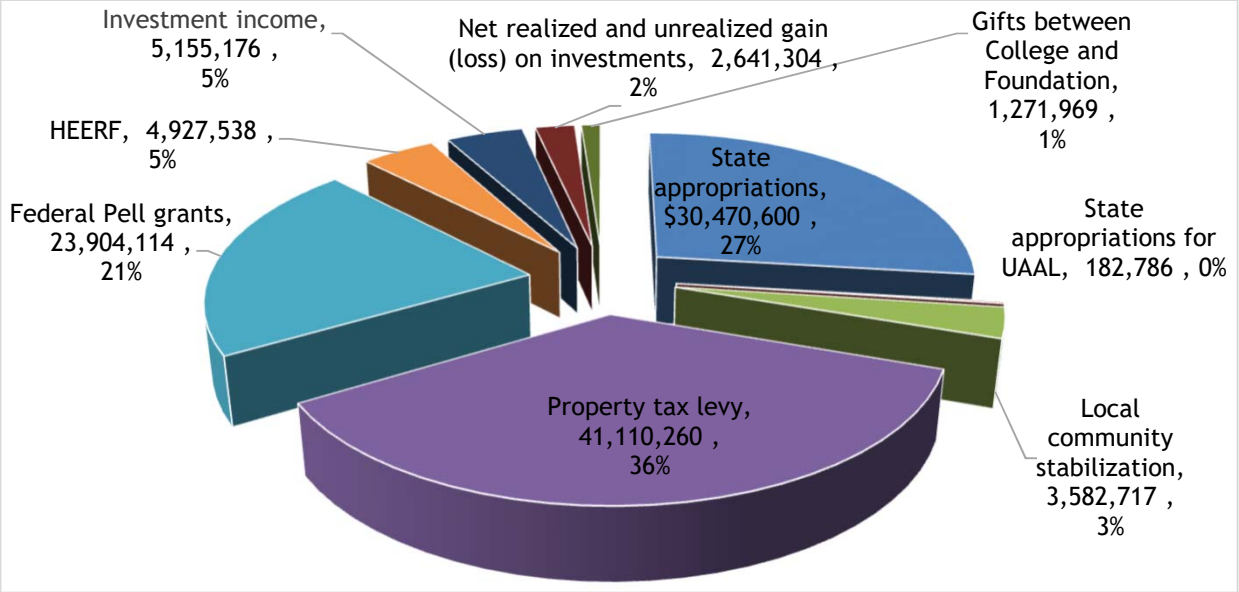
Nonoperating revenues represent revenue sources that are primarily non-exchange in nature in which the College receives value without directly giving equal value in return. They consist primarily of state appropriations, property tax revenue, Federal Pell grants and Federal Higher Education Emergency Relief Funds (HEERF), under CARES Act.

Nonoperating revenues (expenses) were comprised of the following for the three years ended June 30:

	2020	2019	2018
Nonoperating revenue (expenses)			
State appropriations	$ 30,470,600	$ 34,124,000	$ 33,863,600
State appropriations for UAAL	182,786	934,980	1,939,694
Local community stabilization	3,582,717	3,346,153	3,397,661
Property tax levy	41,110,260	39,537,058	36,444,050
Federal Pell grants	23,904,114	22,937,420	24,672,349
HEERF	4,927,538	-	-
Investment income	5,155,176	4,835,961	4,821,813
Net realized and unrealized gain (loss) on investment	2,641,304	9,564,352	(5,224,956)
Gifts between College and Foundation	1,271,969	1,221,448	1,234,522
Net nonoperating revenues	**$ 113,246,464**	**$ 116,501,372**	**$ 101,148,733**

Management's Discussion and Analysis

The following is a graphic illustration of nonoperating revenues for the year ended June 30, 2019:



Due to economic conditions within the State, there was a decrease of $3.4 million or 10.02 percent in state appropriations during the three years ended June 30, 2020. This decrease includes an 11% state appropriation cut from the State due to the pandemic. In conjunction with the reduction in appropriation, the State of Michigan provided an equal amount of federal CARES (the Coronavirus Aid, Relief, and Economic Security Act) Relief Funding to address direct costs related to interruptions in operations caused by the COVID-19 pandemic. In addition, Public Act 300 of 2012 instituted a 20.96 percent cap on the employer's share of the UAAL for reported MPSERS wages. This resulted in a state appropriation for UAAL of $7.8 million, $8.8 million and $8.8 million in 2020, 2019 and 2018, respectively, as well as MPSERS related cash outlay and expenses of equal amounts.

Property tax values increased by 8.7 percent over the three-year period due to changes in housing market values and new construction, resulting in a $4.7 million increase in property tax revenue. The combined operating and technology millage rate was 1.4072, 1.4640, 1.4531 for the years 2018, 2019 and 2020, respectively. At the May 8, 2018 election, the College's operating levy was renewed and restored to $1.464 of tax per $1000 of taxable property for 20 years or through 2038. In addition, legislation was enacted in 2012 that provides personal property tax exemption for small taxpayers and eligible manufacturing personal property impacted property taxes. The 2012 legislation also created the Local Community Stabilization Authority (Authority) to provide for the reimbursement of the lost personal property tax revenue through share of a 6% use tax levied by the Authority.

Varying economic conditions and related job markets in southeastern Michigan, including from the impact of COVID-19, as well as a declining number of high school graduates in the county contributed to a 7.7 percent enrollment decline and a 11.15 percent decline in the number of financial aid students over the three-year period. As a result, Federal Pell grants decreased by $768,000 or 3.16 percent during the three-year period.

Stable interest rates resulted in an increase in investment income of $333,000 over the three years ended June 30, 2020. The weighted average interest rates on cash and investments for the years 2020, 2019, and 2018 were 2.01, 2.39, and 2.33 percent, respectively.

Management's Discussion and Analysis

In response to the pandemic, the College was allocated funding through the Higher Education Emergency Relief Fund grant through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. During the year ended June 30, 2020, the College awarded eligible CARES Act grants to students and also incurred eligible institutional costs under the CARES Act.

The market value for government agency bonds increased in 2020 as a result of market conditions and decreased interest rates. The net realized and unrealized gain on investments was $2.6 million in 2020 and $9.6 million in 2019, while the net realized and unrealized loss was $5.2 million in 2018. The College portfolio is heavily weighted in government instrumentalities and municipal bonds that fluctuate in value with rising and declining interest rates. As the College intends to hold the instrumentalities and bonds to maturity or call, the market value fluctuations do not indicate true or realized gains or losses.

Other Revenues

Other revenues consist of items that are typically nonrecurring, extraordinary, or unusual to the College.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps assess:

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

Following is a comparative analysis of the cash flows of the College for the three years ended June 30:

	2020	2019	2018
Cash (used in) provided by			
Operating activities	$ (88,387,081)	$ (86,735,735)	$ (79,551,239)
Noncapital financing activities	108,403,542	101,809,583	101,510,530
Capital and related financing activities	(16,307,927)	(24,395,251)	(23,190,081)
Investing activities	13,497,817	15,306,126	5,008,020
Net change in cash and cash equivalent	**17,206,351**	**5,984,723**	**3,777,230**
Cash and cash equivalent, beginning of year	25,735,375	19,750,652	15,973,422
Cash and cash equivalent, end of year	**$ 42,941,726**	**$ 25,735,375**	**$ 19,750,652**

Net cash and equivalents used in operating activities totaled $90.3 million in 2020. This was financed by $110.3 million of net cash flows from noncapital financing activities such as property taxes, Federal Pell and HEERF grants and state appropriations. Net cash used in capital and related financing activities totaled $16.3 million during 2020, which is primarily the result of capital expenditures. Net cash provided by investing activities totaled approximately $13.5 million. The net result of all cash flows is an increase in cash and equivalents of $17.2 million in 2020, which was an intentional strategy to maintain additional liquidity due to the uncertainty caused by the COVID-19 pandemic.

Management's Discussion and Analysis

Net cash and equivalents used in operating activities totaled $86.7 million in 2019. This was financed by $101.8 million of net cash flows from noncapital financing activities such as property taxes, Federal Pell grants and state appropriations. Net cash used in capital and related financing activities totaled $24.4 million during 2019, which is primarily the result of capital expenditures. Net cash provided by investing activities totaled approximately $15.3 million. The net result of all cash flows is an increase in cash and equivalents of $6.0 million in 2019.

Net cash and equivalents used in operating activities totaled $79.6 million in 2018. This was financed by $101.5 million of net cash flows from noncapital financing activities such as property taxes, Federal Pell grants and state appropriations. Net cash used in capital and related financing activities totaled $23.2 million during 2018, which is primarily the result of capital expenditures. Net cash provided by investing activities totaled approximately $5.0 million. The net result of all cash flows is an increase in cash and equivalents of $3.8 million in 2018.

Capital Assets

The College had $160.1 million, $164.1 million and $158.4 million invested in capital assets, net of accumulated depreciation of $270.8 million, $252.6 million and $235.1 million at June 30, 2020, 2019 and 2018, respectively. Depreciation charges totaled $19.9 million, $18.8 million and $17.1 million respectively, for the years then ended.

	2020	2019	2019
Capital assets			
Land and improvements	$ 14,881,272	$ 15,785,806	$ 15,785,806
Infrastructure	17,516,610	17,516,610	16,957,057
Building and improvements	319,664,962	315,894,935	294,530,852
Furniture, fixtures, and equipment	68,478,653	65,443,815	61,355,812
Library materials	2,039,347	1,911,634	1,988,037
Construction in progress	8,311,803	134,461	2,829,266
Accumulated depreciation	(270,778,059)	(252,591,524)	(235,082,721)
Total capital assets	**$160,114,588**	**$164,095,737**	**$158,364,109**

Major capital additions during 2020 were as follows:

Campus	Description	Amount
South	B building renovation	$ 3,505,000
South	J building furniture/equipment	804,000
Center	UC building roof renovation	308,000
Center	P building roof renovation	308,000
Center	K building renovation/fixtures	204,000
Total		**$ 5,129,000**

Management's Discussion and Analysis

Economic Factors that will Effect the Future

Due to the COVID-19 pandemic, the College converted all classes to an on-line modality and discontinued all on-campus events, shows and food service in March 2020. Most classes will continue to be offered on-line for the fall 2020 and winter 2021 semesters and all events, shows and food service are cancelled through December 2020. There continues to be much uncertainty surrounding the financial and economic impact that the COVID-19 pandemic will have on the College.

In addition, the economic position of the College is closely tied to that of Macomb County and the State of Michigan. While there was recent economic improvement in employment and housing markets in 2019, the economic future continues to remain uncertain due to the COVID-19 pandemic. State appropriations for community colleges continue to lag inflation and decline as a percentage of all funding sources. In fiscal year 2002, state appropriations were 27 percent of the College revenues and in 2020 state aid was 22 percent of College revenues, due to an 11% cut as a result of the projected impact of COVID-19 on the State budget. State appropriation revenue levels will continue to remain uncertain for future years as the State of Michigan continues to address balancing the state budget, in light of the economic impact of COVID-19, as well as funding higher education from the school aid fund, and unfunded pension and OPEB liabilities and state infrastructure.

Macomb County taxable value and the resulting property tax revenue increased by 4.0 percent in 2019-20. These values are expected to increase 4.5 percent in 2020-21 due to an improvement in housing values, as well as new construction offset by the loss of taxable value due to personal property tax reform legislated by the State. Home sales and new construction have improved particularly in the northern areas of the county, indicating that property tax declines associated with prior years are reversing. At approximately 30 percent of total general fund revenue, property tax revenue has been a very important source of revenue to the College over the years, especially in light of uncertain state appropriations, which have also lagged inflation since 2002. This has and will continue to have a significant impact on College resources for the next few years; even when economic conditions improve, property tax values due to State statute cannot increase at a rate greater than inflation. At the May 8, 2018 election, the College's operating levy was renewed and restored to $1.464 of tax per $1,000 of taxable property for 20 years or through 2038. In 2020, the Colleges operating levy was subject to a millage reduction fraction of .0144, reducing the levy to 1.4387.

Due to lagging state appropriations and the conversion to billable contact hours, tuition and fee rates remained the same for the 2020-21 academic year. Billable contact hours is more reflective of the costs incurred for high contact hour classes and was effective beginning in the fall 2020 semester. Student affordability is important to the College and, as such, tuition rates continue to remain below the average rate charged by Michigan community colleges and are less than one quarter of the university tuition rates in southeastern Michigan. The College continues to offer students optional interest-free tuition and fee payment plans to assist with helping students pay for college particularly during the COVID-19 pandemic.

Payroll and related expenses represent approximately 67.3% of the total operating expenditures reported on the June 30, 2020 statement of revenues, expenses and changes in net position. As signed into law on June 13, 2013, the Education Omnibus Budget (PA 60 of 2013) provides state appropriated funding to community colleges for fiscal years 2017, 2018 and 2019. This act results in state funding for the Unfunded Actuarial Accrued MPSERS liability in excess of the 20.96 percent cap and resulted in receipts of $7.4 million, $7.9 million and $7.8 million for fiscal year 2018, 2019 and 2020 respectively with corresponding payments of equal amounts in each year.

Management's Discussion and Analysis

Public Act 328 (PA 328) was signed into law on July 2, 2018. While PA 328 clarifies the reporting of student workers for MPSERS prospectively, it also required community colleges to provide a report of all student workers for the past four years to the Office of Retirement Services (ORS). Due to inconsistencies in the reporting of students based on the interpretation of the definition of a full-time student, the ORS required community colleges to make contribution payments for student workers that were not previously reported to MPSERS. The outcome resulted in the College paying contributions of $562,000 to the ORS, including interest in 2020.

The College is committed to expanding educational and enrichment opportunities for our students and the community as well as the College's strategy to apply for grants to fund certain initiatives. The table below outlines a future, multi-year major construction and renovation program as approved by the College Board of Trustees, which support this commitment and is to be financed by designated College funds.

Year	Campus	Description	Amount
2020/2021	South	N Building - Annex building renovation	$ 2,900,000
	Multi-Campus	Parking lot gate readers and emergency phones	278,000
	South	Skilled trades/advanced technology center	44,786,000
	South/Center	Various projects	1,500,000
Total			**$ 49,464,000**

A capital outlay appropriation of $14.8 million has been approved by the State to cost share in the renovation of the Skilled Trades and Advanced Technology Center at South Campus. Construction phase of this project is currently pending the State budget approval, which could impact the renovation schedule noted above.

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MACOMB COMMUNITY COLLEGE

Statements of Net Position

June 30, 2020 and 2019

	College		Component Unit - Foundation	
	2020	2019	2020	2019
Assets				
Current assets				
Cash and cash equivalents	$ 42,941,726	$ 25,735,375	$ 10,494	$ 14,702
Short-term investments	33,065,016	6,076,554	25,475,584	24,559,522
Property taxes receivable - net of allowance for doubtful accounts of $145,000 in 2020 and 2019	994,379	15,066	-	-
State appropriation receivable	4,060,149	7,794,376	-	-
Accounts receivable - net of allowance for doubtful accounts of $200,000 in 2020 and 2019	2,996,158	1,698,189	-	-
Federal and state grants receivable	2,365,808	2,245,952	-	-
Student loans receivable	95,314	293,958	-	-
Inventories	222,704	169,135	-	-
Prepaid expenses and other assets	3,723,716	3,516,679	6,454	2,305
Total current assets	**90,464,970**	**47,545,284**	**25,492,532**	**24,576,529**
Long-term investments	158,642,297	191,332,096	-	-
Capital assets, net	160,114,588	164,095,737	-	-
Total assets	**409,221,855**	**402,973,117**	**25,492,532**	**24,576,529**
Deferred outflows of resources				
Deferred pension amounts	64,806,023	69,221,516	-	-
Deferred OPEB amounts	14,536,575	9,714,207	-	-
Total deferred outflows of resources	**79,342,598**	**78,935,723**	**-**	**-**
Liabilities				
Current liabilities				
Accounts payable	5,924,531	5,737,645	-	19,856
Accrued payroll and other compensation	5,474,082	4,699,259	-	-
Other accrued liabilities	1,889,050	989,292	-	-
Deposits	447,751	500,015	-	-
Unearned revenue	2,891,983	2,802,001	25,000	25,000
Total current liabilities	**16,627,397**	**14,728,212**	**25,000**	**44,856**
Accrued vacation, net of current portion	3,376,063	2,821,300	-	-
Net pension liability	228,719,483	210,953,866	-	-
Net OPEB liability	48,803,271	55,036,439	-	-
Total liabilities	**297,526,214**	**283,539,817**	**25,000**	**44,856**
Deferred inflows of resources				
Deferred pension amounts	21,075,569	25,811,977	-	-
Deferred OPEB amounts	20,909,328	13,887,139	-	-
Total deferred inflows of resources	**41,984,897**	**39,699,116**	**-**	**-**
Net position				
Net investment in capital assets	160,114,588	164,095,737	-	-
Restricted for				
Nonexpendable endowments	-	-	7,680,541	7,559,340
Expendable endowments, scholarships and grants	2,115,916	1,893,099	4,222,508	3,898,523
Unrestricted (deficit) (Note 1)	(13,177,162)	(7,318,929)	13,564,483	13,073,810
Total net position	**$ 149,053,342**	**$ 158,669,907**	**$ 25,467,532**	**$ 24,531,673**

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

MACOMB COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	College		Component Unit - Foundation	
	Year Ended June 30		Year Ended June 30	
	2020	2019	2020	2019
Operating revenues				
Tuition and fees - net of scholarship allowances of $14,400,000 in 2020 and $14,000,000 in 2019	$ 40,160,186	$ 43,615,299	$ -	$ -
Federal grants and contracts	3,830,256	3,799,743	-	-
State and local grants and contracts	174,888	188,354	-	-
Nongovernmental grants	158,577	96,907	-	-
Center for Performing Arts	1,095,174	1,749,447	-	-
Miscellaneous	3,178,321	4,153,450	60,780	52,831
Total operating revenues	**48,597,402**	**53,603,200**	**60,780**	**52,831**
Operating expenses				
Instruction	56,044,960	53,802,323	-	-
Information technology	8,361,905	8,610,266	-	-
Public service	3,541,763	3,779,422	-	-
Instructional support	20,986,490	19,850,612	-	-
Student services	30,103,977	25,135,960	-	-
Institutional administration	15,470,109	13,976,971	-	-
Operation and maintenance of plant	17,059,552	15,350,381	-	-
Depreciation	19,926,858	18,752,606	-	-
Foundation operations and awards	-	-	5,000	79,083
Total operating expenses	**171,495,613**	**159,258,541**	**5,000**	**79,083**
Operating (loss) income	**(122,898,211)**	**(105,655,341)**	**55,780**	**(26,252)**
Nonoperating revenues (expenses)				
State appropriations	30,470,600	34,124,000	-	-
State appropriations for UAAL	182,786	934,980	-	-
Local Community Stabilization	3,582,717	3,346,153	-	-
Property tax levy	41,110,260	39,537,058	-	-
Federal Pell grants	23,904,114	22,937,420	-	-
Federal Higher Education Emergency Relief Funds grant	4,927,538	-	-	-
Investment income	5,155,176	4,835,961	863,853	571,695
Net realized and unrealized gain on investments	2,641,304	9,564,352	597,168	951,056
Gifts between College and Foundation	1,271,969	1,221,448	(1,271,969)	(1,221,448)
Gifts	-	-	583,752	523,630
Net nonoperating revenues	**113,246,464**	**116,501,372**	**772,804**	**824,933**
Other revenues				
Capital gifts and grants	35,182	95,318	-	-
Additions to permanent endowments	-	-	107,275	282,796
Total other revenues	**35,182**	**95,318**	**107,275**	**282,796**
Change in net position	**(9,616,565)**	**10,941,349**	**935,859**	**1,081,477**
Net position - beginning of year	158,669,907	147,728,558	24,531,673	23,450,196
Net position - end of year	**$ 149,053,342**	**$ 158,669,907**	**$ 25,467,532**	**$ 24,531,673**

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

MACOMB COMMUNITY COLLEGE

Statements of Cash Flows

	College	
	Year Ended June 30	
	2020	2019
Cash flows from operating activities		
Tuition and fees	$ 39,152,199	$ 43,177,174
Grants and contracts	4,043,867	3,494,736
Payments to suppliers	(67,510,899)	(71,038,899)
Payments to employees	(68,345,743)	(68,271,644)
Center for Performing Arts receipts	1,095,174	1,749,447
Other	3,178,321	4,153,450
Net cash used in operating activities	**(88,387,081)**	**(86,735,735)**
Cash flows from noncapital financing activities		
Local property taxes	40,130,947	39,570,980
Federal Higher Education Emergency Relief Funds Receipts	4,927,538	-
Gifts and contributions for other than capital purposes	1,271,969	1,221,448
William D. Ford direct lending receipts	6,834,225	6,656,688
William D. Ford direct lending disbursements	(6,635,581)	(6,816,639)
Federal Pell grants	23,904,114	22,937,420
Local community stabilization funding	3,582,717	3,346,153
State appropriations	34,387,613	34,893,533
Net cash provided by noncapital financing activities	**108,403,542**	**101,809,583**
Cash flows from capital and related financing activities		
Purchase of capital assets	(16,343,109)	(24,490,569)
Capital grant and gift proceeds	35,182	95,318
Net cash used in capital and related financing activities	**(16,307,927)**	**(24,395,251)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	157,499,025	12,858,644
Interest on investments	5,099,102	5,432,794
Purchase of investments	(149,100,310)	(2,985,312)
Net cash provided by investing activities	**13,497,817**	**15,306,126**
Net change in cash and cash equivalents	**17,206,351**	**5,984,723**
Cash and cash equivalents - beginning of year	25,735,375	19,750,652
Cash and cash equivalents - end of year	**$ 42,941,726**	**$ 25,735,375**

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

MACOMB COMMUNITY COLLEGE

Statements of Cash Flows

	College	
	Year Ended June 30	
	2020	2019
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (122,898,213)	$ (105,655,341)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation	19,926,858	18,752,606
Net loss on disposal of capital assets	397,400	6,335
Change in operating assets and liabilities that (used) provided cash		
Accounts receivable	(1,297,969)	(87,411)
Federal and state grant receivable	(119,854)	(590,268)
Inventories	(53,569)	37,193
Prepaid assets and other assets	(207,037)	(505,244)
Deferred outflows of resources	(406,875)	(33,125,169)
Accounts payable	186,886	(3,072,459)
Accrued payroll and other compensation	1,329,586	142,792
Other accrued liabilities	899,758	(1,224,048)
Deposits	(52,264)	97,585
Unearned revenue	89,982	(350,714)
Deferred inflows of resources	2,285,781	20,139,640
Net pension and OPEB liabilities	11,532,449	18,698,768
Net cash used in operating activities	**$ (88,387,081)**	**$ (86,735,735)**

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

MACOMB COMMUNITY COLLEGE

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Macomb Community College (the College) is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001 (MUFR)* .

The College reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The College's functional expense classifications are in accordance with the guidance in the MUFR.

The accompanying financial statements have been prepared in accordance with criteria established by 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 these criteria, the College has determined that the Macomb Community College Foundation (the Foundation) meets the criteria of a component unit.

The Foundation is a separate legal entity established as a 501(c)(3) corporation to accept, collect, hold and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. The Foundation is discretely presented in the financial statements of the College. Separate audited financial statements of the Foundation are available by contacting the Macomb Community College Foundation at 14500 East 12 Mile Road, Warren, MI 48088-3896.

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

Basis of Accounting Macomb Community College

The financial statements have been prepared using an economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Basis of Accounting Component Unit

The Foundation reports under the provisions of Accounting Standards Codification Topic 958, *Not-For-Profit Entities.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

Notes to Financial Statements

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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, investment valuations, net pension liability, net OPEB liability, and deferred outflows and inflows related to pension and OPEB amounts.

Cash and Cash Equivalents

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

Investments

The College investments must conform to State statutes governing investment of public funds and are limited to allowable investments as stated in the statute. College investments held at June 30, 2020 and June 30, 2019 were in Certificates of Deposit, Commercial Paper, Governmental Instrumentalities or Michigan Municipal Bonds. Realized and unrealized gains and losses are reflected in the Statement of Revenues, Expenses and Changes in Net Position. Investments are classified as short-term or long-term based on the instruments maturity date. The Foundation maintains mutual fund investment accounts for its nonexpendable and expendable endowments. Realized and unrealized gains and losses from securities in the investment accounts are allocated annually.

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

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

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 for 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 give the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

Notes to Financial Statements

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

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

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

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

For a further discussion of Fair Value Measurements, refer to Note 2 to the financial statements.

Accounts Receivable

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

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method.

Prepaid Expenses and Other Assets

Expenses, such as insurance premiums, that are expected to be of benefit within the next fiscal year are included in prepaid expenses.

Capital Assets

Capital assets are recorded at the estimated fair market value as of the date of acquisition. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation is provided for capital assets on a straight-line basis over the estimated useful life of the asset as follows:

Land improvements	10 years
Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	3 - 10 years
Infrastructure	10 - 20 years
Library materials	10 years

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2020 included $2,689,742 for the 2020 summer semester, which began on May 18, 2020 and ended on August 8, 2020. Unearned tuition and fee revenue at June 30, 2019 includes $2,339,776, for the 2019 summer semester, which began on May 13, 2019 and ended on August 3, 2019.

Gifts and Pledges

Gifts are recorded at estimated fair value when received and pledges are recorded at their net present value when it is determined that the gift is probable of collection.

Accrued Vacation

Accrued vacation and paid time off (PTO) represents the accumulated liability to be paid under the College's current vacation and PTO pay policy. Under the College's policy, employees earn vacation or PTO time based on their contract and time of service with the College.

Deferred Outflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. The College's deferred outflows of resources relate to the net pension and net OPEB liabilities. Additional disclosure is found in Note 4.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College's inflows of resources relate to certain pension and OPEB related amounts, such as the difference between projected and actual earnings of the pension plan's investment and the pension portion of section 147c state aid revenue received subsequent to the measurement date. More detailed information can be found in Note 4.

Pension and OPEB

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

Net Position

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

Notes to Financial Statements

Net Investment in Capital Assets

Net investment in capital assets represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the College. The restricted balance consists primarily of funds restricted for endowments, scholarships, grants, and other purposes.

Unrestricted Net Position

The College's unrestricted net position (deficit) is as follows at June 30:

	2020	2019
Pension and OPEB (deficit)	$ (237,025,576)	$ (225,230,266)
CARES Act Funds deficit	(2,550,529)	-
Other unrestricted	226,398,943	217,911,337
Total	**$ (13,177,162)**	**$ (7,318,929)**

Revenue and Expenses

All transactions that result in sales and / or receipts from goods and services, such as tuition and fees and ticket sales from the Center for Performing Arts are classified as operating revenue. All revenue sources that are primarily non-exchange in nature in which the College received value without directly giving equal value in return are classified as nonoperating revenue.

Property tax revenue is recognized in the year for which taxes have been levied. Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships and cities within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to Macomb County for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes, net of chargebacks, through the County's tax revolving funds.

Property tax revenue levied for general operating/technology purposes was $41,110,260 and $39,537,058 based on $1.4531 and $1.464 of tax per $1,000 of taxable property value in the College's taxing district for the years ended June 30, 2020 and 2019, respectively. At the May 8, 2018 election, the College's operating levy was renewed and restored to $1.464 of tax per $1,000 of taxable property for 20 years or through 2038.

State appropriations revenue has been recorded in accordance with the MUFR.

Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Notes to Financial Statements

Change in Accounting Principle

For 2020, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The standard provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement had no effect on beginning net position.

2. CASH AND INVESTMENTS

Cash and Bank Deposits

Investment policies for cash and bank deposits as set forth by the Board of Trustees are in accordance with Michigan State law and authorize the College to invest in demand accounts, negotiable certificates of deposit, saving accounts, or other interest-earning deposit accounts of banks that are members of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA). An estimated $1,250,000 of cash and deposits were covered by FDIC at both June 30, 2020 and 2019, and an estimated $53,197,000 and $27,995,000 of cash and deposits were not covered by FDIC insurance at June 30, 2020 and 2019, respectively. The standard maximum deposit covered by FDIC is $250,000 per financial institution.

Investments

Investment policies as set forth by the Board of Trustees also authorize the College to invest in bonds, bills or notes of the United States or of an agency or instrumentality of the United States or obligations of the state of Michigan or any of its political subdivisions and rated prime by at least one of the standard rating agencies. Funds may also be invested in commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC and commercial paper of corporations located in Michigan. Reports are submitted to the Board of Trustees monthly to ensure compliance with the prescribed policy.

Fair Value Measurements

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2020 and 2019.

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

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

Notes to Financial Statements

The College has investments with the following recurring fair value measurements as of June 30, 2020 and 2019:

2020	Total	Level 1	Level 2	Level 3
Government instrumentality bonds	$ 128,613,451	$ 128,613,451	$ -	$ -
Michigan municipal bonds	32,036,920	32,036,920	-	-
Money Market	19,228,764	19,228,764	-	-
Certificates of deposit	11,828,178	11,828,178	-	-
Total investments at fair value	**$ 191,707,313**	**$ 191,707,313**	**$ -**	**$ -**

2019	Total	Level 1	Level 2	Level 3
Government instrumentality bonds	$ 166,811,102	$ 166,811,102	$ -	$ -
Michigan municipal bonds	26,015,172	26,015,172	-	-
Certificates of deposit	3,593,046	3,593,046	-	-
Commercial paper	989,330	989,330	-	-
Total investments at fair value	**$ 197,408,650**	**$ 197,408,650**	**$ -**	**$ -**

Credit Risk

Investments in Government instrumentality bonds consist of Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bureau and Government National Mortgage Association and are rated AA+ by Standard & Poor's, Aaa by Moody's and AAA by Fitch. The College also has investments in Michigan Municipal Bonds that are rated at or above Aa by Moody's and AA by Standard & Poor's.

Interest Rate Risk

The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2020, and 2019, the College investments mature as follows:

2020	Less Than One Year	1 - 5 Years	More Than 5 Years	Balance at June 30, 2020
Government instrumentality bonds	$ 1,513,959	$ 83,952,195	$ 43,147,297	$ 128,613,451
Michigan municipal bonds	2,538,281	16,654,785	12,843,854	32,036,920
Certificates of deposit	9,784,012	2,044,166	-	11,828,178
Money Market	19,228,764		-	19,228,764
Total investments	**$ 33,065,016**	**$ 102,651,146**	**$ 55,991,151**	**$ 191,707,313**

Notes to Financial Statements

2019	Less Than One Year	1 - 5 Years	More Than 5 Years	Balance at June 30, 2019
Government instrumentality bonds	$ 1,495,308	$ 22,963,313	$ 142,352,481	$ 166,811,102
Michigan municipal bonds	2,007,227	19,251,271	4,756,674	26,015,172
Certificates of deposit	1,584,689	2,008,357	-	3,593,046
Commercial paper	989,330	-	-	989,330
Total investments	**$ 6,076,554**	**$ 44,222,941**	**$147,109,155**	**$197,408,650**

Portions of these investments are reported as short-term investments on the statements of net position.

Custodial Credit Risk

The College's investment policy does not address custodial credit risk. However, all of the investments are in the name of the College, as applicable, and the investments are held in trust accounts with each financial institution from which they wired.

Concentration of Credit Risk

Certificates of deposit and commercial paper investments are limited in any given financial institution or issuer to no more than 50 percent of the capitalization value of the institution and not greater than $16,500,000. The College's investment policy does not limit investments in Governmental instrumentality or Michigan municipal bonds.

More than five percent of the College's investments at June 30, 2020 and 2019 were invested as follows:

Issuer	2020	2019
Federal Home Loan Bank	22%	24%
Federal National Mortgage Association	17%	22%
Federal Home Loan Mortgage Co.	5%	12%
Federal Farm Credit Bureau	19%	23%
Government National Mortgage Association	10%	4%
Certificates of deposit - First State Bank	6%	0%

Notes to Financial Statements

3. CAPITAL ASSETS

The following tables present the changes in the various capital asset class categories for the years ended June 30:

2020	Beginning Balance	Additions	Transfers/ Deletion	Ending Balance
Nondepreciable capital assets				
Land	$ 8,771,470	$ -	$ (904,534)	$ 7,866,936
Construction in progress	134,461	8,311,803	(134,461)	8,311,803
Total nondepreciable capital assets	8,905,931	8,311,803	(1,038,995)	16,178,739
Depreciable capital assets				
Land improvement	7,014,336	-	-	7,014,336
Building and improvements	315,894,936	4,771,745	(1,001,719)	319,664,962
Infrastructure	17,516,610	-	-	17,516,610
Furniture, fixtures, and equipment	65,443,815	3,638,982	(604,144)	68,478,653
Library materials	1,911,634	127,713	-	2,039,347
Total depreciable capital assets	407,781,331	8,538,440	(1,605,863)	414,713,908
Less accumulated depreciation				
Land improvement	6,031,069	186,725	-	6,217,794
Building and improvements	181,588,059	13,479,467	(1,136,179)	193,931,347
Infrastructure	12,646,264	819,800	-	13,466,064
Furniture, fixtures, and equipment	51,127,234	5,285,446	(604,145)	55,808,535
Library materials	1,198,899	155,420	-	1,354,319
Total accumulated depreciation	252,591,525	19,926,858	(1,740,324)	270,778,059
Capital assets being depreciated, net	155,189,806	(11,388,418)	134,461	143,935,849
Total capital assets, net	$ 164,095,737	$ (3,076,615)	$ (904,534)	$ 160,114,588

Notes to Financial Statements

2019	Beginning Balance	Additions	Transfers/ Deletion	Ending Balance
Nondepreciable capital assets				
Land	$ 8,771,470	$ -	$ -	$ 8,771,470
Construction in progress	2,829,266	134,461	(2,829,266)	134,461
Total nondepreciable capital assets	11,600,736	134,461	(2,829,266)	8,905,931
Depreciable capital assets				
Land improvement	7,014,336	-	-	7,014,336
Building and improvements	294,530,852	18,534,818	2,829,266	315,894,936
Infrastructure	16,957,057	559,553	-	17,516,610
Furniture, fixtures, and equipment	61,355,812	5,110,154	(1,022,151)	65,443,815
Library materials	1,988,037	145,248	(221,651)	1,911,634
Total depreciable capital assets	381,846,094	24,349,773	1,585,464	407,781,331
Less accumulated depreciation				
Land improvement	5,844,343	186,726	-	6,031,069
Building and improvements	168,908,433	12,679,626	-	181,588,059
Infrastructure	11,779,760	866,504	-	12,646,264
Furniture, fixtures, and equipment	47,284,204	4,865,181	(1,022,151)	51,127,234
Library materials	1,265,981	154,569	(221,651)	1,198,899
Total accumulated depreciation	235,082,721	18,752,606	(1,243,802)	252,591,525
Capital assets being depreciated, net	146,763,373	5,597,167	2,829,266	155,189,806
Total capital assets, net	$ 158,364,109	$ 5,731,628	$ -	$ 164,095,737

Four buildings on campus were partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College. The cost and accumulated depreciation for these facilities is included in the accompanying statements of net position.

Notes to Financial Statements

4. RETIREMENT PLANS

Defined Benefit Pension Plan

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, re-codified 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 of the System.

The System's financial statements are available 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 the final average compensation, years of service and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system accounts 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.

Notes to Financial Statements

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 OPEB, 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.

Notes to Financial Statements

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 an 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, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2020, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 12.21% - 12.41% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	18.25% - 19.41%
Member investment plan (MIP)	3.00% - 7.00%	18.25% - 19.41%
Pension plus	3.00% - 6.40%	16.46%
Pension plus 2	6.20%	19.59%
Defined contribution	0.00%	13.39%

The College's required contributions to the pension plans were $20,131,000, $18,300,000 and $18,986,000, for the years ended June 30, 2020, 2019 and 2018, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Premium subsidy	3.00%	7.93% - 8.09%
Personal healthcare fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from the College were $4,753,000, $4,621,000 and $3,369,000 for the years ended June 30, 2020, 2019 and 2018, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Premium subsidy	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, 2020, 2019 and 2018, required and actual contributions for the College for those members with a defined contribution benefit were $468,350, $402,381 and $472,647 respectively.

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

At June 30, 2020 and 2019, the College reported a liability of $228,719,483 and $210,953,866, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2018 and 2017, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.69065%, which was a decrease of 0.01108% from its proportion measured as of September 30, 2018 of .70173%.

For the year ended June 30, 2020, the College recognized pension expense of $36,185,000. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2020	Deferred Outflows of Recourses	Deferred Inflows of Recourses	Net Deferred Outflows (Inflows) of Recourses
Differences between expected and actual experience	$ 1,025,193	$ 953,738	$ 71,455
Changes in assumptions	44,783,436	-	44,783,436
Net difference between projected and actual earnings on pension plan investments	-	7,330,071	(7,330,071)
Changes in proportion and differences between employer contributions and proportionate share of contributions	660,935	3,607,082	(2,946,147)
	46,469,564	11,890,891	34,578,673
College contributions subsequent to the measurement date	18,336,459	-	18,336,459
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	9,184,678	(9,184,678)
Total	**$ 64,806,023**	**$ 21,075,569**	**$ 43,730,454**

The $18,336,459 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, 2021. The $9,184,678 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 147c of the State School Aid Act (PA 94 of 1979) will be recognized as State appropriation revenue for the year ending June 30, 2021.

Notes to Financial Statements

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 Ended June 30	Amounts
2021	$ 14,373,913
2022	10,658,874
2023	6,777,440
2024	2,768,446
Total	**$ 34,578,673**

For the year ended June 30, 2019, the College recognized pension expense of $28,363,000. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflows of Recourses	Deferred Inflows of Recourses	Net Deferred Outflows (Inflows) of Recourses
Differences between expected and actual experience	$ 978,865	$ 1,532,965	$ (554,100)
Changes in assumptions	48,856,742	-	48,856,742
Net difference between projected and actual earnings on pension plan investments	-	14,423,882	(14,423,882)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,802,343	1,972,206	830,137
	52,637,950	17,929,053	34,708,897
College contributions subsequent to the measurement date	16,583,566	-	16,583,566
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	7,882,924	(7,882,924)
Total	**$ 69,221,516**	**$ 25,811,977**	**$ 43,409,539**

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

At June 30, 2020 and 2019 the College reported a liability of $48,803,271 and $55,036,439, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2018 and 2017. The College's proportionate share 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, 2019, the College's proportion was 0.67992%, which was a decrease of .01245% from its proportion measured as of September 30, 2018 of 0.69237%.

For the year ended June 30, 2020, the College recognized OPEB expense of $714,000. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2020	Deferred Outflows of Recourses	Deferred Inflows of Recourses	Net Deferred Outflows (Inflows) of Recourses
Differences between expected and actual experience	$ -	$ 17,907,300	$ (17,907,300)
Changes in assumptions	10,574,681	-	10,574,681
Net difference between projected and actual earnings on OPEB plan investments	-	848,712	(848,712)
Changes in proportion and differences between share of contributions	3,068	2,153,316	(2,150,248)
	10,577,749	20,909,328	(10,331,579)
College contributions subsequent to the measurement date	3,958,826	-	3,958,826
Total	**$ 14,536,575**	**$ 20,909,328**	**$ (6,372,753)**

The $3,958,826 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, 2021. 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	Amounts
2021	$ (2,806,066)
2022	(2,806,066)
2023	(2,382,793)
2024	(1,593,223)
2025	(743,431)
Total	**$ (10,331,579)**

Notes to Financial Statements

For the year ended June 30, 2019, the College recognized OPEB expense of $2,356,000. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2019	Deferred Outflows of Recourses	Deferred Inflows of Recourses	Net Deferred Outflows (Inflows) of Recourses
Differences between expected and actual experience	$ -	$ 10,243,695	$ (10,243,695)
Changes in assumptions	5,828,387	-	5,828,387
Net difference between projected and actual earnings on OPEB plan investments	-	2,115,182	(2,115,182)
Changes in proportion and differences between share of contributions	4,309	1,528,262	(1,523,953)
	5,832,696	13,887,139	(8,054,443)
College contributions subsequent to the measurement date	3,881,511	-	3,881,511
Total	**$ 9,714,207**	**$ 13,887,139**	**$ (4,172,932)**

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 liability in the September 30, 2018 and 2017 actuarial valuations (for the fiscal years ended June 30, 2020 and 2019, respectively) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost	Entry age, normal
Wage Inflation	2.75%
Investment rate	
MIP and Basic plans	6.80% (7.05% for 2017)
Pension Plus plan (hybrid)	6.80% (7.00% for 2017)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95% (7.15% for 2017)
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost-of-Living Adjustment	3.0% annual non-compounded for MIP Members

Notes to Financial Statements

Healthcare Cost trend rate	7.5% Year 1 graded to 3.5% Year 12 (7.5% Year 1 graded to 3.0% Year 12 for 2017)
Mortality	2018 - 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. 2017 - RP-2014 Male and Female Healthy 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 elections 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, 2019 is based on the results of an actuarial valuation date of September 30, 2018 and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4977 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.7101 years which is the average of the expected remaining services 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, 2018, are based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5304 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Notes to Financial Statements

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, 2019 and 2018, are summarized in the following tables:

	2019			2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	8.60%	1.55%	18.00%	9.20%	1.66%
International equity pools	16.00%	7.30%	1.17%	16.00%	7.20%	1.15%
Fixed income pools	10.50%	1.20%	0.13%	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	4.20%	0.42%	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.40%	0.84%	15.50%	5.20%	0.81%
Short term investment pools	2.00%	0.08%	0.00%	2.00%	0.00%	0.00%
Total	100.00%		5.65%	100.00%		5.66%
Inflation			2.30%			2.30%
Risk adjustment			-1.15%			-0.91%
Investment rate of return			6.80%			7.05%

Notes to Financial Statements

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, 2019 and 2018, are summarized in the following tables:

	2019			2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	8.60%	1.55%	18.00%	9.20%	1.66%
International equity pools	16.00%	7.30%	1.17%	16.00%	7.20%	1.15%
Fixed income pools	10.50%	1.20%	0.13%	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	4.20%	0.42%	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.40%	0.84%	15.50%	5.20%	0.81%
Short term investment pools	2.00%	0.08%	0.00%	2.00%	0.00%	0.00%
Total	100.00%		5.65%	100.00%		5.66%
Inflation			2.30%			2.30%
Risk adjustment			-1.00%			-0.81%
Investment rate of return			6.95%			7.15%

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37%, respectively. For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 11.11% and 10.75%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Notes to Financial Statements

Discount Rate

A discount rate of 6.80% (7.05% for 2019) was used to measure the total pension liability (6.80% for the Pension Plus plan (7.0% for 2019), 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% (7.15% for 2019) 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% (7.05% for 2019) (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan) and 6.95% (7.15% for 2019), 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 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, 2020:

As of June 30, 2020	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	$ 297,349,960	$ 228,719,483	$ 171,822,453

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% 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, 2019:

As of June 30, 2019	1% Decrease (6.05% / 6.00% / 5.00%)	Current Discount Rate (7.05% / 7.00% / 6.00%)	1% Increase (8.05% / 8.00% / 7.00%)
College's proportionate share of the net pension liability	$ 276,966,134	$ 210,953,866	$ 156,108,403

Notes to Financial Statements

Sensitivity of 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, 2020:

As of June 30, 2020	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 59,864,545	$ 48,803,271	$ 39,514,873

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, 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, 2019:

As of June 30, 2019	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
College's proportionate share of the net OPEB liability	$ 66,070,125	$ 55,036,439	$ 45,755,760

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, 2020:

As of June 30, 2020	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net OPEB liability	$ 39,121,085	$ 48,803,271	$ 59,863,233

Notes to Financial Statements

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, 2019:

As of June 30, 2019	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net OPEB liability	$ 45,266,865	$ 55,036,439	$ 66,244,135

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, 2020 and June 30, 2019, the College reported payables of $1,834,951 and $1,865,767 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2020 and June 30, 2019, respectively.

Payable to the OPEB Plan

At June 30, 2020, the College reported a payable of $182,011 for the outstanding contributions to the Plan required for the year ended June 30, 20120. At June 30, 2019 the College reported a payable of $191,284 for the outstanding contributions to the Plan for the year ended June 30, 2019.

Optional Defined Contribution Plan

Professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under the ORP, the College contributes 11.5 percent, and the participant contributes 3.9 percent of the participant's compensation. Total covered payroll and College contributions for the years ended June 30, 2020 and 2019 were approximately $7,695,000 and $885,000 and $7,158,000 and $823,000, respectively.

In addition to the MPSERS and ORP plans, the College also provides deferred compensation plans to all of its full-time employees under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. The College contributes varying amounts up to 7 percent of salary for certain employee groups. Employees may make elective deferrals up to amounts allowable by current tax law. In accordance with these requirements, the College contributed approximately $1,284,000 and $1,215,000 and the employees contributed approximately $2,548,000 and $2,569,000 for the years ended June 30, 2020 and 2019, respectively.

Notes to Financial Statements

5. FEDERAL DIRECT LENDING PROGRAM

The College distributed $6,635,581 and $6,816,639 for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2020 and 2019, respectively. These distributions and related funding source are not included as revenues or expenses in the accompanying financial statements.

6. LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	One Year
Accrued Paid Time Off (PTO)	$ 3,051,324	$ 729,463	$ 171,234	$ 3,609,553	$ 233,490

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	One Year
Accrued Paid Time Off (PTO)	$ 2,999,781	$ 463,089	$ 411,546	$ 3,051,324	$ 230,024

7. SELF INSURANCE

The College is partially self-insured for vision and healthcare benefits. The self-insured healthcare plan covers approximately 540 employees and their dependents. Claims are funded by the College and paid by the plan administrator; actual payments are based on claims filed. An insurance policy covers claims in excess of $150,000 per covered employee and/or their dependent. The College pays the administrative costs of the plan.

Self-insured employee benefit liability at June 30 are as follows:

	2020	2019	2018
Balance, Beginning of year	$ 265,000	$ 352,000	$ 230,000
Claims incurred, premiums paid and changes in estimates	7,722,933	7,290,764	6,824,588
Claim and premium payments	(7,442,933)	(7,377,764)	(6,702,588)
Balance, end of year	**$ 545,000**	**$ 265,000**	**$ 352,000**

Notes to Financial Statements

8. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, workers' compensation, as well as medical benefits provided to employees.

The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

9. COMMITMENTS, CONTINGENCIES, AND CAPITAL OUTLAY

The College may be subject to various legal proceedings and claims which arise in the ordinary course of its business. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be immaterial or will be covered by insurance.

The College conducts certain programs pursuant to grants and contracts funded, and subject to audit, by various federal and state agencies. Amounts questioned as a result of audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these audits is not believed to be material.

The College has various renovation and capital improvement projects in process at June 30, 2020. Total future Plant Fund commitments related to these projects approximates $38.6 million.

10. MACOMB COMMUNITY COLLEGE FOUNDATION

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

The fair value of the Foundation investments in mutual funds at June 30 are as follows:

Mutual Fund Type	2020	2019
Fixed income	$ 9,663,761	$ 9,628,455
Equity	15,350,828	14,670,139
Balanced	460,995	260,928
Total	**$ 25,475,584**	**$ 24,559,522**

The net position and all activity of the Foundation are reported as a discretely presented component unit in the College's financial statements. The net position of the Foundation totaled $25,467,532 and $24,531,673 at June 30, 2020 and 2019, respectively.

Notes to Financial Statements

Unrestricted net position, expendable endowments, scholarships and grants and nonexpendable endowments are available for the following purposes at June 30, 2020 and 2019, respectively:

	Unrestricted Net Position	Expendable Endowments, Scholarships and Grants	Nonexpendable Endowments	Total June 30, 2020
College designated	$ 12,682,529	$ -	$ -	$ 12,682,529
Center for Performing Arts	-	1,631,904	2,668,745	4,300,649
Innovation Fund	483,852	-	-	483,852
Scholarship and financial aid	-	2,113,517	4,031,193	6,144,710
Foundation designated	398,102	-	-	398,102
Library other	-	477,087	980,603	1,457,690
Total	**$ 13,564,483**	**$ 4,222,508**	**$ 7,680,541**	**$ 25,467,532**

	Unrestricted Net Position	Expendable Endowments, Scholarships and Grants	Nonexpendable Endowments	Total June 30, 2019
College designated	$ 12,220,219	$ -	$ -	$ 12,220,219
Center for Performing Arts	-	1,547,763	2,668,801	4,216,564
Innovation Fund	461,121	-	-	461,121
Scholarship and financial aid	-	1,932,209	3,958,058	5,890,267
Foundation designated	392,470	-	-	392,470
Library other	-	418,551	932,481	1,351,032
Total	**$ 13,073,810**	**$ 3,898,523**	**$ 7,559,340**	**$ 24,531,673**

Through a resolution by the Foundation's Board of Directors, the Foundation distributes four percent of the three-year average fair market value of the investment total to the College for purposes specified by donors not to exceed the Foundation's net assets with donor restrictions for expendable endowments, scholarships and grants. In addition, the Foundation distributes all donations and grant awards received by the Foundation on behalf of the College for educational and cultural activities. The College provided approximately $555,000 and $493,000 in personnel support, supplies, equipment and office space to the Foundation in 2020 and 2019, respectively.

Notes to Financial Statements

11. 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. Due to the pandemic, Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibited certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain on-campus operations including on-campus learning, on-campus student services, food service and conference services during the Spring/Summer and Fall 2020 semesters. In response to the pandemic, the College was allocated funding in the amount of $4,927,538 through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. During the year ended June 30, 2020, the College awarded eligible CARES Act Higher Education Emergency Relief Fund (HEERF) grants to students in the amount of $3,775,800. The College also incurred $1,151,738 in eligible institutional HEERF costs and $2,550,531 in eligible Coronavirus Relief Funds (CRF) from the State of Michigan under the CARES Act. Subsequent to the College's fiscal year end, funding in the amount of $3,841,500 was received from the State of Michigan. These CARES Act CRF federal funds were passed through the state as a supplement to help offset budget reductions for general appropriations at the state level. 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 funders, students, employees, and vendors, all of which cannot be reasonably predicted at this time.

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REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

Required Supplementary Information (Unaudited)

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

	Year Ended June 30					
	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability						
As a percentage	0.69065%	0.70173%	0.71078%	0.71142%	0.69092%	0.66062%
Amount	$ 228,719,483	$ 210,953,866	$ 184,192,399	$177,493,906	$168,757,285	$ 145,510,485
College's covered payroll	$ 59,604,395	$ 59,109,357	$ 59,740,411	$ 62,468,744	$ 60,441,372	$ 58,164,877
College's proportionate share of the net pension liability as a percentage of its covered payroll	383.76%	356.89%	308.32%	284.13%	279.21%	250.25%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Schedule of College's Pension Contributions

	Year Ended June 30					
	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 20,131,279	$ 18,299,875	$ 18,986,085	$ 17,387,065	$ 16,515,705	$ 12,775,183
Contributions in relation to the contractually contributions	(20,131,279)	(18,299,875)	(18,968,085)	(17,387,065)	(16,515,705)	(12,775,183)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 60,098,953	$ 60,452,401	$ 59,064,225	$ 60,170,241	$ 60,996,256	$ 60,027,383
Contributions as a percentage of covered payroll	33.50%	30.27%	32.14%	28.90%	27.08%	21.28%

See notes to required supplementary information.

Required Supplementary Information (Unaudited)

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

	Year Ended June 30		
	2020	2019	2018
College's proportion of the net pension liability			
As a percentage	$48,803,271	$55,036,439	$ 63,099,138
Amount	0.67992%	0.69237%	0.71254%
College's covered payroll	$59,604,395	$59,109,357	$ 59,740,411
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.88%	93.11%	105.62%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%

See notes to required supplementary information.

Schedule of College's Other Postemployment Benefits Contributions

	Year Ended June 30		
	2020	2019	2018
Contractually required contribution	$ 4,752,527	$ 4,620,999	$ 3,368,794
Contributions in relation to the contractually required contribution	(4,752,527)	(4,620,999)	(3,368,794)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered payroll	$ 60,098,953	$ 60,452,401	$ 59,064,225
Contributions as a percentage of covered payroll	7.91%	7.64%	5.70%

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 date will be presented.

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

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

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

- 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
FOR THE YEAR ENDED
JUNE 30, 2020(UNAUDITED)

MACOMB COMMUNITY COLLEGE

Combining Statement of Net Position (Unaudited)

June 30, 2020

	Combined Total	General Fund	Pension and OPEB Liability Fund *	CARES Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund
Assets								
Current assets								
Cash and cash equivalents	$ 42,941,726	$ 42,941,726	$ -	$ -	$ -	$ -	$ -	$ -
Short-term investments	33,065,016	33,065,016	-	-	-	-	-	-
Property taxes receivable, net	994,379	994,379	-	-	-	-	-	-
State appropriation receivable	4,060,149	2,415,357	1,644,792	-	-	-	-	-
Accounts receivable, net	2,996,158	2,894,602	-	-	-	-	101,556	-
Federal and state grants receivable	2,365,808	-	-	227,882	2,093,243	-	-	44,683
Student loans receivable	95,314	-	-	-	-	95,314	-	-
Inventories	222,704	222,704	-	-	-	-	-	-
Prepaid expenses and other assets	3,723,716	3,674,702	-	-	49,014	-	-	-
Total current assets	**90,464,970**	**86,208,486**	**1,644,792**	**227,882**	**2,142,257**	**95,314**	**101,556**	**44,683**
Long-term investments	158,642,297	158,642,297	-	-	-	-	-	-
Capital assets, net								
Land and improvements	8,663,478	-	-	-	-	-	8,663,478	-
Infrastructure	4,050,545	-	-	-	-	-	4,050,545	-
Buildings and improvements	125,733,613	-	-	-	-	-	125,733,613	-
Equipment and library materials	13,355,149	-	-	-	-	-	13,355,149	-
Construction in progress	8,311,803	-	-	-	-	-	8,311,803	-
Total capital assets	**160,114,588**	**-**	**-**	**-**	**-**	**-**	**160,114,588**	**-**
Total assets	**409,221,855**	**244,850,783**	**1,644,792**	**227,882**	**2,142,257**	**95,314**	**160,216,144**	**44,683**
Deferred outflows of resources								
Deferred pension amounts	64,806,023	-	64,806,023	-	-	-	-	-
Deferred OPEB amounts	14,536,575	-	14,536,575	-	-	-	-	-
Total deferred outflows of resources	**79,342,598**	**-**	**79,342,598**	**-**	**-**	**-**	**-**	**-**
Liabilities								
Current liabilities								
Accounts payable	5,924,531	4,515,181	1,409,350	-	-	-	-	-
Accrued payroll and other compensation	5,474,082	5,428,357	-	-	36,691	-	9,034	
Other accrued liabilities	1,889,050	794,482	-	-	-	-	1,094,568	-
Deposits	447,751	273,479	-	-	-	-	-	174,272
Unearned revenue	2,891,983	2,877,008	-	-	-	-	-	14,975
Due to (from) other funds	-	182,060,498	(2,904,035)	2,778,411	(10,350)	95,314	(181,875,274)	(144,564)
Total current liabilities	**16,627,397**	**195,949,005**	**(1,494,685)**	**2,778,411**	**26,341**	**95,314**	**(180,771,672)**	**44,683**
Accrued vacation	3,376,063	3,376,063	-	-	-	-	-	-
Net pension liability	228,719,483	-	228,719,483	-	-	-	-	-
Net OPEB liability	48,803,271	-	48,803,271	-	-	-	-	-
Total liabilities	**297,526,214**	**199,325,068**	**276,028,069**	**2,778,411**	**26,341**	**95,314**	**(180,771,672)**	**44,683**
Deferred inflows of resources								
Deferred pension amounts	21,075,569	-	21,075,569	-	-	-	-	-
Deferred OPEB amounts	20,909,328	-	20,909,328	-	-	-	-	-
Total deferred inflows of resources	**41,984,897**	**-**	**41,984,897**	**-**	**-**	**-**	**-**	**-**
Net position (deficit)								
Net investment in capital assets	160,114,588	-	-	-	-	-	160,114,588	-
Restricted for expendable endowments, scholarships and grants	2,115,916	-	-	-	2,115,916	-	-	-
Unrestricted (deficit)	(13,177,162)	45,525,715	(237,025,576)	(2,550,529)	-	-	180,873,228	-
Total net position (deficit)	**$ 149,053,342**	**$ 45,525,715**	**$ (237,025,576)**	**$ (2,550,529)**	**$ 2,115,916**	**$ -**	**$ 340,987,816**	**$ -**

* The Pension and OPEB Liability Fund reflects GASB 68 and 75 adjustments.

Macomb Community College

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

Year Ended June 30, 2020

	Combined Total	Elimination	General Fund	Pension and OPEB Liability Fund *	CARES Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund
Operating revenues								
Tuition and fees (net of scholarship allowance of $14,400,000)	$ 40,160,186	$ (14,400,000)	$ 54,525,476	$ -	$ -	$ 34,710	$ -	$ -
Federal grants and contracts	3,830,256	-	10,390	-	-	3,819,866	-	-
State and local grants and contracts	174,888	-	-	-	-	174,888	-	-
Nongovernmental grants	158,577	-	77,929	-	-	80,648	-	-
Center for Performing Arts	1,095,174	-	1,095,174	-	-	-	-	-
Indirect cost recoveries	-	(354,975)	354,975	-	-	-	-	-
Miscellaneous	3,178,321	-	2,580,032	-	-	66,304	-	531,985
Total operating revenues	**48,597,402**	**(14,754,975)**	**58,643,976**	**-**	**-**	**4,176,416**	**-**	**531,985**
Operating expenses								
Instruction	56,044,960	-	49,141,191	5,754,887	-	1,148,882	-	-
Information technology	8,361,905	-	7,393,196	557,843	410,866	-	-	
Public services	3,541,763	-	3,206,467	261,742	47,274	26,280	-	-
Instructional support	20,986,490	(29,834)	16,155,109	1,874,486	947,245	2,039,484	-	-
Student services	30,103,977	(14,725,141)	13,159,924	1,188,943	4,214,723	26,265,528	-	-
Institutional administration	15,470,109	-	13,716,166	1,360,885	393,058	-	-	-
Operation and maintenance of plant	17,059,552	-	14,052,436	979,310	417,867	4,710	-	1,605,229
Depreciation	19,926,858	-	-	-	-	-	-	19,926,858
Total operating expenses	**171,495,614**	**(14,754,975)**	**116,824,489**	**11,978,096**	**6,431,033**	**29,484,884**	**-**	**21,532,087**
Operating loss	**(122,898,212)**	**-**	**(58,180,513)**	**(11,978,096)**	**(6,431,033)**	**(25,308,468)**	**-**	**(21,000,102)**
Nonoperating revenues (expenses)								
State appropriations	30,653,386	-	30,470,600	182,786	-	-	-	-
Local community stabilization	3,582,717	-	3,582,717	-	-	-	-	-
Property tax levy	41,110,260	-	41,110,260	-	-	-	-	-
Federal pell grants	23,904,114	-	-	-	-	23,904,114	-	-
Federal Higher Education Emergency Relief Funds grant	4,927,538	-	-	-	4,927,538	-	-	
Investment income	5,155,176	-	1,245,622	-	-	-	-	3,909,554
Net realized and unrealized gain on investments	2,641,304	-	2,641,304	-	-		-	-
Gifts between college and foundation	1,271,969	-	551,381	-	-	720,588	-	-
Net nonoperating revenues	**113,246,464**	**-**	**79,601,884**	**182,786**	**4,927,538**	**24,624,702**	**-**	**3,909,554**
Other revenues								
Capital gifts and grants	35,182	-	-	-	-	-	-	35,182
Total other revenues	**35,182**	**-**	**-**	**-**	**-**	**-**	**-**	**35,182**
Transfers in (out)	-	-	(13,425,482)	-	(1,047,034)	906,583	-	13,565,933
Change in net position	**(9,616,566)**	**-**	**7,995,889**	**(11,795,310)**	**(2,550,529)**	**222,817**	**-**	**(3,489,433)**
Net position (deficit) - beginning of year	158,669,907	-	37,529,825	(225,230,266)	-	1,893,099	-	344,477,249
Net position (deficit) - end of year	**$ 149,053,341**	**$ -**	**$ 45,525,714**	**$ (237,025,576)**	**$ (2,550,529)**	**$ 2,115,916**	**$ -**	**$340,987,816**

* The Pension and OPEB Liability Fund reflects GASB 68 and 75 adjustments.