Bay de Noc Community College

Years Ended June 30, 2021 and 2020

Financial Statements and Supplementary Information

Rehmann

BAY DE NOC COMMUNITY COLLEGE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BAY DE NOC COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of ***Bay de Noc Community College's*** (the "College") financial statements provide an overview of the College's financial activities for the years ended June 30, 2021, 2020 and 2019. Management has prepared the financial statements, the related footnote disclosures, and required supplementary information (RSI) and supporting information along with the discussion and analysis. Responsibility for the accuracy and completeness of this information rests with the College's management.

Using this Report

The College's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* and the State of Michigan's *Manual for Uniform Financial Reporting for Michigan Public Community Colleges*, 2001.

This annual financial report includes management's discussion and analysis, the report of the independent auditors, the basic financial statements, notes to financial statements, and RSI. Following these items are three supplementary schedules, the combining statement of net position, the combining statement of revenues, expenses, transfers and changes in net position, and the West Campus schedules of revenues, expenses, and changes in net position. Although the GASB does not require this information be present for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College that are not disclosed in the basic financial statements.

Component Unit

The Financial Reporting Entity: Omnibus, GASB Statement No. 61, requires that separate legal entities associated with a primary government that meet certain criteria be included with the financial statements of the primary reporting unit. In compliance with this statement, the ***Bay de Noc Community College Foundation*** (the "Foundation") is reported as a component unit of the College and its financial activity is discretely reported herein.

Financial Highlights

For the year ended June 30, 2021, the College continued to account for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). These standards require the College to record its proportionate share of the net pension liability of the Michigan Public School Employees Retirement System (MPSERS), the defined benefit plan in which the majority of the employees of the College participate and requires employers who provide other postemployment benefits (OPEB) to recognize its proportionate share of the net OPEB liability of the MPSERS on their statements of net position. Note 6 to the financial statements includes a number of items related to these standards, and four schedules are included as RSI following the footnotes. Both GASB 68 and GASB 75 have had a significant impact on the liabilities and net position of the College as discussed below.

For the year ended June 30, 2021, the College recorded total operating revenues of $7.7 million and total operating expenses of $22.3 million. The difference produced an operating loss of $14.6 million. Net nonoperating revenues of $15.8 million offset this loss and resulted in an overall increase in net position of $1.2 million.

With the $1.2 million net increase generated in fiscal year 2021, the College's net position increased to a fiscal year-end balance of $5.9 million.

Statements of Net Position

The statements of net position include all assets and liabilities of the College and are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided, and expenses and liabilities are recognized when obligations are incurred regardless of when cash is exchanged. The summarized statements of net position below present the financial position of the College at June 30, 2021, 2020 and 2019.

Net position as of June 30 (in thousands)

	2021	2020	2019
Current assets	$ 12,056	$ 9,238	$ 9,887
Noncurrent assets	32,271	31,125	31,746
Total assets	44,327	40,363	41,633
Deferred outflows of resources	4,934	6,326	6,450
Current liabilities	4,472	3,358	3,092
Net pension and OPEB liabilities	20,527	22,488	21,742
Other noncurrent liabilities	14,033	12,577	13,257
Total liabilities	39,032	38,423	38,091
Deferred inflows of resources	4,312	3,535	3,711
Net investment in capital assets	19,488	19,774	20,436
Restricted	662	465	387
Unrestricted (deficit)	(14,233)	(15,508)	(14,542)
Total net position	**$ 5,917**	**$ 4,731**	**$ 6,281**

Current assets consist of cash and cash equivalents, receivables, and prepaid expenses. Current assets totaled $12.1 million at June 30, 2021 compared to $9.2 million at June 30, 2020. The $2.9 million increase can be attributed to a $1.25 million increase in cash, a $635,000 increase in State appropriations receivable and a $626,000 increase in cash-restricted for capital improvements as a result of a $2.8 million bond issued in December 2020.

Current assets totaled $9.2 million at June 30, 2020 which decreased from the current assets of $9.9 million at June 30, 2019. The $649,000 decrease is primarily the result of an 11% reduction in State appropriations receivable caused by the coronavirus pandemic.

Noncurrent assets consist of capital assets and cash restricted for debt payments. Noncurrent assets totaled $32.3 million at June 30, 2021 and $31.1 million at June 30, 2020. The increase of approximately $1.2 million is primarily the result of $3.1 million in capital purchases offset by $2.1 million in depreciation expense.

Noncurrent assets totaled $31.1 million at June 30, 2020 and $31.7 million at June 30, 2019. The decrease of approximately $0.6 million is the result of $1.6 million in capital purchases offset by $2.1 million in depreciation expense.

Deferred outflows of resources at June 30, 2021 of approximately $4.9 million was recorded as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plan subsequent to the plan's measurement date. This was a decrease of approximately $1.4 million from June 30, 2020 due to changes in assumptions related to the payroll growth assumption.

Deferred outflows of resources at June 30, 2020 of approximately $6.3 million was recorded as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plan subsequent to the plan's measurement date. This is a decrease of approximately $124,000 from June 30, 2019 due to changes in assumptions related to the discount rates and mortality tables.

Current liabilities consist of accounts payable, accrued liabilities, unearned revenue, and current portion of long-term debt obligations due within the next fiscal year. Current liabilities were approximately $4.5 million at June 30, 2021 compared to $3.4 million at June 30, 2020. The $1.1 million increase can be attributed to an increase in accounts payable due to two large capital projects in progress at year end with outstanding balances due the vendors and an increase in the current portion of long-term debt as a result of the December 2020 bond issue.

Current liabilities were approximately $3.4 million at June 30, 2020 which was an increase from the current liabilities of $3.1 million at June 30, 2019. The $0.3 million increase can be attributed to an increase in the current portion of employee benefits payable as a result of an early retirement incentive plan (ERIP) that was offered by the College with funding to occur over the next two fiscal years.

Noncurrent liabilities consist of long-term debt, for which the principal is due in more than one-year, accrued employee retirement benefits and net pension and OPEB liabilities. Noncurrent liabilities decreased from 2020 to 2021 by approximately $505,000 due to a decrease in net pension and OPEB liabilities of $1.96 million as a result of changes in assumptions used by the actuary and a $1.67 million increase in long-term debt as a result of the December 2020 bond issue.

Noncurrent liabilities increased from 2019 to 2020 by approximately $66,000 due to an increase in the net pension and OPEB liabilities of approximately $746,000 as a result of changes in assumptions used by the actuary and an approximate $190,000 increase in employee benefits payable due to the ERIP offered by the College. These increases were mostly offset by principal payments on outstanding debt.

Deferred inflows of resources at June 30, 2021 of approximately $4.3 million were recorded as a result of changes in proportion and differences between employer contributions and proportionate share of contributions, differences between expected and actual experience, and the pension portion of State appropriation payments received pursuant to Sec. 147c of the State School Aid act (PA 94 of 1979). This is an increase of approximately $777,000 from June 30, 2020 due mostly to the increases in deferred inflows related to differences between expected and actual experience related to the OPEB plan.

Deferred inflows of resources at June 30, 2020 of approximately $3.5 million were recorded as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plan subsequent to the plan's measurement date. This is a decrease of approximately $176,000 from June 30, 2019 due to changes in assumptions related to the discount rates.

Net position increased from 2020 to 2021 by approximately $1.2 million. Other funds increased $1.4 million which includes $1.2 million increase in recognized HEERF and CRF assistance while GASB 68 and 75 adjustments decreased net position by $209,000.

Net position decreased from 2019 to 2020 by approximately $1.55 million. Other funds decreased approximately $857,000 while GASB 68 and 75 adjustments further decreased the net position by approximately $693,000.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present the revenues earned and expenses incurred during the year. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of the asset over the expected life. A summarized comparison of the College's revenues, expenses and changes in net position for the years ended June 30 is as follows:

Statements of revenues, expenses and changes in net position (in thousands)

	2021	2020	2019
Total operating revenues	$ 7,726	$ 7,192	$ 7,414
Total operating expenses	22,375	23,013	21,989
Operating loss	(14,649)	(15,821)	(14,575)
Net nonoperating revenues	15,835	14,271	14,689
Increase in net position	1,186	(1,550)	114
Net position, beginning of year	4,731	6,281	6,167
Net position, end of year	**$ 5,917**	**$ 4,731**	**$ 6,281**

Operating revenues included the following for the years ended June 30:

Operating revenues (in thousands)

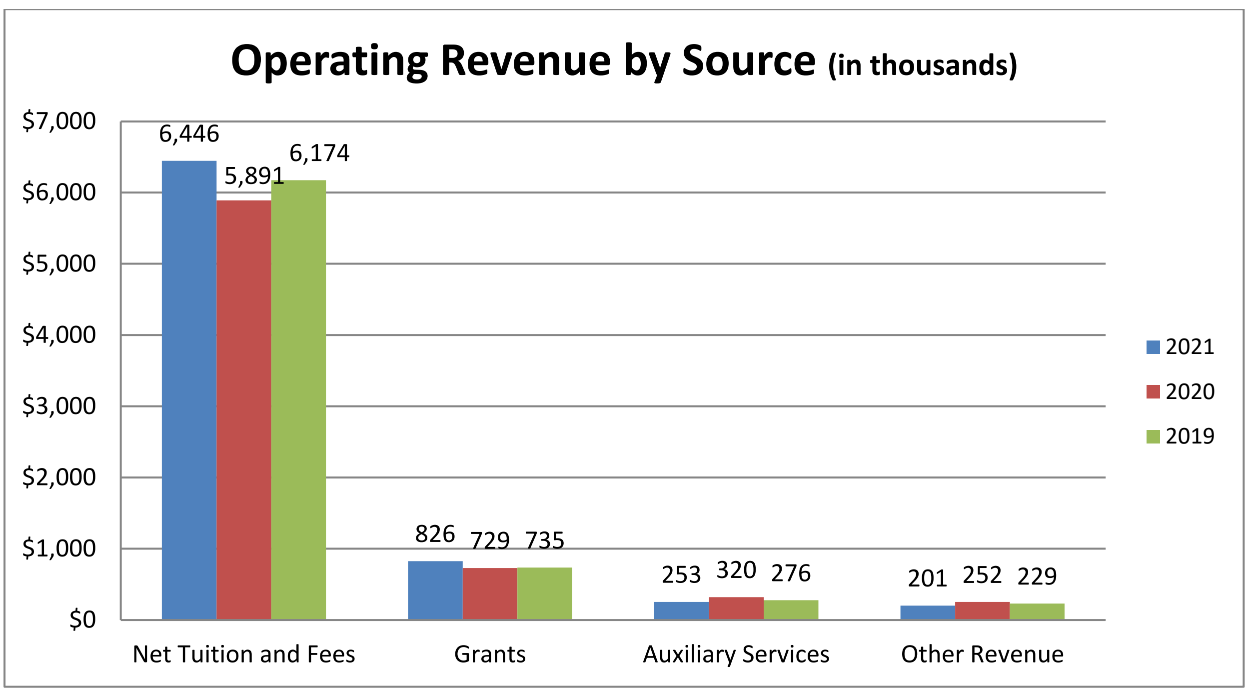
	2021	2020	2019
Net tuition and fees	$ 6,446	$ 5,891	$ 6,174
Grants	826	729	735
Auxiliary services	253	320	276
Other operating revenues	201	252	229
Total operating revenues	**$ 7,726**	**$ 7,192**	**$ 7,414**

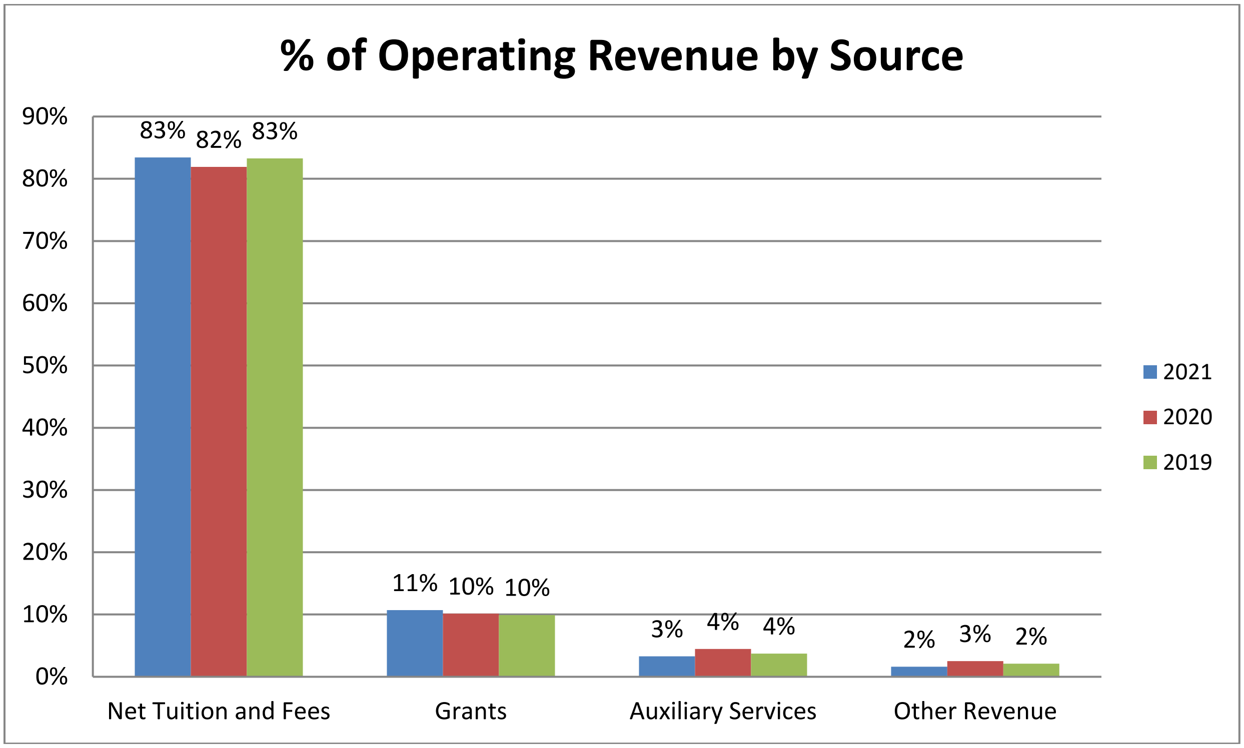
Operating revenues increased from 2020 to 2021 as a result of the following factors:

- Increase in tuition and fees, net of scholarship allowance, of approximately $555,000 as a result of an increase in enrollment and tuition rates.

Operating revenues decreased from 2019 to 2020 as a result of the following factors:

- Decrease in net tuition and fees, net of scholarship allowance, of approximately $283,000 as a result of an increase in scholarship allowances partly offset by an increase in tuition rates.
- Offset by modest increases in sales and service of auxiliary activities of approximately $44,000 and other operating revenues of approximately $23,000.





Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of State appropriations, property taxes, Pell grants, Federal HEERF and CRF fund grants, gifts, and interest income. Nonoperating expenses consist of interest on capital asset related debt, contributions made to the YMCA and any losses on disposal of capital assets.

Nonoperating revenues included the following for the years ended June 30:

Nonoperating revenues (expenses) (in thousands)

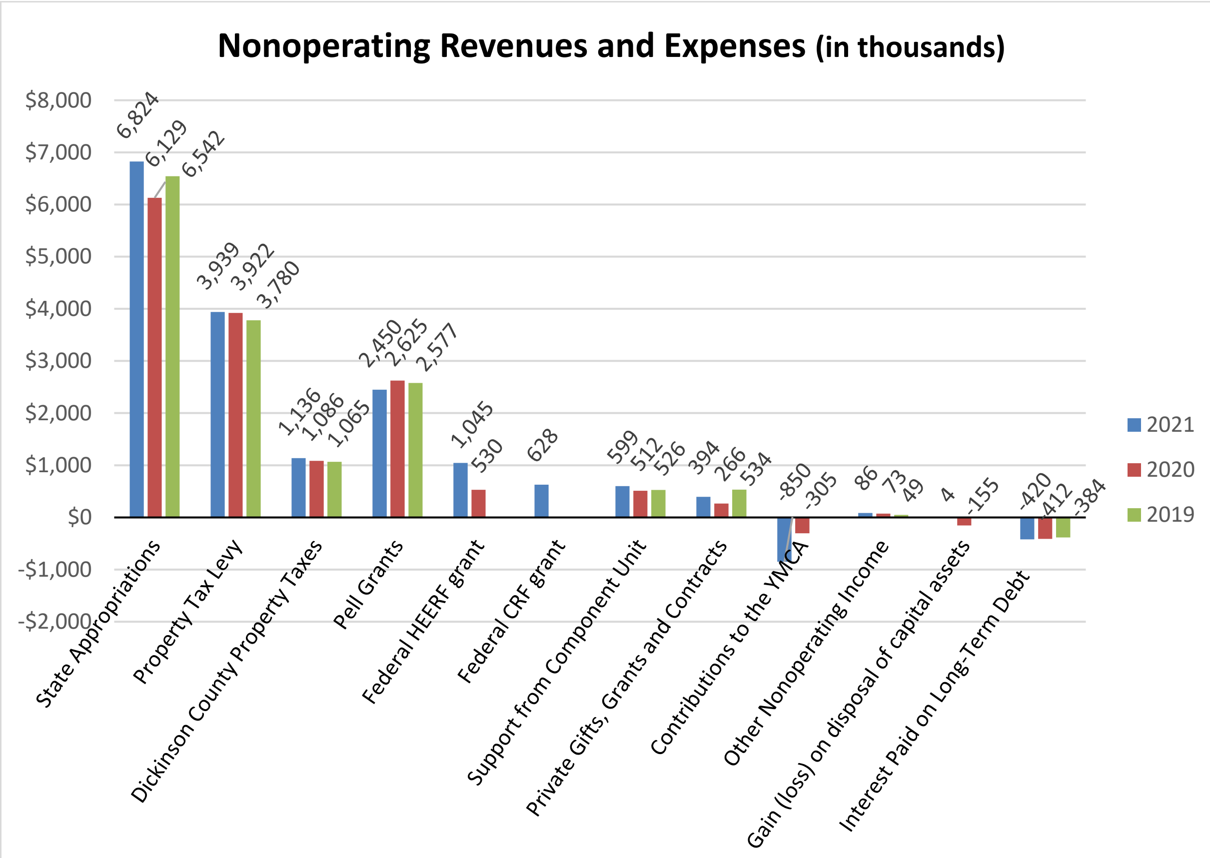
	2021	2020	2019
State appropriations	$ 6,824	$ 6,129	$ 6,542
Property tax levy	3,939	3,922	3,780
Property taxes from Dickinson County	1,136	1,086	1,065
Pell grants	2,450	2,625	2,577
Federal Higher Education Emergency Relief Fund grant	1,045	530	-
Federal Coronavirus Relief Fund grant	628	-	-
Support from component unit	599	512	526
Private gifts, grants and contracts	394	266	534
Contributions to the YMCA	(850)	(305)	-
Interest income	86	73	49
Gain (loss) on disposal of capital assets	4	(155)	-
Interest on capital asset-related debt	(420)	(412)	(384)
Net nonoperating revenues	**$15,835**	**$14,271**	**$14,689**

Changes in nonoperating revenues (expenses) from 2020 to 2021 were primarily the result of the following factors:

- An approximate $1.143 million increase in the Federal Higher Education Emergency Relief Fund (HEERF) and Federal Coronavirus Relief Fund (CRF) grants to cover eligible coronavirus pandemic expenses.
- An approximate $695,000 increase in State appropriations.
- An approximate $417,000 net increase in nonoperating expense for contributions to the YMCA for their capital project. These contributions increased $545,000 over the prior year but this expense increase was partially offset by a $128,000 increase in restricted contributions from the Hannahville Indian Community to pay the debt service on the 2018 bonds.

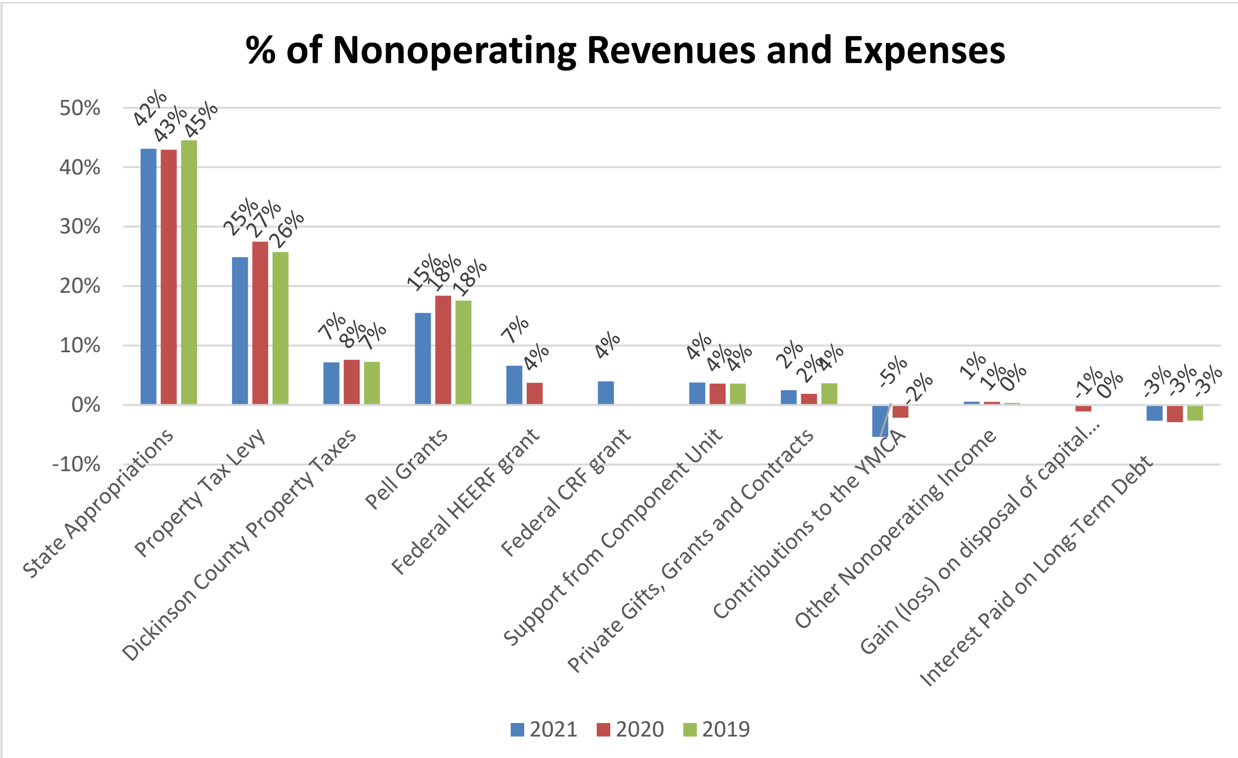
Changes in nonoperating revenues (expenses) from 2019 to 2020 were primarily the result of the following factors:

- An approximate $530,000 increase in Federal Higher Education Emergency Relief Fund grant to cover eligible coronavirus pandemic expenses.
- An approximate $413,000 reduction in State appropriations and a $155,000 loss on the disposal of capital assets, partially offset by an increase of approximately $163,000 in property tax revenue.



Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. They include salaries and benefits, utilities, supplies, services and depreciation and are categorized by functional area.

Operating expenses	**2021**	**2020**	**2019**
Instruction	$ 9,002	$ 9,533	$ 8,554
Public service	191	241	238
Instructional support	1,630	1,823	1,527
Student services	3,548	3,238	3,346
Institutional administration	1,751	2,546	2,791
Operations and maintenance of plant	2,339	1,922	1,968
Information technology	1,773	1,553	1,496
Depreciation	2,141	2,157	2,069
Total operating expenses	**$22,375**	**$23,013**	**$21,989**



Changes in operating expenses from 2020 to 2021 were a result of the following factors:

- Instruction expenses decreased by approximately $531,000, or 5.6% as a result of a reduction in full time faculty salaries due to several retirements, the temporary suspension of the Supplemental Instruction program, a reduction in Workforce Development trainings because of the pandemic and a reduction in the unfunded defined benefit pension and OPEB liabilities.

- Instructional support expenses decreased by approximately $193,000 or 10.5% due to a vacant position and another position that is now reporting under student services.

- Student services expenses increased by approximately $310,000, or 9.6%, as a result of increased emergency grants to students (funded under the CARES Act) and increased dual enrollment tuition discounts and Foundation scholarships.

- Institutional administration expenses decreased by approximately $795,000 or 31.2% as a result of the receipt of CARES Act funding to cover Covid-19 related expenses.

- Operations and maintenance of plant expenses increased by approximately $417,000 or 21.7% due to increased costs caused by the Covid-19 pandemic.

- Information technology expense increased by approximately $220,000 or 14.1% due to increased license fees and increased purchases of PC's and other hardware to aid in the transition to online learning, teaching and working.

Changes in operating expenses from 2019 to 2020 were a result of the following factors:

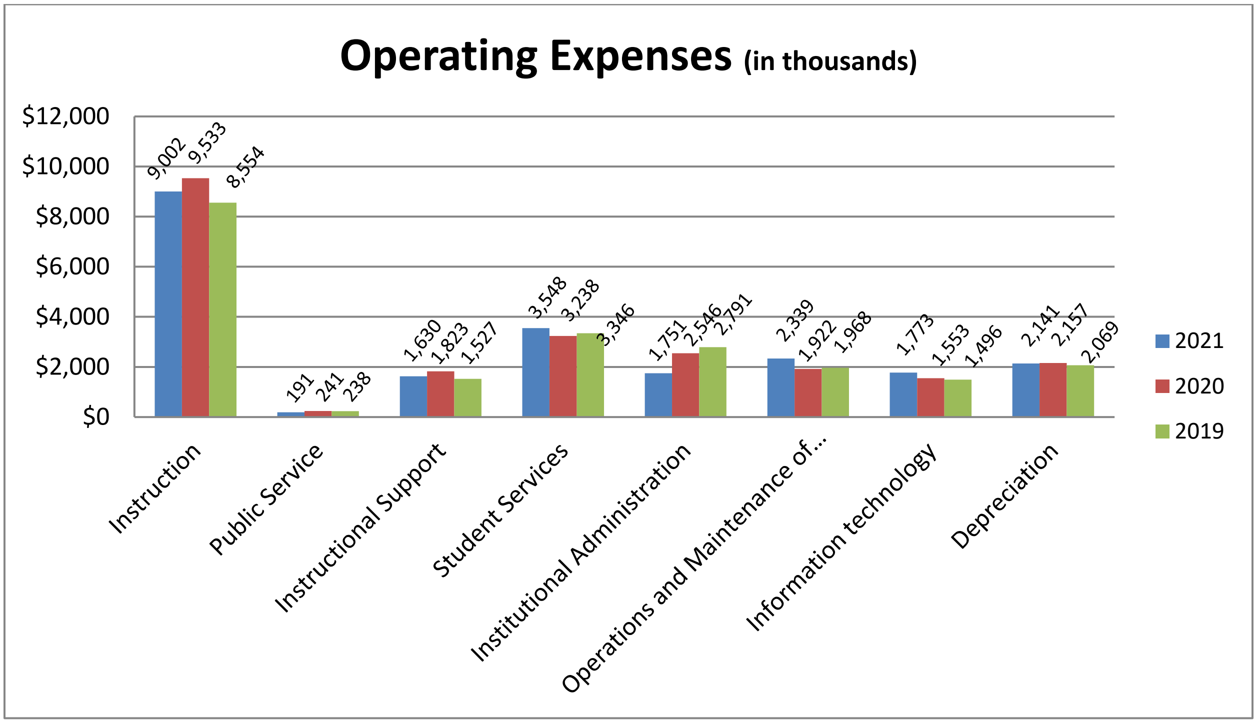
- Instruction expenses increased by approximately $979,000, or 11.4% as a result of an increase in the unfunded defined benefit pension liability, the effect of the early retirement incentive plan and the occurrence of wage expenses directly related to the Covid-19 pandemic which will subsequently be reimbursed with CARES Act funding.

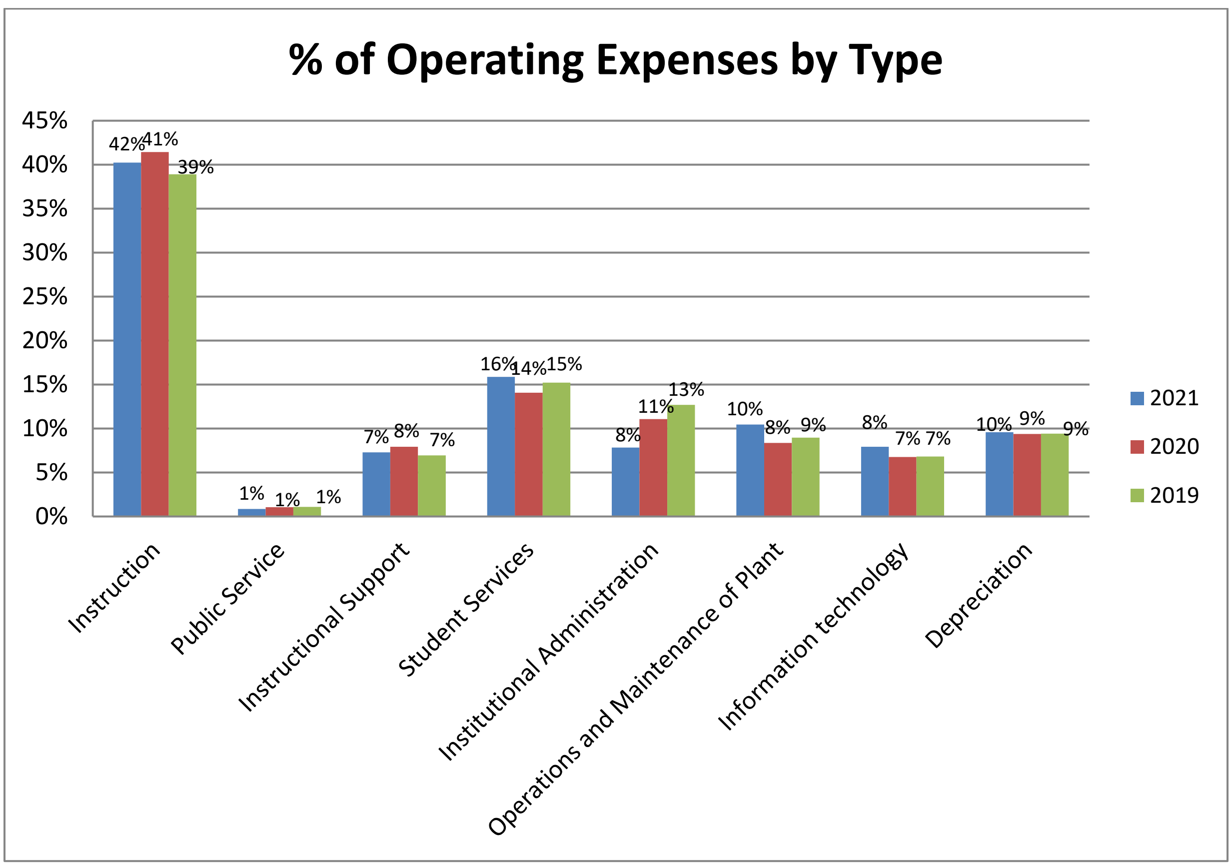
- Instructional support expenses increased by approximately $296,000 or 19.4% due to the following: an increase transcription and captioning services due to the pandemic, full year effect of salaries for previously vacant positions, and an unfavorable GASB 68 adjustment due to the increase in the unfunded defined benefit pension liability.

- Student services expenses decreased by approximately $108,000, or 3.2%, due to the following: decreased spending for Athletics transportation, decreased Federal SEOG grant expense, decreased federal work study expense and decreased capital outlay for items funded with Hannahville Indian Community 2% grants.

- Institutional administration expenses decreased by approximately $245,000 or 8.8% as a result of the following: reduction in bond issuance costs and a decrease in salaries and wages expense due to the reallocation of employees to deal with pandemic related services.

- Depreciation expense increased by approximately $88,000 or 4.3% due to the completion of the locker room building addition to the Physical Education Complex as well as other equipment purchases.


Operating Expenses (in thousands)
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
9,002
9,533
8,554
191
241
238
1,630
1,823
1,527
3,548
3,238
3,346
1,751
2,546
2,791
2,339
1,922
1,968
1,773
1,553
1,496
2,141
2,157
2,069
Instruction
Public Service
Instructional Support
Student Services
Institutional Administration
Operations and Maintenance of...
Information technology
Depreciation
2021
2020
2019


% of Operating Expenses by Type
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
42%
41%
39%
1%
1%
1%
7%
8%
7%
16%
14%
15%
8%
11%
13%
10%
8%
9%
8%
7%
7%
10%
9%
9%
Instruction
Public Service
Instructional Support
Student Services
Institutional Administration
Operations and Maintenance of Plant
Information technology
Depreciation
2021
2020
2019

Statements of Cash Flows

The statements of cash flows provide another way to assess the financial health of the College. The primary purpose of these statements is to provide relevant information about the cash receipts and cash payments of an institution during a year. The statements of cash flows also help users assess:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Statements of cash flows (in thousands)

	2021	2020	2019
Net cash used in operating activities	$(12,756)	$(12,500)	$(12,466)
Net cash provided by noncapital financing activities	15,458	15,343	14,978
Net cash used in capital and related financing activities	(713)	(2,843)	(138)
Net cash provided by investing activities	86	74	49
Increase in cash and cash equivalents	2,075	74	2,423
Cash and cash equivalents, beginning of year	8,111	8,037	5,614
Cash and cash equivalents, end of year	**$ 10,186**	**$ 8,111**	**$ 8,037**

Changes in cash flows from 2020 to 2021 were a result of the following factors:

- The College receives the majority of its operating funds from student tuition and fees and grants and contracts. These sources are offset by expenditures for operations such as payments to employees and suppliers. Net cash used in operating activities increased by approximately $256,000 from 2020 to 2021. An increase in tuition and fees and grants and contracts receipts and a decrease in payments to suppliers was offset by an increase in payments to employees and a decrease in other operating receipts.

- Net cash provided by noncapital financing activities increased by approximately $115,000 from 2020. $1.663 million received from the Federal Higher Education Emergency Relief Funds and Federal Coronavirus Relief Fund grants was mostly offset by reductions in State appropriations, and Federal Pell grants.

- Net cash used in capital and related financing activities decreased by approximately $2.1 million due to proceeds from the issuance of facility bonds partially offset by an increase in the purchase of capital assets.

Changes in cash flows from 2019 to 2020 were a result of the following factors:

- The College receives the majority of its operating funds from student tuition and fees and grants and contracts. These sources are offset by expenditures for operations such as payments to employees and suppliers. Net cash used in operating activities increased by approximately $34,000 from 2019. An increase in other operating receipts and a decrease in payments to employees was partially offset by an increase in payments to suppliers and a decrease in tuition and fee receipts.

- Net cash provided by noncapital financing activities remained consistent from 2019 to 2020 despite a reduction in gifts and donations and receipt of a Federal Higher Education Emergency Relief Fund grant.

- Net cash used in capital and related financing activities increased by approximately $2.7 million due to no additional bond receipts partially offset by less spending on capital assets.

Capital Assets

As of June 30, 2021, the College had $31.6 million in capital assets, net of accumulated depreciation.

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	$ 1,321,225	$ -	$ -	$ -	$ 1,321,225
Construction in progress	35,234	2,450,909	-	-	2,486,143
Subtotal, non-depreciable capital assets	**1,356,459**	**2,450,909**	**-**	**-**	**3,807,368**
Capital assets being depreciated:					
Land improvements	1,990,913	5,382	-	-	1,996,295
Infrastructure	265,180	-	-	-	265,180
Building and building improvements	49,439,414	61,200	(1,472)	-	49,499,142
Furniture, fixtures and equipment	23,793,970	523,438	(42,030)	-	24,275,378
Library materials	779,613	-	-	-	779,613
Vehicles	319,925	48,604	(98,319)	-	264,210
Subtotal, depreciable capital assets	**76,583,015**	**638,624**	**(141,821)**	**-**	**77,079,818**
Total capital assets	**77,939,474**	**3,089,533**	**(141,821)**	**-**	**80,887,186**
Less accumulated depreciation:					
Land improvements	1,587,635	77,091	-	-	1,664,726
Infrastructure	221,878	16,708	-	-	238,586
Building and building improvements	23,520,097	1,216,219	-	-	24,736,316
Furniture, fixtures and equipment	20,900,179	817,216	(65,533)	-	21,651,862
Library materials	779,613	-	-	-	779,613
Vehicles	269,924	14,179	(76,288)	-	207,815
Total accumulated depreciation	**47,279,326**	**2,141,413**	**(141,821)**	**-**	**49,278,918**
Net depreciable capital assets	**29,303,689**	**$ (1,502,789)**	**$ -**	**$ -**	**27,800,900**
Capital assets, net	**$ 30,660,148**				**$ 31,608,268**

As of June 30, 2020, the College had $30.66 million in capital assets, net of accumulated depreciation.

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 1,321,225	$ -	$ -	$ -	$ 1,321,225
Construction in progress	1,041,796	35,235	(155,000)	(886,797)	35,234
Subtotal, non-depreciable capital assets	**2,363,021**	**35,235**	**(155,000)**	**(886,797)**	**1,356,459**
Capital assets being depreciated:					
Land improvements	1,971,223	19,690	-	-	1,990,913
Infrastructure	265,180	-	-	-	265,180
Building and building improvements	47,654,248	898,369	-	886,797	49,439,414
Furniture, fixtures and equipment	23,214,287	652,547	(72,864)	-	23,793,970
Library materials	779,613	-	-	-	779,613
Vehicles	306,352	7,573	-	-	313,925
Subtotal, depreciable capital assets	**74,190,903**	**1,578,179**	**(72,864)**	**886,797**	**76,583,015**
Total capital assets	**76,553,924**	**1,613,414**	**(227,864)**	**-**	**77,939,474**
Less accumulated depreciation:					
Land improvements	1,508,002	79,633	-	-	1,587,635
Infrastructure	205,170	16,708	-	-	221,878
Building and building improvements	22,310,074	1,210,023	-	-	23,520,097
Furniture, fixtures and equipment	20,134,536	838,507	(72,864)	-	20,900,179
Library materials	779,613	-	-	-	779,613
Vehicles	257,681	12,243	-	-	269,924
Total accumulated depreciation	**45,195,076**	**2,157,114**	**(72,864)**	**-**	**47,279,326**
Net depreciable capital assets	**28,995,827**	**$ (578,935)**	**$ -**	**$ 886,797**	**29,303,689**
Capital assets, net	**$ 31,358,848**				**$ 30,660,148**

Debt

The College had $14,611,000 in bond debt outstanding at June 30, 2021. Debt principal repayments of $1,030,000 were made on this debt during the year. More detailed information about the College's long-term liabilities is presented in the notes to the financial statements.

Economic Factors that will Affect the Future

The Upper Peninsula (UP) of Michigan is comprised of 15 rural counties and has experienced significant economic hardship during the COVID-19 pandemic. Bay College's geographic location places us in the central UP where there is a manufacturing corridor desperately seeking a trained and skilled workforce to not only sustain but to grow operations. Bay College's mission includes providing the ability for jobseekers to earn credentials leading to high-skill, high wage, self-sustaining employment while also allowing for training of current employees seeking advanced skills within the manufacturing sectors. Short-term programs and trainings will allow for a faster entry into the workforce thus supporting economic growth locally and regionally.

By 2025, 6 in 10 jobs will require an education beyond high school. This means Bay College needs to educate more students than ever before with trainings, courses and short-term credentials and programs in areas such as Mechatronics & Robotics, Welding, Machining, Computer Aided Design, Computer Numerical Control, Smart Automation Certification Alliance, Occupational Safety and Health Administration, Michigan Occupational Safety and Health Administration, Safety Rigging, and Mine Safety Training.

The following table shows job growth in Bay College's regional sector per the Upper Peninsula Career Outlook through 2028 taken from the State of Michigan Bureau of Labor Market Information:

Title	Growth	Median Hourly Wage
Machine Tool Operators	11.1%	$26.00
Machinists	13.6%	$23.00
Welders	6.4%	$23.00
Electronic Technicians	10%	$30.00
Pipefitters	8.3%	$37.00
Industrial Machine Mechanics	5.6%	$35.00

Bay's mission directly supports Michigan's 60 by 30 goal by promoting the manufacturing environment, enhancing training programming, elevating awareness of training opportunities leading to higher wage employment, increasing the Upper Peninsula's degree attainment and retention of this skilled talent to meet the 60% by the year 2030, aligning Region 1 with the State of Michigan.

Enrollment for Fall 2021 matched that of Fall 2020, while many other colleges saw a decrease in enrollment. This follows Fall 2020 enrollment which was 4% higher than Fall 2019, again unlike many others who saw a significant decrease due to the global pandemic. Michigan's Futures for Frontliners and Reconnect programs, which assist non-traditional students, aided in these positive enrollment numbers. For Fall 2021 42% of all contacts are being offered in an online format.

The Bay de Noc Community College Foundation plays a vital role in the success of the College. Organized as a non-profit corporation in 1972, its purpose is to actively promote the educational and community benefits provided by the College and to encourage gifts and contributions to the Foundation as a means of directly supporting the College and providing financial support to students. With Net Assets of approximately $13,834,000 at June 30, 2021, it provided over $500,000 in scholarships for the 20-21 fiscal year to Bay College students.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

November 4, 2021

Board of Trustees
Bay de Noc Community College
Escanaba, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of ***Bay de Noc Community College*** (the "College") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Bay de Noc Community College Foundation (the "Foundation"), the discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the reports of the other auditors. 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 Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of ***Bay de Noc Community College*** as of June 30, 2021 and 2020, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplementary combining statements and the West Campus Schedules of Revenues, Expenses, Transfers and Changes in Net Position, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued under separate cover our report dated November 4, 2021 on our consideration of ***Bay de Noc Community College's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 ***Bay de Noc Community College's*** internal control over financial reporting and compliance.

Rehmann Robson LLC

FINANCIAL STATEMENTS

BAY DE NOC COMMUNITY COLLEGE

Statements of Net Position

	June 30	
	2021	**2020**
Assets		
Current assets		
Cash and cash equivalents	$ 7,032,761	$ 5,781,688
Cash-restricted for capital improvements	2,490,590	1,864,293
Student receivables, net	72,375	56,712
State appropriations receivable	1,187,248	552,519
Grants receivable	483,952	286,389
Due from component unit	151,113	89,381
Other receivables, net	47,835	17,710
Prepaids and other current assets	590,676	589,888
Total current assets	**12,056,550**	**9,238,580**
Noncurrent assets		
Cash-restricted for debt repayment	662,307	464,530
Capital assets not being depreciated	3,807,368	1,356,459
Capital assets being depreciated, net	27,800,900	29,303,689
Total noncurrent assets	**32,270,575**	**31,124,678**
Total assets	**44,327,125**	**40,363,258**
Deferred outflows of resources		
Deferred pension and OPEB amounts	**4,933,747**	**6,326,012**
Liabilities		
Current liabilities		
Accounts payable	1,203,047	389,307
Accrued payroll and related liabilities	1,241,739	1,229,835
Unearned revenue	287,317	241,456
Interest payable	51,669	46,451
Other current liabilities	322,810	311,147
Current portion of accrued employee benefits payable	299,065	269,839
Current portion of long-term debt	1,066,475	870,000
Total current liabilities	**4,472,122**	**3,358,035**
Noncurrent liabilities		
Long-term debt, net of current portion	13,544,177	11,880,000
Accrued employee benefits payable, net of current portion	488,372	697,143
Net pension and OPEB liabilities	20,527,440	22,487,650
Total noncurrent liabilities	**34,559,989**	**35,064,793**
Total liabilities	**39,032,111**	**38,422,828**
Deferred inflows of resources		
Deferred pension and OPEB amounts	**4,311,645**	**3,535,086**
Net position		
Net investment in capital assets	19,488,206	19,774,441
Restricted	662,307	464,530
Unrestricted deficit (Note 1)	(14,233,397)	(15,507,615)
Total net position	**$ 5,917,116**	**$ 4,731,356**

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

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2021	**2020**
Operating revenues		
Tuition and fees	$ 8,921,641	$ 8,316,656
Scholarship allowance	(2,475,389)	(2,425,406)
Net tuition and fees	6,446,252	5,891,250
Federal grants and contracts	767,877	673,308
State and local grants and contracts	58,486	55,290
Sales and service of auxiliary activities, net of scholarship allowance of $71,738 ($57,356 for 2020)	252,699	320,048
Other operating revenues	200,947	252,079
Total operating revenues	**7,726,261**	**7,191,975**
Operating expenses		
Instruction	9,001,758	9,532,672
Public service	190,937	240,802
Instructional support	1,630,422	1,822,756
Student services	3,548,546	3,237,858
Institutional administration	1,750,650	2,546,114
Operations and maintenance of plant	2,338,657	1,921,857
Information technology	1,773,441	1,553,697
Depreciation	2,141,413	2,157,114
Total operating expenses	**22,375,824**	**23,012,870**
Operating loss	**(14,649,563)**	**(15,820,895)**
Nonoperating revenues (expenses)		
State appropriations	6,823,818	6,128,747
Property tax levy	3,939,105	3,922,048
Property taxes from Dickinson County	1,135,863	1,086,141
Federal Pell grants	2,449,475	2,624,551
Federal Higher Education Emergency Relief Funds grant	1,045,128	530,294
Federal Coronavirus Relief Fund grant	627,900	-
Support from component unit	599,308	511,579
Private gifts, grants and contracts	394,177	265,552
Contributions to the YMCA	(850,000)	(305,000)
Interest income	86,143	73,598
Gain (loss) on disposal of capital assets	4,235	(155,000)
Interest on capital asset - related debt	(419,829)	(411,801)
Net nonoperating revenues	**15,835,323**	**14,270,709**
Increase (decrease) in net position	**1,185,760**	**(1,550,186)**
Net position, beginning of year	4,731,356	6,281,542
Net position, end of year	**$ 5,917,116**	**$ 4,731,356**

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

Statements of Cash Flows

	Year Ended June 30	
	2021	2020
Cash flows from operating activities		
Tuition and fees	$ 6,483,471	$ 5,925,487
Grants and other contracts	631,991	425,118
Auxiliary activities and other revenue	252,699	320,048
Payments to employees	(9,039,402)	(8,328,471)
Payments to suppliers	(11,267,830)	(11,300,959)
Other operating receipts	182,485	459,125
Net cash used in operating activities	**(12,756,586)**	**(12,499,652)**
Cash flows from noncapital financing activities		
State appropriations	6,189,089	6,734,460
Local property taxes and Dickinson County	5,074,968	5,008,189
Federal Pell grants	2,449,475	2,624,551
Federal Higher Education Emergency Relief Funds grant	1,034,916	530,294
Federal Coronavirus Relief Fund grant	627,900	-
Federal direct lending receipts	2,624,083	2,635,707
Federal direct lending disbursements	(2,624,083)	(2,635,707)
Gifts and donations	931,753	750,137
Contributions to YMCA	(850,000)	(305,000)
Net cash provided by noncapital financing activities	**15,458,101**	**15,342,631**
Cash flows from capital and related financing activities		
Purchase of capital assets	(2,162,787)	(1,613,414)
Proceeds from sale of capital assets	4,235	-
Principal paid on long-term debt	(1,030,000)	(815,000)
Interest paid on capital asset - related debt	(418,296)	(414,619)
Proceeds from issuance of facility bonds	2,894,337	-
Net cash used in capital and related financing activities	**(712,511)**	**(2,843,033)**
Cash flows provided by investing activities		
Interest received on bank deposits	**86,143**	**73,598**
Net increase in cash and cash equivalents	**2,075,147**	**73,544**
Cash and cash equivalents, beginning of year	8,110,511	8,036,967
Cash and cash equivalents, end of year	**$ 10,185,658**	**$ 8,110,511**
Reconciliation to statements of net position		
Cash and cash equivalents	$ 7,032,761	$ 5,781,688
Cash-restricted for capital improvements	2,490,590	1,864,293
Cash-restricted for debt repayment	662,307	464,530
Cash and cash equivalents, end of year	**$ 10,185,658**	**$ 8,110,511**

Continued…

Statements of Cash Flows (Concluded)

	Year Ended June 30	
	2021	**2020**
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (14,649,563)	$ (15,820,895)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,141,413	2,157,114
Change in operating assets and liabilities which provided (used) cash:		
Student receivables	(15,663)	3,839
Grants receivable	(187,351)	(184,302)
Other receivables	(30,125)	209,790
Prepaids and other current assets	(788)	37,165
Accounts payable	(113,006)	(23,808)
Accrued payroll and related liabilities	11,904	59,722
Unearned revenue	45,861	(88,780)
Accrued employee benefits payable	(179,545)	459,905
Other current liabilities	11,663	(2,744)
Net pension and OPEB liabilities and deferred amounts	208,614	693,342
Net cash used in operating activities	**$ (12,756,586)**	**$ (12,499,652)**

concluded

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

Statements of Financial Position

Assets	June 30 2021	June 30 2020
Cash and cash equivalents	$ 1,133,362	$ 993,188
Accrued income receivable and other assets	40,915	39,916
Contributions receivable	205,467	19,053
Investments	11,096,680	9,267,661
Beneficial interest in trust assets	2,253,520	1,971,352
Beneficial interest in charitable remainder trusts	97,208	81,704
Total assets	**$ 14,827,152**	**$ 12,372,874**
Liabilities and Net Assets		
Liabilities		
Accrued expenses	$ 10,500	$ 10,500
Due to Bay de Noc Community College	151,113	89,381
Deferred revenue	25,725	-
Due to William Bonifas Fine Arts Center	806,106	689,840
Total liabilities	**993,444**	**789,721**
Net assets		
Without donor restrictions	1,067,659	930,634
With donor restrictions	12,766,049	10,652,519
Total net assets	**13,833,708**	**11,583,153**
Total liabilities and net assets	**$ 14,827,152**	**$ 12,372,874**

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

BAY DE NOC COMMUNITY COLLEGE FOUNDATION - Component Unit

Statements of Activities

	Year Ended June 30	
	2021	**2020**
Revenue		
Contributions	$ 591,242	$ 321,703
Investment income, net	1,953,628	384,734
Event income	-	21,079
Gain on beneficial interest in trusts	349,142	84,151
Total revenue	2,894,012	811,667
Expenses		
Program:		
Scholarships	524,011	460,911
Other	105,478	120,554
Supporting services	139,417	152,134
Total expenses	768,906	733,599
Change in net assets before equity transfer from Bay de Noc Community College	**2,125,106**	**78,068**
Equity transfer from Bay de Noc Community College	125,449	125,005
Change in net assets	**2,250,555**	**203,073**
Net assets, beginning of year	11,583,153	11,380,080
Net assets, end of year	**$ 13,833,708**	**$ 11,583,153**

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

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Bay de Noc Community College (the "College") is a Michigan community college located in Delta County in the Upper Peninsula of Michigan, with a second campus located 54 miles west in Dickinson County, Michigan.

The accompanying financial statements as of and for the years ended June 30, 2021 and 2020 include the accounts of all funds of the College and Bay de Noc Community College Foundation (the "Foundation"). The Foundation is considered a component unit of the College in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus.* The College reports financial information for the Foundation using a discrete rather than blended presentation because certain criteria are met, including the individual trustees of the Foundation are independently appointed by the Foundation's Board of Trustees. The Foundation is considered a component unit because the Foundation provides support entirely, or almost entirely, to the College through financial support to students.

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. A copy of the Foundation's separately issued financial statements may be obtained by contacting the Foundation Office at the College.

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Due to the pandemic Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibit certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain operations including on-campus learning during the spring/summer/fall 2020 semesters. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded $4,945,431 during 2021 from the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and $778,116 during 2020 from the Coronavirus Aid, Relief, and Economic Security Act. The College recognized revenue from these awards of $1,047,128 and $530,294 during 2021 and 2020, respectively. The College was additionally awarded funding in the amount of $627,900 through the Coronavirus Relief Fund, which was recognized in fiscal 2021. Additionally, the College transitioned its in-person instruction to an online format and suspended on-site operations in March 2020. The facilities were reopened in July 2020 and in-person instruction resumed in September 2020. While management reasonably expects the COVID-19 outbreak to negatively impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Basis of Presentation

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

Significant Accounting Policies

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

Accrual Basis

The financial statements of the College have been presented using the economic resources measurement focus on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, and all highly liquid investments with an initial maturity of three months or less.

Cash-Restricted for Capital Improvements and Debt

Cash restricted for capital improvements consists of the unspent cash proceeds from the Facility Bonds issuances in 2020 and 2018, which are held in a deposit account and restricted for capital renovations to multiple buildings on campus. Cash restricted for debt consists of funds received from the Hannahville Indian Community to be used for payments of the 2018 facilities bonds (see Note 4).

Accounts Receivable

Accounts receivable resulting from Federal and State grants, State appropriations, and student tuition consist of revenues earned, but not received as of year-end. A bad debt allowance is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for student accounts receivable and other receivables based on historical loss experience and knowledge of specifically uncollectible items. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the bad debt allowance based on its assessment. Balances that are still outstanding after management has used reasonable collection efforts are written off. The bad debt allowance for student receivables was approximately $164,000 and $132,000 at June 30, 2021 and 2020, respectively. The bad debt allowance for other receivables was approximately $1,600 for June 30, 2021 and 2020.

Capital Assets and Depreciation

Capital assets are recorded at cost and include amounts paid for new facilities and equipment and for significant improvements to existing facilities. Depreciation is computed using the straight-line method over the useful life of the asset. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives are capitalized while expenditures for routine repairs and maintenance are expensed as incurred. Donated capital assets are recorded at estimated acquisition value at the time of the donation. The College does have an art collection made up of various purchased and donated works of art. It is the College's policy not to capitalize this collection as a result of the collection being held for public exhibition and education and not for financial gains. Management reviews capital assets annually for impairment. The following estimated useful lives are used to compute depreciation:

Buildings and building improvements	30-40 years
Library materials	10 years
Land improvements and infrastructure	15 years
Furniture, fixtures and equipment	5-10 years
Vehicles	5-7 years

Unearned Revenue

Revenue received prior to year-end, which is related to the next fiscal period, is recorded as unearned revenue. Unearned revenue relates primarily to summer-term tuition received prior to June 30 and grant and award monies received in excess of costs incurred as of year-end for College programs financed by government agencies and other organizations.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits ("OPEB")-related amounts. More detailed information can be found in Note 6.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB-related amounts. More detailed information can be found in Note 6.

Pension and Other Postemployment Benefits ("OPEB") Liabilities

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

Revenue Recognition
The College generally follows the revenue recognition methods set forth in the *Manual For Uniform Financial Reporting—Michigan Public Community Colleges, 2001.* In general, revenues are recognized when earned and expenditures are recognized when the service is provided. Property taxes are recorded as revenue in the year taxes are levied. Under this method, revenue for fiscal year 2021 includes property taxes that were levied on July 1, 2020 and December 1, 2020, which are generally collected before March 1, 2021. Uncollected real property taxes of the College are turned over to Delta County for subsequent collection. State appropriations are recorded as revenue in the period for which they are appropriated. Changes to State appropriations are recorded in the College's fiscal year in which the changes are approved by the State legislature.

Operating revenues of the College consist of tuition and fees, grants and contracts, auxiliary enterprise revenues, and other revenues related to services provided for students. Tuition and fees and auxiliary enterprise revenues are reported net of scholarship allowances. Transactions related to capital financing activities, noncapital financing activities, investing activities, State appropriations, property taxes, Federal Higher Education Emergency Relief Fund ("HEERF") grant revenue, Federal Coronavirus Relief Fund grant revenue, and Federal Pell grants are components of nonoperating income. When both general purpose and restricted revenues are available for use, it is the College's policy to use restricted resources first. Gifts are recorded at estimated fair value when received.

The College does not recognize as revenue sources held for others, such as Federal Direct Loans, where the College serves only as a conduit.

Operating Expenses
The College reports operating expenses by function on the face of the statements of revenues, expenses and changes in net position. The following table shows operating expenses by natural class for the years ended June 30:

	2021	2020
Salaries and wages	$ 9,630,710	$ 9,796,616
Benefits	5,210,374	5,734,034
Capital under $5,000	294,181	153,040
Pell and other scholarships	1,067,976	1,683,923
Professional services	970,994	802,829
Rent, utilities and insurance	1,029,791	1,021,198
Supplies and materials	650,924	562,407
Travel and professional development	1,271,842	1,005,122
Bad debt expense	107,619	96,587
Depreciation	2,141,413	2,157,114
Total operating expenses	**$ 22,375,824**	**$ 23,012,870**

Net Position
Elements of net position are classified according to the external grantor restrictions or availability of assets for satisfaction of College obligations. Net Investment in Capital Assets represents capital assets, net of accumulated depreciation, restricted cash for capital improvements and outstanding principal balances of debt attributable to the acquisition, construction, or improvements of those assets.

The unrestricted net deficit of the College is comprised of the following as of June 30:

	2021	2020
Auxiliary fund	$ 1,389,128	$ 1,249,699
Plant fund	(9,520,400)	(7,887,715)
Pension and OPEB liability fund	(19,905,338)	(19,696,724)
Undesignated	13,803,213	10,827,125
Total unrestricted net deficit	**$ (14,233,397)**	**$ (15,507,615)**

Internal Services Activities

Both revenue and expenses related to internal service activities have been eliminated.

2. CASH AND CASH EQUIVALENTS

College Deposits and Investments

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits may not be returned. The College does not have a policy for custodial credit risk. However, management believes that cash balances are maintained at high quality financial institutions.

At June 30, 2021 and 2020, the carrying amount of cash deposits at banks for the College totaled $10,185,658 and $8,110,511, respectively, while the bank balances totaled $10,218,566 and $8,248,372, respectively. Of the bank balances, $500,000 was insured at both June 30, 2021 and 2020, and the remaining $9,718,566 and $7,748,372, respectively, was uninsured and uncollateralized.

3. CAPITAL ASSETS

The following presents the changes in the various capital asset categories for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	$ 1,321,225	$ -	$ -	$ -	$ 1,321,225
Construction in progress	35,234	2,450,909	-	-	2,486,143
Subtotal, nondepreciable capital assets	**1,356,459**	**2,450,909**	**-**	**-**	**3,807,368**
Capital assets being depreciated:					
Land improvements	1,990,913	5,382	-	-	1,996,295
Infrastructure	265,180	-	-	-	265,180
Building and building improvements	49,439,414	61,200	(1,472)	-	49,499,142
Furniture, fixtures and equipment	23,793,970	523,438	(42,030)	-	24,275,378
Library materials	779,613	-	-	-	779,613
Vehicles	313,925	48,604	(98,319)	-	264,210
Subtotal, depreciable capital assets	**76,583,015**	**638,624**	**(141,821)**	**-**	**77,079,818**
Less accumulated depreciation:					
Land improvements	1,587,635	77,091	-	-	1,664,726
Infrastructure	221,878	16,708	-	-	238,586
Building and building improvements	23,520,097	1,216,219	-	-	24,736,316
Furniture, fixtures and equipment	20,900,179	817,216	(65,533)	-	21,651,862
Library materials	779,613	-	-	-	779,613
Vehicles	269,924	14,179	(76,288)	-	207,815
Total accumulated depreciation	**47,279,326**	**2,141,413**	**(141,821)**	**-**	**49,278,918**
Net depreciable capital assets	**29,303,689**	**$ (1,502,789)**	**$ -**	**$ -**	**27,800,900**
Capital assets, net	**$ 30,660,148**				**$ 31,608,268**

Construction in progress relates to renovations to enhance the College's facilities. The total expected costs to complete are approximately $3,869,000.

The following presents the changes in the various capital asset categories for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 1,321,225	$ -	$ -	$ -	$ 1,321,225
Construction in progress	1,041,796	35,235	(155,000)	(886,797)	35,234
Subtotal, nondepreciable capital assets	**2,363,021**	**35,235**	**(155,000)**	**(886,797)**	**1,356,459**
Capital assets being depreciated:					
Land improvements	1,971,223	19,690	-	-	1,990,913
Infrastructure	265,180	-	-	-	265,180
Building and building improvements	47,654,248	898,369	-	886,797	49,439,414
Furniture, fixtures and equipment	23,214,287	652,547	(72,864)	-	23,793,970
Library materials	779,613	-	-	-	779,613
Vehicles	306,352	7,573	-	-	313,925
Subtotal, depreciable capital assets	**74,190,903**	**1,578,179**	**(72,864)**	**886,797**	**76,583,015**
Less accumulated depreciation:					
Land improvements	1,508,002	79,633	-	-	1,587,635
Infrastructure	205,170	16,708	-	-	221,878
Building and building improvements	22,310,074	1,210,023	-	-	23,520,097
Furniture, fixtures and equipment	20,134,536	838,507	(72,864)	-	20,900,179
Library materials	779,613	-	-	-	779,613
Vehicles	257,681	12,243	-	-	269,924
Total accumulated depreciation	**45,195,076**	**2,157,114**	**(72,864)**	**-**	**47,279,326**
Net depreciable capital assets	**28,995,827**	**$ (578,935)**	**$ -**	**$ 886,797**	**29,303,689**
Capital assets, net	**$ 31,358,848**				**$ 30,660,148**

Notes to Financial Statements

4. LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Bonds payable					
Facilities bonds of 2015	$ 2,835,000	$ -	$ (165,000)	$ 2,670,000	$ 170,000
Refunding facilities bonds of 2016	3,080,000	-	(405,000)	2,675,000	420,000
Facilities bonds of 2016	3,885,000	-	(220,000)	3,665,000	225,000
Facility bonds of 2018	2,950,000	-	(80,000)	2,870,000	85,000
Facility bonds of 2020	-	2,800,000	(160,000)	2,640,000	160,000
Bond premium	-	94,337	(3,685)	90,652	6,475
Total bonds payable	12,750,000	2,894,337	(1,033,685)	14,610,652	1,066,475
Other long-term obligations					
Employee severance plan (Note 8)	539,677	58,453	(269,839)	328,291	299,065
Other accrued employee benefits payable (Note 6)	427,305	31,841	-	459,146	-
	966,982	90,294	(269,839)	787,437	299,065
Total long-term obligations	**$ 13,716,982**	**$ 2,984,631**	**$ (1,303,524)**	**$ 15,398,089**	**$ 1,365,540**

Changes in long-term liabilities for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Current Portion
Bonds payable					
Facilities bonds of 2015	$ 2,995,000	$ -	$ (160,000)	$ 2,835,000	$ 165,000
Refunding facilities bonds of 2016	3,475,000	-	(395,000)	3,080,000	405,000
Facilities bonds of 2016	4,095,000	-	(210,000)	3,885,000	220,000
Facility bonds of 2018	3,000,000	-	(50,000)	2,950,000	80,000
Total bonds payable	13,565,000	-	(815,000)	12,750,000	870,000
Other long-term obligations					
Employee severance plan (Note 8)	-	539,677	-	539,677	269,839
Other accrued employee benefits payable (Note 6)	507,077	-	(79,772)	427,305	-
	507,077	539,677	(79,772)	966,982	269,839
Total long-term obligations	**$ 14,072,077**	**$ 539,677**	**$ (894,772)**	**$ 13,716,982**	**$ 1,139,839**

The proceeds of the 2015 Facilities Bonds were used for costs related to a multi-building campus renovation project. The bonds carry an average interest rate of approximately 3.0% and mature in 2034.

The proceeds from the 2016 Facilities Bonds were used for equipping and furnishing College buildings and facilities. The bonds carry an average interest rate of 2.6% and mature in 2034.

The proceeds from the 2018 Facilities Bonds were used for erecting, improving and equipping College buildings and facilities, as well as improving and equipping the YMCA building. The bonds carry an average interest rate of approximately 4.0% and mature in November 2042. The College entered into an agreement with the Hannahville Indian Community ("the "Tribe") in the amount of $3,000,000, which the College had to provide upfront through the issuance of the 2018 Facilities Bonds. The Tribe will then provide the College amounts annually to fully fund the bond principal and interest payments for the duration of the bond.

The proceeds from the 2020 Facilities Bonds are being used for the purpose of acquiring energy conservation and operational improvements to the College facilities. The bonds carry an average interest rate of approximately 2.0% and mature in 2030.

Future debt service requirements on bonds payable for years ending after June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	$ 1,066,475	$ 423,119	$ 1,489,594
2023	1,096,475	394,319	1,490,794
2024	1,136,475	364,669	1,501,144
2025	1,166,475	333,919	1,500,394
2026	1,201,475	302,319	1,503,794
2027-2031	4,497,376	1,079,644	5,577,020
2032-2036	3,255,901	457,038	3,712,939
2037-2041	815,000	159,100	974,100
2042-2043	375,000	15,100	390,100
	$ 14,610,652	**$ 3,529,227**	**$ 18,139,879**

5. LOCAL PROPERTY TAX LEVY

The College's annual property tax on real and personal property is levied by the tax collecting governmental units on July 1 and December 1 and is based on taxable valuation as of the preceding December 31. Taxable valuation is established by the tax collecting governmental unit and is subject to possible equalization by the State.

Delta County (“the County”) maintains a delinquent tax revolving fund through which the College receives 100% of all delinquent real property taxes turned over to the County by the tax collecting governmental units.

The College's annual tax levy is allocated between the various funds in accordance with the Board of Trustees' annual tax allocation plan.

6. RETIREMENT BENEFITS AND DEFERRED COMPENSATION

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2021, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 12.41% - 14.51% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.41% - 19.78%
Member Investment Plan (MIP)	3.00% - 7.00%	19.41% - 19.78%
Pension Plus	3.00% - 6.40%	16.46% - 16.82%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the College were $1,448,806, $1,437,448 and $1,499,514 for the years ended June 30, 2021, 2020 and 2019, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2021:

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

Required contributions to the OPEB plan from the College were $339,860, $352,249 and $373,447 for the years ended June 30, 2021, 2020 and 2019, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2021:

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

Required and actual contributions from the College for those members with a defined contribution benefit were $43,024, $34,849 and $38,610 for the years ended June 30, 2021, 2020 and 2019, respectively.

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

At June 30, 2021 and 2020, the College reported a liability of $17,889,586 and $18,602,589, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2019 and 2018, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the College's proportion was 0.05208%, which was a decrease of 0.00409% points from its proportion measured as of September 30, 2019 of 0.05617%.

For the year ended June 30, 2021, the College recognized pension expense of $2,121,127. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 273,338	$ 38,183	$ 235,155
Changes in assumptions	1,982,339	-	1,982,339
Net difference between projected and actual earnings on pension plan investments	75,164	-	75,164
Changes in proportion and differences between employer contributions and proportionate share of contributions	76,429	1,083,720	(1,007,291)
	2,407,270	1,121,903	1,285,367
College contributions subsequent to the measurement date	1,301,824	-	1,301,824
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	672,953	(672,953)
	1,301,824	672,953	628,871
Total	**$ 3,709,094**	**$ 1,794,856**	**$ 1,914,238**

The $1,301,824 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The $672,953 reported as deferred inflows of resources resulting from the pension portion of State appropriations payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	$ 727,550
2023	454,812
2024	107,380
2025	(4,375)
Total	**$ 1,285,367**

For the year ended June 30, 2020, the College recognized pension expense of $2,449,456. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 83,383	$ 77,571	$ 5,812
Changes in assumptions	3,642,400	-	3,642,400
Net difference between projected and actual earnings on pension plan investments	-	596,181	(596,181)
Changes in proportion and differences between employer contributions and proportionate share of contributions	126,370	478,756	(352,386)
	3,852,153	1,152,508	2,699,645
College contributions subsequent to the measurement date	1,274,416	-	1,274,416
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	622,640	(622,640)
	1,274,416	622,640	651,776
Total	**$ 5,126,569**	**$ 1,775,148**	**$ 3,351,421**

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

At June 30, 2021 and 2020, the College reported a liability of $2,637,854 and $3,885,061, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations rolled forward from September 30, 2019 and 2018. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the College's proportion was 0.04924% which was a decrease of 0.00489% points from its proportion measured as of September 30, 2019 of 0.05413%.

For the year ended June 30, 2021, the College recognized an OPEB benefit of $176,390. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,965,448	$ (1,965,448)
Changes in assumptions	869,753	-	869,753
Net difference between projected and actual earnings on OPEB plan investments	22,016	-	22,016
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,286	551,341	(495,055)
	948,055	2,516,789	(1,568,734)
College contributions subsequent to the measurement date	276,598	-	276,598
Total	**$ 1,224,653**	**$ 2,516,789**	**$ (1,292,136)**

The $276,598 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2022	$ (395,021)
2023	(364,313)
2024	(325,170)
2025	(278,864)
2026	(205,366)
Total	**$ (1,568,734)**

For the year ended June 30, 2020, the College recognized OPEB expense of $64,255. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,425,539	$ (1,425,539)
Changes in assumptions	841,814	-	841,814
Net difference between projected and actual earnings on OPEB plan investments	-	67,563	(67,563)
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,766	266,836	(189,070)
	919,580	1,759,938	(840,358)
College contributions subsequent to the measurement date	279,863	-	279,863
Total	$ 1,199,443	$ 1,759,938	$ (560,495)

Actuarial Assumptions

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

The total pension and OPEB liabilities in the September 30, 2019 and 2018 actuarial valuation (for the fiscal year ended June 30, 2021 and 2020, respectively) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation	2.75%
Investment rate of return	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3.0% annual non-compounded for MIP members
Healthcare cost trend	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.5% Year 1 graded to 3.5% Year 12 in 2018)
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2019, are based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4977 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.7101 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 and 2019, are summarized in the following tables:

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

2019 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Alternative investment pools	18.00%	8.60%	1.55%
International equity	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.15%
Investment rate of return			**6.80%**

Long-Term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020 and 2019, are summarized in the following tables:

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

2019 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Alternative investment pools	18.00%	8.60%	1.55%
International equity	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.00%
Investment rate of return			**6.95%**

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

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

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

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 23,155,035	$ 17,889,586	$ 13,525,703

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 24,184,556	$ 18,602,589	$ 13,974,946

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

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

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 3,388,623	$ 2,637,854	$ 2,005,769

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 4,765,611	$ 3,885,061	$ 3,145,643

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

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

	1% Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net OPEB liability	$ 1,981,568	$ 2,637,854	$ 3,384,298

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 3,114,295	$ 3,885,061	$ 4,765,507

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

As of June 30, 2021, the College reported a payable of $173,444 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021. At June 30, 2020, the College reported a payable of $165,173 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2020.

Payable to the OPEB Plan

At June 30, 2021, the College reported a payable of $22,493 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021. At June 30, 2020, the College reported a payable of $22,281 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2020.

Defined Contribution Plan

Effective July 1, 1988, the College adopted a defined contribution retirement plan for qualified employees. Full-time faculty, administrators, and other exempt-status employees can elect to participate in the Bay de Noc Community College Optional Retirement Plan (the “Optional Plan”), a defined contribution plan administered by the College. New employees can elect to participate in either the Optional Plan or MPSERS. Employees electing the Optional Plan who are members of MPSERS retain a limited membership in MPSERS. As of June 30, 2021 and 2020, the Optional Plan had 63 and 64 active participants, respectively, and 82 and 83 participants with account balances, respectively.

The College is required to contribute 12 to 25.36 percent of participating employees' salaries to the Optional Plan. Plan contributions are placed in a segregated employee account that the employee may allocate to the various funding vehicles permitted by the Plan. All contributions are fully vested when made. Total contributions for the years ended June 30, 2021 and 2020 were $632,925 and $632,394, respectively.

The plan provides for various benefit payment options. The amount of benefits paid is predicated on the balance in the employees' segregated account when benefit payments begin. The Board of Trustees reserves the right to amend or terminate the plan at any time subject to certain provisions.

Longevity Benefit Payments

Full-time Faculty

A faculty member who has not less than ten years of full-time services as a full-time faculty member of the College, who was hired before August 17, 2013, and is otherwise qualified to retire under MPSERS or the equivalent using the MPSERS formula if in the Optional Plan, qualifies for a retirement incentive payment upon termination of their employment with the College. This payment is equal to 25% of their last year's base salary. The faculty are not eligible for this if they are discharged "for cause", they are not teaching full-time when they terminate employment with the College, or if they have failed to give the prescribed notice for termination.

Administrative Staff

The employees who qualify for the longevity benefits are not required to contribute to the plan. The College funds the plan on a pay-as-you-go basis. The College recognizes administrator loyalty to the College by providing a financial benefit upon the qualifying administrator's retirement. The administrator must have been hired before July 1, 2013 and must be employed by the College for a minimum of ten consecutive years and retire in accordance with the MPSERS guidelines. The employee will receive a percentage of their annual salary based on their number of full-time employment years and previous full fiscal year salary as listed below:

25 or more years of service - financial benefit is 25% of annual salary
20 to 24 years of service - financial benefit is 23 % of annual salary
15 to 19 years of service - financial benefit is 21 % of annual salary
10 to 14 years of service - financial benefit is 19% of annual salary

The College records a liability for these benefits over the period earned by the employees based on the likelihood that a benefit will be paid out upon retirement or termination from the College. This plan is funded by the College on a pay-as-you-go basis. The College has elected to calculate the liability using a 5% discount rate applied to the benefit amount. The total liability for these benefits was approximately $459,000 and $427,000 at June 30, 2021 and 2020, respectively. The College recognized expenses associated with these longevity incentives for the year ended June 30, 2021 of approximately $33,000. The College recognized a reduction to expenses associated with these longevity incentives for the year ended June 30, 2020 of approximately $30,000.

7. COMPENSATED ABSENCES

The College records amounts payable for compensated absences as a liability when benefits become vested and subject to payment upon employee termination. The following summarizes specific policies with regard to compensated absences.

Vacation
In general, employees may accumulate no more than 240 hours of vacation. Upon termination, employees are entitled to payment, at their current rate, of 100% of their accumulated vacation days up to the maximum of 240 hours. The College records this liability at 100% of the accumulated benefits since the accumulation is based upon past employee service and is fully vested. The total liability recorded for accrued vacation time is approximately $360,000 and $326,000 at June 30, 2021 and 2020, respectively.

Sick Leave
In general, employees may accumulate unused sick leave (no limitation for faculty and up to 130 days for administrative and support staff), however, sick leave is payable only when sick leave is actually used. Upon termination, accumulated sick leave is not vested, and accordingly, no liability is recorded for the accumulated sick leave.

8. VOLUNTARY TERMINATION BENEFITS

Voluntary termination benefits are those provided to employees as a) an inducement to hasten the termination of services or b) as a result of a voluntary early termination plan. The College's obligation to provide benefits for voluntary terminations generally arises as a result of a bilateral agreement in which the College agrees to provide benefits, such as early-retirement incentive benefits, in exchange for which the employee agrees to leave service earlier than he or she otherwise would. Voluntary termination agreements are used primarily by full-time administrative, professional/technical and faculty staff.

Voluntary termination benefits include benefits such as enhanced early retirement options. Other termination benefits may include:

1. Early retirement incentives, such as cash payments or contribution to retirement to MPSERS or TIAA-CREF, or the College's 403(b) plan (see Note 6)
2. Health care coverage when none would otherwise be provided (COBRA)
3. Payments due to early release from employment contracts

A terminated employee can continue to access health benefits. If the COBRA payment is provided by the College, then the College would have a termination liability. When a terminated employee pays 100% of the premium, the College would not have a termination liability.

Employee Severance Plan

During fiscal year 2020, the College adopted an Employee Severance Plan ("ESP") which is administered by a third party. Eligible participants include full time faculty, administration, and support staff with ten or more years of service with Bay College (or will be eligible to retire with full or reduced benefits with Michigan Public Schools Employee Retirement System ("MPSERS") as of June 30, 2021, or are eligible to retire under the Optional Retirement Plan ("ORP")) as of June 30, 2021.

For those who elected the ESP, the exit date was June 30, 2021 or July 31, 2021; however, the College reserves the right to retain employees for up to one year or alter their exit date based on educational and operational needs of the College. The benefits under this plan are as follows:

- Faculty and administration will receive $55,000, plus applicable contractual retirement pay, the total of which is divided into equal monthly payments made to the participant's Post Employment 403(b) account.

- Support staff who elect the Plan will receive $30,000, the total of which is divided into equal monthly payments made to the participant's Post Employment 403(b) account.

Participants receive the total ESP benefit over five years, divided into sixty equal monthly payments beginning four months following the elected exit date. A total of 9 employees opted into the plan with various exit dates in 2021. The College's liability related to the ESP as of June 30, 2021 was $328,291, which includes the current portion of $299,065 due within one year as of June 30, 2021. The College's liability related to the ESP as of June 30, 2020 was $539,677, which includes the current portion of $269,839 due within one year as of June 30, 2020.

9. CONTINGENCIES

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

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College's principle resource used to manage and minimize potential losses is through the purchase of commercial insurance policies, including participation in the Michigan Community College Risk Management Authority (MCCRMA), a risk management fund that includes other community colleges in the State of Michigan. Coverage includes a deductible up to a specific amount, retention that is paid from member funds on deposits, stop loss fund that is funded with MCCRMA accumulated earnings, and reinsurance for claims balances in excess of deductible, retention, and stop loss. The member annual aggregate for retentions/deductibles is a combined annual aggregate of $45,000. The stop loss funds cover all claims from annual aggregate to the point of reinsurance. For the last three years, settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage.

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REQUIRED SUPPLEMENTARY INFORMATION

MPSERS COST SHARING MULTIPLE EMPLOYER PLANS

BAY DE NOC COMMUNITY COLLEGE

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30						
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
College's proportionate share of the net pension liability	$ 17,889,586	$ 18,602,589	$ 17,153,428	$ 14,544,692	$ 14,566,191	$ 15,132,181	$ 14,328,240
College's proportion of the net pension liability	0.05208%	0.05617%	0.05706%	0.05613%	0.05838%	0.06195%	0.06505%
College's covered payroll	$ 4,388,155	$ 4,759,426	$ 4,943,153	$ 4,755,418	$ 4,725,908	$ 5,281,871	$ 5,545,682
College's proportionate share of the net pension liability as a percentage of its covered payroll	407.68%	390.86%	347.01%	305.86%	308.22%	286.49%	258.37%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Pension Contributions

	Year Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 1,448,806	$ 1,437,448	$ 1,499,514	$ 1,486,300	$ 1,313,933	$ 1,339,523	$ 1,618,883
Contributions in relation to the statutorily required contribution	(1,448,806)	(1,437,448)	(1,499,514)	(1,486,300)	(1,313,933)	(1,339,523)	(1,618,883)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 4,222,465	$ 4,452,819	$ 4,817,541	$ 5,108,698	$ 4,522,320	$ 4,631,719	$ 5,575,178
Contributions as a percentage of covered payroll	34.31%	32.28%	31.13%	29.09%	29.05%	28.92%	29.04%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30			
	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 2,637,854	$ 3,885,061	$ 4,588,711	$ 4,995,027
College's proportion of the net OPEB liability	0.04924%	0.05413%	0.05773%	0.05641%
College's covered payroll	$ 4,388,155	$ 4,759,426	$ 4,943,153	$ 4,755,418
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.11%	81.63%	92.83%	105.04%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

Schedule of the College's Other Postemployment Benefits Contributions

	Year Ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	$ 339,860	$ 352,249	$ 373,447	$ 367,053
Contributions in relation to the statutorily required contribution	(339,860)	(352,249)	(373,447)	(367,053)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 4,222,465	$ 4,452,819	$ 4,817,541	$ 5,108,698
Contributions as a percentage of covered payroll	8.05%	7.91%	7.75%	7.18%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

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

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

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

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

OPEB Information

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

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

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

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

SUPPLEMENTARY INFORMATION

BAY DE NOC COMMUNITY COLLEGE

Combining Statement of Net Position
June 30, 2021 (Unaudited)
(with comparative totals for 2020)

	General Fund	Auxiliary Fund	Pension and OPEB Liability Fund	Plant Fund	Agency Fund	Restricted Fund	Combined Total June 30, 2021	Combined Total June 30, 2020
Assets								
Current assets								
Cash	$ 2,260,347	$ -	$ -	$ -	$ -	$ 4,772,414	$ 7,032,761	$ 5,781,688
Cash-restricted for capital improvements	-	-	-	2,490,590	-	-	2,490,590	1,864,293
Student receivables, net	72,375	-	-	-	-	-	72,375	56,712
State appropriations receivable	1,064,892	-	122,356	-	-	-	1,187,248	552,519
Grants receivable	-	-	-	-	-	483,952	483,952	286,389
Due from (to) component unit	13,345,577	1,398,878	-	(9,468,731)	131,755	(5,256,366)	151,113	89,381
Other receivables, net	47,835	-	-	-	-	-	47,835	17,710
Prepaids and other current assets	590,676	-	-	-	-	-	590,676	589,888
Total current assets	**17,381,702**	**1,398,878**	**122,356**	**(6,978,141)**	**131,755**	**-**	**12,056,550**	**9,238,580**
Noncurrent assets								
Cash-restricted for debt repayment	-	-	-	662,307	-	-	662,307	464,530
Capital assets not being depreciated	-	-	-	3,807,368	-	-	3,807,368	1,356,459
Capital assets being depreciated, net	-	-	-	27,800,900	-	-	27,800,900	29,303,689
Total noncurrent assets	**-**	**-**	**-**	**32,270,575**	**-**	**-**	**32,270,575**	**31,124,678**
Total assets	**17,381,702**	**1,398,878**	**122,356**	**25,292,434**	**131,755**	**-**	**44,327,125**	**40,363,258**
Deferred outflows of resources								
Deferred pension and OPEB amounts	**-**	**-**	**4,933,747**	**-**	**-**	**-**	**4,933,747**	**6,326,012**
Liabilities								
Current liabilities								
Accounts payable	1,080,691	-	122,356	-	-	-	1,203,047	389,307
Accrued payroll and related liabilities	1,241,739	-	-	-	-	-	1,241,739	1,229,835
Unearned revenue	287,317	-	-	-	-	-	287,317	241,456
Interest payable	-	-	-	51,669	-	-	51,669	46,451
Other current liabilities	181,305	9,750	-	-	131,755	-	322,810	311,147
Current portion of accrued employee benefits payable	299,065	-	-	-	-	-	299,065	269,839
Current portion of long-term debt	-	-	-	1,066,475	-	-	1,066,475	870,000
Total current liabilities	**3,090,117**	**9,750**	**122,356**	**1,118,144**	**131,755**	**-**	**4,472,122**	**3,358,035**
Noncurrent liabilities								
Long-term debt, net of current portion	-	-	-	13,544,177	-	-	13,544,177	11,880,000
Accrued employee benefits payable, net of current portion	488,372	-	-	-	-	-	488,372	697,143
Net pension and OPEB liabilities	-	-	20,527,440	-	-	-	20,527,440	22,487,650
Total noncurrent liabilities	**488,372**	**-**	**20,527,440**	**13,544,177**	**-**	**-**	**34,559,989**	**35,064,793**
Total liabilities	**3,578,489**	**9,750**	**20,649,796**	**14,662,321**	**131,755**	**-**	**39,032,111**	**38,422,828**
Deferred inflows of resources								
Deferred pension and OPEB amounts	**-**	**-**	**4,311,645**	**-**	**-**	**-**	**4,311,645**	**3,535,086**
Net position								
Net investment in capital assets	-	-	-	19,488,206	-	-	19,488,206	19,774,441
Restricted	-	-	-	662,307	-	-	662,307	464,530
Unrestricted (deficit)	13,803,213	1,389,128	(19,905,338)	(9,520,400)	-	-	(14,233,397)	(15,507,615)
Total net position	**$ 13,803,213**	**$ 1,389,128**	**$ (19,905,338)**	**$ 10,630,113**	**$ -**	**$ -**	**$ 5,917,116**	**$ 4,731,356**

BAY DE NOC COMMUNITY COLLEGE

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

Year Ended June 30, 2021 (Unaudited)
(with comparative totals for 2020)

	General Fund	Auxiliary Fund	Pension and OPEB Liability Fund	Plant Fund	Restricted Fund	Subtotal	Eliminations	Combined Total June 30, 2021	Combined Total June 30, 2020
Operating revenues									
Tuition and fees, net	$ 8,921,641	$ -	$ -	$ -	$ -	$ 8,921,641	$ (2,475,389)	$ 6,446,252	$ 5,891,250
Federal grants and contracts	-	-	-	-	767,877	767,877	-	767,877	673,308
State and local grants and contracts	-	-	-	-	58,486	58,486	-	58,486	55,290
Sales and service of auxiliary activities	47,971	276,467	-	-	-	324,438	(71,739)	252,699	320,048
Other operating revenues	200,947	-	-	-	-	200,947	-	200,947	252,079
Total operating revenues	**9,170,559**	**276,467**	**-**	**-**	**826,363**	**10,273,389**	**(2,547,128)**	**7,726,261**	**7,191,975**
Operating expenses									
Instruction	7,915,592	-	(336,611)	-	1,422,777	9,001,758	-	9,001,758	9,532,672
Public service	194,142	-	(3,205)	-	-	190,937	-	190,937	240,802
Instructional support	1,651,443	-	(21,021)	-	-	1,630,422	-	1,630,422	1,822,756
Student services	2,922,437	-	(19,411)	-	3,192,648	6,095,674	(2,547,128)	3,548,546	3,237,858
Institutional administration	1,737,393	-	(40,426)	53,683	-	1,750,650	-	1,750,650	2,546,114
Operations and maintenance of plant	1,837,338	137,038	(31,835)	-	396,116	2,338,657	-	2,338,657	1,921,857
Information technology	1,734,066	-	(11,830)	-	51,205	1,773,441	-	1,773,441	1,553,697
Depreciation	-	-	-	2,141,413	-	2,141,413	-	2,141,413	2,157,114
Total operating expenses	**17,992,411**	**137,038**	**(464,339)**	**2,195,096**	**5,062,746**	**24,922,952**	**(2,547,128)**	**22,375,824**	**23,012,870**
Operating (loss) income	**(8,821,852)**	**139,429**	**464,339**	**(2,195,096)**	**(4,236,383)**	**(14,649,563)**	**-**	**(14,649,563)**	**(15,820,895)**
Nonoperating revenues (expenses)									
State appropriations	7,446,458	-	(622,640)	-	-	6,823,818	-	6,823,818	6,128,747
Property tax levy	2,748,180	-	-	1,190,925	-	3,939,105	-	3,939,105	3,922,048
Property taxes from Dickinson County	1,135,863	-	-	-	-	1,135,863	-	1,135,863	1,086,141
Federal Pell grants	-	-	-	-	2,449,475	2,449,475	-	2,449,475	2,624,551
Federal Higher Education Emergency Relief Funds grant	-	-	-	-	1,045,128	1,045,128	-	1,045,128	530,294
Federal Coronavirus Relief Fund grant	-	-	-	-	627,900	627,900	-	627,900	-
Support from component unit	524,011	-	-	75,297	-	599,308	-	599,308	511,579
Private gifts, grants and contracts	-	-	-	394,177	-	394,177	-	394,177	265,552
Contributions to the YMCA	-	-	-	(850,000)	-	(850,000)	-	(850,000)	(305,000)
Interest income	58,425	-	-	27,718	-	86,143	-	86,143	73,598
Gain (loss) on disposal of capital assets	-	-	-	4,235	-	4,235	-	4,235	(155,000)
Interest on capital asset-related debt	-	-	-	(419,829)	-	(419,829)	-	(419,829)	(411,801)
Net nonoperating revenues	**11,912,937**	**-**	**(622,640)**	**422,523**	**4,122,503**	**15,835,323**	**-**	**15,835,323**	**14,270,709**
Increase (decrease) in net position before transfers	3,091,085	139,429	(158,301)	(1,772,573)	(113,880)	1,185,760	-	1,185,760	(1,550,186)
Transfers (out) in	(114,997)	-	(50,313)	51,430	113,880	-	-	-	-
Increase (decrease) in net position	**2,976,088**	**139,429**	**(208,614)**	**(1,721,143)**	**-**	**1,185,760**	**-**	**1,185,760**	**(1,550,186)**
Net position (deficit), beginning of year	10,827,125	1,249,699	(19,696,724)	12,351,256	-	4,731,356	-	4,731,356	6,281,542
Net position (deficit), end of year	**$ 13,803,213**	**$ 1,389,128**	**$ (19,905,338)**	**$ 10,630,113**	**$ -**	**$ 5,917,116**	**$ -**	**$ 5,917,116**	**$ 4,731,356**

BAY DE NOC COMMUNITY COLLEGE

West Campus - Schedules of Revenues, Expenses and Changes in Net Position
(Unaudited)

	Year Ended June 30	
	2021	**2020**
Operating revenues		
Tuition and fees	$ 2,249,315	$ 1,962,080
Federal grants and contracts	9,534	11,458
Non-credit and contracts	43,406	53,305
Scholarship allowance	(2,388)	(6,270)
Net tuition and fees	2,299,867	2,020,573
Other operating revenue	439	5,931
Total operating revenues	**2,300,306**	**2,026,504**
Operating expenses		
Salary and wages	1,366,659	1,178,166
Benefits	632,358	549,794
Advertising and professional services	159,624	148,963
Supplies and materials	104,884	106,786
Rent, utilities and insurance	156,717	170,940
Travel, professional development, and other operating expenses	37,986	54,862
Capital under $5,000 and grant capital	8,620	8,449
Depreciation	352,120	345,138
Total operating expenses	**2,818,968**	**2,563,098**
Operating loss	**(518,662)**	**(536,594)**
Nonoperating revenues (expenses)		
General administration (5% of total expenses)	(140,948)	(128,155)
Property taxes from Dickinson County	1,135,863	1,086,141
Interest on capital asset-related debt	(90,373)	(98,982)
Net nonoperating revenues	**904,542**	**859,004**
Increase in net position	**385,880**	**322,410**
Net position, beginning of year	2,035,014	1,712,604
Net position, end of year	**$ 2,420,894**	**$ 2,035,014**