Kirtland Community College

KIRTLAND

Years Ended June 30, 2022 and 2021

Financial Statements and Supplementary Information

Rehmann

KIRTLAND COMMUNITY COLLEGE

Table of Contents

	Page
Board of Trustees	1
Independent Auditors' Report	2
Management's Discussion and Analysis	6
Financial Statements for the Years Ended June 30, 2022 and 2021	18
Statements of Net Position	19
Statements of Revenues, Expenses and Changes in Net Position	20
Statements of Cash Flows	21
Notes to Financial Statements	23
Required Supplementary Information	
MPSERS Cost-Sharing Multiple-Employer Plans:	63
Schedule of the College's Proportionate Share of the Net Pension Liability	64
Schedule of the College's Pension Contributions	65
Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits Liability	66
Schedule of the College's Other Postemployment Benefits Contributions	67
Notes to Required Supplementary Information	68
Supplementary Information for the Year Ended June 30, 2022 (Unaudited)	69
Combining Statement of Net Position	70
Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position	71

KIRTLAND COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT

Rehmann

INDEPENDENT AUDITORS' REPORT

November 10, 2022

To the Board of Trustees
Kirtland Community College
Grayling, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 10, 2022 on our consideration of *the* College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Introduction

The discussion and analysis of ***Kirtland Community College's*** (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2022 and 2021. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

The College's financial report includes three financial statements: the statements of net position, the statements of revenue, expenses, and changes in net position, and the statements of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.*

This annual financial report includes the management's discussion and analysis, the report of independent auditors, the basic financial statements, and notes to the financial statements. Following the notes to the financial statements are four required supplemental schedules, the combining statement of net position and the combining statement of revenue, expenses, transfers and changes in net position.

Financial Highlights

The College's financial position for fiscal year 2022 remained stable compared to fiscal year 2021. Net tuition and fees revenue increased by approximately $424,000 or 9.5 percent. Property taxes increased by approximately $165,000 or 1.9 percent. Pell grants decreased by approximately $284,000 or 12.4 percent. State appropriations support increased by approximately $228,000 or 6.1 percent from fiscal 2021 to 2022 due to State level one-time increases from the previous year. In fiscal year 2022, the portion of UAAL payments received subsequent to the MPSERS plan fiscal year end date of September 30, 2021 are included as deferred inflows and will be recorded as revenue in fiscal year 2023. In fiscal year 2022, operating expenses increased from fiscal year 2021 by approximately $688,000 or 3.7 percent, due in part to the opening of the Event Center and shifting operations to a post-pandemic course.

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

The statements of net position and the statements of revenue, expenses, and changes in net position report information on the College's net position and changes therein. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions.

Management's Discussion and Analysis

Total net position at June 30, 2022, 2021, and 2020 is $13.1 million, $8.4 million, and $4.9 million, respectively. The College's statements of net position at June 30 is summarized as follows (in thousands):

	Condensed Statements of Net Position as of June 30 (in thousands)		
	2022	2021	2020
Current and other assets	$ 21,495	$ 23,721	$ 30,024
Capital assets, net	47,088	44,022	35,301
Total assets	68,583	67,743	65,325
Deferred outflows of resources	3,928	6,079	7,429
Other liabilities	4,770	5,120	4,967
Long-term liabilities	41,159	52,491	55,158
Total liabilities	45,929	57,611	60,125
Deferred inflows of resources	13,463	7,767	7,690
Net position:			
Net investment in capital assets	22,729	22,503	22,025
Restricted-expendable	16	16	16
Unrestricted (deficit)	(9,625)	(14,075)	(17,102)
Total net position	$ 13,120	$ 8,444	$ 4,939

Statements of Net Position

The primary changes in the assets of the College between 2022 and 2021 include increases in cash position and capital assets, and decreases in the value of assets held for sale.

The primary changes in the assets of the College between 2021 and 2020 include increases in capital assets and decreases in restricted investments as a result of completion of the Phase 3 Grayling campus addition.

The primary changes in the liabilities of the College between 2022 and 2021 include a decrease in total liabilities of approximately $11.7 million as a result of annual payments of bonds issued for building construction and decreases in the net pension and OPEB liabilities.

The primary changes in the liabilities of the College between 2021 and 2020 include a decrease in total liabilities of approximately $2.5 million as a result of annual payments of bonds issued for building construction and decreases in the net pension and OPEB liabilities.

Deferred Outflows

Deferred outflows of resources of approximately $3.9 million were recorded at June 30, 2022, as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plans subsequent to the plan's measurement date. This is a decrease of approximately $2.15 million from June 30, 2021 due to changes in assumptions.

Deferred Inflows

Deferred inflows of approximately $13.5 million were recorded at June 30, 2022 as a result of the pension portion of Section 147c state aid awarded subsequent to the measurement date and the difference between projected and actual earnings on pension and OPEB plan investments, as well as deferred amounts related to the College's construction arrangement. This is an increase of approximately $5.7 million from June 30, 2021, due to the difference between projected and actual earnings on the pension plan. Additionally, approximately $2.54 million relates to capital outlay funds received from the State of Michigan to help fund the construction of the Michigan Forest Products Institute, but not recognized as revenue until the years 2023 through 2040.

Net Position

The difference between assets, deferred outflows, liabilities and deferred inflows is one way to measure the financial health or position of the College. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as trends in college applicants, student retention, condition of the buildings and infrastructure, and strength of its human resources to assess the overall health of the College.

Fiscal year 2022 net position of approximately $13.1 million increased by approximately $4,676,000. The increase between 2022 and 2021 was in large part attributable to federal grant reimbursements for COVID-19 mitigation expenses and stronger than anticipated tuition and property tax revenue.

Fiscal year 2021 net position of approximately $8.4 million increased by approximately $3,505,000. The increase between 2021 and 2020 was in large part attributable to federal grant reimbursements for COVID-19 mitigation expenses and lost revenues due to the pandemic.

Although unrestricted net position is not subject to externally imposed restrictions, virtually all of the College's unrestricted net position is designated for purposes to fulfill its mission. These designations include Auxiliary Fund working capital ($163,222 and $155,709 for 2022 and 2021, respectively), future maintenance and capital improvements ($10,905,952 and $5,706,421 for 2022 and 2021, respectively), and quasi-endowment ($0 and $2,000,000 for 2022 and 2021) (Note 1).

A total of $2,000,000 of net position, as seen above, had been set aside in the Quasi-Endowment Fund, by board of trustees' action, for the purpose of interest on investment proceeds being used to help offset the cost of institutional scholarships. Annual investment income, or the amount of Kirtland Community College scholarships, whichever is less, is transferred from this fund to the General Fund at the end of each fiscal year. The remaining balance of $2,000,000 was transferred out of this fund in 2022 based on a vote of the College's Board of Trustees.

Management's Discussion and Analysis

Statement of Revenue, Expenses, and Changes in Net Position

When assessing the stability of the College's finances, one of the most important questions is, "Is the College better off or worse off as a result of the year's activities?" The statements of revenues, expenses, and changes in net position answers that question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Kirtland Community College's operating results.

The following is a comparison of the major components of operating results of the College for the years ended June 30, 2022, 2021 and 2020 (in thousands):

	Operating Results for the Years Ended June 30 (in thousands)		
	2022	2021	2020
Operating revenue			
Tuition and fees, net	$ 4,866	$ 4,442	$ 4,413
Grants and contracts	535	465	469
Auxiliary activities	570	463	947
Miscellaneous	869	351	363
Total operating revenues	6,840	5,721	6,192
Operating expenses			
Instruction	4,139	5,436	5,561
Public service	141	144	188
Instructional support	2,540	2,374	3,105
Student services	4,353	3,467	3,370
Institutional administration	2,310	2,122	2,387
Operation and maintenance of physical plant	2,338	2,001	2,382
Information technology	1,057	806	1,016
Depreciation and amortization	1,393	1,720	1,695
Loss on impairment assets held for sale	1,000	514	-
Total operating expenses	19,271	18,584	19,704
Net operating loss	(12,431)	(12,863)	(13,512)

	2022	2021	2020
Nonoperating revenue (expense)			
State appropriations	$ 3,940	$ 3,712	$ 3,357
Federal Pell grant	2,007	2,291	2,382
Federal HEERF/Coronavirus Relief Fund grants	3,289	2,517	483
Property tax levy	8,870	8,704	8,584
Gifts	-	-	67
Investment (loss) income	(25)	66	318
Loss on disposal of capital assets	(1)	(11)	(319)
Interest on capital asset related debt	(869)	(911)	(710)
Transfers to other funds	(104)	-	-
Net operating revenue	17,107	16,368	14,162
Increase in net position	4,676	3,505	650
Net position – beginning of year	8,444	4,939	4,289
Net position – end of year	$ 13,120	$ 8,444	$ 4,939

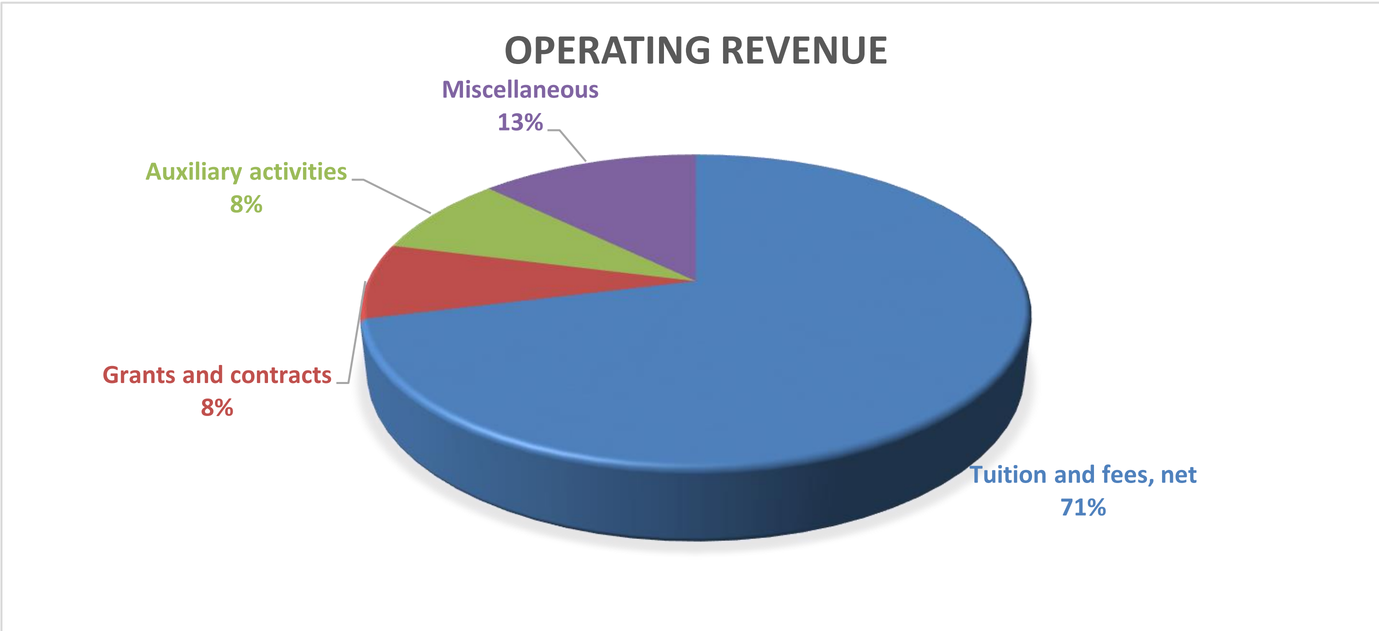
Total Revenue

Enrollment increased slightly from fiscal year 2021 to 2022. An increase in revenue from 2021 to 2022 can be attributed to incremental increases in tuition, property tax revenues, state appropriations, and the sale of a cell tower lease.

Operating Revenue

For the College as a whole, operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition, fees, and other auxiliary operations. 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 revenue for fiscal year 2022 was as follows:



Some of the operating revenue changes for 2022 were the result of the following factors:

The financial statements reflect an increase in income from tuition and fees plus the sale of a cell tower lease. This increase was approximately $1.1M.

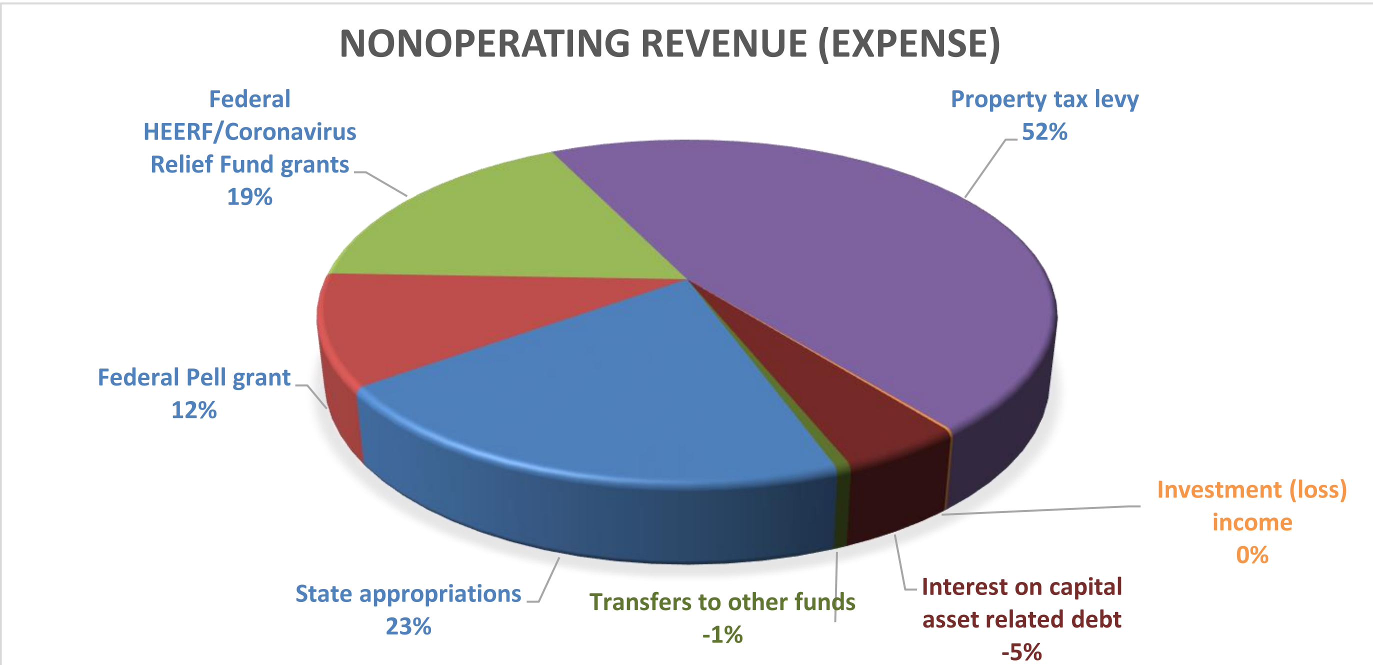
Some of the operating revenue changes for 2021 were the result of the following factors:

The financial statements reflect a significant decrease in income from auxiliary activities from the prior year due to the reduction of all auxiliary events as a result of the COVID-19 pandemic. This reduction was approximately $484,000.

Nonoperating Revenue (Expense)

Nonoperating revenue (expense) is the net of all revenue and expenditure sources that are primarily nonexchange in nature. The nonoperating revenue consists primarily of state appropriations, federal Pell grant, Federal HEERF and CRF fund grants, and property tax revenue. The nonoperating expenditures include interest on capital assets. Investment income or losses contribute to either nonoperating revenue or expenditures, depending on how well the investments performed in a year.

Nonoperating revenue (expense) for fiscal year 2022 was as follows:



Factors affecting changes in nonoperating revenue (expense) for 2022 include:

- Property taxes increased in 2022 by approximately $165,000 or 1.9 percent.
- Pell grants decreased by approximately $284,000 or 12.4 percent.
- Federal HEERF grant funds received of approximately $3,289,000 as a result of the Federal CARES Act funding due to the COVID-19 pandemic.

Factors affecting changes in nonoperating revenue (expense) for 2021 include:

- Property taxes increased in 2021 by approximately $121,000 or 1.4 percent.
- Pell grants decreased by approximately $91,000 or 3.8 percent.
- Federal HEERF and CRF grant funds received of approximately $2,518,000 as a result of the Federal CARES Act funding due to the COVID-19 pandemic.

Other Revenues

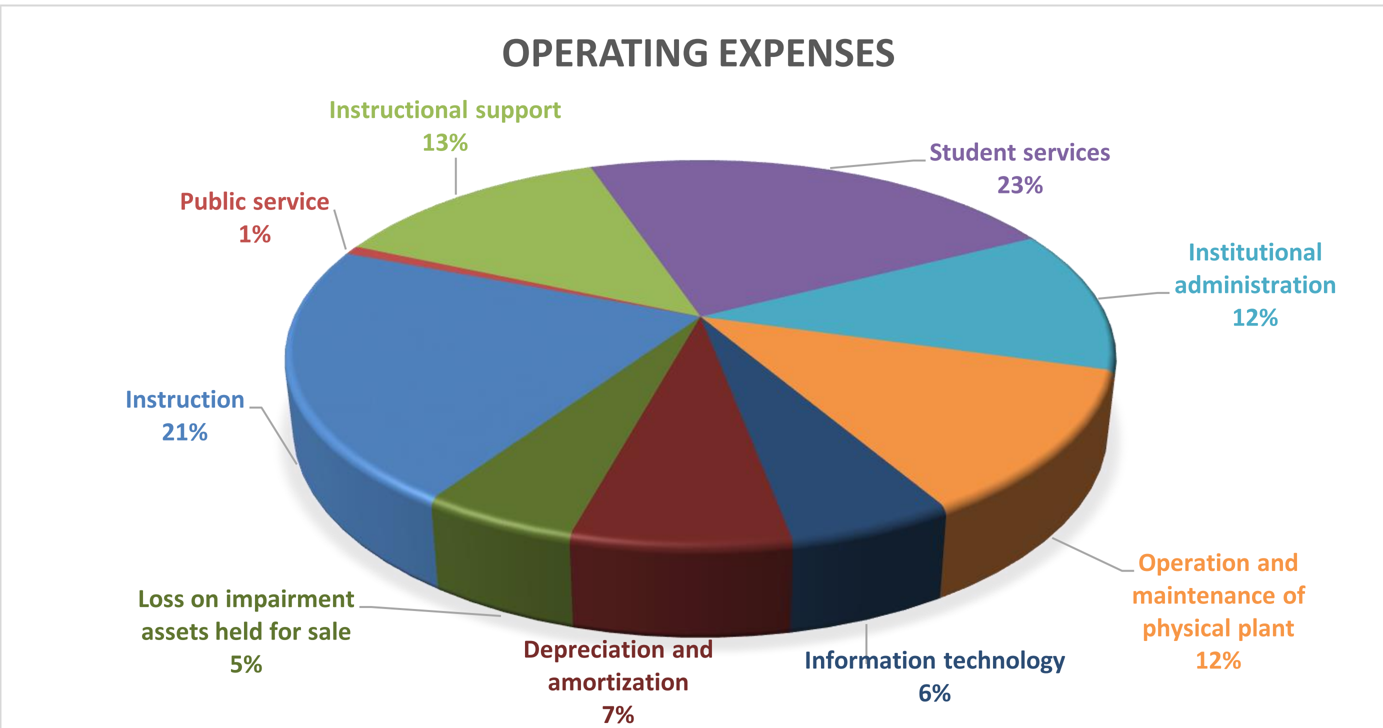
Investment income decreased by approximately $91,000 in 2022 due to a rapid increase in market interest rates resulting in a significant decrease in the market value of longer term investments.

Management's Discussion and Analysis

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries, benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses increased approximately $688,000 in 2022 and decreased approximately $1,121,000 in 2021. For the purpose of the financial statements reporting, operating expenses are presented according to the State of Michigan's Activities Classification Structure (ACS).

Operating expenses for fiscal year 2022 were as follows:



Factors affecting the increase in operating expenses in 2022 were the result of the impairment of the value of assets held for sale.

Factors affecting the decrease in operating expenses in 2021 were the result of decreased spending due to the pandemic.

Management's Discussion and Analysis

Statement of Cash Flows

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

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

	Cash Flows for the Year Ended June 30 (in thousands)		
	2022	2021	2020
Cash (used for) provided by:			
Operating activities	$ (12,695)	$ (10,946)	$ (9,332)
Noncapital financing activities	18,901	15,276	14,793
Capital and related financing activities	(6,237)	(15,710)	11,174
Investing activities	620	18,220	(16,495)
Net increase in cash	589	6,840	140
Cash beginning of year	12,102	5,262	5,122
Cash end of year	$ 12,691	$ 12,102	$ 5,262

Major sources of funds from operations came from student tuition, fees, grants, contracts, auxiliary activities, and the campus store. These sources were offset by expenditures for operations such as payments to employees and suppliers. For fiscal years 2022 and 2021, the cash used in operating activities was financed with $18.9 million and $15.3 million, respectively, of net cash flows from noncapital financing activities, including property taxes, Pell grants, state appropriations, and Federal Higher Education Emergency Relief Fund grants.

Cash used in capital and related financing activities for fiscal years 2022 and 2021 of approximately $6.2 million and $15.7 million, respectively, was primarily related to the construction of Phase 3 of the Grayling campus.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2022, 2021 and 2020, the College had approximately $47.1 million, $44.0 million, and $35.3 million invested in capital assets, net of accumulated depreciation of $12.4 million, $11.1 million, and $24.9 million, respectively. Depreciation charges totaled approximately $1,393,000 for the current fiscal year.

	Capital Assets as of June 30 (in thousands)		
	2022	2021	2020
Land and land improvements	$ 2,948	$ 2,834	$ 3,692
Buildings and improvements	41,069	22,836	26,157
Furniture, fixtures, and equipment	2,925	2,507	3,099
Construction in progress	146	15,845	2,353
Total	$ 47,088	$ 44,022	$ 35,301

During fiscal year 2021, the College put its Roscommon campus land, buildings and associated equipment up for sale. These assets are no longer depreciated and have been classified as assets held for sale on the accompanying statements of net position. The College recorded an impairment loss of $1,000,000 and $514,470 to reflect the difference between management's estimate of the fair value less costs to sell and the net book value of the assets classified as held for sale at June 30, 2022 and 2021, respectively. Fair value was determined based on market analysis performed by management and the College's real estate agent and are considered Level 3 assets.

Additional information about the College’s capital assets is presented in Note 6 to the financial statements.

Debt

The College had approximately $25.1 million, $26.3 million, and $27.5 million in debt outstanding at June 30, 2022, 2021 and 2020, respectively. The table below summarizes this amount by type of debt instrument. See note 7 for more information.

	Debt as of June 30 (in thousands)		
	2022	2021	2020
General obligation bonds	$ 25,145	$ 26,335	$ 27,490

Economic Factors That Will Affect the Future

The economic outlook for the College is tied heavily to national and state economic conditions. The state appropriations, as they pertain to higher education, are negotiated. These negotiations will potentially impact the funding received by the College from year to year. The current proposed increase in the state budget reflects a 2.0 percent increase in the College's appropriations for the 2022-2023 fiscal year as compared to the year ended June 30, 2022.

The Fall 2022 enrollment is down 5.15% due largely in part to national changes in student behavior related to college attendance.

Property tax revenue continues to increase over the past few fiscal years, as the housing market in the College's service area continues to show increasing property values.

The College has bolstered its cash and investments over that past several years from a low of $4 million at the end of fiscal 2012 to its current end of year position in 2022 of $17.0 million. Kirtland Community College remains financially stable but will need to continue to address the financial challenges identified above in order to maintain adequate cash flow and financial reserves.

FINANCIAL STATEMENTS

KIRTLAND COMMUNITY COLLEGE

Statements of Net Position

	June 30, 2022		June 30, 2021	
	Primary Government	Component Unit	Primary Government	Component Unit
Assets				
Current assets				
Cash and cash equivalents	$ 12,549,325	$ 111,301	$ 11,960,651	$ 142,832
Short-term investments	4,073,608	-	999,788	-
Accounts receivable, net	2,164,743	63,185	3,427,643	32,850
Inventories	116,310	-	95,691	-
Prepaid expenses and other assets	207,945	1,745	134,735	1,745
Total current assets	**19,111,931**	**176,231**	**16,618,508**	**177,427**
Noncurrent assets				
Long-term investments	241,350	2,357,461	844,451	2,521,562
Restricted investments	-	-	3,116,155	-
Restricted cash	142,170	-	141,802	-
Accounts receivable, net	-	75,180	-	72,850
Assets held for sale	2,000,000	-	3,000,000	-
Capital assets not being depreciated	506,573	-	16,206,290	-
Capital assets being depreciated, net	46,581,252	-	27,816,178	-
Total noncurrent assets	**49,471,345**	**2,432,641**	**51,124,876**	**2,594,412**
Total assets	**68,583,276**	**2,608,872**	**67,743,384**	**2,771,839**
Deferred outflows of resources				
Deferred pension amounts	2,823,451	-	4,562,168	-
Deferred OPEB amounts	1,104,739	-	1,516,539	-
Total deferred outflows of resources	**3,928,190**	**-**	**6,078,707**	**-**
Liabilities				
Current liabilities				
Accounts payable	1,748,346	2,732	1,822,237	5,257
Accrued payroll and vacation	1,016,783	-	960,201	-
Other accrued liabilities	327,561	-	677,907	-
Unearned revenue	165,322	-	200,880	-
Long-term obligations - current portion	1,511,499	-	1,458,502	-
Total current liabilities	**4,769,511**	**2,732**	**5,119,727**	**5,257**
Noncurrent liabilities				
Long-term obligations - net of current portion	25,595,738	-	26,881,071	-
Net pension liability	14,657,569	-	22,191,091	-
Net OPEB liability	905,575	-	3,419,065	-
Total noncurrent liabilities	**41,158,882**	**-**	**52,491,227**	**-**
Total liabilities	**45,928,393**	**2,732**	**57,610,954**	**5,257**
Deferred inflows of resources				
Construction arrangement	2,538,188	-	2,687,493	-
Deferred pension amounts	6,955,734	-	2,110,013	-
Deferred OPEB amounts	3,968,953	-	2,969,878	-
Total deferred inflows of resources	**13,462,875**	**-**	**7,767,384**	**-**
Net position				
Net investment in capital assets	22,729,710	-	22,502,929	-
Restricted for:				
Expendable scholarships and earnings	15,577	764,563	15,575	972,296
Nonexpendable	-	1,355,304	-	1,334,914
Unrestricted (deficit)	(9,625,089)	486,273	(14,074,751)	459,372
Total net position	**$ 13,120,198**	**$ 2,606,140**	**$ 8,443,753**	**$ 2,766,582**

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

KIRTLAND COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended			
	June 30, 2022		June 30, 2021	
	Primary Government	Component Unit	Primary Government	Component Unit
Operating revenues				
Tuition and fees, net of scholarship allowance of $1,461,471 and $1,717,525 for 2022 and 2021, respectively	$ 4,866,435	$ -	$ 4,442,366	$ -
Federal grants and contracts	389,845	-	315,652	-
State and local grants and contracts	116,153	-	125,213	-
Private grants and contracts	28,761	-	22,505	-
Auxiliary activities	569,789	-	463,347	-
Miscellaneous	869,394	-	351,430	-
Total operating revenues	**6,840,377**	**-**	**5,720,513**	**-**
Operating expenses				
Instruction	4,139,189	-	5,436,074	-
Public service	141,019	-	143,752	-
Instructional support	2,540,168	-	2,373,900	-
Student services	4,352,751	91,656	3,467,318	68,031
Institutional administration	2,310,862	154,539	2,122,233	143,341
Operation and maintenance of physical plant	2,338,578	-	2,000,734	-
Information technology	1,056,521	-	806,008	-
Depreciation and amortization	1,392,525	-	1,719,497	-
Loss on impairment of assets held for sale	1,000,000	-	514,470	-
Total operating expenses	**19,271,613**	**246,195**	**18,583,986**	**211,372**
Operating loss	**(12,431,236)**	**(246,195)**	**(12,863,473)**	**(211,372)**
Nonoperating revenues (expenses)				
State appropriations	3,939,889	-	3,711,772	-
Federal Pell grant	2,006,804	-	2,290,589	-
Federal Higher Education Emergency Relief Fund grants	3,289,421	-	2,141,512	-
Federal Coronavirus Relief Fund grant	-	-	376,400	-
Property tax levy	8,870,022	-	8,704,942	-
Gifts	-	161,038	-	221,453
Donated services	-	124,192	-	115,971
Investment (loss) income	(25,604)	(303,227)	65,700	549,362
Loss on disposal of capital assets	(600)	-	(11,428)	-
Interest on capital asset-related debt	(868,501)	-	(910,906)	-
Transfers (to) from affiliate	(103,750)	103,750	-	-
Net nonoperating revenues	**17,107,681**	**85,753**	**16,368,581**	**886,786**
Increase (decrease) in net position	**4,676,445**	**(160,442)**	**3,505,108**	**675,414**
Net position, beginning of year	8,443,753	2,766,582	4,938,645	2,091,168
Net position, end of year	**$ 13,120,198**	**$ 2,606,140**	**$ 8,443,753**	**$ 2,766,582**

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

KIRTLAND COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2022	**2021**
Cash flows from operating activities		
Tuition and fees	$ 4,837,232	$ 4,606,556
Grants and contracts	420,953	(2,986)
Auxiliary activities	569,789	463,347
Other receipts	973,750	221,931
Payments to suppliers	(11,708,193)	(10,592,866)
Payments to employees	(7,788,511)	(5,641,569)
Net cash used in operating activities	**(12,694,980)**	**(10,945,587)**
Cash flows from noncapital financing activities		
Direct lending receipts	2,799,566	2,346,430
Direct lending disbursements	(2,799,566)	(2,346,430)
Property tax levy	8,612,022	8,186,163
Federal Pell grants	2,006,804	2,290,589
Federal Higher Education Emergency Relief Fund grants	4,444,823	1,113,000
Federal Coronavirus Relief Fund grant	-	376,400
State appropriations	3,940,886	3,309,940
Transfers to Foundation	(103,750)	-
Net cash provided by noncapital financing activities	**18,900,785**	**15,276,092**
Cash flows from capital and related financing activities		
Purchase of capital assets	(4,462,008)	(13,966,740)
Principal paid on capital asset-related debt	(1,190,000)	(1,155,000)
Debt property tax levy	367,596	410,277
Interest paid on capital asset-related debt	(952,185)	(998,117)
Net cash used in capital and related financing activities	**(6,236,597)**	**(15,709,580)**
Cash flows from investing activities		
Proceeds from sale and maturities of investments	7,342,667	34,416,254
Purchase of short-term and long-term investments	(6,697,229)	(16,262,621)
Interest received on investments	(25,604)	65,700
Net cash provided by investing activities	**619,834**	**18,219,333**
Net increase in cash and cash equivalents	**589,042**	**6,840,258**
Cash and cash equivalents, beginning of year	12,102,453	5,262,195
Cash and cash equivalents, end of year	**$ 12,691,495**	**$ 12,102,453**
Reconciliation to statements of net position		
Cash and cash equivalents	$ 12,549,325	$ 11,960,651
Restricted cash	142,170	141,802
Cash and cash equivalents, end of year	**$ 12,691,495**	**$ 12,102,453**

continued…

Statements of Cash Flows (Concluded)

	Year Ended June 30	
	2022	2021
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (12,431,236)	$ (12,863,473)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,392,525	1,719,497
Loss on impairment of assets held for sale	1,000,000	514,470
Change in operating assets:		
Accounts receivable, net	(3,096)	(481,451)
Inventories	(20,619)	48,246
Prepaid expenses and other assets	(73,210)	(38,019)
Change in operating liabilities:		
Accounts payable	(73,891)	82,207
Accrued payroll and vacation	56,582	25,817
Other accrued liabilities	(305,473)	(38,734)
Unearned revenue	(35,558)	49,786
Change in deferred construction arrangement	(149,305)	(149,305)
Change in net pension liability	(7,533,522)	(133,619)
Change in net OPEB liability	(2,513,490)	(1,258,346)
Change in pension deferred inflows	4,845,721	(518,120)
Change in pension deferred outflows	1,738,717	1,489,040
Change in OPEB deferred inflows	999,075	745,034
Change in OPEB deferred outflows	411,800	(138,617)
Net cash used in operating activities	**$ (12,694,980)**	**$ (10,945,587)**

concluded

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

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Kirtland Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.* The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The College's financial statements have been prepared in accordance with GASB 61, *The Financial Reporting Entity Omnibus*, which requires examination of significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

Kirtland Community College Foundation (the "Foundation") is discretely presented as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of trustees) because its sole purpose is to provide support for the College. The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Certain modifications have been made to the Foundation's financial information in the College's financial reporting entity for the presentation differences.

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded $5,166,820 during 2021 from the Federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and $747,373 during 2020 from the Federal Coronavirus Aid, Relief, and Economic Security Act (collectively "HEERF"). The College recognized revenue from these awards of $3,289,421 and $2,141,512 during 2022 and 2021, respectively. The College was additionally awarded funding and recognized revenue in the amount of $376,400 during fiscal year 2021 through the Federal Coronavirus Relief Fund grant ("CRF"). While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Significant Accounting Policies

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

Accrual Basis

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

Cash and Cash Equivalents

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

Restricted Cash and Investments

Restricted cash and investments consists of unspent bond proceeds, which are restricted for capital expenditures related to the Health Sciences Education and Training Center, property tax collections to be used for debt retirement purposes, and for the purpose of erecting, furnishing and equipping a college facility.

Accounts Receivable

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

Investments

The College and Foundation carry their investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position as a component of investment income. The Foundation's investment (loss) income is reported net of external investment expenses.

Fair Value Measurements

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

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

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

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

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

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

Inventories
Cafeteria, bookstore, print shop, and technology inventories are stated at the average cost using the first-in, first-out method.

Assets held for sale
Assets held for sale consists of the College's Roscommon campus land, buildings and the associated equipment, which is no longer in use and currently held for sale. This asset is measured at the lower of cost (net book value) or market value.

Capital Assets and Depreciation
Capital assets are recorded at cost. Gifts of capital assets are recorded at estimated acquisition value at the time gifts are received. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. Land is not depreciated. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. Management reviews these assets to determine whether carrying values have been impaired.

The following estimated useful lives are used to compute depreciation:

Classification	Estimated Useful Lives
Land improvements	15-20 years
Building and building improvements	10-40 years
Furniture, fixtures and equipment	5-20 years

Revenue Recognition
Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. State appropriation revenue is recognized in the period for which it is appropriated. Property taxes are recorded as revenue in the year for which taxes have been levied. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the College that are responsible for adhering to any donor restrictions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the College's policy is to first apply restricted net position.

Contributions to the Foundation, including unconditional promises to give in the future, are reported as unrestricted revenue when received unless use of the related assets is limited by donor-imposed restrictions. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Expirations of net assets with donor restrictions (e.g., the donor-stipulated purpose has been fulfilled) are reclassified between the applicable classes of net position. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they depend have been met.

Scholarship Allowance
Student tuition and fee revenue, and certain other revenue from students, is reported net of scholarship allowances in the statements of revenues, expenses, and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenue in the College's financial statements. To the extent that revenue from such programs is used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Operating and Nonoperating Revenue
Operating activities reported on the statements of revenues, expenses, and changes in net position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Operating revenues of the College include activities, such as (1) student tuition and fees, net of scholarship allowances; (2) auxiliary activities; and (3) most federal, state, and local grants and nonoperating revenues of the College include activities that have the characteristics of nonexchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, including state appropriations, property taxes, federal Pell grant revenue, federal HEERF grant revenue, federal CRF grant revenue and gifts.

Unearned Revenue
Tuition and fees revenue received and related to periods of instruction that will occur after June 30, 2022 and 2021, have been recorded as unearned. Grants received prior to qualifying expenses are also included in unearned revenue. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Accrued Sick Leave
Accrued sick leave payable represents the accumulated liability to be paid under the College's current sick pay policy, and is included within long-term obligations on the accompanying statements of net position. Under the College's policy, employees earn sick time based on time of service with the College.

Classification of Expenses
Expenses are recognized when the service is provided or when materials are received. The College has classified expenses as either operating or nonoperating expenses according to the following criteria:

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation.

Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset-related debt and other expenses that are defined as nonoperating expenses by governmental accounting standards.

Income Taxes

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

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

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

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and OPEB-related amounts, such as differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources related to the Michigan Forest Products Institute Building construction arrangement with the Michigan State Building Authority. More detailed information related to the Michigan Forest Products construction arrangement can be found in Note 11. The College also reports deferred inflows of resources for certain pension and OPEB-related amounts, such as the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions and state appropriations for pensions received subsequent to the measurement date. More detailed information can be found in Note 8.

Pension and Other Postemployment Benefits ("OPEB")

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension 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.

Internal Service Activities

Both revenue and expenses related to internal service activities, including print shops, office equipment, maintenance, telecommunications, and institutional computing, have been eliminated.

Net Position

GASB Statement No, 34, as amended by GASB Statement No. 63, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting into the following net position categories:

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

- *Restricted Expendable:* Net position whose use by the College and the Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and the Foundation pursuant to those constraints or that expire by the passage of time. Expendable net position includes net appreciation of the Foundation's permanent endowment fund that have not been stipulated by the donor to be reinvested permanently.

- *Restricted Nonexpendable:* Net position subject to externally imposed constraints that they be maintained permanently by the Foundation. Nonexpendable net position includes the corpus portion (historical value) of gifts to the Foundation's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

- *Unrestricted:* Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees (the "Board").

The College's net investment in capital assets consists of the following as of June 30:

	2022	2021
Restricted cash	$ 142,170	$ 141,802
Restricted investments	-	3,116,155
Construction in progress	145,673	15,845,390
Bonds payable	(25,145,000)	(26,335,000)
Unamortized bond premiums	(1,355,285)	(1,442,493)
Physical properties fund	48,942,152	31,177,075
Total net investment in capital assets	**$ 22,729,710**	**$ 22,502,929**

The College's unrestricted net deficit consists of the following as of June 30:

	2022	2021
Auxiliary fund working capital	$ 163,222	$ 155,709
Deferred maintenance and replacement	10,905,952	5,706,421
Quasi-endowment	-	2,000,000
Pension and OPEB liability fund deficit	(22,559,641)	(24,611,340)
Undesignated	1,865,378	2,674,459
Total unrestricted net deficit	**$ (9,625,089)**	**$ (14,074,751)**

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and OPEB plans, the fair value of investments and the fair value of assets held for sale.

Change in Accounting Principle

For 2022, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of the standard effective July 1, 2021, did not have an impact on the College's basic financial statements or disclosures.

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958),* in September 2020, which was effective for the Foundation for the year ended June 30, 2022. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021. The Foundation adopted the standard on July 1, 2021. There was no impact to the presentation or disclosure of the contributions to the Foundation as a result of this adoption as no transactions of this type occurred during fiscal 2022 and 2021.

Reclassification

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

Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2022, the most recent statement of financial position presented herein, through November 10, 2022, the date these financial statements were available to be issued. No significant such events or transactions were identified by the Foundation.

2. PROPERTY TAXES

Property tax revenue is recognized in the year 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 within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to the counties in which the College is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the counties' tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the years ended June 30, 2022 and 2021, $2.1003 and $2.1093 of tax per $1,000 of taxable property value in the community college taxing district was levied for general operating purposes on all property, respectively. Total operating property tax revenue was $7,133,114 and $7,013,359 for the years ended June 30, 2022 and 2021, respectively.

During the years ended June 30, 2022 and 2021, $0.12 per $1,000 of taxable property value in the community college taxing district was levied for debt retirement purposes. Total property tax revenue for debt retirement purposes was $393,649 and $392,431 for the years ended June 30, 2022 and 2021, respectively.

During the years ended June 30, 2022 and 2021, $0.8400 and $0.8436 per $1,000 of taxable property value in the M-Tec taxing district was levied for general operating purposes, respectively. Total property tax revenue was $873,118 and $844,449 for the years ended June 30, 2022 and 2021, respectively.

Additionally, during the year ended June 30, 2022 and 2021, $470,141 and $454,703, respectively, of property tax revenue was collected related to the College's new University Center.

3. DEPOSITS AND INVESTMENTS AND FAIR VALUE MEASUREMENTS

Deposits and Investments

State statutes and the College's investment policy authorize the College to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the College is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, certain mutual funds, and investment pools that are composed of authorized investment vehicles. The College's deposits are in accordance with statutory authority. At June 30, 2022 and 2021, the College held investments at Huntington Bank. A portion of the investments at MILAF are invested in open market securities, such as US Treasury Notes, which are managed by an investment advisor.

The College has designated two banks for deposit of its funds. The College's cash and investments are subject to several types of risk, which are examined in more detail below.

Fair Value Measurements

The College and the Foundation utilize fair value measurements to record fair value adjustments to their investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

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

College

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

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

Term bonds: Valued at face value plus accrued interest earned and classified as Level 1.

US Treasury Notes/Bonds: Valued based on similar date values or market prices and classified as Level 2.

Commercial Paper: The College reviews market pricing and other observable market inputs for the same or similar securities obtained from a number of industry standard data providers. In the event that a transaction is observed for the same or similar security in the marketplace, the price on that transaction reflects the market price and fair value on that day and then follows a revised accretion schedule to determine the fair market value at period end. In the absence of any observable market transactions for a particular security, the fair market value at period end is derived by accreting from the last observable market price. These inputs represent quoted prices for similar assets or these inputs have been derived from observable market data accreted mathematically to par, and result in the classification of these securities as Level 2 of the fair value hierarchy.

Foundation

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

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

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

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

2022	Assets at Fair Value Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 241,350	$ -	$ -	$ 241,350
US Treasury Notes/Bonds	-	1,700,320	-	1,700,320
Commercial Paper	-	2,373,288	-	2,373,288
Total investments	$ 241,350	$ 4,073,608	$ -	$ 4,314,958

2021	Assets at Fair Value Level 1	Level 2	Level 3	Total
U.S. Government Obligations	$ 844,451	$ -	$ -	$ 844,451
Money Market Mutual Funds	2,016,155	-	-	2,016,155
Term Bonds	1,100,000	-	-	1,100,000
Commercial Paper	-	999,788	-	999,788
Total investments	$ 3,960,606	$ 999,788	$ -	$ 4,960,394

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

2022	Assets at Fair Value Level 1	Level 2	Level 3	Total
Common Stock	$ 491,335	$ -	$ -	$ 491,335
Equity Mutual Funds	1,375,016	-	-	1,375,016
Bond Mutual Funds	491,110	-	-	491,110
Total investments	$ 2,357,461	$ -	$ -	$ 2,357,461

2021	Assets at Fair Value Level 1	Level 2	Level 3	Total
Common Stock	$ 419,353	$ -	$ -	$ 419,353
Equity Mutual Funds	1,587,510	-	-	1,587,510
Bond Mutual Funds	514,699	-	-	514,699
Total investments	$ 2,521,562	$ -	$ -	$ 2,521,562

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	$ 241,350	$ -	$ 66,050	$ -	$ 175,300
US Treasury Notes/Bonds	1,700,320	1,071,192	629,129	-	-
Commercial Paper	2,373,288	2,373,288	-	-	-
Total	$ 4,314,958	$ 3,444,480	$ 695,179	$ -	$ 175,300

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
U.S. Government Obligations	$ 844,451	$ -	$ -	$ 107,479	$ 736,972
Money Market Mutual Funds	2,016,155	2,016,155	-	-	-
Term Bonds	1,100,000	1,100,000	-	-	-
Commercial Paper	999,788	999,788	-	-	-
Total	$ 4,960,394	$ 4,115,943	$ -	$ 107,479	$ 736,972

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the College's deposits. As of June 30, 2022, the College's deposit balances of $12,800,088 had $11,800,088 of bank deposits (money markets and certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2021, the College's deposit balances of $9,741,017 had $8,935,634 of bank deposits (money markets and certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The College believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the College evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the College will do business using the criteria established in the investment policy. All investments that are uninsured and unregistered are held by counterparties.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The College's investment policy does not further limit its investment choices. At June 30, 2022 and 2021, all commercial paper held by the College had a rating of A1 or A2.

At June 30, 2022 and 2021, the College had debt securities with Federal National Mortgage Association, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation invested at Huntington Bank.

Foreign Currency Risk

There are no foreign investments held by the College.

Concentration of Credit Risk

The College's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of the potential losses from any one type of security or issuer will be minimized.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following at June 30:

	2022	2021
State appropriations	$ 799,149	$ 800,146
Federal and state grants	1,043,292	2,113,649
Student	153,930	144,118
Property taxes	65,057	174,653
Consumer and other	122,555	198,150
Total accounts receivable	2,183,983	3,430,716
Less allowance for doubtful accounts	(19,240)	(3,073)
Net accounts receivable	$ 2,164,743	$ 3,427,643

All amounts deemed to be uncollectible are charged directly against income in the period that determination is made. Management's periodic evaluation of the adequacy of the allowance is based on the College's past collection experience, adverse situations that may affect the student's ability to repay, and current economic conditions.

5. PLEDGES RECEIVABLE - FOUNDATION

Pledges receivable, included in accounts receivable on the accompanying statements of net position, consist of unconditional promises to give toward the Health Sciences Education and Training Center and various scholarships and programs. Pledges Receivable consist of the following at June 30:

	2022	2021
Receivable in less than one year	$ 63,185	$ 32,850
Receivable in one to five years	75,180	72,850
Pledges receivable, net	$ 138,365	$ 105,700

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 360,900	$ -	$ -	$ -	$ 360,900
Construction in progress	15,845,390	3,914,432	-	(19,614,149)	145,673
Subtotal nondepreciable assets	**16,206,290**	**3,914,432**	**-**	**(19,614,149)**	**506,573**
Capital assets being depreciated:					
Land improvements	3,284,374	125,628	-	109,070	3,519,072
Building and building improvements	28,819,234	41,967	-	19,060,057	47,921,258
Furniture, fixtures and equipment	6,763,641	379,981	(13,201)	445,022	7,575,443
Subtotal depreciable assets	**38,867,249**	**547,576**	**(13,201)**	**19,614,149**	**59,015,773**
Total depreciable and nondepreciable assets	**55,073,539**	**4,462,008**	**(13,201)**	**-**	**59,522,346**
Less accumulated depreciation:					
Land improvements	810,872	121,068	-	-	931,940
Building and building improvements	5,983,654	868,561	-	-	6,852,215
Furniture, fixtures and equipment	4,256,545	402,896	(9,075)	-	4,650,366
Total accumulated depreciation	**11,051,071**	**$ 1,392,525**	**$ (9,075)**	**$ -**	**12,434,521**
Capital assets, net	**$ 44,022,468**				**$ 47,087,825**

Construction in progress consists of construction costs for student housing at the Grayling Campus. The project is expected to be completed and put into service during fiscal year 2023 at an additional cost of approximately $3,226,000.

During fiscal year 2021, the College put its Roscommon campus land, buildings and associated equipment up for sale. These assets are no longer depreciated and have been classified as assets held for sale on the accompanying statements of net position. The College recorded an impairment loss of $1,000,000 and $514,470 in fiscal 2022 and 2021, respectively, to reflect the difference between management's estimate of the fair value less costs to sell and the net book value of the assets classified as held for sale at June 30, 2022 and 2021. Fair value was determined based on market analysis performed by management and the College's real estate agent and is considered Level 3 assets.

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

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	$ 495,242	$ -	$ -	$ (134,342)	$ 360,900
Construction in progress	2,352,891	13,492,499	-	-	15,845,390
Subtotal nondepreciable assets	**2,848,133**	**13,492,499**	**-**	**(134,342)**	**16,206,290**
Capital assets being depreciated:					
Land improvements	6,110,068	-	-	(2,825,694)	3,284,374
Building and building improvements	42,022,055	162,558	(12,467)	(13,352,912)	28,819,234
Furniture, fixtures and equipment	9,254,615	311,683	(137,586)	(2,665,071)	6,763,641
Subtotal depreciable assets	**57,386,738**	**474,241**	**(150,053)**	**(18,843,677)**	**38,867,249**
Total depreciable and nondepreciable assets	**60,234,871**	**13,966,740**	**(150,053)**	**(18,978,019)**	**55,073,539**
Less accumulated depreciation:					
Land improvements	2,913,624	190,879	-	(2,293,631)	810,872
Building and building improvements	15,864,969	1,028,396	(1,039)	(10,908,672)	5,983,654
Furniture, fixtures and equipment	6,155,156	500,222	(137,586)	(2,261,247)	4,256,545
Total accumulated depreciation	**24,933,749**	**$ 1,719,497**	**$ (138,625)**	**$ (15,463,550)**	**11,051,071**
Capital assets, net	**$ 35,301,122**				**$ 44,022,468**

The College has some property that was 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 property, 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 are included in the accompanying statements of net position.

7. LONG-TERM OBLIGATIONS

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	$ 14,445,000	$ -	$ (575,000)	$ 13,870,000	$ 600,000
2017 General Obligation, Limited Bond	4,600,000	-	(210,000)	4,390,000	220,000
2015 General Obligation, Limited Bond	3,390,000	-	(190,000)	3,200,000	195,000
2015 General Obligation, Unlimited Bond	3,900,000	-	(215,000)	3,685,000	225,000
Total bonds payable	26,335,000	-	(1,190,000)	25,145,000	1,240,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	794,723	-	(44,151)	750,572	44,152
Series 2017 Unamortized Bond Premium	359,812	-	(22,488)	337,324	22,488
Series 2015 Unamortized Bond Premium	287,958	-	(20,569)	267,389	20,568
Other long-term obligations					
Accrued sick leave	562,080	68,595	(23,723)	606,952	184,291
Total long-term obligations	**$ 28,339,573**	**$ 68,595**	**$ (1,300,931)**	**$ 27,107,237**	**$ 1,511,499**

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Bond payable					
2019 General Obligation, Limited Bond	$ 15,000,000	$ -	$ (555,000)	$ 14,445,000	$ 575,000
2017 General Obligation, Limited Bond	4,805,000	-	(205,000)	4,600,000	210,000
2015 General Obligation, Limited Bond	3,575,000	-	(185,000)	3,390,000	190,000
2015 General Obligation, Unlimited Bond	4,110,000	-	(210,000)	3,900,000	215,000
Total bonds payable	27,490,000	-	(1,155,000)	26,335,000	1,190,000
Deferred amounts					
Series 2019 Unamortized Bond Premium	838,874	-	(44,151)	794,723	44,151
Series 2017 Unamortized Bond Premium	382,300	-	(22,488)	359,812	22,488
Series 2015 Unamortized Bond Premium	308,526	-	(20,568)	287,958	20,568
Other long-term obligations					
Accrued sick leave	569,371	29,297	(36,588)	562,080	181,295
Total long-term obligations	**$ 29,589,071**	**$ 29,297**	**$ (1,278,795)**	**$ 28,339,573**	**$ 1,458,502**

Bond principal and interest are payable from the proceeds of ad valorem taxes levied on all taxable properties in the College's taxing district without limitation as to rate or amount.

2019 General Obligation, Limited Bond

In November 2019, the College issued $15,000,000 of 2019 community college facilities general obligation limited bonds for the purpose of erecting, furnishing and equipping a College facility; erecting additions to, remodeling, furnishing and refurnishing and equipping and re-equipping a site. The bonds bear interest ranging from 2.875 to 3.00 percent and require annual payments ranging from $600,000 to $1,040,000 through 2039.

2017 General Obligation, Limited Bond

In November 2017, the College issued $5,200,000 of 2017 community college facilities general obligation limited bonds for the purpose of funding the expansion of the Health Sciences Education and Training Center. The bonds bear interest ranging from 3.00 to 4.00 percent and require annual payments ranging from $220,000 to $380,000 through 2037.

2015 General Obligation, Limited Bond

In May 2015, the College issued $4,415,000 of 2015 community college facilities general obligation limited bonds for the purpose of funding the construction of a new Health Sciences Education and Training Center. The bonds bear interest ranging from 2.00 to 4.00 percent and require annual payments ranging from $195,000 to $305,000 through 2035.

2015 General Obligation, Unlimited Bond

In May 2015, the College issued $5,025,000 of 2015 community college facilities general obligation unlimited bonds for the purpose of funding the construction of a new Health Sciences Education and Training Center. The bonds bear interest ranging from 2.00 to 4.00 percent and require annual payments ranging from $225,000 to $355,000 through 2035.

Accrued Sick Leave

The College provides sick benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues sick days payable for those employees who, upon retirement, will have met the conditions of the age and service requirements defined by each respective contract at year end.

Debt Maturity

Total principal and interest maturities on the bond obligations as of June 30, 2022 are as follows:

	Debt Obligations		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2023	$ 1,240,000	$ 903,781	$ 2,143,781
2024	1,285,000	857,881	2,142,881
2025	1,335,000	805,981	2,140,981
2026	1,385,000	752,081	2,137,081
2027	1,440,000	696,181	2,136,181
2028-2032	8,125,000	2,575,731	10,700,731
2033-2037	8,285,000	1,023,684	9,308,684
2038-2039	2,050,000	61,950	2,111,950
Totals	**$ 25,145,000**	**$ 7,677,270**	**$ 32,822,270**

8. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2022, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 14.51% - 15.05% on prior year covered payroll:

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

Required contributions to the pension plan from the College were $1,859,267, $1,860,495 and $1,779,713 for the years ended June 30, 2022, 2021 and 2020, respectively.

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

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

Required contributions to the OPEB plan from the College were $424,820, $438,661 and $452,325 for the years ended June 30, 2022, 2021 and 2020, respectively.

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

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

For the years ended June 30, 2022, 2021 and 2020, required and actual contributions from the College for those members with a defined contribution benefit were $73,281, $69,156 and $50,952, respectively.

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

At June 30, 2022 and 2021, the College reported a liability of $14,657,569 and $22,191,091 , respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.06191%, which was a decrease of 0.00269% points from its proportion measured as of September 30, 2020 of 0.06460%.

For the year ended June 30, 2022, the College recognized pension expense of $925,725. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 227,052	$ 86,316	$ 140,736
Changes in assumptions	923,961	-	923,961
Net difference between projected and actual earnings on pension plan investments	-	4,712,361	(4,712,361)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,295,201	(1,295,201)
	1,151,013	6,093,878	(4,942,865)
College contributions subsequent to the measurement date	1,672,438	-	1,672,438
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	861,856	(861,856)
Total	**$ 2,823,451**	**$ 6,955,734**	**$ (4,132,283)**

Notes to Financial Statements

The $1,672,438 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The $861,856 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2023	$ (933,411)
2024	(1,244,063)
2025	(1,411,796)
2026	(1,353,595)
Total	**$ (4,942,865)**

For the year ended June 30, 2021, the College recognized pension expense of $2,567,394. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 339,062	$ 47,364	$ 291,698
Changes in assumptions	2,458,987	-	2,458,987
Net difference between projected and actual earnings on pension plan investments	93,237	-	93,237
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,184,698	(1,184,698)
	2,891,286	1,232,062	1,659,224
College contributions subsequent to the measurement date	1,670,882	-	1,670,882
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	877,951	(877,951)
Total	**$ 4,562,168**	**$ 2,110,013**	**$ 2,452,155**

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

At June 30, 2022 and 2021, the College reported a liability of $905,575 and $3,419,065, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.05933%, which was a decrease of 0.00449% points from its proportion measured as of September 30, 2020 of 0.06382%.

For the year ended June 30, 2022, the College recognized a reduction in OPEB expense of $676,799. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Net Deferred Outflows (Inflows) of Resources**
Differences between expected and actual experience	$ -	$ 2,584,898	$ (2,584,898)
Change in assumptions	757,015	113,278	643,737
Net difference between projected and actual earnings on OPEB plan investments	-	682,548	(682,548)
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,683	588,229	(581,546)
	763,698	3,968,953	(3,205,255)
College contributions subsequent to the measurement date	341,041	-	341,041
Total	$ 1,104,739	$ 3,968,953	$ (2,864,214)

The $341,041 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	$ (853,356)
2024	(782,624)
2025	(691,796)
2026	(606,511)
2027	(239,545)
Thereafter	(31,423)
Total	**$ (3,205,255)**

For the year ended June 30, 2021, the College recognized a reduction in OPEB expense of $210,463. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 2,547,523	$ (2,547,523)
Change in assumptions	1,127,334	-	1,127,334
Net difference between projected and actual earnings on OPEB plan investments	28,536	-	28,536
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,804	422,355	(416,551)
	1,161,674	2,969,878	(1,808,204)
College contributions subsequent to the measurement date	354,865	-	354,865
Total	**$ 1,516,539**	**$ 2,969,878**	**$ (1,453,339)**

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total pension and OPEB liabilities in the September 30, 2020 and 2019 actuarial valuations (for the fiscal years ended June 30, 2022 and 2021) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2019)
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

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

Long-Term Expected Return on Pension Plan Assets

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

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

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

Long-term Expected return on OPEB Plan Assets

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

2021 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
Investment rate of return			**6.95%**

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

Rate of Return

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

Discount Rate

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

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 20,956,348	$ 14,657,569	$ 9,435,467

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 28,722,603	$ 22,191,091	$ 16,777,924

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

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 1,682,721	$ 905,575	$ 246,055

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 4,392,178	$ 3,419,065	$ 2,599,786

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

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net OPEB liability	$ 220,410	$ 905,575	$ 1,676,468

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

	1% Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net OPEB liability	$ 2,568,417	$ 3,419,065	$ 4,386,572

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2022, the College reported a payable of $236,568 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $231,432 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

At June 30, 2022, the College reported a payable of $33,377 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $32,135 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

Defined Contribution Plan

Effective January 1, 1999, amended February 8, 2019, administrators and full-time faculty 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 VALIC Retirement Services Company. As of June 30, 2022 and 2021, the plan had 9 and 7 participants, respectively. Under ORP, the College contributes 12.0 percent and the participant contributes 4.0 percent of the participant’s compensation. Participants are immediately 100 percent vested in all ORP contributions. Total contributions by the College were $76,202 and $61,454 for the years ended June 30, 2022 and 2021, respectively. Total contributions by employees were $25,400 and $20,485 for the years ended June 30, 2022 and 2021, respectively.

9. CONTINGENCIES

The College receives significant financial assistance from the State and Federal agencies in the form of grants and awards. The use of these funds generally requires compliance with grantor terms and conditions and is subject to audit by the grantor agency. Disallowed expenditures resulting from grantor audits could become a liability of the College, however, management believes that any future disallowances would not have a material effect on the College's financial statements.

In the normal course of its activities, the College is a party in various legal actions. The College and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, workers’ compensation, errors and omissions and liability.

Risk-sharing Programs

The College participates in a self-insurance program through the School Employers Group. This program provides substantially all the insurance needs of the College. The possibility of additional claims exists, but the amount of liability to the College would be immaterial by the time the aggregate stop-loss coverages are triggered. There is also a possibility of a refund due to the College. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The College is self-insured for certain vision and dental benefits paid on behalf of its employees. Effective January 1, 2013, the College is also self-insured for certain medical benefits paid on behalf of its employees. Payments are made to the plan administrator based on actual claims. A startup amount is expected to cover claims which have been incurred but not reported. The College has employed an outside consultant to monitor the plan. Expenses related to the vision and dental plans during the years ended June 30, 2022 and 2021 totaled $102,911 and $109,062, respectively. Expenses related to the medical plan during the years ended June 30, 2022 and 2021 totaled $851,733 and $1,311,831, respectively, which includes an estimate of claims incurred but not reported at June 30, 2022 and 2021.

	Vision and Dental Liability		
	2022	2021	2020
Unpaid claims - beginning of year	$ -	$ -	$ -
Incurred claims	102,911	109,062	84,035
Claims payments	102,911	109,062	84,035
Unpaid claims - end of year	$ -	$ -	$ -

	Health Liability		
	2022	2021	2020
Unpaid claims - beginning of year	$ 949,148	$ 741,668	$ 487,466
Incurred claims	851,733	1,311,831	991,277
Claims payments	758,520	1,104,351	737,075
Unpaid claims - end of year	$ 1,042,361	$ 949,148	$ 741,668

11. MICHIGAN FOREST PRODUCTS INSTITUTE BUILDING PARTNERSHIP

The College entered into an agreement in October 2017 with the Michigan State Building Authority (the "Authority") for the construction of the Michigan Forest Products Institute Building. Under the terms of the Agreement, the total authorized cost of the building is $6,100,000, of which the Authority will provide funding of $3,049,900 and the College must fund the remaining balance. Draws from the agreement are recorded as deferred inflows by the College and revenue will by recognized over a 20-year term per the agreement. The College recognized $149,305 of this revenue during both 2022 and 2021.

Notes to Financial Statements

12. KIRTLAND COMMUNITY COLLEGE FOUNDATION

Kirtland Community College Foundation (the "Foundation") is a legally separate, tax-exempt component unit of Kirtland Community College (the "College"). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and discretely presented in the College's financial statements.

Financial information for the Foundation is reported using accounting principles generally accepted in the United States of America for not-for-profit entities. Specific differences from the College are related to the reporting of promises to give and grants payable, which are reported when they are unconditional. At June 30, 2022 and 2021, the stated value of the net position of the Foundation totaled $2,606,140 and $2,766,582, respectively.

During fiscal 2022, the Board of Directors designated net assets for the specified purpose of supplementing future endowments to the Foundation. The board designated net assets was $103,750 at June 30, 2022. There were no board designated net assets at June 30, 2021.

Restricted net position consists of the following at June 30:

	2022	2021
Expendable for specified purpose:		
Scholarships and financial aid	$ 753,596	$ 959,426
Center for Performing Arts	10,967	12,870
	764,563	972,296
Nonexpendable endowments		
Subject to endowment spending policy and appropriation:		
Scholarships and financial aid	1,344,576	1,324,186
Center for Performing Arts	10,728	10,728
	1,355,304	1,334,914
Total restricted net position	**$ 2,119,867**	**$ 2,307,210**

Changes in net assets with donor restrictions, subject to expenditures for specified purpose for the years ended June 30 consist of the following:

		2022		2021
Subject to expenditures for specified purpose, beginning of year	$	972,296	$	211,568
Net investment (loss) gain		(258,225)		417,912
Contributions		142,148		158,853
Amounts appropriated for expenditure		(91,656)		(68,031)
Reclassification (see note 13)		-		251,994
Subject to expenditures for specified purpose, end of year	**$**	**764,563**	**$**	**972,296**

Contributions to and payments on behalf of the College by the Foundation approximated $92,000 and $68,000 in the fiscal years ended June 30, 2022 and 2021, respectively.

13. FOUNDATION ENDOWMENT

The Foundation's permanent endowments consist of 26 individual, donor-restricted funds established for student scholarships as of June 30, 2022. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Michigan Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, net assets with donor restrictions consist of the original value of gifts to the endowment and the original value of subsequent gifts to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by use in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

From time to time, certain donor-restricted endowment funds may have fair values less than the amounts required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022 and 2021, the Foundation did not have any underwater endowments.

Endowment net asset composition by type of fund as of June 30:

	2022	2021
Endowment funds with donor restrictions:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 1,355,304	$ 1,334,914
Accumulated investment earnings	527,561	798,124
Total Funds	**$ 1,882,865**	**$ 2,133,038**

Changes in endowment net assets all of which are donor restricted for the years ended June 30:

	2022	2021
Endowment net assets - beginning of year	$ 2,133,038	$ 811,125
Net investment (loss) gain	(239,063)	415,411
Contributions	18,890	62,600
Reclassification	-	887,402
Amounts appropriated for expenditure	(30,000)	(43,500)
Endowment net assets, end of year	**$ 1,882,865**	**$ 2,133,038**

Reclassification of Net Assets

During 2021, certain donors changed their intentions related to funds donated in prior years. Accordingly, the Foundation reclassified the initial gifts and any unspent earnings on these funds in the amount of $887,402 to net assets with donor restrictions in 2021. There were no reclassification of net assets in 2022.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested to achieve the primary objective of being the safety of principal and secondary objective being income and growth.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has implemented the following guidelines to achieve a diversified asset allocation of no more than 10 percent in emerging market funds and total assets will be allocated 60 percent for equity investments and 40 percent fixed income assets. Exposure within each asset class is determined by (1) the Foundation's investment objectives and risk tolerance, (2) the prevailing relative valuation between the primary competing assets classes (fixed income and equities), and (3) the fundamental strength of the economy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of the 20 quarter average of the fair value of investment holdings as of March 31 in the fiscal year in which the distribution is planned. Any donations received during the current year will be held for two years for income growth before each becomes part of the spending calculation or once the fund has reached the target income from an established minimum amount set by the donor. If, at any time, the fair value of the endowments is less than the principal amount, the principal will be held whole and the unrestricted funds may be used for scholarship distributions as well as administration and fundraising expenses. The amount to be distributed as scholarships and grants shall be 5 percent of the average as determined above. The specific amount available for distribution shall be made by the board of directors at the May regularly scheduled meeting. The board of directors shall reserve the right to change the amount to be distributed at any time. The amount determined to be available by the board of directors shall be distributed as follows: 4 percent will be used for scholarships and grants, administration and fundraising expenses and 1 percent may apply to a Kirtland Community College special request at the board's discretion subject to Foundation Board approval.

14. FOUNDATION LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of net position date, comprise the following for the Foundation as of June 30:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 111,301	142,832
Accounts receivable, net	138,365	105,700
Investments	2,357,461	2,521,562
	2,607,127	2,770,094
Less amounts unavailable for general expenditures within one year due to:		
Net position with donor restrictions	2,119,867	2,307,210
Total financial assets available for general use within one year	**$ 487,260**	**$ 462,884**

The endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Foundation has a policy of appropriating for distribution each year 3.5% of the fair value of investment holdings as of the beginning of the year for the fiscal year in which the distribution is planned. This distribution does not have to be taken if the Foundation Board of Directors determines it is not needed. Unspent 3.5% distribution funds can be used in future years if approved by the Board. If, at any time, the fair value of the endowments is less than the principal amount, the principal will be held whole.

15. FUNCTIONAL ALLOCATION OF EXPENSES AND DONATED SERVICES - FOUNDATION

The tables below present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are generally allocated between program services and supporting services based on specific identification. The Foundation's program services and supporting services expenses are included in student services and institutional administration expenses, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

	Year Ended June 30, 2022			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 91,656	$ -	$ -	$ 91,656
Operations	-	855	-	855
Professional fees	-	26,041	124,192	150,233
Travel and meeting	-	2,864	-	2,864
Other	-	587	-	587
Total expenses	**$ 91,656**	**$ 30,347**	**$ 124,192**	**$ 246,195**

	Year Ended June 30, 2021			
		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Scholarships and grants	$ 68,031	$ -	$ -	$ 68,031
Operations	-	2,061	-	2,061
Professional fees	-	25,146	115,971	141,117
Travel and meeting	-	110	-	110
Other	-	53	-	53
Total expenses	**$ 68,031**	**$ 27,370**	**$ 115,971**	**$ 211,372**

Notes to Financial Statements

16. DONATED SERVICES

The Foundation receives donated services from certain personnel at the College for the fiscal years ended June 30, 2022 and 2021, included in the financial statements, were as follows:

	2022	2021
Accounting services	$ 10,617	$ 9,459
Fundraising	113,575	106,512
Total donated services	**$ 124,192**	**$ 115,971**

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REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

KIRTLAND COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 14,657,569	$ 22,191,091	$ 22,324,710	$ 20,915,218	$ 18,384,023	$ 19,074,343	$ 18,701,369	$ 18,658,349
College's proportion of the net pension liability	0.06191%	0.06460%	0.06741%	0.06957%	0.07094%	0.07645%	0.07657%	0.08471%
College's covered payroll	$ 5,417,113	$ 5,699,824	$ 5,723,342	$ 5,918,399	$ 5,788,356	$ 6,331,048	$ 6,487,088	$ 7,227,586
College's proportionate share of the net pension liability as a percentage of its covered payroll	270.58%	389.33%	390.06%	353.39%	317.60%	301.28%	288.29%	258.15%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Pension Contributions

	Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,859,267	$ 1,860,495	$ 1,779,713	$ 1,793,690	$ 1,906,804	$ 1,630,652	$ 1,730,331	$ 1,386,796
Contributions in relation to the statutorily required contribution	(1,859,267)	(1,860,495)	(1,779,713)	(1,793,690)	(1,906,804)	(1,630,652)	(1,730,331)	(1,386,796)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,424,303	$ 5,450,108	$ 5,786,053	$ 5,789,037	$ 5,915,953	$ 5,827,938	$ 6,166,021	$ 6,598,213
Contributions as a percentage of covered payroll	34.28%	34.14%	30.76%	30.98%	32.23%	27.98%	28.06%	21.02%

See notes to required supplementary information.

KIRTLAND COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30				
	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 905,575	$ 3,419,065	$ 4,677,411	$ 5,505,809	$ 6,316,303
College's proportion of the net OPEB liability	0.05933%	0.06382%	0.06517%	0.06926%	0.07133%
College's covered payroll	$ 5,417,113	$ 5,699,824	$ 5,723,342	$ 5,918,399	$ 5,788,356
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.72%	59.99%	81.73%	93.03%	109.12%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Other Postemployment Benefits Contributions

	Year Ended June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	$ 424,820	$ 438,661	$ 452,325	$ 446,611	$ 426,950
Contributions in relation to the statutorily required contribution	(424,820)	(438,661)	(452,325)	(446,611)	(426,950)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,424,303	$ 5,450,108	$ 5,786,053	$ 5,789,037	$ 5,915,953
Contributions as a percentage of covered payroll	7.83%	8.05%	7.82%	7.71%	7.22%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

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

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

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

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

OPEB Information

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

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

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

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

SUPPLEMENTARY INFORMATION

KIRTLAND COMMUNITY COLLEGE

Combining Statement of Net Position

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

	General Fund	Pension and OPEB Fund	Restricted MPSERS	Designated Fund	Auxiliary Activities	Expendable Restricted Funds	Unexpended Plant Fund	Maintenance and Repair Fund	Debt Service Fund	Physical Properties Fund	Agency Fund	Combined Total June 30, 2022	Combined Total June 30, 2021
Assets													
Current assets													
Cash and cash equivalents	$ 12,548,325	$ -	$ -	$ -	$ 1,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,549,325	$ 11,960,651
Short-term investments	4,073,608	-	-	-	-	-	-	-	-	-	-	4,073,608	999,788
Accounts receivable, net	972,356	-	-	26,435	67,276	1,043,292	-	-	55,384	-	-	2,164,743	3,427,643
Inventories	24,315	-	-	-	91,995	-	-	-	-	-	-	116,310	95,691
Prepaid expenses and other assets	207,265	-	-	-	680	-	-	-	-	-	-	207,945	134,735
Due (to) from other funds	(14,315,574)	-	156,701	384,099	48,674	(167,996)	1,507,799	10,497,658	1,910,066	-	(21,427)	-	-
Total current assets	**3,510,295**	**-**	**156,701**	**410,534**	**209,625**	**875,296**	**1,507,799**	**10,497,658**	**1,965,450**	**-**	**(21,427)**	**19,111,931**	**16,618,508**
Noncurrent assets													
Long-term investments	241,350	-	-	-	-	-	-	-	-	-	-	241,350	844,451
Restricted investments	-	-	-	-	-	-	-	-	-	-	-	-	3,116,155
Restricted cash	-	-	-	-	-	-	142,170	-	-	-	-	142,170	141,802
Assets held for sale	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000	3,000,000
Capital assets													
Land	-	-	-	-	-	-	-	-	-	360,900	-	360,900	360,900
Construction in progress	-	-	-	-	-	-	145,673	-	-	-	-	145,673	15,845,390
Capital assets not being depreciated	-	-	-	-	-	-	145,673	-	-	360,900	-	506,573	16,206,290
Land improvements	-	-	-	-	-	-	-	-	-	3,519,072	-	3,519,072	3,284,374
Buildings	-	-	-	-	-	-	-	-	-	47,921,258	-	47,921,258	28,819,234
Equipment and books	-	-	-	-	-	-	-	-	-	7,575,443	-	7,575,443	6,763,641
Allowance for depreciation	-	-	-	-	-	-	-	-	-	(12,434,521)	-	(12,434,521)	(11,051,071)
Capital assets being depreciated, net	-	-	-	-	-	-	-	-	-	46,581,252	-	46,581,252	27,816,178
Total noncurrent assets	**241,350**	**-**	**-**	**-**	**-**	**-**	**287,843**	**-**	**-**	**48,942,152**	**-**	**49,471,345**	**51,124,876**
Total assets	**3,751,645**	**-**	**156,701**	**410,534**	**209,625**	**875,296**	**1,795,642**	**10,497,658**	**1,965,450**	**48,942,152**	**(21,427)**	**68,583,276**	**67,743,384**
Deferred outflows of resources													
Deferred pension amounts	-	2,823,451	-	-	-	-	-	-	-	-	-	2,823,451	4,562,168
Deferred OPEB amounts	-	1,104,739	-	-	-	-	-	-	-	-	-	1,104,739	1,516,539
Total deferred outflows of resources	**-**	**3,928,190**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,928,190**	**6,078,707**
Liabilities													
Current liabilities													
Accounts payable	732,248	-	156,701	-	6,482	852,915	-	-	-	-	-	1,748,346	1,822,237
Accrued payroll and vacation	972,960	-	-	2,240	34,779	6,804	-	-	-	-	-	1,016,783	960,201
Other accrued liabilities	267,567	-	-	-	5,142	-	-	-	76,279	-	(21,427)	327,561	677,907
Unearned revenue	165,322	-	-	-	-	-	-	-	-	-	-	165,322	200,880
Long-term obligations - current portion	184,291	-	-	-	-	-	-	-	1,327,208	-	-	1,511,499	1,458,502
Total current liabilities	**2,322,388**	**-**	**156,701**	**2,240**	**46,403**	**859,719**	**-**	**-**	**1,403,487**	**-**	**(21,427)**	**4,769,511**	**5,119,727**
Noncurrent liabilities													
Long-term obligations - net of current portion	-	-	-	-	-	-	-	-	25,595,738	-	-	25,595,738	26,881,071
Net pension liability	-	14,657,569	-	-	-	-	-	-	-	-	-	14,657,569	22,191,091
Net OPEB liability	-	905,575	-	-	-	-	-	-	-	-	-	905,575	3,419,065
Total noncurrent liabilities	**-**	**15,563,144**	**-**	**-**	**-**	**-**	**-**	**-**	**25,595,738**	**-**	**-**	**41,158,882**	**52,491,227**
Total liabilities	**2,322,388**	**15,563,144**	**156,701**	**2,240**	**46,403**	**859,719**	**-**	**-**	**26,999,225**	**-**	**(21,427)**	**45,928,393**	**57,610,954**
Deferred inflows of resources													
Construction arrangement	-	-	-	-	-	-	2,538,188	-	-	-	-	2,538,188	2,687,493
Deferred pension amounts	-	6,955,734	-	-	-	-	-	-	-	-	-	6,955,734	2,110,013
Deferred OPEB amounts	-	3,968,953	-	-	-	-	-	-	-	-	-	3,968,953	2,969,878
Total deferred inflows of resources	**-**	**10,924,687**	**-**	**-**	**-**	**-**	**2,538,188**	**-**	**-**	**-**	**-**	**13,462,875**	**7,767,384**
Net position (deficit)													
Net investment in capital assets	-	-	-	-	-	-	287,843	-	(26,500,285)	48,942,152	-	22,729,710	22,502,929
Restricted - expendable	-	-	-	-	-	15,577	-	-	-	-	-	15,577	15,575
Unrestricted (deficit)	1,429,257	(22,559,641)	-	408,294	163,222	-	(1,030,389)	10,497,658	1,466,510	-	-	(9,625,089)	(14,074,751)
Total net position (deficit)	**$ 1,429,257**	**$ (22,559,641)**	**$ -**	**$ 408,294**	**$ 163,222**	**$ 15,577**	**$ (742,546)**	**$ 10,497,658**	**$ (25,033,775)**	**$ 48,942,152**	**$ -**	**$ 13,120,198**	**$ 8,443,753**

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

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

	General Fund	Pension and OPEB Fund	Restricted MPSERS	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Unexpended Plant Fund	Maintenance and Repair Fund	Debt Service Fund	Physical Properties Fund	Quasi-Endowment Fund	Eliminations	Combined Total June 30, 2022	Combined Total June 30, 2021
Operating revenues														
Tuition and fees, net	$ 6,327,906	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,461,471)	$ 4,866,435	$ 4,442,366
Federal grants and contracts	-	-	-	-	-	389,845	-	-	-	-	-	-	389,845	315,652
State and local grants and contracts	-	-	-	-	-	116,153	-	-	-	-	-	-	116,153	125,213
Private gifts, grants, and contracts	-	-	-	-	-	28,761	-	-	-	-	-	-	28,761	22,505
Auxiliary activities	-	-	-	-	569,789	-	-	-	-	-	-	-	569,789	463,347
Indirect cost recoveries	12,400	-	-	-	-	-	-	-	-	-	-	(12,400)	-	-
Current funds expenditures for equipment and capital improvements	-	-	-	-	-	-	-	-	-	547,578	-	(547,578)	-	-
Miscellaneous	564,603	-	-	155,486	-	-	149,305	-	-	-	-	-	869,394	351,430
Total operating revenues	**6,904,909**	**-**	**-**	**155,486**	**569,789**	**534,759**	**149,305**	**-**	**-**	**547,578**	**-**	**(2,021,449)**	**6,840,377**	**5,720,513**
Operating expenses														
Instruction	4,748,432	(1,355,968)	401,108	52,665	-	506,836	-	-	51,270	-	-	(265,154)	4,139,189	5,436,074
Public service	39,844	(10,780)	111,955	-	-	-	-	-	-	-	-	-	141,019	143,752
Instructional support	1,527,234	(367,400)	61,881	-	1,112,607	250,449	-	-	-	-	-	(44,603)	2,540,168	2,373,900
Student services	2,598,384	(591,743)	3,189	-	-	3,804,392	-	-	-	-	-	(1,461,471)	4,352,751	3,467,318
Institutional administration	1,588,641	(378,471)	175,043	-	-	925,649	-	-	-	-	-	-	2,310,862	2,122,233
Operation and maintenance of physical plant	1,960,972	(209,193)	108,680	-	-	339,714	-	388,626	-	-	-	(250,221)	2,338,578	2,000,734
Information technology	1,056,521	-	-	-	-	-	-	-	-	-	-	-	1,056,521	806,008
Depreciation and amortization	-	-	-	-	-	-	-	-	-	1,392,525	-	-	1,392,525	1,719,497
Loss on impairment of assets held for sale	-	-	-	-	-	-	-	-	-	1,000,000	-	-	1,000,000	514,470
Total operating expenses	**13,520,028**	**(2,913,555)**	**861,856**	**52,665**	**1,112,607**	**5,827,040**	**-**	**388,626**	**51,270**	**2,392,525**	**-**	**(2,021,449)**	**19,271,613**	**18,583,986**
Operating (loss) income	**(6,615,119)**	**2,913,555**	**(861,856)**	**102,821**	**(542,818)**	**(5,292,281)**	**149,305**	**(388,626)**	**(51,270)**	**(1,844,947)**	**-**	**-**	**(12,431,236)**	**(12,863,473)**
Nonoperating revenues (expenses)														
State appropriations	3,939,889	(861,856)	861,856	-	-	-	-	-	-	-	-	-	3,939,889	3,711,772
Federal Pell grant	-	-	-	-	-	2,006,804	-	-	-	-	-	-	2,006,804	2,290,589
Federal Higher Education Emergency Relief Fund grants	-	-	-	-	-	3,289,421	-	-	-	-	-	-	3,289,421	2,141,512
Federal Coronavirus Relief Fund grant	-	-	-	-	-	-	-	-	-	-	-	-	-	376,400
Property taxes	8,006,232	-	-	-	470,141	-	-	-	393,649	-	-	-	8,870,022	8,704,942
Investment (loss) income	(2,837)	-	-	-	-	-	(14,737)	(4,734)	(1,500)	-	(1,796)	-	(25,604)	65,700
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(600)	-	-	(600)	(11,428)
Interest on capital asset - related debt	-	-	-	-	-	-	-	-	(868,501)	-	-	-	(868,501)	(910,906)
Transfers (to) from affiliate	(103,750)	-	-	-	-	-	-	-	-	-	-	-	(103,750)	-
Net nonoperating revenues (expenses)	**11,839,534**	**(861,856)**	**861,856**	**-**	**470,141**	**5,296,225**	**(14,737)**	**(4,734)**	**(476,352)**	**(600)**	**(1,796)**	**-**	**17,107,681**	**16,368,581**
Transfers (out) in	**(5,317,322)**	**-**	**-**	**-**	**80,190**	**(3,942)**	**-**	**5,490,070**	**(17,861,416)**	**19,610,624**	**(1,998,204)**	**-**	**-**	**-**
Increase (decrease) in net position	**(92,907)**	**2,051,699**	**-**	**102,821**	**7,513**	**2**	**134,568**	**5,096,710**	**(18,389,038)**	**17,765,077**	**(2,000,000)**	**-**	**4,676,445**	**3,505,108**
Net position (deficit), beginning of year	1,522,164	(24,611,340)	-	305,473	155,709	15,575	(877,114)	5,400,948	(6,644,737)	31,177,075	2,000,000	-	8,443,753	4,938,645
Net position (deficit), end of year	**$ 1,429,257**	**$ (22,559,641)**	**$ -**	**$ 408,294**	**$ 163,222**	**$ 15,577**	**$ (742,546)**	**$ 10,497,658**	**$ (25,033,775)**	**$ 48,942,152**	**$ -**	**$ -**	**$ 13,120,198**	**$ 8,443,753**