SOUTHWESTERN MICHIGAN COLLEGE

JUNE 30, 2021 FINANCIAL REPORT

Southwestern Michigan College

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Independent Auditor's Report

To the Board of Trustees
Southwestern Michigan College

Report on the Financial Statements

We have audited the accompanying financial statements of Southwestern Michigan College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Southwestern Michigan College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Southwestern Michigan College and its discretely presented component unit as of June 30, 2021 and 2020 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Southwestern Michigan College

Other Matters

Required Supplemental Information

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

Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southwestern Michigan College's basic financial statements. The additional information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The additional information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of Southwestern Michigan College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southwestern Michigan College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 10, 2021

The discussion and analysis of Southwestern Michigan College's (the “College”) financial statements provides an overview of the College's financial activities for the years ended June 30, 2021, 2020, and 2019. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College’s administration.

Using this Report

The College’s annual financial report includes the report of independent auditors, the management’s discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information, and additional information. The basic financial statements are comprised of three components: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.*

Financial Highlights

The combined annual operations of all funds of the College entity again added to the financial stability of the institution. The combined College’s net position increased by $3.1 million in fiscal year 2021.

In comparison, the combined College’s net position remained steady in fiscal year 2020. The College was able to maintain a break-even position during fiscal year 2020 despite an 11 percent mid-year cut to state appropriations and increased expenses due to COVID-19.

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

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

Total net position at June 30, 2021, 2020, and 2019 is $40.3 million, $37.2 million, and $37.3 million, respectively. The College's balance sheet at June 30 is summarized as follows:

Condensed Balance Sheet as of June 30 (in millions)

	2021	2020	2019
Assets			
Current assets	$ 11.1	$ 13.7	$ 13.0
Capital assets	58.1	59.9	62.1
Other noncurrent assets	9.1	2.0	0.9
Total assets	78.3	75.6	76.0
Deferred Outflows of Resources	4.6	5.4	4.7
Total assets and deferred outflows of resources	**$ 82.9**	**$ 81.0**	**$ 80.7**
Liabilities			
Current liabilities	$ 3.7	$ 3.5	$ 3.4
Noncurrent liabilities	36.4	37.7	37.0
Total liabilities	40.1	41.2	40.4
Deferred Inflows of Resources	2.5	2.6	3.0
Total liabilities and deferred inflows of resources	42.6	43.8	43.4
Net Position			
Net investment in capital assets	36.2	37.2	38.9
Unrestricted net position (deficit)	4.1	-	(1.6)
Total net position	40.3	37.2	37.3
Total liabilities, deferred inflows, and net position	**$ 82.9**	**$ 81.0**	**$ 80.7**

Statement of Net Position

The primary changes in the assets and liabilities of the College between 2021 and 2020 are summarized as follows:

- The increase in cash and investments from 2020 to 2021 was funded by the increase in net position.
- The increase in current assets from 2019 to 2020 is primarily due to an increase in short-term investments which was funded by a decrease in cash and a decrease in accounts receivable due to the collection of prior year capital appropriations for the Nursing and Health Education Building Project.
- Capital assets decreased from 2020 to 2021 and from 2019 to 2020 due to depreciation.
- Current liabilities increased from 2020 to 2021 by $0.2 million as a result of increasing debt payments and increased unearned revenue. Current liabilities remained consistent from 2019 to 2020.
- Noncurrent liabilities represent long term debt and pension and OPEB liabilities. They decreased by $1.3 million from 2020 to 2021 mainly due to debt payments. They remained consistent from 2019 to 2020.

Net Position

In comparison with fiscal year 2020, the College's net position for fiscal year 2021 increased by $3.1 million, or 8.2 percent. In comparison with fiscal year 2019, the College's net position for fiscal year 2020 remained constant. In both fiscal years 2021 and 2020, transfers into the Plant Fund were funded by operating and nonoperating revenue in excess of expenses in both the General Fund and Auxiliary Fund.

Statement of Revenue, Expenses, and Changes in Net Position

Following is a comparison of the major components of operating results of the College for the years ended June 30, 2021, 2020, and 2019:

Operating Results for the Years Ended June 30 (in millions)	2021	2020	2019
Operating Revenue			
Tuition and fees	$ 8.4	$ 9.7	$ 9.6
Scholarship allowance	(3.2)	(3.4)	(3.0)
Tuition and fees - Net	5.2	6.3	6.6
Federal grants	0.7	1.1	1.0
State grants and contracts	-	0.1	-
Sales and services of auxiliary activities	1.9	2.0	2.3
Scholarship allowance	(0.7)	(0.8)	(0.7)
Auxiliary services - Net	1.2	1.3	1.6
Other	0.5	0.6	0.7
Total operating revenue	7.6	9.4	9.9
Operating Expenses			
Instruction	7.3	7.8	7.5
Instructional support	2.1	2.1	2.0
Student services	4.5	4.7	4.5
Institutional administration	3.2	3.2	3.7
Physical plant operations	3.0	3.3	3.4
Information technology	2.7	2.3	2.1
Depreciation	2.4	2.6	2.4
Total operating expenses	25.2	26.0	25.6
Operating Loss	(17.6)	(16.6)	(15.7)
Nonoperating Revenue (Expenses)			
State appropriations	7.7	6.9	7.6
Federal Pell Grant	3.0	3.5	3.4
Coronavirus Relief Funding	4.6	0.5	-
Property taxes	6.2	6.0	5.7
Investment income	-	0.2	0.2
Bond issuance cost	-	(0.1)	-
Interest on capital asset - Related debt	(0.8)	(0.8)	(1.1)
Interest on ARRA subsidy	-	0.1	0.2
Other nonoperating revenue (expense)	(0.1)	0.1	-
Net nonoperating revenue	20.6	16.4	16.0
Other Revenue			
State capital appropriations	-	0.1	3.9
Capital contributions	0.1	-	0.3
Increase (Decrease) in Net Position	3.1	(0.1)	4.5
Net Position - Beginning of year	37.2	37.3	32.8
Net Position - End of year	**$ 40.3**	**$ 37.2**	**$ 37.3**

Total Revenue

The major changes in revenue for fiscal year 2021 are increased state aid due to the reinstatement of state aid after a mid-year 11 percent reduction in 2020 and increased Higher Education Emergency Relief Funding (HEERF) of $4.2 million. The major changes in revenue for fiscal year 2020 are decreased state aid due to a mid-year 11 percent reduction in state funding and a new revenue line for HEERF of $0.6 million. Both of these changes are a result of COVID-19.

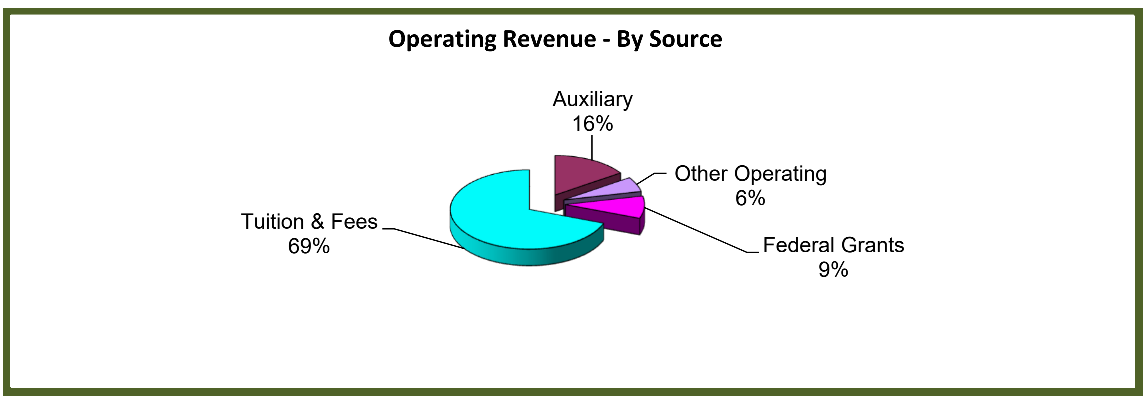
Operating Revenue

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 housing. 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 changes were as follows:

- For fiscal year 2021, net Tuition and Fee revenue decreased by $1.1 million or 17.1 percent due to a decrease in enrollment due to COVID-19 and a tuition and fee increase of approximately 2.0 percent. For fiscal year 2020, net Tuition and Fee revenue decreased by $0.2 million or 2.9 percent due to an increase in enrollment and a tuition and fee increase of approximately 2.2 percent offset by an increase in the scholarship allowance of $0.3 million

The following graph illustrates the percentage of operating revenue by source for the year ended June 30, 2021:



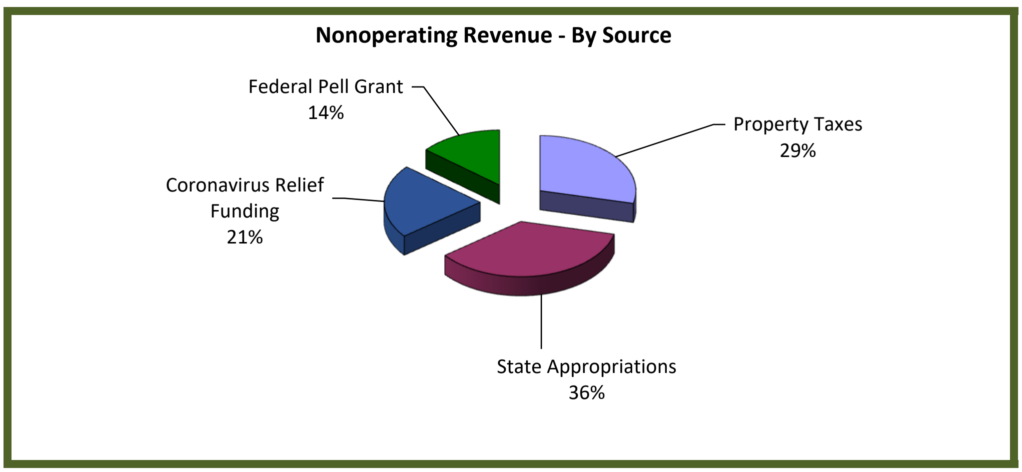
Nonoperating Revenue

Nonoperating revenue is all revenue sources that are primarily nonexchange in nature. They consist primarily of state appropriations, federal Pell Grant funding, property taxes, and state capital appropriations.

Nonoperating revenue changes included the following factors:

- State appropriations increased by $0.8 million, or 11.0 percent, from fiscal year 2020 to 2021 and decreased by $0.7 million, or 9.2 percent, from fiscal year 2019 to 2020. The decrease in fiscal year 2020 was due to an 11 percent mid-year state appropriation cut due to COVID-19. The increase in fiscal year 2021 was due to the restoration of the 2020 mid-year appropriation cut.
- Property tax revenue increased by approximately $0.2 million, or 3.4 percent, from fiscal year 2020 to 2021 and increased by approximately $0.2 million, or 4.4 percent, from fiscal year 2019 to 2020.
- Federal Pell Grant revenue decreased $0.6 million from fiscal year 2020 to 2021 and increased $0.2 million from fiscal year 2019 to 2020 due to corresponding changes in enrollment.
- Coronavirus Relief Funding for fiscal year 2021 was $4.6 million and consisted of HEERF revenue and Coronaviarus Relief Funding revenue passed through the State of Michigan. Coronavirus Relief Funding for fiscal year 2020 was $0.5 million and consisted of HEERF revenue.

The following graph illustrates these sources of nonoperating revenue for the year ended June 30, 2021:



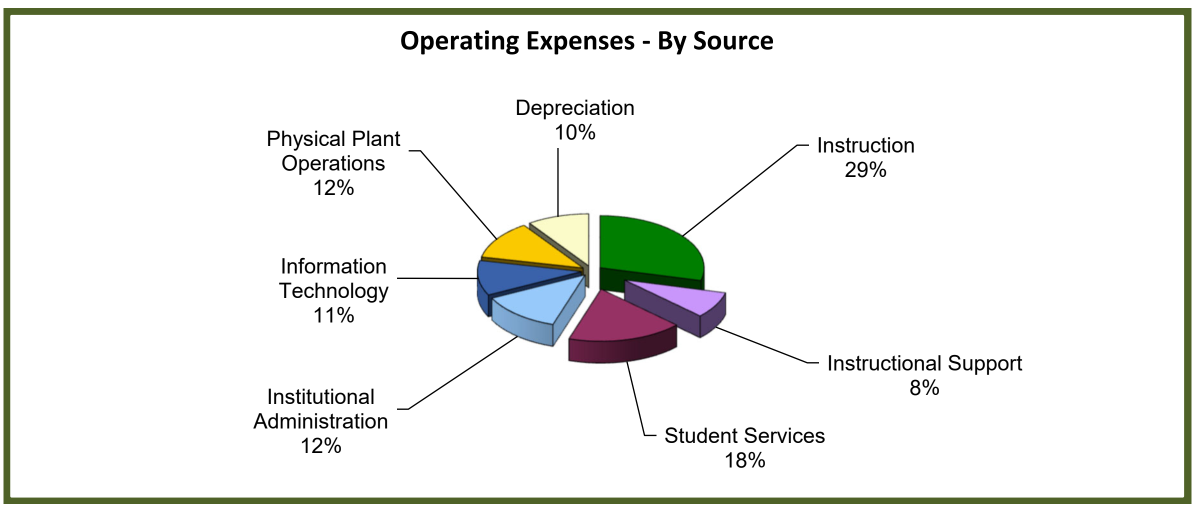
Operating Expenses

Operating expenses are all the costs associated with administering the programs and performing the primary purposes of the College. These costs include salaries, benefits, utilities, supplies, services, and depreciation and are then categorized by function. Overall, total operating expenses decreased by $0.9 million, or 3.3 percent, from 2020 to 2021.

Highlights of the major changes by category are as follows:

- Expenditures for salaries and wages decreased 4.9 percent and remained flat for the years ended June 30, 2021 and 2020, respectively, while expenditures for benefits decreased 3.7 percent and increased 17.5 percent for the years ended June 30, 2021 and 2020, respectively. The large increase in benefits expense in fiscal year 2020 was due to a $0.5 million change in the MPSERS expense related to the change in pension and OPEB liabilities. The decreases in fiscal year 2021 were due to lower staffing levels across the College as a result of lower enrollment. These changes affected expenses in most of the operating expense categories.
- In fiscal year 2021 all operational costs except for Information Technology costs decreased due to decreased enrollment. Information Technology costs in 2021 increased $0.4 million due to an investment in several necessary systems including a document imaging system, a customer relationship management system and a student advising software system.
- Depreciation decreased from 2020 to 2021 by $0.1 million due to several assets becoming fully depreciated in 2020. Depreciation increased from 2019 to 2020 due to the capitalization of the nursing building.

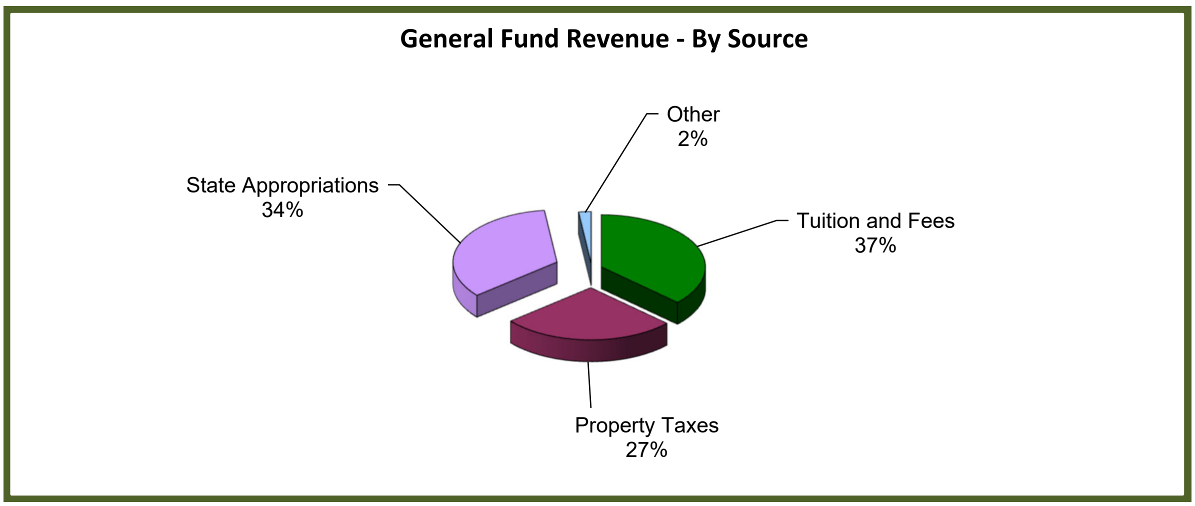
The following is a graphic illustration of operating expenses by source for the College as a whole for the year ended June 30, 2021:



General Fund Revenue

Internally, the College prepares its financial statements using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. The College accounts for its primary programs and operations in its General Fund. The General Fund is financed primarily through four sources of revenue - tuition and fees, state appropriations, property taxes, and other. For this report, these sources of revenue are classified as either operating or nonoperating.

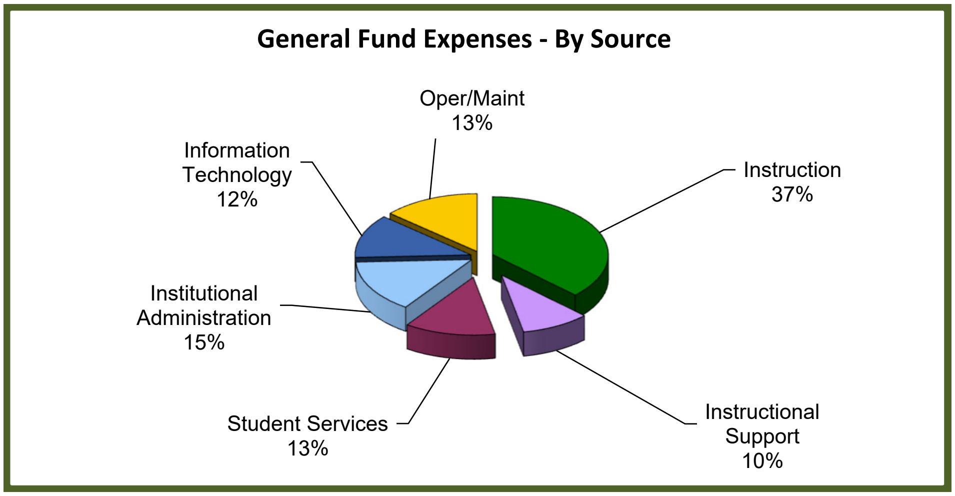
The following graph illustrates the percentage of total General Fund revenue by source for the year ended June 30, 2021:



General Fund Expenses

The College accounts for its primary programs and operations in its General Fund. General Fund expenses are recorded according to the following categories: instruction, instructional support, student services, institutional administration, information technology, and operations and maintenance of the assets of the College. Each category includes salaries, benefits, utilities, supplies, and services for each function.

The following graph illustrates the percentage of total General Fund expenses by source for the year ended June 30, 2021:



Statement of Cash Flows

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

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

Major sources of funds from operations came from tuition and fees, grants, contracts, and auxiliary activities (i.e. student housing). These sources were offset by expenditures for operations such as payments to employees and suppliers. For fiscal year 2021, the cash balance increased by $1.8 million. For fiscal year 2020, the cash balance decreased by $0.8 million.

Cash (used in) capital and related financing for fiscal years 2021, 2020, and 2019 was ($2.2) million, ($1.6) million, and ($2.0) million, respectively. Cash (used in) provided by from investing activities for fiscal years 2021, 2020, and 2019 was $(2.0) million, $(3.2) million, and $1.0 million, respectively.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021 and 2020, the College had $98.1 million and $97.6 million, respectively, invested in capital assets, before accumulated depreciation of $40.0 million and $37.6 million, respectively. Depreciation charges totaled $2.4 million and $2.5 million for the 2021 and 2020 fiscal years, respectively.

Capital Assets at June 30 (in millions)

	2021	2020	2019
Land improvements	$ 5.1	$ 5.1	$ 5.1
Buildings and improvements	76.8	76.8	76.7
Furniture, fixtures, and equipment	14.8	14.5	14.3
Library materials	0.6	0.6	0.6
Land	0.5	0.5	0.5
Construction in progress	0.3	0.1	-
Total	**$ 98.1**	**$ 97.6**	**$ 97.2**

The College had $21.9 million, $22.7 million, and $23.2 million, in debt outstanding at June 30, 2021, 2020, and 2019, respectively all in the form of bonds payable. The College's bond rating by Standard & Poor’s was AA at June 30, 2021, 2020, and 2019.

In fiscal year 2020 the College issued a series of bonds for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds. This will save the College on average $69,000 in interest costs each year for the next 20 years.

Economic Factors that Will Affect the Future

As the College exits the most disruptive phase of COVID-19, a period that saw us lose more than fifteen percent of our enrollment between fall 2019 and fall 2020, it is imperative that we focus much energy toward moving the enrollment needle.

One of the ways the College has chosen to do this is by returning athletics to SMC. In the summer of 2020, SMC announced that after a 25-year hiatus, it had revived its men’s and women’s cross country programs. In the Spring of 2021, SMC announced the revival of four additional intercollegiate sports for Fall 2022: Men’s and Women’s Basketball, Women’s Volleyball, and Men’s Wrestling.

The College has applied and been accepted for participation in the National Junior College Athletic Association (NJCAA), plus applied for reinstatement to the Michigan Community College Athletic Association (MCCAA). This will allow us to renew rivalries with the five other nearby colleges that all currently provide athletics.

Building a robust athletics program will help SMC and the College district in so many ways. First, we will boost enrollment by attracting high school graduates who in the past have looked beyond SMC since we lacked intercollegiate athletics. This move will improve occupancy rates in our modern residence halls, create more evening and weekend activities for the campus community and provide opportunities to involve other students beyond the athletes by showcasing such activities as a dance team, a pep band, and vocalists singing the National Anthem. Athletics will energize our Sports Management major by providing numerous immersive experiences for students right here on campus and develop a platform to potentially launch Physical Therapy, Sports Medicine, or other health degrees at SMC. More broadly, athletics will draw visitors to games, meets, tournaments, and summer camps to patronize local businesses throughout the year and to welcome back hundreds of alumni who participated in these activities years ago.

To meet one of its core values of high quality in all that the College does, SMC determined a need to enhance and expand gymnasium facilities to better accommodate team sports. The project is expected to cost approximately $3.0 million, with the majority coming from the College's existing Building and Site Fund. Administration has already been successful in raising funds for naming rights and private donations. Construction began in October 2021 and is expected to be completed by July 2022.

While the future is uncertain for all due to the COVID-19 Pandemic, the College finalized a strategic plan that will enable us to collectively approach the challenges with an appreciation of the conditions necessary for success. They are an enrollment and growth conscious culture; engaged students; an entrepreneurial academic spirit; eager educational partners; excellent facilities and infrastructure; an established assessment process; exceptional faculty and staff; and the efficient use of technology.

ENROLLMENT CONSCIOUS AND GROWTH CULTURE
Enrollment is a matter of ensuring our community has access to and is taking advantage of higher education and post-secondary training. To do so and financially survive, we must also seek students beyond the College district and welcome students from all geographic areas.

ENGAGED STUDENTS
For more than a decade, our mission statement has ended with the phrase, "including the total college-life experience." It is empirically accepted that more engaged students are retained and graduate at a higher rate.

ENTREPRENEURIAL ACADEMIC SPIRIT
For a community college like us, with limited dollars and with a student body that primarily transfers somewhere else for a baccalaureate degree, the way to move forward is to have some premier programs, for example nursing, that serve a broader purpose (in the case of nursing, providing local hospitals with staff) or those that we can deliver with minimal initial and ongoing costs.

Because we believe that high quality is to be inherent in all we do, we can only pursue those programs that we can deliver with high quality and that make sense financially. Now that we can offer online programs, we will arguably have a more efficient way to draw students by insisting upon quality online courses and programs. With quality courses and programs, we can tap into a new stream of adult students.

EAGER EDUCATIONAL PARTNERS
As a two-year college, we operate on a proverbial island. We need educational partners more than the four-year publics and privates. With limited housing on campus available, we count on seventy-five percent of our students commuting. This requires us to secure several hundred early college students from local high schools. It also requires us to attract many students who see us as a bridge to the Ferris State University programs offered on campus.

EXCELLENT FACILITIES AND INFRASTRUCTURE
The College, unlike so many peers, has not tolerated much in the way of deferred maintenance. This is thanks, in part, to a Board of Trustees that has emphasized renovation over adding new facilities. Our updated facilities are critical to student attraction, retention, and graduation.

ESTABLISHED ASSESSMENT PROCESS
The College developed an Institutional Report Card in 2009 to evaluate itself. It has been updated and expanded many times. It is important to have a predictable set of measures to determine how well we are doing in a generally agreed-upon set of criteria.

EXCEPTIONAL FACULTY AND STAFF
Beyond managing our physical resources well, we must ensure we are competitive when it comes to our human resources. Our faculty and staff are essential in the core business we do here, including the recruitment, development, and graduation of students. Our facilities may draw people to campus, but it is the quality of our personnel that closes the deal.

EFFICIENT USE OF TECHNOLOGY

Thanks, in part, to federal relief dollars, and under the guidance of a competent chief information officer, the College has implemented a number of new technologies in the past year. We have a customer relationship management system, which will help us communicate to students in the ways they prefer, primarily via text. This will help us communicate missing information on applications, remind them of the need to fill out a FAFSA, and get them to a new student orientation. Once they are here, it will remind students of upcoming deadlines, and has the ability to target a message to a segment of the population. So, rather than texting all 1,800 students to register, it will remind only those who have not. The inclusion of DegreeWorks will enable a student to see at any time what they lack in their degree program. This is critical for competent advising and financial aid auditing.

These eight essential conditions will help guide the College's decision making over the course of the next several years.

Although federal grants and student aid levels have been determined for the upcoming fiscal year, as well as state aid, it is important to note that in times of financial constraint, such funding can be reduced mid-year through an executive order. During fiscal year 2020, we experienced an 11 percent mid-year reduction in our state operational funding.

For fiscal year 2022, the College has budgeted state operating funding equal to fiscal 2021 actual amounts and a slight increase in property tax revenue over fiscal year 2021. Additionally, the fiscal year 2022 budget includes a tuition and fees increase of approximately 1.0 percent over the fiscal year 2021 rates, with an anticipated change in enrollment from the fiscal year 2021 actual level of 12%, bringing it back closer to the fiscal year 2020 level.

Fortunately, since the budget was approved, it appears that the state operating funding will increase by approximately 1.0 percent in fiscal year 2022 and an additional 4.0 percent one-time payment will also be made in fiscal year 2022. The College has reviewed its cash flow data and reserve funds. Southwestern Michigan College is financially positioned to continue normal operations into the future.

Statement of Net Position

	June 30 2021	June 30 2020
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 2,315,370	$ 516,990
Short-term investments (Note 3)	6,192,269	11,337,246
Accounts receivable - Net (Note 5)	2,564,569	1,784,682
Other current assets	42,235	42,127
Total current assets	11,114,443	13,681,045
Noncurrent assets:		
Other long-term investments (Note 3)	9,088,225	1,986,784
Capital assets - Net (Note 6)	58,074,362	59,920,691
Total noncurrent assets	67,162,587	61,907,475
Total assets	78,277,030	75,588,520
Deferred Outflows of Resources		
Pension-related deferrals (Note 8)	3,907,887	4,647,277
Loss on refunding of bonds payable (Note 7)	723,079	762,918
Total deferred outflows	4,630,966	5,410,195
Total assets and deferred outflows of resources	82,907,996	80,998,715
Liabilities		
Current liabilities:		
Accounts payable	431,193	421,547
Accrued liabilities:		
Payroll and related liabilities	1,104,851	1,064,679
Interest payable	130,075	135,199
Other	206,576	225,000
Unearned revenue	547,994	448,709
Long-term obligations - Current (Note 7)	923,736	848,736
Accrued vacation and sick leave	344,555	313,769
Total current liabilities	3,688,980	3,457,639
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 7)	20,928,269	21,852,006
Net pension liablity (Note 8)	13,401,039	12,969,813
Net OPEB liability (Note 8)	2,072,054	2,864,163
Total noncurrent liabilities	36,401,362	37,685,982
Total liabilities	40,090,342	41,143,621
Deferred Inflows of Resources (Note 8)	2,500,849	2,605,766
Total liabilities and deferred inflows of resources	42,591,191	43,749,387
Net Position		
Net investment in capital assets	36,222,357	37,219,949
Unrestricted net position (Note 1)	4,094,448	29,379
Total net position	**$ 40,316,805**	**$ 37,249,328**

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2021	2020
Operating Revenue		
Tuition and fees	$ 8,444,354	$ 9,703,639
Scholarship allowance	(3,187,236)	(3,361,390)
Net tuition and fees	5,257,118	6,342,249
Federal grants and contracts	690,569	1,123,174
State grants and contracts	-	74,871
Sales and services of auxiliary activities	1,892,654	2,129,566
Scholarship allowance - Auxiliary activities	(714,363)	(816,119)
Net sales and services of auxiliary activities	1,178,291	1,313,447
Other sources	456,791	637,440
Total operating revenue	7,582,769	9,491,181
Operating Expenses		
Instruction	7,295,775	7,748,714
Instructional support	2,045,598	2,138,702
Student services	4,505,789	4,704,376
Institutional administration	3,175,097	3,245,702
Operations and maintenance of plant	3,008,785	3,327,362
Information techology	2,722,854	2,333,474
Depreciation	2,429,089	2,542,796
Total operating expenses	25,182,987	26,041,126
Operating Loss	(17,600,218)	(16,549,945)
Nonoperating Revenue (Expenses)		
State appropriations	7,695,107	6,935,073
Federal Pell Grant	2,989,142	3,573,470
Coronavirus Relief Funding	4,642,615	512,650
Property taxes (Note 2)	6,170,655	5,970,412
Investment income and other interest income	(7,318)	227,794
Bond issuance cost	-	(106,029)
Interest on capital asset - Related debt	(797,178)	(842,622)
Interest on ARRA subsidy	-	51,519
Other nonoperating revenue (expense)	(50,413)	50,413
Net nonoperating revenue	20,642,610	16,372,680
Increase (Decrease) in Net Position Before Other Revenue	3,042,392	(177,265)
Other Revenue		
State capital appropriations	-	124,357
Capital contributions	25,085	25,750
Increase (Decrease) in Net Position	3,067,477	(27,158)
Net Position - Beginning of year	37,249,328	37,276,486
Net Position - End of year	**$ 40,316,805**	**$ 37,249,328**

Statement of Cash Flows

	Year Ended June 30 2021	Year Ended June 30 2020
Cash Flows from Operating Activities		
Tuition and fees	$ 5,240,114	$ 6,292,929
Grants and contracts	914,482	773,660
Payments to suppliers	(5,865,767)	(6,258,147)
Payments to employees	(15,561,062)	(15,904,787)
Auxiliary enterprise charges	226,575	136,942
Federal direct lending receipts	1,702,881	2,571,705
Federal direct lending disbursements	(1,702,881)	(2,571,705)
Other	369,167	614,811
Net cash used in operating activities	(14,676,491)	(14,344,592)
Cash Flows from Noncapital Financing Activities		
Local property taxes	6,170,655	5,970,412
State appropriations	6,895,368	8,290,978
Coronavirus Relief Funds	4,642,615	512,650
Pell Grant	2,989,142	3,573,470
Other noncapital financing	(50,413)	50,413
Net cash provided by noncapital financing activities	20,647,367	18,397,923
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(582,760)	(399,027)
Capital contributions	25,085	25,750
Proceeds from bond issuance	-	6,771,000
State capital appropriations	-	124,357
Principal paid on capital debt	(800,000)	(7,180,000)
Cash paid for bond issuance costs	-	(106,029)
Cash received from federal stabilization funds (ARRA)	-	51,519
Interest paid on capital debt	(851,039)	(898,857)
Net cash used in capital and related financing activities	(2,208,714)	(1,611,287)
Cash Flows from Investing Activities		
Net proceeds from sales and maturities of investments	(1,956,464)	(3,464,459)
Investment (loss) income	(7,318)	227,794
Net cash used in investing activities	(1,963,782)	(3,236,665)
Net Increase (Decrease) in Cash and Cash Equivalents	1,798,380	(794,621)
Cash and Cash Equivalents - Beginning of year	516,990	1,311,611
Cash and Cash Equivalents - End of year	**$ 2,315,370**	**$ 516,990**

Statement of Cash Flows (Continued)

A reconciliation of operating loss to net cash from operating activities is as follows:

	Year Ended June 30	
	2021	2020
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (17,600,218)	$ (16,549,945)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	2,429,089	2,542,796
Change in pension and OPEB liability and deferreds	313,429	107,353
Decrease (increase) in assets:		
Accounts receivable	19,852	(492,656)
Other current assets	(108)	(555)
Increase (decrease) in liabilities:		
Accounts payable	9,646	(203,966)
Accrued payroll and related liabilities	40,172	71,631
Accrued other	(18,424)	100,000
Unearned revenue	99,285	(3,379)
Accrued vacation and sick leave	30,786	84,129
Net cash used in operating activities	**$ (14,676,491)**	**$ (14,344,592)**

Discretely Presented Component Unit
Southwestern Michigan College Foundation

Balance Sheet

	June 30 2021	June 30 2020
Assets		
Cash and cash equivalents	$ 156,207	$ 219,226
Investments (Note 3)	15,863,673	13,194,641
Pledges receivable	25,000	50,000
Total assets	**$ 16,044,880**	**$ 13,463,867**
Liabilities - Amount due to Southwestern Michigan College	$ 322,031	$ 268,255
Net Assets		
Without donor restrictions	106,621	65,445
With donor restrictions	15,616,228	13,130,167
Total net assets	15,722,849	13,195,612
Total liabilities and net assets	**$ 16,044,880**	**$ 13,463,867**

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2021	Year Ended June 30 2020
Revenue, Gains, and Other Support		
Contributions	$ 139,576	$ 128,795
Contributed services	84,705	105,311
Rent revenue	90,300	92,400
Interest income	198,064	227,063
Net realized and unrealized gains on investments	2,484,382	374,547
Total revenue, gains, and other support	2,997,027	928,116
Expenses		
Grants and contributions	328,233	300,425
Contracted services		
Management and general	39,629	37,470
Fundraising	45,076	67,840
Other administrative expenses		
Management and general	56,852	8,513
Total expenses	469,790	414,248
Increase in Net Assets	2,527,237	513,868
Net Assets - Beginning of year	13,195,612	12,681,744
Net Assets - End of year	**$ 15,722,849**	**$ 13,195,612**

Note 1 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation

Reporting Entity - Southwestern Michigan College (the "College") is a Michigan community college whose financial statements have been prepared using the economic resource measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles 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 accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the financial statements of the Southwestern Michigan College Foundation have been discretely presented in Southwestern Michigan College's financial statements.

The Southwestern Michigan College Foundation (the "Foundation"), a nonprofit organization, was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. Separate financial statements of the Foundation may be obtained by contacting Southwestern Michigan College, 58900 Cherry Grove Road, Dowagiac, MI 49047.

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. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Internal Revenue Service has determined the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

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

Accrual Basis - The financial statements of Southwestern Michigan College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

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

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

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

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Bond Issuance Costs - Bond issuance costs are expensed as incurred. In fiscal year 2020, bond issuance costs of $106,029 were expensed with the issuance of the 2019 bonds. There were no bonds issued during fiscal year 2021.

Property and Equipment - Property and equipment are recorded at cost or, if donated, the acquisition value at the time of donation. Library books are recorded using a historically based estimated value. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Land improvements	10-20 years
Buildings and improvements	15-45 years
Furniture, fixtures, and equipment	3-20 years
Library materials	5 years

Unearned Revenue - Revenue received prior to year-end that is related to the next fiscal period is recorded as unearned revenue. The balance as of June 30, 2021 consisted of approximately $144,000 for the 2021 fall semester and $404,000 for the 2021 summer semester. The balance as of June 30, 2020 consisted of approximately $77,000 for the 2020 fall semester and $372,000 for the 2020 summer semester. Grants received prior to qualifying expenditures 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.

Compensated Absences - Compensated absences represent the accumulated liability to be paid under the College's current vacation pay policy. Under the College's policy, employees earn vacation time based on time of service with the College.

Operating and Nonoperating Revenue - Operating activities reported on the statement of revenue, 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. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, property taxes, federal Pell Grant revenue, gifts, and investment income.

Pell Grant Reimbursements - Pell Grant reimbursements are classified as nonoperating revenue due to their nonexchange nature. The amount received during the years ended June 30, 2021 and 2020 was $2,989,142 and $3,573,470, respectively.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Unrestricted Net Position - Unrestricted net position represents net positions that are not subject to externally imposed constraints. Unrestricted net position may be designated for a specific purpose by action of management or the board of trustees. The College, through board action, has designated the use of unrestricted net position as of June 30, 2021 and 2020 as follows:

	2021	2020
Designated for General Fund division use	$ 4,167,892	$ 4,106,064
Designated for net pension and OPEB liabilities	(14,066,055)	(13,792,465)
Designated for capital maintenance and replacement	9,721,854	6,192,558
Designated for budget stabilization	2,000,000	2,000,000
Designated for healthcare expenses	907,063	907,063
Designated for marketing expenses	14,669	23,685
Designated for COVID expenses	-	(310,074)
Designated for scholarships and grants	89,175	91,590
Designated for auxiliary expenditures	1,259,850	810,958
Total unrestricted net position	$ 4,094,448	$ 29,379

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

Federal Financial Assistance Programs - The College participates in federally funded Pell Grants, SEOG grants, Federal Work-Study, and Federal Direct Lending programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*, and the compliance supplement. During the years ended June 30, 2021 and 2020, the College distributed $1,702,881 and $2,571,705, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Revenue Recognition of Tuition and Fees - The academic programs are offered in traditional fall and spring semesters. Revenue from tuition and student fees is recognized during the academic term. Revenue from the summer semester, which commences in May and ends in August, is split and recognized proportionally to the number of days of the semester within the fiscal year. Tuition revenue is reported at established rates, net of institutional financial aid and discounts provided directly by the College to students.

Scholarship Discounts and Allowances - Student tuition and fee revenue, and certain other revenue from students, is reported net of scholarship discounts and allowances in the statement of revenue, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by 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 discount and allowance.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts (see Note 8 for more information) and for the loss on refunding of a portion of the 2008 Community College Improvement Bonds and the 2009 Community College Build America Bonds (see Note 7 for more information).

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 8.

Grant Revenue - Revenue from grant and contract agreements is recognized as it is earned through expenditures in accordance with the agreement.

Adoption of New Accounting Pronouncement - Effective for the fiscal year ended June 30, 2021, the College adopted GASB Statement No. 84, *Fiduciary Activities*, ("GASB 84"). This statement establishes criteria for identifying and reporting fiduciary activities and the related reporting requirements for fiduciary activities. GASB 84 permits certain entities, such as the College, to report activities that would otherwise require separate fiduciary fund financial statements within the College's Statement of Net Position and Statement of Cash Flows as operating activity if upon receipt, the funds are normally expected to be held for three months or less. As a result of implementing this standard, there were no substantial activities not previously reported in the financial statements that now meet the definition of a fiduciary activity. Additionally, no activities were previously reported as fiduciary activities but no longer meet the definition of fiduciary activities.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Impact of COVID-19 - On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and "shelter-at-home" guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the "shelter-at-home" guidelines during March 2020, the College shifted to a remote online learning environment and many students chose to return home. The College also issued room and board refunds to students and had many campus events cancelled or temporarily postponed until the "shelter-at-home" guidelines were reduced or removed, which resulted in lost revenues for the College for the year ended June 30, 2020.

To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College was allocated Higher Education Emergency Relief Fund (HEERF) grants from three federal stimulus bills – the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP). As of June 30, 2021, the College was allocated HEERF grants totaling approximately $9,680,000, of which approximately $4,123,000 is required to be given directly to students. For the years ended June 30, 2021 and 2020, the College recognized HEERF grant revenue totaling approximately $3,860,000 and $513,000, respectively.

The severity of the continued impact due to COVID-19 on the College's financial condition, results of operations, or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

Note 2 - Property Taxes

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

During the years ended June 30, 2021 and 2020, 2.4182 mills and 2.4280 mills of tax, respectively, per $1,000 of taxable property value in the community college taxing district were levied for general operating purposes on all property. Total operating property tax revenue was $6,170,655 and $5,970,412 for the years ended June 30, 2021 and 2020, respectively.

Note 3 - Deposits and Investments

The College considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2021 and 2020 :

	2021	2020
Cash and cash equivalents	$ 2,315,370	$ 516,990
Short-term investments	6,192,269	11,337,246
Long-term investments	9,088,225	1,986,784
Total cash and investments	$ 17,595,864	$ 13,841,020

The amounts in the previous table are classified in the following categories:

	2021	2020
Cash and cash equivalents	$ 2,311,720	$ 513,340
Investments in securities and similar instruments	15,280,494	13,324,030
Petty cash and cash on hand	3,650	3,650
Total cash and investments	$ 17,595,864	$ 13,841,020

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

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	$ 4,376,341	$ 4,376,341	$ -	$ -	$ -
Certificate of deposit	701,453	-	651,892	49,561	-
Municipal bonds	1,260,450	236,764	933,927	51,905	37,854
Mutual funds	1,119	1,119	-	-	-
Commercial paper	3,125,198	371,017	1,701,747	826,941	225,493
U.S. agencies	3,185,100	-	2,812,138	156,785	216,177
U.S. treasuries	2,630,833	1,207,028	1,372,643	30,683	20,479
Total investments	$ 15,280,494	$ 6,192,269	$ 7,472,347	$ 1,115,875	$ 500,003

As of June 30, 2020, the College had the following investments and maturities:

	Fair Market Value	Less Than 1 Year	1-5 Years	5-10 Years	More Than 10 Years
Money market	$ 5,558,812	$ 5,558,812	$ -	$ -	$ -
Certificate of deposit	1,849,374	1,348,070	300,652	200,652	-
Municipal bonds	292,638	191,121	35,830	65,687	-
Mutual funds	1,099	1,099	-	-	-
Commercial paper	1,337,833	457,415	747,831	132,587	-
U.S. agencies	1,156,831	696,864	54,885	405,082	-
U.S. treasuries	3,127,443	3,083,863	43,580	-	-
Total investments	$ 13,324,030	$ 11,337,244	$ 1,182,778	$ 804,008	$ -

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The College does invest in accordance with state law.

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.

Credit Risk

According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services.

At June 30, 2021 and 2020, the College's investments subject to credit risk (interest rate fluctuations) and related earnings consisted of the following:

	June 30, 2021				June 30, 2020			
Moody's Rating	U.S. Agencies	U.S. Treasuries	Commercial Paper	Municipal Bonds	U.S. Agencies	U.S. Treasuries	Commercial Paper	Municipal Bonds
Aaa	$ 3,185,100	$ 2,630,833	$ 175,801	$ -	$ 1,156,831	$ 3,127,443	$ 176,858	$ 153,400
Aa1	-	-	-	204,539	-	-	-	-
Aa2	-	-	-	107,843	-	-	-	-
Aa3	-	-	131,830	197,560	-	-	182,172	63,429
A1	-	-	285,551	21,103	-	-	89,051	21,139
A2	-	-	900,492	44,858	-	-	525,774	44,548
A3	-	-	1,259,090	-	-	-	352,486	-
Baa1	-	-	276,813	-	-	-	-	-
Baa2	-	-	95,621	-	-	-	-	-
Baa3	-	-	-	-	-	-	11,492	-
Ba2	-	-	-	-	-	-	-	10,122
Not rated	-	-	-	684,547	-	-	-	-
Total	$ 3,185,100	$ 2,630,833	$ 3,125,198	$ 1,260,450	$ 1,156,831	$ 3,127,443	$ 1,337,833	$ 292,638

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the College's deposits may not be returned to it. 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, 2021, the College's deposit balance of $3,808,268 had $2,856,815 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. As of June 30, 2020, the College's deposit balance of $2,709,626 had $741,864 of bank deposits (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.

Note 3 - Deposits and Investments (Continued)

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

	2021		2020	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Money market mutual funds	$ 984,303	$ 984,302	$ 987,363	$ 987,364
Certificates of deposit	-	-	500,516	504,426
Mutual funds	6,092,692	8,737,717	5,685,469	6,192,247
Government securities	615,012	634,117	596,503	619,939
Municipal bonds	510,739	522,307	345,482	354,694
Corporate bonds	2,454,489	2,521,680	1,744,200	1,831,997
Preferred Stock	90,926	95,550	-	-
Foreign corporate bonds	-	-	204,732	211,509
Asset backed securities	-	-	126,234	124,465
Land	1,053,233	2,368,000	1,053,233	2,368,000
Total	$ 11,801,394	$ 15,863,673	$ 11,243,732	$ 13,194,641

Note 4 - Fair Value Measurements

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Note 4 - Fair Value Measurements (Continued)

The College has the following recurring fair value measurements as of June 30, 2021 and 2020:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Certificates of deposit	$ 701,453	$ 701,453	$ -	$ -
Equity securities - Mutual funds	1,119	1,119	-	-
Debt securities:	-			
U.S. agency bonds	3,185,100	-	3,185,100	-
U.S. treasury securities	2,630,833	-	2,630,833	-
Commercial paper	3,125,198	-	3,125,198	-
Municipal bonds	1,260,450	-	1,260,450	-
Total investments by fair value level	$ 10,904,153	$ 702,572	$ 10,201,581	$ -

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Certificates of deposit	$ 1,849,374	$ 1,849,374	$ -	$ -
Equity securities - Mutual funds	1,099	1,099	-	-
Debt securities:				
U.S. agency bonds	1,156,831	-	1,156,831	-
U.S. treasury securities	3,127,443	-	3,127,443	-
Commercial paper	1,337,833	-	1,337,833	-
Municipal bonds	292,638	-	292,638	-
Total investments by fair value level	$ 7,765,218	$ 1,850,473	$ 5,914,745	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 4 - Fair Value Measurements (Continued)

Foundation Investments

Investments at the Southwestern Michigan College Foundation are as follows:

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Money market mutual funds	$ 984,302	$ -	$ -	$ 984,302
Preferred stock	95,550			95,550
Equity - Mutual funds	8,737,717	-	-	8,737,717
Fixed income:				-
U.S. agency bonds	-	515,430	-	515,430
U.S. treasuries	-	118,687	-	118,687
Municipal bonds	-	522,307	-	522,307
Corporate bonds	-	2,521,680	-	2,521,680
Foreign corporate bonds	-	-	-	-
Asset backed	-	-	-	-
Land	-	-	2,368,000	2,368,000
Total investments	$ 9,817,569	$ 3,678,104	$ 2,368,000	$ 15,863,673

Assets Measured at Fair Value on a Recurring Basis at June 30, 2020

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Money market mutual funds	$ 987,364	$ -	$ -	$ 987,364
Equity - Mutual funds	6,192,247	-	-	6,192,247
Fixed income:				
U.S. agency bonds	-	507,323	-	507,323
U.S. treasuries	-	112,616	-	112,616
Municipal bonds	-	354,694	-	354,694
Corporate bonds	-	1,831,997	-	1,831,997
Foreign corporate bonds	-	211,509	-	211,509
Asset backed	-	124,465	-	124,465
Land	-	-	2,368,000	2,368,000
Total investments	$ 7,179,611	$ 3,142,604	$ 2,368,000	$ 12,690,215

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Land classified in Level 3 are valued based on an independent third-party appraisal, which compared it to comparable recent sales as well as an income approach which estimates cropland income per acre less expenses and divides by a capitalization rate based on the capitalization rate from other recent sales of cropland in the surrounding area.

Note 5 - Accounts Receivable

Accounts receivable as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Student	$ 264,902	$ 223,613
Grants and contracts	457,945	681,858
State appropriations - Operating	1,391,029	591,290
Other	465,693	377,921
Total	2,579,569	1,874,682
Less allowance for doubtful accounts	(15,000)	(90,000)
Net accounts receivable	$ 2,564,569	$ 1,784,682

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.

The College values accounts receivable at gross realizable value. All amounts deemed to be uncollectible are charged directly against income in the period that determination is made.

Note 6 - Capital Assets

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

	July 1, 2020 Balance	Additions	Retirements	Transfers	June 30, 2021 Balance
Depreciable assets:					
Land improvements	$ 5,095,323	$ -	$ -	$ -	$ 5,095,323
Building and building improvements	76,741,142	54,402	-	-	76,795,544
Furniture, fixtures, and equipment	14,524,778	308,633	(38,727)	-	14,794,684
Library materials	562,117	-	-	-	562,117
Total depreciable assets	96,923,360	363,035	(38,727)	-	97,247,668
Nondepreciable assets:					
Land	528,532	-	-	-	528,532
Construction in progress	99,602	219,725	-	-	319,327
Total nondepreciable assets	628,134	219,725	-	-	847,859
Total depreciable and nondepreciable assets	$ 97,551,494	$ 582,760	$ (38,727)	$ -	$ 98,095,527
Accumulated depreciation:					
Land improvements	$ 2,822,612	$ 192,104	$ -	$ -	$ 3,014,716
Building and building improvements	23,869,610	1,630,913	-	-	25,500,523
Furniture, fixtures, and equipment	10,376,464	606,072	(38,727)	-	10,943,809
Library materials	562,117	-	-	-	562,117
Total accumulated depreciation	37,630,803	2,429,089	(38,727)	-	40,021,165
Net capital assets	$ 59,920,691				$ 58,074,362

Note 6 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2020 was as follows:

	July 1, 2019 Balance	Additions	Retirements	Transfers	June 30, 2020 Balance
Depreciable assets:					
Land improvements	$ 5,095,323	$ -	$ -	$ -	$ 5,095,323
Building and building improvements	76,706,365	-	-	34,777	76,741,142
Furniture, fixtures, and equipment	14,260,130	248,314	-	16,334	14,524,778
Library materials	562,117	-	-	-	562,117
Total depreciable assets	96,623,935	248,314	-	51,111	96,923,360
Nondepreciable assets:					
Land	528,532	-	-	-	528,532
Construction in progress	-	150,713	-	(51,111)	99,602
Total nondepreciable assets	528,532	150,713	-	(51,111)	628,134
Total depreciable and nondepreciable assets	$ 97,152,467	$ 399,027	$ -	$ -	$ 97,551,494
Accumulated depreciation:					
Land improvements	$ 2,630,508	$ 192,104	$ -	$ -	$ 2,822,612
Building and building improvements	22,239,205	1,630,405	-	-	23,869,610
Furniture, fixtures, and equipment	9,656,177	720,287	-	-	10,376,464
Library materials	562,117	-	-	-	562,117
Total accumulated depreciation	35,088,007	2,542,796	-	-	37,630,803
Net capital assets	$ 62,064,460				$ 59,920,691

Several of the buildings on campus were financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the title of the buildings to the College.

As of June 30, 2021, the College had signed a commitment for a major construction project for approximately $360,000. As of June 30, 2020, the College was not obligated under any commitments for major construction projects.

Note 7 - Long-term Obligations

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

	July 1, 2020	Additions	Reductions	June 30, 2021	Current Portion
Bonds Payable					
2014 Community College Improvement Bonds	$ 4,675,000	$ -	$ (125,000)	$ 4,550,000	$ 150,000
2017 Community College Improvement Bonds	11,275,000	-	(480,000)	10,795,000	530,000
2019 Community College Improvement Bonds	5,790,000	-	(195,000)	5,595,000	195,000
Total bonds payable	21,740,000	-	(800,000)	20,940,000	875,000
Unamortized Bond Premium	960,742	-	(48,737)	912,005	48,736
Total long-term obligations	$ 22,700,742	$ -	$ (848,737)	$ 21,852,005	$ 923,736

Long-term obligation activity during the year ended June 30, 2020 was as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
Bonds Payable					
2009 Community College Build America Bonds	$ 6,475,000	$ -	$ (6,475,000)	$ -	$ -
2014 Community College Improvement Bonds	4,800,000	-	(125,000)	4,675,000	125,000
2017 Community College Improvement Bonds	11,760,000	-	(485,000)	11,275,000	480,000
2019 Community College Improvement Bonds	-	5,885,000	(95,000)	5,790,000	195,000
Total bonds payable	23,035,000	5,885,000	(7,180,000)	21,740,000	800,000
Unamortized Bond Premium	116,333	886,000	(41,591)	960,742	48,736
Total long-term obligations	$ 23,151,333	$ 6,771,000	$ (7,221,591)	$ 22,700,742	$ 848,736

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

Community College Build America Bonds, 2009 - The College issued $7,500,000 of 5.25 to 7.25 percent General Obligation - Limited Tax Build America Bonds authorized by Section 1531 of the American Recovery and Revitalization Act of 2009. The College received payments from the federal Treasury equal to 35 percent of the total coupon interest paid by the College. The bonds were insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $150,000 to $500,000 through 2040. Proceeds from this issuance were used for the purpose of paying all or a portion of the cost of purchasing, erecting, and equipping a new student residence hall and developing and improving sites.

In September 2019, the College issued an additional series of bonds for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds that were callable as of May 1, 2020. The refunded bonds, with an outstanding principal balance of $6,300,000, were originally maturing from 2021 through 2040. The College used the proceeds of the new bond issue to establish an escrow fund that was used to pay the principal and interest of the 2009 Community College Build America Bonds when the bonds were called on May 1, 2020.

Note 7 - Long-term Obligations (Continued)

Community College Improvement Bonds, 2014 - The College issued $5,000,000 of 3.00 to 3.75 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $100,000 to $375,000 beginning 2018 through 2039. Proceeds from this issuance were used for the purpose of paying a portion of the cost of renovating and re-equipping two existing college classroom buildings.

Community College Improvement Bonds, 2017 - The College issued $12,250,000 of 2.00 to 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $490,000 to $780,000 beginning 2019 through 2039. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2008 Community College Improvement Bonds. The bonds were sold at a premium of $130,018. The bond refunding resulted in a capitalized loss on defeasance of $603,240. The capital loss is being amortized and recognized at $27,214 for the years ended June 30, 2021 and 2020, respectively. The refunding resulted in a total reduction of future debt service of $1,990,561, with a net present value reduction of $1,412,805.

Community College Improvement Bonds, 2019 - The College issued $5,885,000 of 4.00 percent General Obligation - Limited Tax Bonds. The bonds are insured, payable from tax revenue of the College, callable at a premium, and mature in amounts ranging from $95,000 to $435,000 beginning 2020 through 2040. Proceeds from this issuance were for the purpose of advance refunding a portion of the 2009 Community College Build America Bonds. The bonds were sold at a premium of $886,000. The bond refunding resulted in a capitalized loss on defeasance of $260,911. The capital loss is being amortized and recognized at $12,625 and $10,520 for the years ended June 30, 2021 and 2020. respectively. The refunding resulted in a total reduction of future debt service of $1,441,701, with a net present value reduction of $1,176,747.

Total principal and interest maturities on the debt obligations as of June 30, 2021 are as follows:

Years Ending June 30	Debt Obligations Principal	Interest	Total
2022	$ 875,000	$ 780,450	$ 1,655,450
2023	870,000	746,950	1,616,950
2024	910,000	713,650	1,623,650
2025	955,000	679,000	1,634,000
2026	1,000,000	642,550	1,642,550
2027-2031	5,360,000	2,649,488	8,009,488
2032-2036	6,100,000	1,635,000	7,735,000
2037-2040	4,870,000	413,012	5,283,013
Total	$ 20,940,000	$ 8,260,100	$ 29,200,100

For the years ended June 30, 2021 and 2020, interest charged was $797,178 and $842,622, respectively. In addition, there was a Build America Bonds subsidy of $51,519 received during the year ended June 30, 2020, resulting in a net expense of $791,103.

Note 8 - Retirement Plans

Defined Benefit Plan

Plan Description

The College participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. Certain College employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement Services (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

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

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

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

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

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

Note 8 - Retirement Plans (Continued)

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

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

Contributions

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

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

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

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

The range of rates is as follows:

	Pension	OPEB
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

Note 8 - Retirement Plans (Continued)

The College's required and actual pension contributions to the plan for the years ended June 30, 2021 and 2020 were approximately $1,287,000 and $1,190,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately $554,000 and $458,000 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021 and 2020, respectively.

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2021 and 2020 were approximately $321,000 and $318,000, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual OPEB contributions does not include an allocation of revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2021 and 2020.

Net Pension Liability

At June 30, 2021 and 2020, the College reported a liability of $13,401,039 and $12,969,813, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 and 2018, which used updated procedures to roll forward the estimated liability to September 30, 2020 and 2019. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020, 2019, and 2018, the College's proportion was 0.03901 percent, 0.03916 percent, and 0.03843 percent, respectively.

Net OPEB Liability

At June 30, 2021 and 2020, the College reported a liability of $2,072,054 and $2,864,163, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019 and 2018, which used updated procedures to roll forward the estimated liability to September 30, 2020 and 2019. The College’s proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020, 2019, and 2018, the College’s proportion was 0.03868 percent, 0.03990 percent, and 0.03871 percent, respectively, of MPSERS in total.

Note 8 - Retirement Plans (Continued)

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

For the year ended June 30, 2021 and 2020, the College recognized pension expense of approximately $1,694,000 and $1,578,000, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 204,757	$ (28,603)	$ 58,135	$ (54,083)
Changes of assumptions	1,484,964	-	2,539,499	-
Net difference between projected and actual earnings on pension plan assets	56,305	-	-	(415,660)
Changes in proportion and differences between College contributions and proportionate share of contributions	105,697	(223,010)	151,591	(486,634)
Total amortized deferrals	1,851,723	(251,613)	2,749,225	(956,377)
College contributions subsequent to the measurement date	1,062,982	-	970,671	-
Total	$ 2,914,705	$ (251,613)	$ 3,719,896	$ (956,377)

The $553,699 and $458,465 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 147c of the State School Aid Act (PA 94 of 1979), will be recognized as state appropriations revenue for the years ended June 30, 2021 and 2020, respectively.

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

Year Ending June 30	Amount
2022	$ 666,204
2023	551,945
2024	296,605
2025	85,356
	$ 1,600,110

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year. The College had deferred outflows of resources related to revenue in support of pension payments made subsequent to the measurement date totaling approximately $1,063,000 and $971,000 at June 30, 2021 and 2020, respectively.

Note 8 - Retirement Plans (Continued)

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

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense (recovery) of approximately ($78,000) and $69,000, respectively.

At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,543,874)	$ -	$ (1,050,943)
Changes of assumptions	683,197	-	620,606	-
Net difference between projected and actual earnings on pension plan assets	17,294	-	-	(49,809)
Changes in proportion and differences between College contributions and proportionate share of contributions	74,187	(151,663)	91,700	(90,172)
Total amortized deferrals	774,678	(1,695,537)	712,306	(1,190,924)
College contributions subsequent to the measurement date	218,504	-	215,075	-
Total	$ 993,182	$ (1,695,537)	$ 927,381	$ (1,190,924)

There are no amounts included as deferred inflows of resources resulting from the OPEB portion of state aid payments that will be recognized as state appropriations revenue for the years ended June 30, 2021 and 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future pension expense):

Year Ending June 30	Amount
2022	$ (249,422)
2023	(226,180)
2024	(181,172)
2025	(139,396)
2026	(124,689)
	$ (920,859)

Note 8 - Retirement Plans (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 and 2019 was based on the results of an actuarial valuation as of September 30, 2019 and 2018, respectively, and rolled forward. The total pension liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return – Pension	6.80% - 2020 6.80% - 2019	Net of investment expenses based on the groups
Investment rate of return – OPEB	6.95% - 2020 6.95% - 2019	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55% - 2020 2.75% - 11.55% - 2019	Including wage inflation of 2.75% Including wage inflation of 2.75%
Healthcare Cost Trend Rate	7.00% - 2020 7.50% - 2019	Year 1 graded to 3.5% Year 15; 3.00% Year 12 Year 1 graded to 3.0% Year 12
Mortality basis	Retirees & Active – 2020 & 2019	RP-2014 Male and Female Combined Healthy Annuitant Mortality Tables, scaled 100% and adjusted for morality improvements using projection scale MP 2017 from 2006. For retirees, scaled 82% for males and 78% for females.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

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

Significant assumption changes since the prior measurement date, September 30, 2019, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study, which resulted in a lower than projected per person health benefit cost for OPEB, and favorable investment experience for both plans. There were no significant benefit term changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.80 percent as of September 30, 2020 and 2019. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

Note 8 - Retirement Plans (Continued)

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

	September 30, 2020		September 30, 2019	
Investment Category	Target Allocation Percentage	Long-term Expected Real Rate of Return	Target Allocation Percentage	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.00%	5.60%	28.00%	5.50%
Private Equity Pools	16.00%	9.30%	18.00%	8.60%
International Equity Pools	15.00%	7.40%	16.00%	7.30%
Fixed Income Pools	10.50%	0.50%	10.50%	1.20%
Real Estate & Infrastructure Pools	10.00%	4.90%	10.00%	4.20%
Absolute Return Pools	9.00%	3.20%	- %	- %
Real Return, Opportunistic, and Absolute Pools	12.50%	6.60%	15.50%	5.40%
Short-term Investment Pools	2.00%	(0.10%)	2.00%	0.80%
Total	100.00%		100.00%	

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

The following presents the net pension liability of the College, calculated using the discount rate depending on the plan option. The following also reflects what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease (5.80 percent)	Current Discount Rate (6.80 percent)	1.00 Percent Increase (7.80 percent)
College's proportionate share of the net pension liability - June 30, 2021	$ 17,345,372	$ 13,401,039	$ 10,132,067

	1.00 Percent Decrease (5.80 percent)	Current Discount Rate (6.80 percent)	1.00 Percent Increase (7.80 percent)
College's proportionate share of the net pension liability - June 30, 2020	$ 16,861,587	$ 12,969,813	$ 9,743,399

Note 8 - Retirement Plans (Continued)

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

The following presents the net OPEB liability of the College, calculated using the current discount rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease (5.95 percent)	Current Discount Rate (6.95 percent)	1.00 Percent Increase (7.95 percent)
College's proportionate share of the net OPEB liability - June 30, 2021	$ 2,661,789	$ 2,072,054	$ 1,575,547

	1.00 Percent Decrease (5.95 percent)	Current Discount Rate (6.95 percent)	1.00 Percent Increase (7.95 percent)
College's proportionate share of the net OPEB liability - June 30, 2020	$ 3,513,327	$ 2,864,163	$ 2,319,046

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00 Percent Decrease (6.00 percent)	Current Healthcare Cost Trend Rate (7.00 percent)	1.00 Percent Increase (8.00 percent)
College's proportionate share of the net OPEB liability - June 30, 2021	$ 1,556,537	$ 2,072,054	$ 2,658,392

	1.00 Percent Decrease (6.50 percent)	Current Healthcare Cost Trend Rate (7.50 percent)	1.00 Percent Increase (8.50 percent)
College's proportionate share of the net OPEB liability - June 30, 2020	$ 2,295,936	$ 2,864,163	$ 3,513,250

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the College reported a payable of $136,446 and $17,106 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021. At June 30, 2020, the College reported a payable of $116,829 and $14,255 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Note 8 - Retirement Plans (Continued)

Defined Contribution Plan

In January 1997, the College began providing a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt status employees can elect to participate with the Teachers' Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF).

The TIAA-CREF plan is a defined contribution retirement plan in which benefits vest immediately. The College contributes a specified percentage of employee wages and has no liability beyond its own contribution. For the years ended June 30, 2021 and 2020, that contribution rate was determined to be 14.0 percent. This resulted in the College contributing approximately $914,000 and $952,000 for the years ended June 30, 2021 and 2020, respectively, to the plan.

Note 9 - Risk Management

The College is exposed to various risks of loss related to property loss, errors, omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The College participates in risk management pools for claims relating to auto, property, and liability claims. The College is self-insured for health benefits. The College has purchased commercial insurance for other risks such as workers' compensation, employee long-term disability, and employee life insurance. Settled claims resulting from all of the above risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Risk-sharing Programs

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

Self Insurance

The College is self-insured for health benefits. The College estimates the liability for medical benefit claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The College has purchased insurance to protect the College for claims in excess of $50,000.

	2021	2020	2019
Estimated liability - Beginning of year	$ 215,000	$ 125,000	$ 137,000
Estimated claims incurred, including changes in estimates	(1,510,149)	(1,239,182)	(1,271,321)
Less claim payments	1,485,149	1,329,182	1,259,321
Estimated liability - End of year	$ 190,000	$ 215,000	$ 125,000

Note 10 - Cash Flows

There were no significant noncash investing and financing transactions during 2021 and 2020.

Note 11 - Southwestern Michigan College Foundation

The Southwestern Michigan College Foundation (the “Foundation”) was formed to operate exclusively for charitable purposes to promote, establish, conduct, maintain, and operate educational and scientific activities in conjunction with the College. During the years ended June 30, 2021 and 2020, the Foundation made grants and distributions to and on behalf of the College totaling $328,233 and $300,425, respectively.

The Foundation's net assets include donor-restricted endowment funds, whose purpose is to provide scholarships to students of the College. Net assets associated with these funds are classified and reported based on the existence or absence of donor- or board-imposed restrictions. Net assets with donor restrictions are $15,616,228 and $13,130,167 as of June 30, 2021 and 2020, respectively.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that does not meet the criteria above is classified as net assets with donor restrictions based on a time or purpose restriction imposed by the donor until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. At June 30, 2021 and 2020, the Foundation had no endowment funds with deficiencies of this nature.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner which will provide long-term growth of principal without undue exposure to risk using a diversified investment structure. It is the objective of the Foundation to earn between four percent and six percent annual rate of return over a five-year market cycle, net of all fees.

Note 11 - Southwestern Michigan College Foundation (Continued)

Strategies Employed for Achieving Objectives

The Foundation's investment allocation structure includes real estate holdings and approximately $1,000,000 held in liquid assets, with the remainder of the investment portfolio to eventually be invested 60 percent in equities and 40 percent in fixed-income instruments. Equities will be purchased using dollar cost averaging to reduce risk at a rate of $500,000 per fiscal quarter until the 60 percent threshold is achieved.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating three percent of the 12-quarter rolling average market value of the investment portfolio. The specific amount for distribution shall be approved annually by the board of directors. The board of directors reserves the right to deviate from the stated calculation and approve a distribution between zero percent and six percent of the 12-quarter rolling average market value of the investment portfolio if deemed appropriate based on the market activity.

Note 12 - Upcoming Pronouncement

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the College's fiscal year ending June 30, 2021 but was extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability:							
As a percentage	0.03901%	0.03916%	0.03843%	0.03902%	0.04280%	0.04430%	0.04807%
Amount	$13,401,039	$12,969,813	$11,551,703	$10,112,762	$10,678,380	$10,821,127	$10,588,583
College's covered payroll	$ 3,478,839	$ 3,527,205	$ 3,321,509	$ 3,227,336	$ 3,414,645	$ 3,854,430	$ 4,163,460
College's proportionate share of the collective pension liability (amount) as a percentage of the College's covered payroll	385.22%	367.71%	347.78%	313.35%	312.72%	280.75%	254.32%
MPSERS fiduciary net position as a percentage of the total pension liability	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

Schedule of College's Pension Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,229,632	$ 1,131,416	$ 1,064,086	$ 1,077,965	$ 906,326	$ 998,707	$ 746,587
Contributions in relation to the actuarially determined contractually required contribution	$ 1,229,632	$ 1,131,416	$ 1,064,086	$ 1,077,965	$ 906,326	$ 998,707	$ 746,587
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 3,466,584	$ 3,551,552	$ 3,443,590	$ 3,308,824	$ 3,172,875	$ 3,552,297	$ 3,931,090
Contributions as a percentage of covered employee payroll	35.47%	31.86%	30.90%	32.58%	28.56%	28.11%	18.99%

Notes to Required Supplemental Information

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

Changes of assumptions - There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:
2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

GASB No. 68, *Accounting and Financial Reporting for Pensions* - GASB No. 68 was implemented in fiscal year 2015. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Schedule of the College's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of September 30 of each fiscal year)

	2020	2019	2018	2017
College's proportion of the net OPEB liability: As a percentage	0.03868%	0.03990%	0.03871%	0.03985%
Amount	$ 2,072,054	$ 2,864,163	$ 3,076,983	$ 3,528,964
College's covered payroll	$ 3,478,839	$ 3,527,205	$ 3,321,509	$ 3,227,336
College's proportionate share of the net OPEB liability (amount), as a percentage of the College's covered payroll	59.56%	81.20%	92.64%	109.35%
MPSERS fiduciary net position as a percentage of the total OPEB liability	59.76%	48.67%	43.10%	36.53%

Schedule of College's OPEB Contributions
Michigan Public School Employees' Retirement Plan
(Amounts were determined as of June 30 of each fiscal year)

	2021	2020	2019	2018
Statutorily required contribution	$ 288,480	$ 285,389	$ 270,495	$ 206,540
Contributions in relation to the actuarially determined contractually required contribution	$ 288,480	$ 285,389	$ 270,495	$ 206,540
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 3,466,584	$ 3,551,552	$ 3,443,590	$ 3,308,824
Contributions as a percentage of covered payroll	8.32%	8.04%	7.86%	6.24%

Notes to Required Supplemental Information

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

Changes of assumptions - There were no significant changes to assumptions for each of the reported plan years ended September 30, except for the following:

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

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

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

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - GASB No. 75 was implemented in fiscal year 2018. The schedule above is a required disclosure by this standard. It is being built prospectively and ultimately, 10 years of data will be presented.

Additional Information

	General Fund	MPSERS Fund	Coronavirus Relief Fund	Designated Fund	Auxiliary Fund
Assets					
Current assets:					
Cash and cash equivalents	$ 2,315,370	$ -	$ -	$ -	$ -
Short-term investments	5,361,937	-	-	-	-
Accounts receivable	2,134,423	-	257,252	-	63,850
Other current assets	42,235	-	-	-	-
Due (to) from other funds	(9,751,406)	-	(257,252)	2,921,732	1,231,837
Total current assets	102,559	-	-	2,921,732	1,295,687
Noncurrent assets:					
Other long-term investments	6,435,762	-	-	-	-
Capital assets - Net	-	-	-	-	-
Total noncurrent assets	6,435,762	-	-	-	-
Total assets	6,538,321	-	-	2,921,732	1,295,687
Deferred Outflows of Resources					
Pension-related deferrals	-	3,907,887	-	-	-
Loss on refunding of bonds payable	-	-	-	-	-
Total deferred outflows	-	3,907,887	-	-	-
Liabilities					
Current liabilities:					
Accounts payable	191,942	-	-	-	10,348
Accrued liabilities:					
Payroll and related liabilities	1,104,851	-	-	-	-
Interest payable	-	-	-	-	-
Other	206,576	-	-	-	-
Unearned revenue	522,505	-	-	-	25,489
Long-term obligations - Current	-	-	-	-	-
Accrued vacation and sick leave	344,555	-	-	-	-
Total current liabilities	2,370,429	-	-	-	35,837
Noncurrent liabilities:					
Long-term obligations - Net of current portion	-	-	-	-	-
Net pension liablity	-	13,401,039	-	-	-
Net OBEP liablity	-	2,072,054	-	-	-
Total noncurrent liabilities	-	15,473,093	-	-	-
Total liabilities	2,370,429	15,473,093	-	-	35,837
Deferred Inflows of Resources	-	2,500,849	-	-	-
Net Position					
Net investment in capital assets	-	-	-	-	-
Unrestricted net position (deficit)	4,167,892	(14,066,055)	-	2,921,732	1,259,850
Total net position (deficit)	**$ 4,167,892**	**$ (14,066,055)**	**$ -**	**$ 2,921,732**	**$ 1,259,850**

Combining Statement of Net Position

Year Ended June 30, 2021
(with comparative totals as of June 30, 2020)

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Combined Total June 30, 2021	Combined Total June 30, 2020
$ -	$ -	$ -	$ -	$ 2,315,370	$ 516,990
-	830,332	-	-	6,192,269	11,337,246
107,283	-	1,761	-	2,564,569	1,784,682
-	-	-	-	42,235	42,127
1,473	5,772,386	(4,820)	86,050	-	-
108,756	6,602,718	(3,059)	86,050	11,114,443	13,681,045
-	2,652,463	-	-	9,088,225	1,986,784
-	58,074,362	-	-	58,074,362	59,920,691
-	60,726,825	-	-	67,162,587	61,907,475
108,756	67,329,543	(3,059)	86,050	78,277,030	75,588,520
-	-	-	-	3,907,887	4,647,277
-	723,079	-	-	723,079	762,918
-	723,079	-	-	4,630,966	5,410,195
16,140	126,331	382	86,050	431,193	421,547
				-	
-	-	-	-	1,104,851	1,064,679
-	130,075	-	-	130,075	135,199
-	-	-	-	206,576	225,000
-	-	-	-	547,994	448,709
-	923,736	-	-	923,736	848,736
-	-	-	-	344,555	313,769
16,140	1,180,142	382	86,050	3,688,980	3,457,639
-	20,928,269	-	-	20,928,269	21,852,006
-	-	-	-	13,401,039	12,969,813
-	-	-	-	2,072,054	2,864,163
-	20,928,269	-	-	36,401,362	37,685,982
16,140	22,108,411	382	86,050	40,090,342	41,143,621
-	-	-	-	2,500,849	2,605,766
-	36,222,357	-	-	36,222,357	37,219,949
92,616	9,721,854	(3,441)	-	4,094,448	29,379
$ 92,616	**$ 45,944,211**	**$ (3,441)**	**$ -**	**$ 40,316,805**	**$ 37,249,328**

	Current Funds				
	General Fund	MPSERS Fund	Coronavirus Relief Fund	Designated Fund	Auxiliary Fund
Operating Revenue					
Tuition and fees	$ 8,444,354	$ -	$ -	$ -	$ -
Scholarship allowance	-	-	-	-	-
Net tuition and fees	8,444,354	-	-	-	-
Federal grants and contracts	-	-	-	-	-
State grants and contracts	-	-	-	-	-
Sales and services of auxiliary activities	-	-	-	-	1,892,654
Scholarship allowance - Auxiliary activities	-	-	-	-	-
Net sales and services of auxiliary activities	-	-	-	-	1,892,654
Other sources	456,791	-	-	-	-
Total operating revenue	8,901,145	-	-	-	1,892,654
Operating Expenses					
Instruction	7,196,839	98,936	-	-	-
Instructional support	1,851,471	26,855	167,272	-	-
Student services	2,443,833	12,445	1,404,314	-	951,460
Institutional administration	2,822,943	4,906	338,232	9,016	-
Operations and maintenance of plant	2,605,670	22,917	166,132	-	-
Information technology	2,347,879	12,297	362,678	-	-
Depreciation	-	-	-	-	-
Total operating expenses	19,268,635	178,356	2,438,628	9,016	951,460
Operating (Loss) Income	(10,367,490)	(178,356)	(2,438,628)	(9,016)	941,194
Nonoperating Revenue (Expenses)					
State appropriations	7,790,341	(95,234)	-	-	-
Federal Pell Grant	-	-	-	-	-
Coronavirus Relief Funding	-	-	4,642,615	-	-
Property taxes	6,170,655	-	-	-	-
Investment income and other interest income	(12,380)	-	-	-	-
Bond issuance costs	-	-	-	-	-
Interest on capital asset - Related debt	-	-	-	-	-
Interest ARRA subsidy	-	-	-	-	-
Other nonoperating revenue (expense)	-	-	(50,413)	-	-
Net nonoperating revenue (expense)	13,948,616	(95,234)	4,592,202	-	-
Income (Loss) Before Other Revenue	3,581,126	(273,590)	2,153,574	(9,016)	941,194
Other Revenue					
State capital appropriations	-	-	-	-	-
Capital contributions	-	-	-	-	-
Change in Net Position - Before transfers	3,581,126	(273,590)	2,153,574	(9,016)	941,194
Transfers (Out) In	(3,519,298)	-	(1,843,500)	-	(492,302)
Increase (Decrease) in Net Position	61,828	(273,590)	310,074	(9,016)	448,892
Net Position (Deficit) - Beginning of year	4,106,064	(13,792,465)	(310,074)	2,930,748	810,958
Net Position (Deficit) - End of year	**$ 4,167,892**	**$ (14,066,055)**	**$ -**	**$ 2,921,732**	**$ 1,259,850**

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

Year Ended June 30, 2021

(with comparative totals for the year ended June 30, 2020)

Restricted Fund	Plant Fund	Loan Fund	Agency Fund	Eliminations	Combined Total Year Ended June 30, 2021	Combined Total Year Ended June 30, 2020
$ -	$ -	$ -	$ -	$ -	$ 8,444,354	$ 9,703,639
-	-	-	-	(3,187,236)	(3,187,236)	(3,361,390)
-	-	-	-	(3,187,236)	5,257,118	6,342,249
690,569	-	-	-	-	690,569	1,123,174
-	-	-	-	-	-	74,871
-	-	-	-	-	1,892,654	2,129,566
-	-	-	-	(714,363)	(714,363)	(816,119)
-	-	-	-	(714,363)	1,178,291	1,313,447
-	-	-	-	-	456,791	637,440
690,569	-	-	-	(3,901,599)	7,582,769	9,491,181
-	-	-	-	-	7,295,775	7,748,714
-	-	-	-	-	2,045,598	2,138,702
3,592,921	-	2,415	-	(3,901,599)	4,505,789	4,704,376
-	-	-	-	-	3,175,097	3,245,702
5,006	209,060	-	-	-	3,008,785	3,327,362
-	-	-		-	2,722,854	2,333,474
-	2,429,089	-	-	-	2,429,089	2,542,796
3,597,927	2,638,149	2,415	-	(3,901,599)	25,182,987	26,041,126
(2,907,358)	(2,638,149)	(2,415)	-	-	(17,600,218)	(16,549,945)
-	-	-	-	-	7,695,107	6,935,073
2,989,142	-	-	-	-	2,989,142	3,573,470
-	-	-	-	-	4,642,615	512,650
-	-	-	-	-	6,170,655	5,970,412
-	5,062	-	-	-	(7,318)	227,794
-	-	-	-	-	-	(106,029)
-	(797,178)	-	-	-	(797,178)	(842,622)
-	-	-	-	-	-	51,519
-	-	-	-	-	(50,413)	50,413
2,989,142	(792,116)	-	-	-	20,642,610	16,372,680
81,784	(3,430,265)	(2,415)	-	-	3,042,392	(177,265)
-	-	-		-	-	124,357
-	25,085	-	-	-	25,085	25,750
81,784	(3,405,180)	(2,415)	-	-	3,067,477	(27,158)
(81,784)	5,936,884	-	-	-	-	-
-	2,531,704	(2,415)	-	-	3,067,477	(27,158)
92,616	43,412,507	(1,026)	-	-	37,249,328	37,276,486
$ 92,616	**$ 45,944,211**	**$ (3,441)**	**$ -**	**$ -**	**$ 40,316,805**	**$ 37,249,328**