Schoolcraft College®

ANNUAL FINANCIAL REPORT

June 30, 2021

On the Cover

The fully completed Livonia Medical Center, which is a collaboration between Trinity Health members IHA and Saint Joseph Mercy Health System, as well as the St. Joe's Mercy Elite Sports Center, were capitalized in an effort to provide greater access for community healthcare and fitness activities, provide opportunities for students to obtain experiential learning and enhance the student experience, as well as generate additional revenue streams to support the mission of the College.

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Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of the College. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Schoolcraft College

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Schoolcraft College's basic financial statements. The other supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of Schoolcraft College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Schoolcraft College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 13, 2021

Management's Discussion & Analysis - Unaudited

The discussion and analysis of Schoolcraft College's financial statements provides an overview of the College's financial position at June 30, 2021 and 2020 and its financial activities for the three years ended June 30, 2021. Management has prepared the financial statements and the related footnote disclosures, along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

Using The Annual Report

The annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements, notes to financial statements, and required supplementary information. The financial statements report information on the College as a whole. Following the basic financial statements, footnotes, and required supplementary information are two supplementary schedules, the Consolidating Statement of Net Position and the Consolidating Statement of Revenue, Expenses, and Transfers and Changes in Net Position. These additional schedules are required by the State of Michigan. Though the Governmental Accounting Standards Board does not require this information for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College not disclosed in the basic statements.

Under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the College is required to include the Schoolcraft Development Authority, Inc., SC Development Unit 14, Inc., SC Sports Dome, Inc., SC Technology Center, Inc., SC Health Sciences, Inc., SC Health Sciences II, Inc. (collectively, the "Development Component Units"), and the Schoolcraft College Foundation as component units in the financial statements. The Development Component Units' statement of net position and statement of revenue, expenses, and changes in net position have been discretely presented on the face of the College statements. The Foundation's statement of financial position and statement of activities and changes in net assets have been included on separate pages.

Financial Highlights

The Statement of Net Position reports the College's financial position as of June 30, 2021 and 2020. The Statement of Revenues, Expenses, and Changes in Net Position reports the change in net position for the years ended June 30, 2021 and 2020. The College's financial position increased during the year ended June 30, 2021 with net position increasing by $1.7 million and declined during the year ended June 30, 2020 with net position decreasing by $5.1 million.

The increase in 2021 is primarily due to a sizeable increase in federal and state grant revenues as well as increases in property tax revenue and state appropriations. The increases are offset by decreases in tuition revenue due to enrollment declines, decreases in auxiliary and bookstore sales, and a new capital lease resulting in increased interest expense. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in a $3.5 million decrease in net position; however, this was a much smaller impact than 2020. Finally, miscellaneous revenue including American Harvest, Mainstreet Café, Henry's, Fitness Center, Firearms Training Center, and Vista Tech rentals, decreased due to COVID-19.

The decrease in 2020 is primarily due to decreases in bookstore sales and enrollment combined with a modest increase in salaries and wages offset by increases in tuition and fees rates and increases in property tax revenue and federal grant revenue. Also, a new bond issuance and capital lease caused interest expense to increase. Additionally, the changes in the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's (MPSERS) unfunded actuarial accrued pension and other postemployment benefit (OPEB) liabilities resulted in a $7.4 million decrease in net position. Finally, miscellaneous revenue including American Harvest, Mainstreet Café, Fitness Center, Firearms Training Center, and Vista Tech rentals, decreased due to COVID-19.

Management's Discussion & Analysis - Unaudited

Following is a summary of the major components of the financial position of the College as of June 30, 2021, 2020 and 2019, in millions:

Financial Position (in millions)

	2021	2020	2019
Current assets	$ 28.1	$ 28.5	$ 20.9
Non-current assets			
Other	12.5	30.0	17.1
Capital assets	157.7	134.5	120.8
Total assets	198.3	193.0	158.8
Deferred outflow of resources	38.0	47.7	50.0
Current liabilities	25.2	28.6	19.4
Long-term liabilities	220.1	226.1	201.7
Total liabilities	245.3	254.7	221.1
Deferred inflow of resources	32.3	29.0	25.6
Net position			
Net investment in capital assets	94.6	83.4	91.0
Restricted	0.1	0.1	0.1
Unrestricted	(136.0)	(126.5)	(129.0)
Total net (deficit) position	$ (41.3)	$ (43.0)	$ (37.9)

During the year end June 30, 2021, total assets increased by $5.3 million and total liabilities decreased by $9.4 million. The primary changes in assets include an increase in unrestricted cash and investments of $5.1 million due to positive operations during 2021, an increase in state appropriations receivable of $1.6 million due to State of Michigan Public Act 146 of 2020 which caused an 11% decrease in 2020 state aid receivable, as well as a $430,000 increase in federal grants receivable primarily due to the Higher Education Emergency Relief Fund (HEERF) funding under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF 2) and the American Rescue Plan Act (ARP) (HEERF 3). Additionally, amounts due from component units decreased by $5.3 million based on timing of SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units. Finally, restricted cash and investments from the 2020 bond issuance described below decreased by $20.0 million as funds were used for capital projects, which contributed to an increase in property and equipment of $23.2 million due to capital projects ongoing also described below. The primary changes in liabilities include a decrease in accounts payable of $6.6 million based on timing of payment for ongoing capital projects, an increase in unearned revenue of $2.3 million related to HEERF 2 and 3, an increase in short and long-term debt obligations combined of $3.6 million due to a new capital building and equipment lease of $8.1 million offset by principal payments made totaling $4.4 million, a decrease in net pension liability of $1.2 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68, and a decrease in the net OPEB liability of $8.3 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2021 deferred outflows decreased by $9.7 million. The primary changes in deferred outflows for the plan were an increase of $1.5 million due to differences between expected and actual experience, a decrease of $11.4 million due to changes in actuarial assumptions, an increase of $760,000 in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, a decrease of $1.2 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan, and an increase in contributions subsequent to the measurement date of $667,000. In addition to liabilities, the statement of net position reports a

Management's Discussion & Analysis - Unaudited

separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2021 deferred inflows increased by $3.3 million. The primary changes in deferred inflows for the plan were an increase of $4.7 million due to changes in the difference between expected and actual experience, a decrease of $5.0 million in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, and an increase of $2.9 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan.

During the year end June 30, 2020, total assets increased by $34.2 million and total liabilities increased by $33.5 million. The primary changes in assets include a decrease in state appropriations receivable of $1.4 million due to State of Michigan Public Act 146 of 2020 which caused an 11% decrease in 2020 state aid receivable, offset by a $942,000 increase in federal grants receivable due to the Higher Education Emergency Relief Fund under Section 18004(a)(1) and 18004(c) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (HEERF 1). Additionally, an increase in due from component units of $9.3 million due to SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units. Finally, an increase in restricted cash and investments of $12.8 million from the 2020 bond issuance described below, and an increase in property and equipment of $13.8 million due to capital projects ongoing also described below. The primary changes in liabilities include an increase in accounts payable of $11.3 million due to ongoing capital projects, a decrease in unearned revenue due to decreases in cash receipts for summer and fall enrollment as a result of extending payment deadlines due to COVID-19, an increase in both short and long-term debt obligations due to the 2020 bond issue of $22.9 million in addition to the 2020 capital equipment lease of $5.3 million offset by principal payments made totaling $5.5 million, an increase in net pension liability of $6.8 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 68, and a decrease in the net OPEB liability of $5.1 million based on the change in value of the College's proportionate share of the MPSERS unfunded actuarial accrued liability as required by GASB 75.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2020 deferred outflows decreased by $2.3 million. The primary changes in deferred outflows for the plan were a decrease of $720,000 due to changes in actuarial assumptions and a decrease of $1.7 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2020 deferred inflows increased by $3.4 million. The primary changes in deferred inflows for the plan were an increase of $4.0 million due to changes in the difference between expected and actual experience, a decrease of $5.4 million in the balance related to differences between projected and actual earnings on pension and OPEB plan assets, and an increase of $5.1 million due to changes in proportionate share of the total net pension and OPEB liabilities of the MPSERS plan.

Management's Discussion & Analysis - Unaudited

Following is a summary of the major components of the changes in net position of the College for the years ended June 30, 2021, 2020 and 2019, in millions:

Revenue, Expenses and Changes in Net Position (in millions)

	2021	2020	2019
Operating revenues			
Tuition and fees (net of scholarship allowance)	$ 28.5	$ 32.4	$ 32.8
Federal grants and contracts	1.4	1.6	1.9
State and other grants and contracts	2.3	0.5	0.9
Sales and services of auxiliary activities	3.9	5.6	6.9
Gain on disposal of assets	0.1	0.1	0.1
Miscellaneous	3.1	3.2	5.1
Total operating revenue	39.3	43.4	47.7
Operating expenses			
Instruction	34.3	36.3	36.7
Information Technology	7.2	8.3	7.6
Public services	2.0	2.4	2.7
Instructional support	13.4	13.8	13.7
Student services	23.3	23.5	23.5
Institutional administration	10.4	11.6	9.4
Operation and maintenance of plant	12.9	12.7	11.9
Depreciation	8.5	7.5	7.2
Total operating expenses	112.0	116.1	112.7
Net operating loss	(72.7)	(72.7)	(65.0)
Nonoperating revenues and (expenses)			
State appropriations	20.6	19.2	19.8
Property taxes	35.1	33.3	25.0
Pell grants	10.3	11.6	12.2
Federal grants and contracts	11.4	4.3	-
Other nonoperating revenues and (expenses) - net	(3.0)	(0.8)	0.2
Net nonoperating revenues	74.4	67.6	57.2
Other revenues			
Transfers between College and Development Component Units	-	-	0.3
Net decrease in net position	1.7	(5.1)	(7.5)
Net position, beginning of year	(43.0)	(37.9)	(30.4)
Net position, end of year	$ (41.3)	$ (43.0)	$ (37.9)

Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and the sale of food by Food Service and Culinary Arts. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes.

Operating revenue changes were the result of the following for the year ended June 30, 2021:

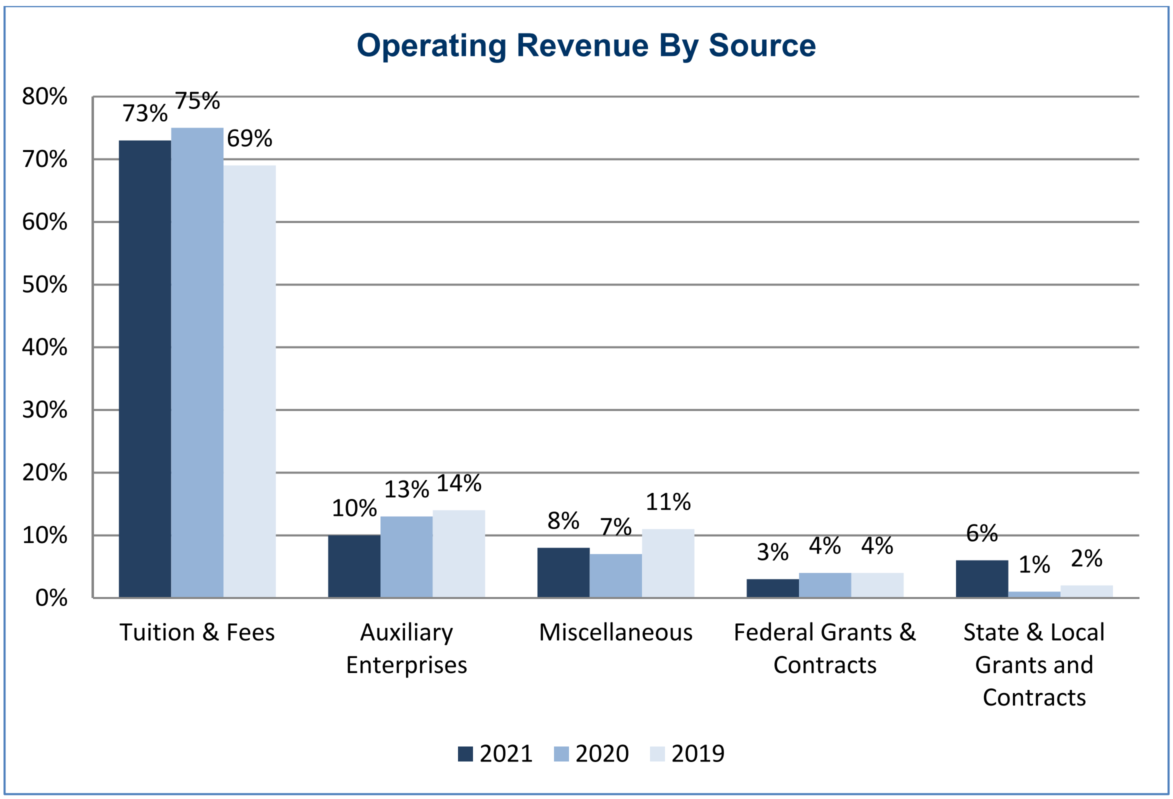
- Student tuition and fee revenue decreased $3.9 million due to enrollment declines offset by tuition and fee increases and a slight increase in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances decreased $4.8 million or 11.47% due to tuition increases of 3.52%, as well as additional fee revenue charged for classes that require extra faculty time outside of the normal class credit hours, coupled with an enrollment decrease of 12.09%.
- State grant revenue increased $1.8 million primarily due to new state of Michigan grants Futures for Frontliners and Reconnect.
- Auxiliary enterprises revenue decreased by $1.7 million primarily due to closures of the Bookstore, Children's Center, and Henry's as a result of COVID-19.
- Miscellaneous revenue including American Harvest, Mainstreet Café, Fitness Center, Firearms Training Center, and Vista Tech rentals also decreased due to their closures as a result of COVID-19.

Management's Discussion & Analysis - Unaudited

Operating revenue changes were the result of the following for the year ended June 30, 2020:

- Student tuition and fee revenue decreased $344,000 due to enrollment declines offset by tuition and fee increases and a slight increase in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances decreased $808,000 or 1.88% due to tuition increases of 2.83% and per credit hour fee increases of $1 each, as well as additional fee revenue charged for classes that require extra faculty time outside of the normal class credit hours, coupled with an enrollment decrease of 2.86%.
- Auxiliary enterprises revenue decreased by $1.2 million primarily due to closures of the Bookstore and Children's Center as a result of COVID-19
- Miscellaneous revenue including American Harvest, Mainstreet Café, Fitness Center, Firearms Training Center, and Vista Tech rentals, also decreased due to their closures as a result of COVID-19.

The following chart illustrates operating revenues by source as a percent of total operating revenue:



Operating Expenses

Operating expenses are the costs associated with achieving the mission of the college; providing instruction, enrolling and counseling students, maintaining the facilities, and managing the finances.

Operating expense changes were the result of the following for the year ended June 30, 2021:

- Operating expenses overall decreased 3.59%, or $4.2 million. The primary reason for the decrease was a decrease of approximately $4.9M in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by moderate increases in average salary and benefit packages.
- Instruction and Instructional Support combined decreased 4.97%, or $2.5 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans offset by salary and benefit increases.

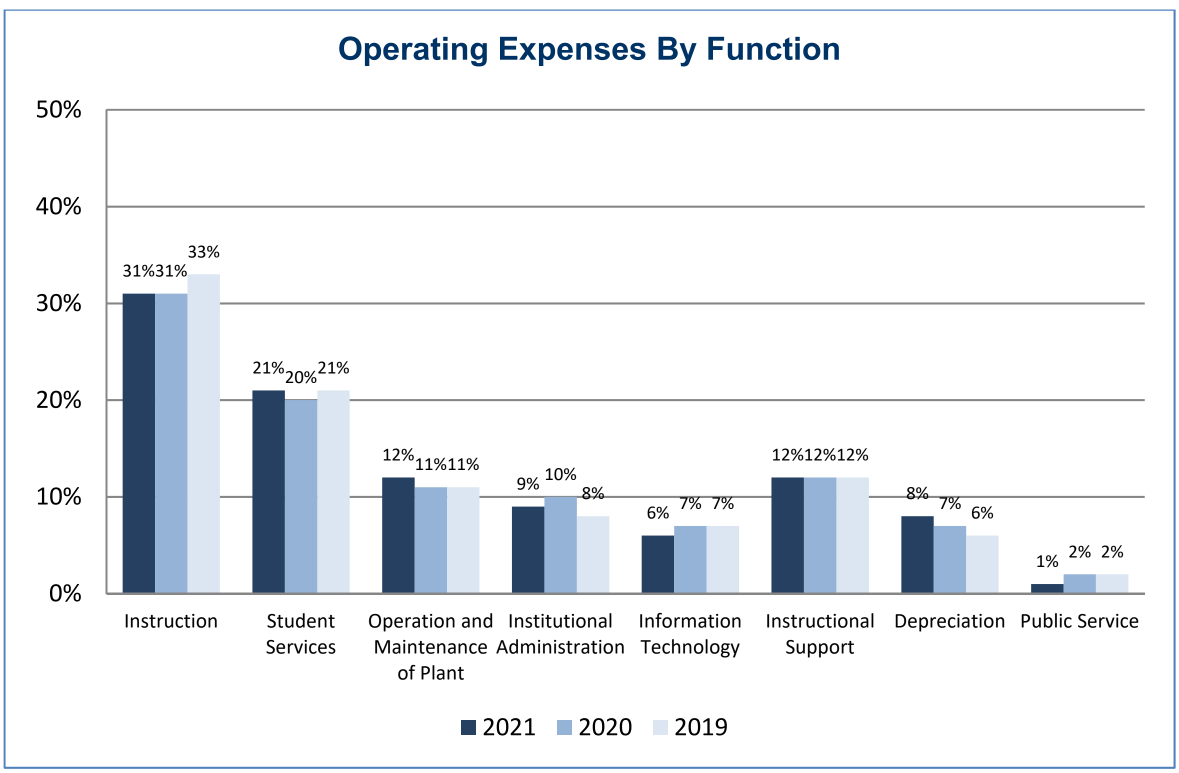
Management's Discussion & Analysis - Unaudited

- Information Technology decreased 13.6%, or $1.1 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as decreases in other professional services due to the SQL conversion which only occurred in 2020, offset by salary and benefit increases.
- Institutional Administration decreased 10.37%, or $1.2 million, primarily due to the decrease in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as a decrease of $464,000 in bad debts expense due to COVID-19 which only occurred in 2020, offset by salary and benefit increases.
- Depreciation increased 13.23%, or $993,000, primarily due to capitalization of the Mechanical and Engineering Center, the Mercy Elite Sports Center, and infrastructure improvements on main campus.

Operating expense changes were the result of the following for the year ended June 30, 2020:

- Operating expenses overall increased 3.12%. The primary reason for the increase was an increase of approximately $2.9M in expenses associated with the College's proportionate share of the MPSERS pension and OPEB plans as well as moderate increases in average salary and benefit packages.
- Information Technology increased 8.98%, or $684,000, primarily due to salary and benefit increases including the effects of GASB 68 and 75, as well as other professional services increases due to the SQL conversion.
- Institutional administration increased 24.19%, or $2.3 million, primarily due to salary and benefit increases including the effects of GASB 68 and 75, as well as an increases of $316,000 in insurance fees and $464,000 in bad debts expense due to COVID-19.
- Operation and maintenance of plant increased 7.09%, or $841,000, primarily due to increased square footage of the campus due to the Mechanical and Engineering Center.

The following chart illustrates operating expenses by function as a percent of total operating expenses:



Management's Discussion & Analysis - Unaudited

Non-Operating Revenues and Expenses

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, Pell grants, COVID-19 related federal funding, and investment income.

Non-operating revenues and expenses changes were the result of the following factors for the year ended June 30, 2021:

- State appropriations increased by $1.5 million. This is primarily due to State of Michigan Public Act 146 of 2020 which caused a $1.4M or 11% decrease in 2020 state aid revenue. This state aid reduction in 2020, which did not occur again in 2021, was replaced with federal Coronavirus Relief Funds (CRF) passed through the state in FY 2021. This increase also included an increase in personal property tax reimbursements of $259,000, an increase of $724,000 in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, and a decrease of $994,000 due to the effects of GASB 68.
- Property taxes increased by $1.7 million (5.24%) due to an increase in property tax values of 3.97% in addition to an increase in the millage rate levied of 0.82% due to the one-time winter levy of 0.0177 mills.
- Unrealized losses on investments of approximately $577,000 were recognized compared to unrealized gains on investments of approximately $683,000 in 2020. Interest rates increased in FY 2021, which affects the fair value of the College's bond investments.
- Federal grants revenue increased by $7.1 million due to HEERF 2 and 3 under the CRRSAA and the ARP Acts, combined with the CRF funds mentioned above.
- Pell grant awards decreased by $1.3 million, or 11.28%, primarily due to an approximate 12.09% decrease in enrollment.

Non-operating revenues and expenses changes were the result of the following factors for the year ended June 30, 2020:

- State appropriations decreased by $687,000. This is primarily due to a decrease of $1.4M from 2019 due to State of Michigan Public Act 146 of 2020 which caused an 11% decrease in 2020 state aid revenue. This state aid was replaced with federal Coronavirus Relief Funds passed through the state in FY 2021. This decrease was offset by increases in personal property tax reimbursements of $128,000, an increase of $356,000 in MPSERS offset revenue, and a decrease of $271,000 in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the College's capped contribution rate for unfunded accrued liabilities (26.18%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation.
- Property taxes increased by $8.4 million (33.56%) due to an increase in property tax values of 5.01% in addition to an increase in the millage rate levied of 27.48% due to the successful passage of a ballot proposal in the fall 2018 elections.
- Unrealized gains on investments of approximately $683,000 were recognized compared to unrealized gains on investments of approximately $1.1 million in 2019. Gains recognized were down in 2020 as interest rates decreased less in 2020 than in 2019, which affects the fair value of the College's bond investments.
- Federal grants revenue increased by $4.3 million due to the Higher Education Emergency Relief Fund under Section 18004(a)(1) and 18004(c) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Pell grant awards decreased by $620,000 due to a decrease in the number of students qualifying for financial aid as well as an approximate 2.86% decrease in enrollment.

Management's Discussion & Analysis - Unaudited

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows may also help users assess:

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

The College's cash and cash equivalent position decreased by $17.4 million at June 30, 2021, primarily due to making investments in construction and facilities improvements of $23.7 million. Additionally, due to timing of construction payments causing payables to decrease, combined with decreases in tuition, auxiliary and other revenue due to COVID-19, cash flow used for operations was negatively affected in 2021 compared to 2020 by $19.7 million. Cash receipts due to HEERF 2 and 3 as well as CRF increased $9.7 million. Finally, timing of payment of amounts due from component units of due to SC Health Sciences, Inc. and SC Health Sciences II, Inc. capital expenditures being processed through the College's accounts payable system, and subsequently reimbursed to the College from the aforementioned Development Component Units, was positively affected in 2021 compared to 2020 by $14.7 million.

Statement of Cash Flows (in millions)

	2021	2020	2019
Cash provided (used) by:			
Operating activities	$ (67.3)	$ (47.7)	$ (54.3)
Noncapital financing activities	83.4	59.6	56.8
Capital and related financing activities	(31.0)	(0.5)	0.2
Investing activities	(2.5)	1.2	4.9
Net increase (decrease) in cash and equivalents	(17.4)	12.6	7.6
Cash and equivalents - beginning of year	30.8	18.2	10.6
Cash and equivalents - end of year	$ 13.4	$ 30.8	$ 18.2

Capital Assets and Debt Administration:
Capital Assets

The College had $157.7 million and $134.5 million invested in capital assets, net of accumulated depreciation of $89.1 million and $87.7 million at June 30, 2021 and 2020, respectively. Depreciation charges totaled $8.5 and $7.5 million, respectively, for the years then ended.

	2021	2020	2019
Land and land improvements	$ 14.2	$ 14.9	$ 15.5
Buildings and improvements	109.7	89.8	93.0
Equipment	9.7	10.2	5.6
Infrastructure	12.0	4.9	3.4
Construction in progress	12.1	14.7	3.3
	$ 157.7	$ 134.5	$ 120.8

Management's Discussion & Analysis - Unaudited

Major capital additions include:

	Source of Funds:			
Projects completed this year:	Bond Proceeds	Donated Funds	Operating Funds	Total
Mechanical & Engineering Center	$ 3,778,471	$ -	$ -	$ 3,778,471
Main Campus Site Improvements	1,962,727	-	-	1,962,727
Main Campus Infrastructure Improvements	3,401,122	-	-	3,401,122
Security Systems Upgrade	-	-	978,034	978,034
Projects started this year or last year:				
Applied Science Capital Outlay	10,310,249	-	-	10,310,249
Frank E. and Bessie Angileri Conference Center	-	23,578	-	23,578
Foundation Office Renovation	-	74,892	-	74,892
Biomedical Technology Center Lab Renovation	-	-	30,782	30,782
Applied Science Fire Suppression	-	-	623,922	623,922
Total major additions	$ 19,452,569	$ 98,470	$ 1,632,738	$ 21,183,777

The College has entered into construction contracts and commitments totaling approximately $22.8 million for the Applied Science Capital Outlay project, the Frank E. and Bessie Angileri Conference Center, Schoolcraft Foundation Office renovation, Biomedical Technology Center lab renovation, and Applied Science Fire Suppression project which is outside of the state capital outlay. As of June 30, 2021 the College had incurred $12.1 million relating to these projects. The projects are expected to be completed during the year ending June 30, 2022. The remaining commitments totaling $10.7 million will be funded by both operating funds as well as state capital outlay proceeds.

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

Debt Administration

At year-end, the College had $46.3 million in debt outstanding, which is made up of the outstanding principal balances of four general obligation, limited-tax bonds, issued for various construction projects. These four bond issuances provided proceeds of $18.0 million, $8.0 million, $10.0 million, and $22.0 million in the years issued, and were authorized by the Board of Trustees on March 27, 2013, March 23, 2016, November 14, 2018, and September 25, 2019, respectively. All construction projects funded by bonds have been completed other than the Applied Science renovation. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.5%.

The College's general obligation bond rating was Aa1 by Moody's in October 2019 upon issuance. According to Moody's, at the time of the bond issuance, the strong rating was based upon the College's large and growing tax base, the successful ballot proposal in the fall 2018 elections which restored the College's millage rate to its full authorized level which is described in more detail in the economic factors which will affect the future section, above average resident income levels, and a low debt burden.

Also at year-end, the College had $3.2 million in debt outstanding from the lease agreement signed to fund the upgrade of the College's network through installation and implementation of hardware and software, which included desktop virtualization, and campus-wide network equipment enhancements, as authorized by the Board of Trustees on November 20, 2019. Lease payments, including principal and interest of 3.7%, are due annually through maturity in fiscal year 2024.

Also, at year-end, the College had $5.7 million in debt outstanding from the lease agreement signed to lease the St. Joe's Sports Dome from SC College Dome LLC, as authorized by the Board of Trustees

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on June 22, 2016. Lease payments, including principal and interest of 13.64%, are due monthly through maturity in fiscal year 2042.

Finally, at year-end, the College had $8.0 million in debt outstanding from the lease agreement signed to lease the St. Joe's Mercy Elite Sports Center from SC Health Sciences 2, Inc., as authorized by the Board of Trustees on June 22, 2016. Lease payments, including principal and interest of 12.59%, are due monthly through maturity in fiscal year 2041.

Component Units

During 2016, the College formed two component unit entities, SC Development Unit 14, Inc. and SC Sports Dome, Inc. During 2017, the College formed one additional entity, SC Technology Center, Inc. During 2019, the College formed two additional entities, SC Health Sciences, Inc. and SC Health Sciences II, Inc. All five entities were established as 501(c)(3) charitable, non-profit organizations in an effort to generate additional revenue streams for the College.

SC Development Unit 14, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 14. The main purpose of the resulting partnership, Seven Delta, LLC, which was formed as a Michigan limited liability company, is to construct and subsequently lease a building to a Fortune 500 company to generate additional revenue for the charitable and educational purposes that support the College.

SC Sports Dome, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 15. The main purpose of the resulting partnership, SC College Dome LLC, which was also formed as a Michigan limited liability company, is to build the College Soccer Dome to help bolster enrollment and generate additional revenue for the charitable and educational purposes that support the College.

SC Technology Center, Inc. was formed to enter into lease agreements with third parties to sell services and amenities to generate additional revenue for the charitable and educational purposes that support the College.

During 2019, SC Health Sciences, Inc. and SC Health Sciences II, Inc. were formed to construct and subsequently lease a medical center and sports center, respectively, to generate additional revenue for the charitable and educational purposes that support the College. Construction on the sports center was completed as of June 30, 2021. Construction on the medical center is in progress as of June 30, 2021 and expected to be completed in 2022.

Economic Factors Which Will Affect the Future

Revenue - In 2021/22 the College anticipates receiving State appropriation funding of $13.9 million for operations, which excludes UAAL funding, and is only slightly above the amount received from the State in 2001/02 of $12.7 million. State equalized value and taxable values have increased slightly in the College district along with new construction. Property tax revenue for 2021/2022 will increase by approximately 3-4% due to property tax base increases, and is estimated to continue increasing at a modest rate for 2022/2023. The College's property tax base finally recovered to pre-recession property tax base levels in 2021/2022 which is 14 years after the initial decline in 2008/09. The Board has approved an average tuition increase of 2.60% while per credit hour fees will remain flat, effective with the fall 2021 term, and enrollment for the fall semester compared to last year is projected to increase by approximately 4%.

MPSERS - On September 5, 2012 Public Act 300 (or Senate Bill 1040) was signed into law by the Governor. The law outlines significant reforms to the MPSERS retirement system that has dramatically affected the expected retirement rates paid by the College as well as the benefits provided to MPSERS participants. In connection with Public Act 300, the College's MPSERS contribution rate will be capped at 28.23% for 2021/22 until further legislation is enacted. Under these rates, this represents a cumulative increase from 2010/11 of approximately 36.64%. During that same period of time, the cumulative CPI for

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the United States increased 24.65%. If MPSERS had limited increases to the CPI figures over that period, the current actual rate would be 25.75%. Schoolcraft's recurring revenue streams are relegated to increases tied to the CPI rate. Contributions to MPSERS using the adjusted CPI figure of 25.75% would net the college a recurring savings of approximately $803,000 annually. Unfortunately, the MPSERS contribution rate has increased beyond the CPI and the MPSERS plan still has unfunded pension and postemployment benefit liabilities totaling approximately $34.4 billion and $5.4 billion, respectively.

The College's portion of the unfunded pension liability is approximately $138.9 million and $140.1 million as of June 30, 2021 and 2020, respectively. The College's portion of the unfunded postemployment benefit liability is approximately $21.2 million and $29.5 million as of June 30, 2021 and 2020, respectively.

Current retirement contribution rates are unsustainable long term and will require structural changes to the MPSERS Plan or College operations in order for the College to be able to continue to provide affordable and effective services.

In light of this, on July 13, 2017, the State of Michigan passed Public Act 92 of 2017, Senate Bill 401, which provided that all employees hired on or after September 4, 2012 were given the opportunity to opt out of the Pension Plus retirement plan and enroll instead in a Defined Contribution (DC) plan. All DC participants who first worked on or after September 4, 2012 have new contribution and employer match amounts mandated by the new law. Employers began mandatory contributions of 4% for current DC participants hired since September 4, 2012 and all future DC participants. The contributions began with the first pay period after October 1, 2017. Employers will match 100% of the contributions made by the employee up to a maximum of 3% of compensation beginning on February 1, 2018. Employees must contribute at least 3% of wages to receive the 3% match from their employer. The DC plan is the default option for new employees who first work on or after February 1, 2018. PA 92 also requires the DC plan to offer one or more fixed and variable annuity options that members can use at retirement.

This law establishes a new hybrid plan for Michigan public school employees who first work on or after February 1, 2018. This plan is similar to the Pension Plus retirement plan established in 2010 (and changed again in 2012) in that it will have both a pension component and a savings component.

Eligibility for pension benefits remains the same as Pension Plus at 60 years old with at least 10 years of service. Contributions are made in the savings component by both the employer and employee and are deposited into a 401(k) and/or 457 tax deferred account. An employee must affirmatively elect the new hybrid plan to participate. If the employee makes no choice, as mentioned above, the default set by the law means the employee will be enrolled in the DC plan. The Office of Retirement Services will provide each employee with a summary of the benefit options available.

Property Taxes - In 1978, Michigan voters approved an amendment to the Michigan Constitution known as the Headlee Amendment. This amendment included a number of provisions related to state and local taxes. These became Sections 25 through 33 of Article IX of the state constitution. Section 31, which concerns local government taxes, created several new laws related to local government taxation, including:

- Requiring voter approval for any local tax increases or new taxes established after Headlee was approved
- Limiting property tax revenue resulting from property tax assessments increasing
- Limiting revenue collected to the amount the millage originally was to generate (with factor for inflation)

The property tax revenue limitation requires that if the assessed value of a local tax unit's total taxable property increases by more than the inflation rate, the maximum property tax millage must be reduced so that the local unit's total taxable property yields the same gross revenue, adjusted for inflation.

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The College's original millage rate of 2.2700 mills was approved by the voters in 1986. Headlee had rolled back that rate to 1.7662 as of June 30, 2019, which resulted in $7.1 million less in property tax revenue for fiscal year 2019.

Accordingly, to address this significant shortfall in revenues, voters in the College's districts passed a ballot proposal in the fall 2018 elections which restored the College's millage rate levied to what the voters originally approved in 1986. This restoration, along with property value increases, generated an additional $8.4 million in revenue for the College in 2020. This amount is expected to grow moderately each year with increases in property values.

COVID-19 - In 2020 and into 2021 and beyond, the COVID-19 pandemic affected the College's operations in a number of ways. Traditional and continuing education classes were moved to an online format in an effort to keep operations ongoing while complying with the Governor's executive orders. A number of spring 2020 continuing education classes were cancelled which resulted in numerous refunds issued to students in spring 2020. Additionally, all Vista Tech events from March 13, 2020 through the end of the 2021 fiscal year and beyond were cancelled which resulted in significant refunds to customers. Several revenue generating areas on campus were closed including American Harvest, Main Street Café, JC Café, the Ocelot Spot Café, Firearms Training Center, Children's Center, and the Fitness Center, which resulted in reduced revenues, all while the College continued to pay all employees. Effective with the beginning of the fall 2021 semester, all areas on campus reopened with certain restrictions in place to ensure the safety of students and staff. Revenue from HEERF 1, 2, and 3 as well as CRF replenished most of the lost revenues. HEERF funds of approximately $2.3 million in student grants was awarded to students prior to June 30, 2021, with the remaining $9.7 million expected to be awarded to students in fiscal year 2022. On the institutional side, HEERF 1 and 2 were fully drawn down as of June 30, 2021, with $9.0 million in HEERF 3 available to draw subsequent to year-end.

Statement of Net Position

	College As of June 30		Development Component Units As of June 30	
	2021	2020	2021	2020
Assets				
Current Assets				
Cash and cash equivalents - Note 2	$ 13,367,785	$ 10,783,790	$ 4,635,780	$ 2,986,879
Property taxes receivable, net of allowance for doubtful			-	-
accounts of $54,300 in 2021 and $30,700 in 2020	346,857	235,866	-	-
State appropriation receivable	3,524,848	1,913,670	-	-
Accounts receivable, net of allowance for doubtful			-	-
accounts of $867,418 in 2021 and $1,067,297 in 2020	2,425,067	2,183,768	192,786	59,602
Capital lease receivable - Note 11	-	-	161,081	49,379
Accrued interest receivable	13,056	9,435	148,815	65,928
Federal and state grants receivable	2,247,115	1,817,504	-	-
Student loans receivable, net of allowance for doubtful				
accounts of $0 in both 2021 and 2020	16,250	16,250	-	-
Inventories	1,324,355	1,519,239	-	-
Prepaid expenses and other assets	342,403	602,817	51,584	1,516
Deposits	488,503	101,053	-	-
Due from component units	3,997,893	9,336,998	-	-
Total Current Assets	28,094,132	28,520,390	5,190,046	3,163,304
Noncurrent Assets				
Restricted cash and cash equivalents - Note 1	-	19,989,060	17,269,833	9,814,912
Long-term investments - Note 2	12,516,019	10,012,991	7,516,944	5,109,239
Rent receivable	-	-	2,448,803	2,401,519
Capital lease receivable - Note 11	-	-	13,540,149	5,749,981
Property and equipment - Note 7	157,699,955	134,528,187	54,899,368	47,595,718
Total Assets	198,310,106	193,050,628	100,865,143	73,834,673
Deferred Outflows of Resources - Note 3	37,962,842	47,691,381	-	-
Liabilities				
Current Liabilities				
Current portion of debt obligations - Note 9	4,333,663	4,378,112	2,446,349	998,854
Accounts payable	6,386,807	13,145,590	417	3,632
Related party payable - Note 12	-	-	2,771,984	2,693,781
Accrued interest payable	359,675	299,922	128,487	135,909
Accrued payroll and other compensation	7,286,702	6,167,204	-	-
Accrued early retirement payable - Note 9	-	393,086	-	-
Deposits	441,391	329,921	-	-
Unearned revenue	6,360,891	3,921,339	625,116	355,631
Due to College	-	-	3,528,388	9,015,167
Total Current Liabilities	25,169,129	28,635,174	9,500,741	13,202,974
Noncurrent Liabilities				
Net pension liability - Note 3	138,907,699	140,119,793	-	-
Net OPEB liability - Note 3	21,183,427	29,491,647	-	-
Long-term debt obligations - Note 9	58,803,572	55,185,985	67,363,453	38,474,826
Unearned revenue	-	-	2,140,238	2,163,470
Accrued severance pay - Note 9	1,232,697	1,308,623	-	-
Total Liabilities	245,296,524	254,741,222	79,004,432	53,841,270
Deferred Inflows of Resources - Note 3	32,297,337	29,008,662	-	-
Net Position (Deficit)				
Net investment in capital assets	94,562,720	83,410,110	5,084,380	5,192,916
Restricted for:				
Expendable restricted grants	77,053	62,483	-	-
Nonexpendable Minority interest	-	-	9,501,349	9,444,935
Unrestricted	(135,960,686)	(126,480,468)	7,274,982	5,355,552
Total Net (Deficit) Position	$ (41,320,913)	$ (43,007,875)	$ 21,860,711	$ 19,993,403

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Net Assets

	As of June 30	
	2021	2020
Assets		
Cash and cash equivalents	$ 224,650	$ 239,053
Marketable securities	20,017,278	14,648,783
Assets held under charitable remainder unitrust agreement	102,970	81,564
Accounts receivable	210	-
Contributions receivable - net	121,780	34,288
Beneficial interest in remainder trusts	7,845	4,389
Cash surrender value - life insurance policy	-	28
Prepaid expenses	19,325	21,102
Total Assets	$ 20,494,058	$ 15,029,207
Liabilities And Net Assets		
Liabilities		
Payable to Schoolcraft College	$ 395,505	$ 321,831
Other liabilities	79,211	10,135
Liability under charitable remainder unitrust and gift annuity agreements	49,722	51,955
Total Liabilities	524,438	383,921
Net Assets		
Without donor restrictions	4,993,445	3,802,053
With donor restrictions	14,976,175	10,843,233
Total Net Assets	19,969,620	14,645,286
Total Liabilities And Net Assets	$ 20,494,058	$ 15,029,207

The accompanying notes are an integral part of these statements.

Statement of Revenue, Expenses and Changes in Net Position

	College Years Ended June 30		Development Component Units Years Ended June 30	
	2021	2020	2021	2020
Operating Revenue				
Tuition and fees (Net of scholarship allowances of $8,850,930 in 2021 and $9,800,749 in 2020)	$ 28,542,973	$ 32,437,102	$ -	$ -
Federal grants and contracts	1,329,855	1,602,524	-	-
State and local grants and contracts	2,326,593	522,813	-	-
Nongovernmental grants	510	14,254	-	-
Auxiliary enterprises	3,937,033	5,636,908	-	-
Gain on disposal of assets	81,417	27,823	-	-
Miscellaneous	3,100,996	3,177,713	4,370,152	3,654,460
Total Operating Revenue	39,319,377	43,419,137	4,370,152	3,654,460
Operating Expenses				
Instruction	34,237,086	36,319,751	-	-
Information Technology	7,170,701	8,299,881		
Public service	1,995,377	2,442,080	-	-
Instructional support	13,405,453	13,814,454	-	-
Student services	23,333,405	23,463,828	-	-
Institutional administration	10,415,718	11,620,486	-	-
Operation and maintenance of plant	12,932,910	12,694,358	-	-
Depreciation	8,504,256	7,510,643	1,056,288	942,061
Other expenditures	-	-	1,047,346	344,632
Total Operating Expenses	111,994,906	116,165,481	2,103,634	1,286,693
Operating (Loss) Income	(72,675,529)	(72,746,344)	2,266,518	2,367,767
Nonoperating Revenue and (Expenses)				
State appropriations	20,619,914	19,152,083	-	-
Property tax levy	35,065,848	33,320,228	-	-
Interest income	521,054	670,562	1,692,600	939,287
Interest expense	(2,971,104)	(1,967,861)	(2,902,085)	(1,548,428)
Financing fees	(2,700)	(111,267)	(284,149)	(1,618,108)
Unrealized gain (loss) on investments	(576,962)	683,200	1,787,884	33,605
Federal grants and contracts	11,437,935	4,346,574	-	-
Pell grants	10,268,506	11,574,164	-	-
Net Nonoperating Revenue and (Expenses)	74,362,491	67,667,683	294,250	(2,193,644)
Gain (Loss) Before Other Revenue	1,686,962	(5,078,661)	2,560,768	174,123
Other Revenue and (Expenses)				
Distribution to minority owner	-	-	(693,460)	(693,722)
Total Other Revenue and (Expenses)	-	-	(693,460)	(693,722)
Increase (Decrease) in Net Position	1,686,962	(5,078,661)	1,867,308	(519,599)
Net Position (Deficit)				
Net Position (Deficit) - Beginning of Year	(43,007,875)	(37,929,214)	19,993,403	20,513,002
Net Position (Deficit) - End of Year	$ (41,320,913)	$ (43,007,875)	$ 21,860,711	$ 19,993,403

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Activities and Changes in Net Assets

	Years Ended June 30	
	2021	2020
Revenue		
Gifts and contributions	$ 706,009	$ 698,579
Fund-raising events	-	127,611
Investment income	446,905	497,142
Increase (Decrease) in value of beneficial interest in remainder trusts	3,456	(3,053)
Change in cash surrender value of life insurance policy	(28)	(6,796)
Realized and unrealized gains (losses) on investments	5,080,840	(831,869)
Increase (Decrease) in actuarial value of charitable remainder unitrust agreement	23,038	(2,187)
Donated administrative support	673,899	623,471
Total Revenue	6,934,119	1,102,898
Expenses		
Scholarships	283,721	556,238
Other College support	184,416	122,234
Fund-raising expenses	-	32,095
Donated administrative expenses	673,899	623,471
Administrative expenses	467,749	405,315
Total Expenses	1,609,785	1,739,353
Increase (Decrease) in Net Assets	5,324,334	(636,455)
Net Assets - Beginning of Year	14,645,286	15,281,741
Net Assets - End of Year	$ 19,969,620	$ 14,645,286

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	Years Ended June 30 2021	Years Ended June 30 2020
Cash Flows From Operating Activities		
Tuition and fees	$ 28,996,615	$ 31,193,895
Grants and contracts	3,065,400	2,220,158
Payments to suppliers	(57,601,323)	(40,833,635)
Payments to employees	(48,906,465)	(49,077,162)
Auxiliary enterprise charges	3,937,033	5,636,908
Other	3,182,413	3,205,536
Net Cash Used For Operating Activities	(67,326,327)	(47,654,300)
Cash Flows From Noncapital Financing Activities		
Local property taxes	34,954,857	33,715,822
Pell grants	10,438,254	11,568,543
Federal grants and contracts	13,036,215	3,329,467
William D. Ford Direct Lending receipts	5,594,220	7,599,298
William D. Ford Direct Lending disbursements	(5,599,027)	(7,605,762)
State appropriations	19,732,325	20,329,114
Net payments from (to) component units	5,339,105	(9,336,998)
Net Cash Provided by Noncapital Financing Activities	83,495,949	59,599,484
Cash Flows From Capital And Related Financing Activities		
Purchase of capital assets	(23,666,735)	(15,996,446)
Principal paid on capital debt	(3,005,000)	(1,885,000)
Interest paid on capital debt	(1,285,060)	(999,161)
Proceeds from issuance of debt	-	22,872,122
Capital lease principal payments	(1,460,012)	(3,595,102)
Interest paid on capital leases	(1,626,291)	(891,283)
Net Cash Used for Capital and Related Financing Activities	(31,043,098)	(494,870)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investment	2,665,938	467,657
Interest on investments	517,433	670,562
Purchase of investments	(5,714,960)	-
Net Cash (Used for) Provided By Investing Activities	(2,531,589)	1,138,219
Net (Decrease) Increase In Cash And Cash Equivalents	(17,405,065)	12,588,533
Cash And Cash Equivalents - Beginning Of Year	30,772,850	18,184,317
Cash And Cash Equivalents - End Of Year	$ 13,367,785	$ 30,772,850
Significant Noncash Transactions		
Property acquired under capital lease	$ 8,093,988	$ 5,284,613

The accompanying notes are an integral part of these statements.

Statement of Cash Flows (continued)

	Years Ended June 30	
	2021	2020
Statement of Net Position Classifications Of Cash And Cash Equivalents		
Cash and cash equivalents	$ 13,367,785	$ 10,783,790
Restricted cash and cash equivalents	-	19,989,060
Total Cash And Cash Equivalents	$ 13,367,785	$ 30,772,850

	2021	2020
Reconciliation Of Net Loss To Net Cash Used For Operating Activities:		
Operating loss	$ (72,675,529)	$ (72,746,344)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	8,504,256	7,510,643
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	(241,299)	239,749
Federal and state grant receivable	(617,958)	80,567
Inventories	194,884	(104,020)
Prepaid assets and other current assets	260,414	85,793
Deposits	(387,450)	408,459
Deferred outflows of assets	9,728,539	2,324,589
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(6,732,383)	11,562,627
Accrued payroll and other compensation	726,412	(914,649)
Accrued severance pay	(75,926)	278,335
Deposits	111,470	39,557
Unearned revenue	833,471	(1,522,513)
Deferred inflows of assets	2,565,086	3,427,224
Net pension liability	(1,212,094)	6,775,365
Net OPEB liability	(8,308,220)	(5,099,682)
Net Cash Used For Operating Activities	$ (67,326,327)	$ (47,654,300)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1 - Reporting Entity, Basis of Presentation and Significant Accounting Policies

Reporting Entity

Schoolcraft College (College) is a community college located in Southeast Michigan. The Main Campus and Public Safety Training Complex are located in Livonia and the Radcliff Center is located in Garden City. Founded in 1961 and named after Henry Rowe Schoolcraft, a nineteenth century writer, historian, scientist and educator, it is governed by a seven member Board of Trustees elected for six year overlapping terms.

The College has seven affiliated organizations, collectively referred to as “Component Units”, which were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. Each organization is described below, with additional information provided regarding the impact to the College’s financial statements and accompanying condensed financial statements.

The Schoolcraft College Foundation (Foundation) is discretely reported as a part of the College reporting entity (although it is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors) because its sole purpose is to provide support to the College and its students. Disclosures related to the Foundation that are immaterial compared to the College as a whole are not included in the financial statements of the College as separate audited financial statements of the Foundation are available by contacting the Schoolcraft College Foundation, 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

Schoolcraft Development Authority, Inc. (SDA) is a Michigan nonprofit organization established by the College in March 1986 to direct College land development activities and operates and acts exclusively for the charitable and educational purposes that support the College. In accordance with GASB Statement No. 61, the SDA is reported as a discrete component unit because College employees manage operations of the SDA and the purpose of the SDA is to provide financial benefit to the College.

SC Development Unit 14, Inc. (SCDU 14) is a Michigan nonprofit organization established by the College in September 2015 to lease land, specifically Unit 14, from the College to be subleased to Seven Delta, LLC (7 Delta). In accordance with GASB Statement No. 61, SCDU 14 is reported as a discrete component unit because College employees manage operations of SCDU 14 and the purpose of SCDU 14 is to provide financial benefit to the College. SCDU 14 is the sole member of SD Member LLC (SDM), a Michigan limited liability company, which was formed in December 2015 to oversee and partner with an outside developer. 7 Delta is a Michigan limited liability company formed in December 2015 whose main purpose is to construct and subsequently lease a building constructed on College land. SDM holds a 51% voting interest and 50% interest in income in 7 Delta, with the outside developer holding a 49% voting interest and 50% interest in income. In accordance with GASB Statement No. 61, SDM is a component unit of SCDU 14 and 7 Delta is a component unit of SDM because each entity has a voting majority and there is a financial benefit and burden relationship. SDM and 7 Delta are blended with SCDU 14 for purposes of the College’s financial statements.

SC Sports Dome, Inc. (SCSD) is a Michigan nonprofit organization established by the College in December 2015 to lease land, specifically Unit 15, from the College to be subleased to SC College Dome, LLC (SCCD) as well as to oversee and partner with an outside developer to build the Soccer Dome on Unit 15. In accordance with GASB Statement No. 61, SCSD is reported as a discrete component unit of the College because College employees manage operations of SCSD and the purpose of SCSD is to provide financial benefit to the College. SCCD is a Michigan limited liability company formed in June 2016 whose main purpose is to construct and subsequently lease the Soccer Dome facility to the College. SCSD holds a 51% voting interest in SCCD, with the outside developer holding a 49% voting interest. Income will be distributed in accordance with SCCD’s operating agreement. In accordance with GASB Statement No. 61, SCCD is a component unit of SCSD because SCSD has a voting majority and there is a financial benefit and burden relationship. SCCD is blended with SCSD for purposes of the College’s financial statements.

SC Technology Center, Inc. (SCTC) is a Michigan nonprofit organization established by the College in November 2016 to provide ancillary support services to tenants. In accordance with GASB Statement No. 61, SCTC is reported as a discrete component unit of the College because College employees manage

Notes to Financial Statements

operations of SCTC and the purpose of SCTC is to provide financial benefit to the College. Income will be distributed in accordance with SCTC's bylaws.

SC Health Sciences, Inc. (SCH) is a Michigan nonprofit organization established by the College to lease land, specifically Unit 16, from the College and to build the St. Joe's / IHA Medical Center. In accordance with GASB Statement No. 61, SCH is reported as a discrete component unit of the College because College employees manage operations of SCH and the purpose of SCH is to provide financial benefit to the College. Income will be distributed in accordance with SCH's bylaws.

SC Health Sciences II, Inc. (SCH II) is a Michigan nonprofit organization established by the College to lease land from the College and to build the St. Joe's Mercy Elite Sports Center. In accordance with GASB Statement No. 61, SCH II is reported as a discrete component unit of the College because College employees manage operations of SCH II and the purpose of SCH II is to provide financial benefit to the College. Income will be distributed in accordance with SCH II's bylaws.

Financial statements for the SDA, SCDU 14, SCSD, SCTC, SCH, and SCH II (collectively referred to as "Development Component Units") as of and for the years ended June 30, 2021 and 2020 are as follows:

Condensed Statement of Net Position

	Schoolcraft Development Authority 2021	SC Development Unit 14, Inc. 2021	SC Sports Dome, Inc. 2021	SC Technology Center, Inc. 2021	SC Health Sciences, Inc. 2021	SC Health Sciences II, Inc. 2021	Combined Total 2021
Assets							
Current Assets	$ 425,053	$ 420,468	$ 2,743,740	$ 155,544	$ 1,184,189	$ 261,052	$ 5,190,046
Noncurrent Assets	-	36,892,444	6,593,960	109,900	44,232,071	7,846,722	95,675,097
Total Assets	425,053	37,312,912	9,337,700	265,444	45,416,260	8,107,774	100,865,143
Liabilities							
Current Liabilities	23,232	1,063,225	360,578	1,800	7,382,707	669,199	9,500,741
Noncurrent Liabilities	2,140,238	20,053,130	-	-	39,310,323	8,000,000	69,503,691
Total Liabilities	2,163,470	21,116,355	360,578	1,800	46,693,030	8,669,199	79,004,432
Net Position							
Net investment in capital assets	-	4,073,947	900,533	109,900	-	-	5,084,380
Restricted for							
Nonexpendable Minority interest	-	3,501,349	6,000,000	-	-	-	9,501,349
Unrestricted	(1,738,417)	8,621,261	2,076,589	153,744	(1,276,770)	(561,425)	7,274,982
Total Net Position	$ (1,738,417)	$ 16,196,557	$ 8,977,122	$ 263,644	$ (1,276,770)	$ (561,425)	$ 21,860,711

	Schoolcraft Development Authority 2020	SC Development Unit 14, Inc. 2020	SC Sports Dome, Inc. 2020	SC Technology Center, Inc. 2020	SC Health Sciences, Inc. 2020	SC Health Sciences II, Inc. 2020	Combined Total 2020
Assets							
Current Assets	$ 37,607	$ 462,064	$ 2,250,970	$ 139,398	$ 273,265	$ -	$ 3,163,304
Noncurrent Assets	-	35,260,730	6,740,072	121,604	20,441,476	8,107,487	70,671,369
Total Assets	37,607	35,722,794	8,991,042	261,002	20,714,741	8,107,487	73,834,673
Liabilities							
Current Liabilities	23,232	1,093,222	333,608	5,016	9,211,047	2,536,849	13,202,974
Noncurrent Liabilities	2,163,470	21,014,764	-	-	11,460,062	6,000,000	40,638,296
Total Liabilities	2,186,702	22,107,986	333,608	5,016	20,671,109	8,536,849	53,841,270
Net Position							
Net investment in capital assets	-	4,081,221	990,091	121,604	-	-	5,192,916
Restricted for							
Nonexpendable Minority interest	-	3,444,935	6,000,000	-	-	-	9,444,935
Unrestricted	(2,149,095)	6,088,652	1,667,343	134,382	43,632	(429,362)	5,355,552
Total Net Position	$ (2,149,095)	$ 13,614,808	$ 8,657,434	$ 255,986	$ 43,632	$ (429,362)	$ 19,993,403

Notes to Financial Statements

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

	Schoolcraft Development Authority 2021	SC Development Unit 14, Inc. 2021	SC Sports Dome, Inc. 2021	SC Technology Center, Inc. 2021	SC Health Sciences, Inc. 2021	SC Health Sciences II, Inc. 2021	Combined Total 2021
Revenue							
Operating Revenue	$ 934,610	$ 2,175,812	$ 384,543	$ 159,169	$ 716,018	$ -	$ 4,370,152
Expenses							
Operating Expenses	3,987	913,436	178,958	51,510	930,764	24,979	2,103,634
Nonoperating Revenue and (Expenses)							
Interest income	55	148,697	787,563	-	2,258	754,027	1,692,600
Interest expense	-	(1,217,209)	-	-	(873,765)	(811,111)	(2,902,085)
Financing fees	-	-	-	-	(234,149)	(50,000)	(284,149)
Unrealized gain on investments	-	1,787,884	-	-	-	-	1,787,884
Total Nonoperating Revenue and (Expenses)	55	719,372	787,563	-	(1,105,656)	(107,084)	294,250
Other Revenue and (Expenses)							
Transfers between Component Units	(520,000)	600,000	20,000	(100,000)	-	-	-
Distribution to minority owner	-	-	(693,460)	-	-	-	(693,460)
Total Other Revenue and (Expenses)	(520,000)	600,000	(673,460)	(100,000)	-	-	(693,460)
Increase in Net Position	410,678	2,581,748	319,688	7,659	(1,320,402)	(132,063)	1,867,308
Net Position - Beginning of Year	(2,149,095)	13,614,809	8,657,433	255,986	43,632	(429,362)	19,993,403
Net Position - End of Year	$ (1,738,417)	$ 16,196,557	$ 8,977,121	$ 263,645	$ (1,276,770)	$ (561,425)	$ 21,860,711

	Schoolcraft Development Authority 2020	SC Development Unit 14, Inc. 2020	SC Sports Dome, Inc. 2020	SC Technology Center, Inc. 2020	SC Health Sciences, Inc. 2020	SC Health Sciences II, Inc. 2020	Combined Total 2020
Revenue							
Operating Revenue	$ 905,196	$ 2,174,733	$ 383,970	$ 190,013	$ 298	$ 250	$ 3,654,460
Expenses							
Operating Expenses	4,931	906,775	189,331	53,782	41,902	89,972	1,286,693
Nonoperating Revenue and (Expenses)							
Interest income	336	143,585	793,898	-	1,468	-	939,287
Interest expense	-	(1,262,814)	-	-	(74,503)	(211,111)	(1,548,428)
Financing fees	-	-	-	-	(1,467,979)	(150,129)	(1,618,108)
Unrealized gain on investments	-	33,605	-	-	-	-	33,605
Total Nonoperating Revenue and (Expenses)	336	(1,085,624)	793,898	-	(1,541,014)	(361,240)	(2,193,644)
Other Revenue and (Expenses)							
Transfers between Component Units	(1,352,850)	(120,000)	-	(175,000)	1,626,250	21,600	-
Distribution to minority owner	-	-	(693,722)	-	-	-	(693,722)
Total Other Revenue and (Expenses)	(1,352,850)	(120,000)	(693,722)	(175,000)	1,626,250	21,600	(693,722)
Increase (Decrease) in Net Position	(452,249)	62,334	294,815	(38,769)	43,632	(429,362)	(519,599)
Net Position - Beginning of Year	(1,696,846)	13,552,475	8,362,618	294,755	-	-	20,513,002
Net Position - End of Year	$ (2,149,095)	$ 13,614,809	$ 8,657,433	$ 255,986	$ 43,632	$ (429,362)	$ 19,993,403

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board Statement (GASB) No. 35 and the State of Michigan *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.*

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or part by fees charged to external parties for goods and services.

Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements have been prepared using the economic resource management focus and the accrual basis, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Notes to Financial Statements

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

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

Accounts Receivable – College
Accounts receivable are recorded net of allowance for doubtful accounts. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Accounts Receivable – Development Component Units
Revenue earned and not paid prior to year-end is recorded as a receivable. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made.

Due to/from College/Component Units
The College pays certain expenses on behalf of the Foundation and Development Component Units, which are expected to be reimbursed by the component units in the following year.

Inventories
Inventories are stated at the lower of cost or market using the first-in, first-out method and consist of books, food and supplies.

Restricted Cash and Cash Equivalents
Restricted cash and cash equivalents consist of mortgage and bond proceeds which are restricted for capital expenditures.

Rent Receivable
The Development Component Units recognize rent revenue on a straight-line basis over the lease term when the operating lease contains payment requirements that are artificially low in a particular year. Rent receivables represent the difference between the scheduled payments and revenue recognized on a straight-line basis. The outstanding balance is expected to be collected over the life of the lease in accordance with the payment schedule in the lease agreement.

Property and Equipment
Property and equipment are recorded at cost or, if acquired by gift, at the acquisition value as of the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life of the assets.

Deferred Outflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 3.

Unearned Revenue
Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue for the College at June 30, 2021 is for the summer 2021 semester which began July 6, 2021 and for the fall 2021 semester which began August 30, 2021. In addition, unearned revenue of approximately $1.6 million was recorded as of June 30, 2021 for the institutional portion of Higher Education Emergency Relief Fund (HEERF) amounts awarded under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) (HEERF 2) and the American Rescue Plan Act (ARP) (HEERF 3) that were spent by the College before year-end but are not eligible for revenue recognition until

Notes to Financial Statements

the corresponding student portion is spent. Unearned revenue for the College at June 30, 2020 is for the summer 2020 semester which began July 6, 2020 and for the fall 2020 semester which began August 31, 2020. Unearned revenue for the Development Component Units is for rental revenue due in advance of or received prior to year-end that relates to the next fiscal period. In addition, advance payments received in connection with leases or lease extensions are recorded as unearned revenue and recognized on a straight-line basis over the lease term.

Accrued Severance Pay

Accrued severance pay represents the accumulated liability to be paid under the College's current severance pay policy. Under the College's policy, certain employees earn severance pay based on length of service with the College.

Pensions

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

Other Postemployment Benefit Costs

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as funding received through state appropriations for contributions to the plans after the measurement date and the difference between projected and actual earnings of the plans' investments. More detailed information can be found in Note 3.

Notes to Financial Statements

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

Unrestricted Net Position
Unrestricted net position represents net position that is not subject to externally imposed restrictions. A portion of the unrestricted net position has been designated for certain future expenditures and contingent liabilities of the College. While these items are not actual liabilities, they do represent commitments of College resources at June 30, 2021 and 2020 and the Board of Trustees believes that provision should be made for these future expenditures. These designations are as follows:

College	2021	2020
Designated for:		
Scholarships	$ 358,040	$ 354,060
Technology replacements	1,280,000	1,281,000
Major maintenance & renovation	380,455	163,943
Instructional and student support systems	750,000	750,000
Personnel commitments, self insurance reserves and working capital	6,641,000	6,575,705
Reserve for executive orders	2,500,000	2,500,000
Debt service costs	4,309,000	4,378,000
Unrestricted and unallocated	(152,179,181)	(142,483,176)
Total Unrestricted Net Position	$ (135,960,686)	$ (126,480,468)

Unrestricted net position of the Development Component Units is entirely unrestricted and unallocated at both June 30, 2021 and 2020.

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

Restricted Net Position - Expendable
Net position whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time.

Restricted Net Position - Nonexpendable
Net position whose use by the College is subject to externally imposed constraints as amounts relate to the noncontrolling interest share of income and capital contributions in 7 Delta and SCCD.

Operating Revenue and Expenses
Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be non-exchange, such as tax revenue and state appropriations, are non-operating revenues.
For the Development Component Units, rental revenue is recognized based on monthly or quarterly payments in accordance with the terms of each rental agreement. Rent revenue is recognized on a straight-line basis over the lease term when the operating lease contains payment requirements that are artificially low in a particular year.

Miscellaneous Revenue - College
Miscellaneous revenue for the College includes a number of items including cell tower rentals, library copier revenue, restaurant receipts related to educational activities, fitness center membership revenue, Wayne County Head Start receipts, university partnerships revenue, urgent care lease revenue, road naming rights revenue, contributions revenue for donated equipment, indirect cost rate recoveries for various grants, VistaTech Center facility rental revenue, and Michigan New Jobs Training Program receipts.

Notes to Financial Statements

Miscellaneous Revenue - Development Component Units
Miscellaneous revenue for the Development Component Units primarily includes rent revenue as explained in more detail in Note 11.

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

Property tax revenue levied for general operating purposes was $35,377,589 and $33,488,724 based on $2.2877 and $2.2516 of tax per $1,000 of taxable property value in the community college taxing district for the years ended June 30, 2021 and 2020, respectively.

Risks and Uncertainties
On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the “shelter-at-home” guidelines during April and May 2020, the College shifted to a remote online learning environment for all classes. This affected the College’s on-site revenue sources such as the on-campus dining locations and bookstores. The College also had many conference center events cancelled or temporarily postponed. The College continued operating with several locations closed after the “shelter-at-home” guidelines were lifted until the fall 2021 semester, which resulted in lost revenues for the College for the years ended June 30, 2021 and 2020. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants under each of these Acts. HEERF 1 which was funded by CARES, totaled $4,676,826, of which 50 percent was required to be given directly to students. HEERF 2 which was funded by CRRSAA, totaled $10,389,325, of which $2,338,413 was required to be given directly to students. HEERF 3 which was funded by ARP, totaled $18,544,862, of which $9,515,825 was required to be given directly to students. For the years ended June 30, 2021 and 2020, the College recognized HEERF grant revenue totaling $9,932,535 and $4,346,574, respectively. An additional $1,606,082 of HEERF institutional qualifying expenditures was spent in the year ended June 30, 2021 but not yet recognized as revenue as of June 30, 2021 due to contingencies related to spending the student portion. The College expects to spend the remaining HEERF funds of approximately $17.7 million before the end of the grant period. $1,479,000 of Coronavirus Relief Fund (CRF) federal grant revenue also funded through the CARES Act to be used for coronavirus relief was also passed through to the College from the State of Michigan and recognized as revenue as qualifying expenditures were incurred during the year ended June 30, 2021. No impairments were recorded as of the balance sheet date based on the effect on the College’s operations to date; however, due to uncertainty surrounding the situation, management's judgment regarding this could change in the future. The severity of the continued impact due to COVID-19 on the College’s financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

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

Notes to Financial Statements

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 13, 2021, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement

During the year ended June 30, 2021, the College adopted GASB Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. There was no impact on the College's financial statements as a result of adopting the new standard.

Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the College's statement of net position as a result of the SDA and SCDU 14 leases described in Note 11 that are classified as operating leases, including an increase in lease receivables and deferred inflows. The effects on the statement of revenues, expenses and changes in net position is not expected to be significant. The provisions of this statement are effective for the College's financial statements for the year ended June 30, 2022.

Note 2 - Deposits and Investments

The College's deposits and investments are included on the statement of net position under the following classifications:

	2021	2020
Cash and cash equivalents	$ 13,367,785	$ 10,783,790
Restricted cash and cash equivalents	-	19,989,060
Long-term investments	12,516,019	10,012,991
Total	$ 25,883,804	$ 40,785,841

The Development Component Units' deposits and investments are included on the statement of net position under the following classifications:

	2021	2020
Cash and cash equivalents	$ 4,635,780	$ 2,986,879
Restricted cash and cash equivalents	17,269,833	9,814,912
Long-term investments	7,516,944	5,109,239
Total	$ 29,422,557	$ 17,911,030

As of June 30, 2021 and 2020, the College's investments are comprised entirely of federal government agency bonds with maturities of more than 5 years.

As of June 30, 2021, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 183,628	$ -	$ 17,288	$ 166,340
Federal government agency securities	346,949	-	132,796	214,153
Total	$ 530,577	$ -	$ 150,084	$ 380,493

Notes to Financial Statements

As of June 30, 2020, the Development Component Units' have fixed-rate debt securities with the following maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Corporate bonds	$ 146,839	$ -	$ 12,162	$ 134,677
Federal government agency securities	249,364	-	27,122	222,242
Total	$ 396,203	$ -	$ 39,284	$ 356,919

<u>Deposits</u>

The above College deposits were reflected in the accounts of the bank at June 30, 2021 and 2020 (without recognition of checks written but not yet cleared or of deposits in transit) at $13,598,278 and $11,654,193 respectively. Of this amount $250,000 in both 2021 and 2020 was covered by federal depository insurance and $13,348,278 and $11,404,193, respectively, was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each financial institution it deposits funds with and assesses the level of risk of each financial institution; only those institutions with an acceptable estimated risk level are used as depositories.

The above Development Component Units deposits were reflected in the accounts of the bank at June 30, 2021 and 2020 at the same amount due to no outstanding checks or deposits in transit at year-end. At June 30, 2021 and 2020, $1,947,359 and $1,918,140, respectively, was covered by federal depository insurance and $19,958,254 and $10,883,651, respectively, was uninsured and uncollateralized.

<u>Interest Rate Risk</u>

The College and Development Component Units do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

<u>Credit Risk</u>

The College is authorized by Michigan Public Act 331 of 1966, as amended through 2012, and by resolution of the Board of Trustees to invest surplus monies in bonds, bills and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposits and certain repurchase agreements. The College has no investment policy that would further limit its investment choices. As of June 30, 2021, the College's investments in federal government agency bonds were rated AA+/Aaa by Standard & Poor's. As of June 30, 2020, the College's investments in federal government agency bonds were rated AA+/Aaa by Standard & Poor's, and investments in commercial paper were rated A1 by Standard & Poor's and P-1 by Moody's Investors Service. The Development Component Units do not have a policy limiting credit risk. As of June 30 2021, the Development Component Units investments in corporate bonds were rated BBB+/A+ by Standard & Poor's and investments in federal government agency securities were rated AAA by Moody's Investors Service. As of June 30 2020, the Development Component Units investments in corporate bonds were rated BB+/Aaa by Standard & Poor's and investments in federal government agency securities were rated AAA by Moody's Investors Service.

<u>Concentration of Credit Risk</u>

The College places no limit on the amount the College may invest in any one issuer. More than 5 percent of the College's investments at June 30, 2021 and 2020 were invested in federal government-backed securities.

The Development Component Units place no limit on the amount that may be invested in any one issuer. There were no individual investments comprising more than 5 percent of the Development Component Unit's investments at June 30, 2021 and 2020.

<u>Custodial Credit Risk</u>

The College's and Development Component Units' investments are all in the name of the respective entity. The investments are custodied with each bank they were purchased from. Therefore, custodial risk is limited.

Notes to Financial Statements

Schoolcraft College Foundation Investments
Investments are comprised of mutual funds with a fair market value of $20,017,278 and $14,648,783 as of June 30, 2021 and June 30, 2020, respectively.

Note 3 - Retirement Plans and Postemployment Benefits
Michigan Public Schools Employees' Retirement System
Plan Description
The College participates in the Michigan Public Schools Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan covering substantially all college employees. Certain College employees also receive defined contribution retirement and healthcare benefits through MPSERS. MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. MPSERS also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits. MPSERS is administered by the Office of Retirement Services (ORS). MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report may be obtained at www.michigan.gov/orsschools.

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

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

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

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

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

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

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

Contributions
State of Michigan Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these

Notes to Financial Statements

provisions, each participating employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

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

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

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

The range of rates during the periods covered by this report is as follows:

	Pension	OPEB
October 1, 2018 – September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 – September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 – September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

Depending on the plan selected, member pension contributions range from 0 percent up to 7 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to MPSERS for the years ended June 30, 2021 and 2020 were approximately $12,135,000 and $11,455,000, respectively, which include the College's contributions for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of approximately $5,405,000 and $4,681,000 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) stabilization rate for the years ended June 30, 2021 and 2020, respectively.

The College's required and actual OPEB contributions to MPSERS for the years ended June 30, 2021 and 2020 were approximately $3,019,000 and $3,026,000, respectively, which include the College's contributions for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2021 and 2020, the College reported a liability of approximately $138,908,000 and $140,120,000, respectively, for its proportionate share of the 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 as of September 30, 2019 and 2018, which used updated procedures to roll forward the estimated liability to September 30, 2020 and 2019. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020, 2019 and 2018, the College's proportion was 0.404, 0.423, and 0.444 percent, respectively, representing a 4.428 percent decrease and 4.612 percent decrease for the years ended September 30, 2020 and 2019, respectively.

Notes to Financial Statements

Net OPEB Liability

At June 30, 2021 and 2020, the College reported a liability of approximately $21,183,000 and $29,492,000, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020 and 2019, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019 and 2018, which used updated procedures to roll forward the estimated liability to September 30, 2020 and 2019. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020, 2019 and 2018, College's proportion was 0.395415, 0.410876, and 0.435168 percent, respectively, representing a 3.762982 percent decrease and 5.582212 percent decrease for the years ended September 30, 2020 and 2019, respectively.

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

For the years ended June 30, 2021 and 2020, the College recognized pension expense of $18,802,414 and $21,680,309, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,122,396	$ 296,478
Changes of assumptions	15,392,312	-
Net difference between projected and actual earnings on pension plan assets	583,628	-
Changes in proportion and differences between College contributions and proportionate share of contributions	322,956	7,581,125
College contributions subsequent to the measurement date	10,202,376	-
Total	$ 28,623,668	$ 7,877,603

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 628,061	$ 584,286
Changes of assumptions	27,435,554	-
Net difference between projected and actual earnings on pension plan assets	-	4,490,601
Changes in proportion and differences between College contributions and proportionate share of contributions	1,561,034	5,103,193
College contributions subsequent to the measurement date	9,543,503	-
Total	$ 39,168,152	$ 10,178,080

Notes to Financial Statements

In addition, $5,405,009 and $4,681,420 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979) will be recognized as state appropriations revenue for the years ended June 30, 2021 and 2020, respectively.

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

Year Ending June 30	Amount
2022	$ 5,726,589
2023	3,172,052
2024	1,275,631
2025	369,417
Total	$ 10,543,689

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2022).

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

For the years ended June 30, 2021 and 2020, the College recognized OPEB recovery of $1,457,487 and OPEB expense of $91,199, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,783,633
Changes of assumptions	6,984,597	-
Net difference between projected and actual earnings on OPEB plan assets	176,799	-
Changes in proportion and differences between College contributions and proportionate share of contributions	36,568	3,231,092
College contributions subsequent to the measurement date	2,141,210	-
Total	$ 9,339,174	$ 19,014,725

Notes to Financial Statements

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,821,319
Changes of assumptions	6,390,243	-
Net difference between projected and actual earnings on OPEB plan assets	-	512,874
Changes in proportion and differences between College contributions and proportionate share of contributions	250	2,814,969
College contributions subsequent to the measurement date	2,132,736	-
Total	$ 8,523,229	$ 14,149,162

There are no deferred inflows of resources resulting from the OPEB portion of state aid payments at June 30, 2021 and 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year Ending June 30	Amount
2022	$ 3,213,210
2023	2,966,723
2024	2,473,142
2025	1,850,188
2026	1,313,498
Total	$ 11,816,761

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the next year (2022).

Actuarial Assumptions

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

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return (Pension)	6.00 to 6.80 percent, net of investment expenses based on the groups
Assumed rate of return (OPEB)	6.95 percent, net of investment expenses based on the groups
Salary increases	2.75 percent to 11.55 percent, including wage inflation of 2.75 percent
Healthcare cost trend rate	7.00 percent, year 1 graded to 3.50 percent year 15, 3.00% year 120 (2020); 7.50 percent, year 1 graded to 3.50 percent year 12 (2019)
Mortality basis	RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% male and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006

Notes to Financial Statements

Cost of living pension adjustments 3.00 percent, annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 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.

Significant assumption changes since the measurement date of September 30, 2019 for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the measurement date of September 30, 2019.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study which resulted in a lower than projected per person health benefit costs for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00-6.80 percent as of September 30, 2020 and 2019, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at statutorily required rates.

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

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2021		2020	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.60%	28.0%	5.50%
Private equity pools	16.0%	9.30%	18.0%	8.60%
International equity pools	15.0%	7.40%	16.0%	7.30%
Fixed-income pools	10.5%	0.50%	10.5%	1.20%
Real estate & infrastructure pools	10.0%	4.90%	10.0%	4.20%
Real return, opportunistic, and absolute pools	21.5%	5.18%	15.5%	5.40%
Short-term investment pools	2.0%	-0.10%	2.0%	0.80%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.1% and 2.3% as of September 30, 2020 and 2019, respectively.

Notes to Financial Statements

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability of the College, calculated using the current discount rate depending on the plan option, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021

1.00 percent decrease (5.00-5.80 percent)	Current discount rate (6.00-6.80 Percent)	1.00 percent increase (7.00-7.80 percent)
$ 179,792,453	$ 138,907,699	$ 105,023,351

2020

1.00 percent decrease (5.00-5.80 percent)	Current discount rate (6.00-6.80 Percent)	1.00 percent increase (7.00-7.80 percent)
$ 182,164,695	$ 140,119,793	$ 105,263,121

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the College, calculated using the current discount rate, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021

1.00 percent decrease (5.95 percent)	Current discount rate (6.95 Percent)	1.00 percent increase (7.95 percent)
$ 27,212,520	$ 21,183,427	$ 16,107,437

2020

1.00 percent decrease (5.95 percent)	Current discount rate (6.95 Percent)	1.00 percent increase (7.95 percent)
$ 36,175,936	$ 29,491,647	$ 23,878,700

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate, as well as what the College's net OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate:

2021

1.00 percent decrease (6.00 percent)	Current healthcare cost trend rate (7.00 Percent)	1.00 percent increase (8.00 percent)
$ 15,913,086	$ 21,183,427	$ 27,177,790

2020

1.00 percent decrease (6.50 percent)	Current healthcare cost trend rate (7.50 Percent)	1.00 percent increase (8.50 percent)
$ 23,640,735	$ 29,491,647	$ 36,175,143

Pension Plan and OPEB Plan Fiduciary Net Position
Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Notes to Financial Statements

Payable to the Pension and OPEB Plan
At June 30, 2021, the College reported a payable of $1,806,781 and $148,489 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021. At June 30, 2020, the College reported a payable of $1,641,332 and $159,922 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Defined Contribution Pension Plan
Full-time faculty, administrators and full-time classified employees may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Under ORP, the College contributes 12.00%, and the participant contributes 4.00% of the participant's compensation. Compensation covered under the plan for the year ended June 30, 2021 was approximately $12,576,000, resulting in contributions of approximately $1,509,000 and $503,000 for the College and employee, respectively. Compensation covered under the plan for the year ended June 30, 2020 was approximately $11,624,000, resulting in contributions of approximately $1,395,000 and $465,000 for the College and employee, respectively.

Note 4 - Risk Management

The College is exposed to various risks of loss related to property loss, general liability, errors and omissions, workers' compensation as well as medical benefits provided to employees. The College is self-insured for vision benefits and is partially self-insured for workers' compensation to a maximum of $400,000 for each claim and, in the aggregate, for claims up to $1,000,000 for the two-year insurance policy period through June 30, 2022.

The College is self-insured for medical benefits for substantially all employees with a maximum of $170,000 for each enrolled contract and up to $4,457,700 for calendar year 2021 and up to $3,944,590 for calendar year 2020 in the aggregate. Claims are funded by the College and paid by the plan administrator on a fiscal year basis. Actual payments are based on claims filed. The College pays administrative and estimated claims costs of the plan up to their obligation under PA152.

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

The College and nineteen other Michigan community colleges have formed MCCRMA to provide liability, vehicle physical damage and property and crime insurances. For the year ended June 30, 2021, the College is responsible for a self-insured retention (SIR) of $15,000 per occurrence and $45,000 in the aggregate. Claims in excess of the SIR are covered by the Authority and are reinsured through third party insurance carriers, up to coverage limits of $15 million for liability, $300,000 per vehicle and $650,000 per disaster for vehicle physical damage, and $320 million aggregate for property and crime coverage of buildings and personal property. The College made contributions during the years ended June 30, 2021 and 2020 to the MCCRMA of approximately $327,000 and $335,000 respectively for insurance coverage.

Changes in the estimated self-insured liabilities are as follows:

	2021	2020	2019
Balance, beginning of year	$ 481,368	$ 483,324	$ 456,793
Claims incurred and changes in estimates	3,124,925	2,746,429	2,929,862
Claims and premium payments	(3,116,872)	(2,748,385)	(2,903,331)
Balance, end of year	$ 489,421	$ 481,368	$ 483,324

Notes to Financial Statements

Note 5 - Fair Value Measurements

The College and its Component Units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that the College and its Component Units have the ability to access; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

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

		Fair Value Measurements Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 12,516,019	$ -	$ 12,516,019	$ -
Total assets by fair value level	$ 12,516,019	$ -	$ 12,516,019	$ -
Total assets measured at fair value	$ 12,516,019			

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

		Fair Value Measurements Using		
	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Debt Securities				
Federal government agency securities	$ 10,012,991	$ -	$ 10,012,991	$ -
Commercial paper	19,989,060	-	19,989,060	-
Total assets by fair value level	$ 30,002,051	$ -	$ 30,002,051	$ -
Total assets measured at fair value	$ 30,002,051			

The fair value of the Federal government agency securities and commercial paper at June 30, 2021 and 2020 were determined primarily based on level 2 inputs. The College estimates the fair value of these assets using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Notes to Financial Statements

The Development Component Units have the following recurring fair value measurements as of June 30, 2021 and 2020:

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

	Balance at June 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 6,471,698	$ 6,471,698	$ -	$ -
Debt Securities				
Corporate bonds	183,628	-	183,628	-
Fixed income mutual funds	514,669	514,669	-	-
Federal government agency securities	346,949	-	346,949	-
Total assets by fair value level	$ 7,516,944	$ 6,986,367	$ 530,577	$ -
Total assets measured at fair value	$ 7,516,944			

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

	Balance at June 30, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Publicly traded stocks	$ 4,335,570	$ 4,335,570	$ -	$ -
Debt Securities				
Corporate bonds	146,839	-	146,839	-
Fixed income mutual funds	377,466	377,466	-	-
Federal government agency securities	249,364	-	249,364	-
Total assets by fair value level	$ 5,109,239	$ 4,713,036	$ 396,203	$ -
Total assets measured at fair value	$ 5,109,239			

Securities classified in level 1 are valued using prices quoted in active markets for those securities. The fair value of the corporate bonds and federal government agency securities at June 30, 2021 and 2020 were determined primarily based on level 2 inputs. The Development Component Units estimate the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

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

	Balance at June 30, 2021	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 12,068,249	$ 12,068,249	$ -	$ -
International mutual funds	3,531,510	3,531,510	-	-
Fixed Income Mutual Funds	2,920,196	2,920,196	-	-
Real Assets Mutual Funds	1,335,356	1,335,356	-	-
Money Market Mutual Fund	161,967	161,967	-	-
Assets Held Under Charitable Remainder Unitrust	102,970	102,970	-	-
Beneficial Interest in Remainder Trusts	7,845	-	-	7,845
Total assets by fair value level	$ 20,128,093	$ 20,120,248	$ -	$ 7,845
Total assets measured at fair value	$ 20,128,093			

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

	Balance at June 30, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets by fair value level:				
Equity Securities				
Domestic mutual funds	$ 8,185,781	$ 8,185,781	$ -	$ -
International mutual funds	2,689,631	2,689,631	-	-
Fixed Income Mutual Funds	2,715,678	2,715,678	-	-
Real Assets Mutual Funds	942,032	942,032	-	-
Money Market Mutual Fund	115,661	115,661	-	-
Assets Held Under Charitable Remainder Unitrust	81,564	81,564	-	-
Beneficial Interest in Remainder Trusts	4,389	-	-	4,389
Total assets by fair value level	$ 14,734,736	$ 14,730,347	$ -	$ 4,389
Total assets measured at fair value	$ 14,734,736			

Notes to Financial Statements

The following table summarizes the valuation methods and inputs used to determine fair value at June 30, 2021 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

Asset	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interest in remainder trust	Discounted Cash Flow	Discount Rate Life expectancy of beneficiary Fair value of trust assets	3.11% 15 years

The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include management's review of annual statements from the outside trustee for the beneficial interest in remainder trust. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market.

For the year ended June 30, 2021, changes in level 3 assets measured at fair value on a recurring basis included an unrealized gain of $3,456. For the year ended June 30, 2020, changes in level 3 assets measured at fair value on a recurring basis included an unrealized loss of $3,053.

Note 6 - Commitments, Contingencies and Capital Outlay

The College is involved in various legal proceedings which have arisen in the normal course of operations. Management does not believe that the ultimate resolution of these proceedings will have a material effect on the College's financial position.

The College has entered into construction contracts and commitments totaling approximately $22,836,000 for the Applied Science State Capital Outlay, the Frank E. and Bessie Angileri Conference Center, Jeffress Center office renovations, Applied Science fire suppression, and Biomedical Technology Center lab renovation projects. As of June 30, 2021 the College incurred approximately $12,116,000 relating to these projects. The projects are expected to be completed at various points during the year ending June 30, 2022.

SCH has entered into construction contracts and commitments totaling approximately $41,000,000 for the St. Joe's / IHA Medical Center project. As of June 30, 2021, SCH incurred approximately $27,076,000 related to this project. Phase 1 of the project was completed during the year ending June 30, 2021. Phase 2 of the project is expected to be completed during the year ending June 30, 2022. At completion of the Phase 2 and final commencement of the lease, SCH is committed to pay the tenant improvement allowance described in Note 11.

Notes to Financial Statements

Note 7 - Property and Equipment

The following tables presents the changes in the various fixed asset class categories for the College for the years ended June 30, 2021 and June 30, 2020:

Year ended June 30, 2021	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	14,741,200	21,183,777	(23,808,493)	12,116,484	
Total Nondepreciable Capital Assets	16,572,428	21,183,777	(23,808,493)	13,947,712	
Depreciable Capital Assets					
Land Improvements	20,698,138	-	-	20,698,138	10-30
Buildings and Improvements	142,087,090	23,844,322	-	165,931,412	10-40
Infrastructure	9,012,688	7,706,659	-	16,719,347	20
Furniture, Fixtures and Equipment	33,809,700	2,834,458	(7,104,125)	29,540,033	5-7
Total Depreciable Capital Assets	205,607,616	34,385,439	(7,104,125)	232,888,930	
Total Capital Assets	222,180,044	55,569,216	(30,912,618)	246,836,642	
Less Accumulated Depreciation					
Land Improvements	7,678,507	628,771	-	8,307,278	
Buildings and Improvements	52,281,089	3,988,859	-	56,269,948	
Infrastructure	4,075,558	607,778	-	4,683,336	
Furniture, Fixtures and Equipment	23,616,703	3,278,851	(7,019,429)	19,876,125	
Total Accumulated Depreciation	87,651,857	8,504,259	(7,019,429)	89,136,687	
Total Capital Assets, Net	$ 134,528,187	$ 47,064,957	$ (23,893,189)	$ 157,699,955	

Year ended June 30, 2020	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	3,294,151	13,559,528	(2,112,479)	14,741,200	
Total Nondepreciable Capital Assets	5,125,379	13,559,528	(2,112,479)	16,572,428	
Depreciable Capital Assets					
Land Improvements	20,698,138	-	-	20,698,138	10-30
Buildings and Improvements	141,929,939	157,151	-	142,087,090	10-40
Infrastructure	7,057,360	1,955,328	-	9,012,688	20
Furniture, Fixtures and Equipment	26,504,545	7,721,532	(416,377)	33,809,700	5-7
Total Depreciable Capital Assets	196,189,982	9,834,011	(416,377)	205,607,616	
Total Capital Assets	201,315,361	23,393,539	(2,528,856)	222,180,044	
Less Accumulated Depreciation					
Land Improvements	7,049,735	628,772	-	7,678,507	
Buildings and Improvements	48,937,724	3,343,365	-	52,281,089	
Infrastructure	3,702,782	372,776	-	4,075,558	
Furniture, Fixtures and Equipment	20,853,267	3,165,730	(402,294)	23,616,703	
Total Accumulated Depreciation	80,543,508	7,510,643	(402,294)	87,651,857	
Total Capital Assets, Net	$ 120,771,853	$ 15,882,896	$ (2,126,562)	$ 134,528,187	

Equipment under capital lease (see Note 9) totaled $8,674,167 and $13,158,271 at June 30, 2021 and 2020, respectively. Amortization of the equipment under capital lease totaled $1,756,010 and $1,822,602 for the years ended June 30, 2021 and 2020, respectively. The amortization is included in the depreciation expense above. Accumulated amortization of the assets under capital lease is $4,844,309 and $7,573,597 at June 30, 2021 and 2020, respectively.

Notes to Financial Statements

Buildings, improvements, and equipment under capital lease (see Note 9) totaled $14,105,671 and $6,000,000 at June 30, 2021 and 2020, respectively. Amortization of the buildings and improvements under capital lease totaled $564,009 and $240,000 for the years ended June 30, 2021 and 2020, respectively. The amortization is included in the depreciation expense above. Accumulated amortization of the assets under capital lease is $1,444,009 and $880,000 at June 30, 2021 and 2020, respectively.

The following table presents the changes in the various fixed asset class categories for the Development Component Units for the years ended June 30, 2021 and 2020:

Year ended June 30, 2021	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	18,734,052	16,447,617	(27,418,595)	7,763,074	
Total Nondepreciable Capital Assets	18,734,052	16,447,617	(27,418,595)	7,763,074	
Depreciable Capital Assets					
Land Improvements	4,005,254	-	-	4,005,254	9-20
Buildings and Improvements	27,530,994	27,418,595	(8,105,671)	46,843,918	40
Equipment	192,600	17,991	-	210,591	5-30
Total Depreciable Capital Assets	31,728,848	27,436,586	(8,105,671)	51,059,763	
Total Capital Assets	50,462,900	43,884,203	(35,524,266)	58,822,837	
Less Accumulated Depreciation					
Land Improvements	722,012	224,558	-	946,570	
Buildings and Improvements	2,074,173	802,035	-	2,876,208	
Equipment	70,997	29,694	-	100,691	
Total Accumulated Depreciation	2,867,182	1,056,287	-	3,923,469	
Total Capital Assets, Net	$ 47,595,718	$ 42,827,916	$ (35,524,266)	$ 54,899,368	

Year ended June 30, 2020	Beginning Balance	Additions	Deletions / Transfers	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Construction in Progress	96,936	18,637,116	-	18,734,052	
Total Nondepreciable Capital Assets	96,936	18,637,116	-	18,734,052	
Depreciable Capital Assets					
Land Improvements	4,005,254	-	-	4,005,254	9-20
Buildings and Improvements	27,530,994	-	-	27,530,994	40
Equipment	180,646	11,954	-	192,600	5-30
Total Depreciable Capital Assets	31,716,894	11,954	-	31,728,848	
Total Capital Assets	31,813,830	18,649,070	-	50,462,900	
Less Accumulated Depreciation					
Land Improvements	497,455	224,557	-	722,012	
Buildings and Improvements	1,385,898	688,275	-	2,074,173	
Equipment	41,768	29,229	-	70,997	
Total Accumulated Depreciation	1,925,121	942,061	-	2,867,182	
Total Capital Assets, Net	$ 29,888,709	$ 17,707,009	$ -	$ 47,595,718	

Note 8 - Federal Loan Programs

The College participates in the U.S. Department of Education William D. Ford direct lending program and disbursed $5,599,027 and $7,605,762 for the years ended June 30, 2021 and 2020, respectively, for student loans. These distributions and related funding source are not included as expenses and revenue in the accompanying financial statements.

Notes to Financial Statements

Note 9 - Long-Term Liabilities

Long-Term liability activity for the College for the years ended June 30, 2021 and 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2021					
Accrued Severance Pay	$ 1,308,623	$ 197,562	$ 273,488	$ 1,232,697	$ -
Accrued Early Retirement Payable	393,086	-	393,086	-	-
Capital Lease Payable - Equipment	4,424,471	-	1,256,211	3,168,260	1,020,061
Capital Lease Payable - Dome	5,799,364	-	49,381	5,749,983	56,553
Capital Lease Payable - Sports Center	-	8,105,671	154,421	7,951,250	104,528
Bonds Payable	49,340,262	-	3,072,521	46,267,741	3,152,521
Total Long Term Liabilities	$ 61,265,806	$ 8,303,233	$ 5,199,108	$ 64,369,931	$ 4,333,663
Year ended June 30, 2020					
Accrued Severance Pay	$ 1,030,288	$ 311,980	$ 33,645	$ 1,308,623	$ -
Accrued Early Retirement Payable	1,621,551	-	1,228,465	393,086	393,086
Capital Lease Payable - Equipment	2,691,844	5,284,613	3,551,986	4,424,471	1,256,212
Capital Lease Payable - Building	5,842,478	-	43,115	5,799,364	49,379
Bonds Payable	28,405,361	22,872,122	1,937,223	49,340,262	3,072,521
Total Long Term Liabilities	$ 39,591,522	$ 28,468,715	$ 6,794,434	$ 61,265,806	$ 4,771,198

Accrued Severance Pay – The College provides termination benefits to certain employees upon departure from the College resulting from years of service under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions used to determine probability of reaching the criteria required for eligibility.

Accrued Early Retirement Payable – During the year ended June 30, 2017, the College offered an early retirement incentive to employees meeting certain requirements. For eligible employees, the amount payable by the College amounts to one year of salary up to $90,000 payable to the employee over 5 years.

Capital Leases Payable – During the year ended June 30, 2020, the College signed an agreement with a vendor to upgrade the College's servers through installation and implementation of hardware and software campus-wide. The College then entered into a lease arrangement with a financial institution, which is classified as a capital lease. At the end of the lease term, the College has the option to purchase the assets subject to the lease for $1 or return all products to the lessor. As of June 30, 2020, the College has fully drawn down the authorized principal amount of $5,284,613. As of June 30, 2021 and 2020, the College's outstanding lease liability for this lease is $3,168,260 and $4,153,924, respectively. The capital lease is listed as a long-term liability and the related asset is listed as equipment. The College is required to meet certain financial covenants in accordance with the lease agreement. The interest rate is 3.7%. Interest expense related to the capital lease was $137,502 and $31,773 for the years ended June 30, 2021 and 2020, respectively.

Under the lease agreement, the future minimum lease payments are as follows:

Year Ending June 30	Payments
2022	1,130,689
2023	1,130,689
2024	1,130,689
Total Payments	$ 3,392,067
Amount representing interest	(223,807)
Total	$ 3,168,260

During the year ended June 30, 2019, the College signed an agreement with a vendor to upgrade the College's wireless network through installation and implementation of hardware and software campus-wide. The College then entered into a lease arrangement with a financial institution, which is classified as a capital lease. At the end of the lease term, the College has the option to purchase the assets subject to the lease for

Notes to Financial Statements

$1 or return all products to the lessor. As of June 30, 2019, the College had fully drawn down the authorized principal amount of $813,377. As of June 30, 2021 and 2020, the College's outstanding lease liability is $0 and $270,547, respectively. The capital lease is listed as a short-term liability and the related asset is listed as equipment. The College is required to meet certain financial covenants in accordance with the lease agreement. The interest rate is 5.3%. Interest expense related to the capital lease was $18,853 and $35,021 for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2017, the College signed an agreement with SCCD to lease the St. Joe's Sports Dome, which is classified as a capital lease. As of June 30, 2021 and 2020, the College's outstanding lease liability is $5,749,983 and $5,799,362, respectively. The capital lease is listed as a long-term liability and the related asset is listed as buildings and improvements. The imputed interest rate is 13.64%. Interest expense related to the capital lease was $787,563 and $793,898 for the years ended June 30, 2021 and 2020, respectively.

Under the lease agreement, the future minimum lease payments are as follows:

Year Ending June 30		Payments
2022		837,504
2023		837,504
2024		837,504
2025		837,504
2026		837,504
Thereafter		12,841,728
Total Payments	$	17,029,248
Amount representing interest		(11,279,265)
Total	$	5,749,983

During the year ended June 30, 2021, the College signed an agreement with SCH II to lease the St. Joe's Mercy Elite Sports Center, which is classified as a capital lease. As of June 30, 2021 the College's outstanding lease liability is $7,951,250. The capital lease is listed as a long-term liability and the related asset is listed as buildings and improvements. The imputed interest rate is 12.59%. Interest expense related to the capital lease was $754,027 for the year ended June 30, 2021.

Under the lease agreement, the future minimum lease payments are as follows:

Year Ending June 30		Payments
2022		1,100,000
2023		1,100,000
2024		1,100,000
2025		1,100,000
2026		1,100,000
Thereafter		15,675,000
Total Payments	$	21,175,000
Amount representing interest		(13,223,750)
Total	$	7,951,250

Bonds Payable – During 2013, the College issued $18.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 27, 2013. The total amount of $9,480,715 including unamortized bond premium of $85,715, was outstanding as of June 30, 2021. The total amount of $10,683,258 including unamortized bond premium of $98,259, was outstanding as of June 30, 2020. Bond principal payments are due annually each May through maturity in fiscal year 2028. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.0%.

During 2016, the College issued $8.045 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 23, 2016. The total amount of $5,504,189 including unamortized bond premium of $49,189, was outstanding as of June 30, 2021. The total amount of $6,034,192 including unamortized bond premium of $54,192, was outstanding as of June 30, 2020.

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Bond principal payments are due annually each May through maturity in fiscal year 2031. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 2.5%.

During 2019, the College issued $10.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on November 14, 2018. The total amount of $9,362,217 including unamortized bond premium of $67,217, was outstanding as of June 30, 2021. The total amount of $9,781,291 including unamortized bond premium of $71,291, was outstanding as of June 30, 2020. Bond principal payments are due annually each May through maturity in fiscal year 2038. Interest payments are due semi-annually through maturity at rates ranging from 3.0% to 3.5%.

During 2020, the College issued $22.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on September 25, 2019. The total amount of $21,920,620 including unamortized bond premium of $795,620, was outstanding as of June 30, 2021. The total amount of $22,841,521 including unamortized bond premium of $841,521, was outstanding as of June 30, 2020. Bond principal payments are due annually each May through maturity in fiscal year 2039. Interest payments are due semi-annually through maturity at a rate of 3.0%.

As of June 30, 2021 bonds payable, excluding unamortized bond premiums of $997,741, mature as follows:

Year	Principal	Interest	Total
2022	3,085,000	1,279,582	4,364,582
2023	3,165,000	1,204,582	4,369,582
2024	3,250,000	1,127,582	4,377,582
2025	3,335,000	1,048,432	4,383,432
2026	3,415,000	962,107	4,377,107
2027 - 2031	13,855,000	3,357,288	17,212,288
2032 - 2036	9,495,000	1,859,125	11,354,125
2037 - 2039	5,670,000	332,475	6,002,475
	$ 45,270,000	$ 11,171,172	$ 56,441,172

Long-term liability activity for the Development Component Units for the years ended June 30, 2021 and 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2021					
Mortgages Payable	$ 39,473,680	$ 31,407,000	$ 1,070,878	$ 69,809,802	$ 2,446,349
Total Long Term Liabilities	$ 39,473,680	$ 31,407,000	$ 1,070,878	$ 69,809,802	$ 2,446,349
Year ended June 30, 2020					
Mortgage Payable	$ 22,656,043	$ 17,593,000	$ 775,363	$ 39,473,680	$ 998,854
Total Long Term Liabilities	$ 22,656,043	$ 17,593,000	$ 775,363	$ 39,473,680	$ 998,854

Mortgage Payable – 7 Delta – During 2016, 7 Delta issued two series of senior secured bank notes directly to a bank totaling $23,401,202 for construction of a building. Mortgage principal payments on series A1, with a loan amount of $19,401,202, are due monthly beginning June 15, 2018 through maturity in fiscal year 2032. Interest payments on series A1 are due monthly through maturity in fiscal year 2032 at a rate of 5.56%. Only one mortgage principal payment on series A2, with a loan amount of $4,000,000, is due upon maturity in fiscal year 2032. Interest payments on series A2 are due monthly through maturity in fiscal year 2032 at a rate of 6.17%. The notes are secured by substantially all assets of 7 Delta. In addition, all leases and rental income received by 7 Delta are assigned to the notes. The notes are guaranteed by an owner of the co-member of 7 Delta and are subject to certain covenants. Outstanding amounts become immediately due in an event of default.

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As of June 30, 2021 7 Delta mortgage maturities are as follows:

Year	Principal	Interest	Total
2022	883,826	1,168,656	2,052,482
2023	1,062,812	1,112,636	2,175,448
2024	1,169,761	1,050,846	2,220,607
2025	1,282,810	982,955	2,265,765
2026	1,402,308	908,616	2,310,924
2027 - 2031	9,056,640	3,175,354	12,231,994
2032	6,078,799	284,469	6,363,268
	$ 20,936,956	$ 8,683,532	$ 29,620,488

Mortgage Payable – SCH – During 2020, SCH issued a note payable directly to a bank totaling $42,835,000 for construction of a medical office building. The funding of the note is subject to a schedule with advances occurring from April 7, 2020 to May 15, 2021. The amount was subsequently reduced to $41,000,000 due to construction costs coming in under budget. As of June 30, 2021, the full $41,000,000 has been advanced. Mortgage principal payments are due monthly beginning June 15, 2021 through maturity in fiscal year 2036. Interest payments are due monthly through maturity in fiscal year 2036 at a rate of 3.63%. The notes are secured by substantially all assets of SCH as well as a letter of credit issued by a separate bank on the account of the minority owner of SCCD. The letter of credit amount increases as the note payable is funded, up to a maximum of $30,266,000 on May 15, 2021. The letter of credit amount as of June 30, 2020 was $30,266,000. The letter of credit can be released provided that no draws on the letter of credit have been required after rent on the building lease has commenced and other documentation of completion of construction has been received. In addition, all leases and rental income received by SCH are assigned to the notes. The note is subject to certain covenants, including a minimum debt service coverage ratio. Outstanding amounts become immediately due in an event of default. The funds advanced are also subject to an escrow and servicing agreement and construction disbursement and monitoring agreement that restricts the use of funds to approved construction costs.

As of June 30, 2021 SCH mortgage maturities are as follows:

Year	Principal	Interest	Total
2022	1,562,523	1,457,963	3,020,486
2023	1,697,696	1,399,012	3,096,708
2024	1,839,796	1,335,039	3,174,835
2025	1,989,126	1,265,789	3,254,915
2026	2,146,004	1,190,994	3,336,998
2027 - 2031	13,371,176	4,618,693	17,989,869
2032 - 2036	18,266,524	1,741,167	20,007,691
	$ 40,872,846	$ 13,008,656	$ 53,881,502

Mortgage Payable – SCH II – During 2020, SCH II issued a loan directly to a lender, co-owned by the minority owner of SCCD and a third party, totaling $8,000,000 for construction of a sports center. As of June 30, 2021, the full $8,000,000 of the total principal has been advanced to SCH II. The first two loan principal payments are due in fiscal year 2026 and fiscal year 2029. A third principal payment is due in fiscal year 2032 with the amount to be determined by the lender. If the lender does not elect for the third principal payment to equal the full remaining balance on the note, a fourth principal payment will be required between fiscal year 2032 and fiscal year 2041. Interest payments are due monthly through maturity in fiscal year 2032 at a rate of 10.0%. The loan is secured by substantially all assets of SCH II. In addition, all leases and rental income

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received by SCH II are assigned to the loan. Outstanding amounts become immediately due in an event of default.

As of June 30, 2021 SCH II mortgage maturities are as follows:

Year	Principal	Interest	Total
2022	-	811,111	811,111
2023	-	811,111	811,111
2024	-	813,333	813,333
2025	2,500,000	726,389	3,226,389
2026	-	557,639	557,639
2027 - 2031	2,500,000	1,944,583	4,444,583
2032	3,000,000	203,333	3,203,333
	$ 8,000,000	$ 5,867,500	$ 13,867,500

Note 10 - Tax Abatements

The College receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities and townships within Wayne County that impact the College. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal years ended June 30, 2021 and 2020, the College's property tax revenues were reduced by $446,337 and $366,444, respectively, under these programs.

There are no abatements made by the College.

Note 11 - Development Component Unit Leases

The SDA leases 62 acres of land from the College. The first lease, dated March 11, 1987, is for 74 years and requires annual payments of $1. The second lease, dated June 17, 2003, is for 77 years and requires annual payments of $1. The SDA may use the land for the construction, maintenance and operation of certain commercial real estate. At the end of the lease term the land and improvements revert to the College.

The SDA has entered into sublease agreements with unrelated third parties.

On October 8, 2015, the SDA entered into an amended restated and consolidated ground sublease. In connection with the lease restatement, the tenant paid $2.3 million to extend the term of the lease to September 30, 2114. This payment is being amortized over the life of the lease on a straight-line basis. The sublease agreement provides for base quarterly rental payments due in advance on June 30, September 30, December 31 and March 31. Per the amended restated and consolidated ground sublease, the tenant is entitled to a base rent credit on four quarterly installments for each lease year that the tenant is not profitable. The base rent credit will be $10,000 during any of the first 10 lease years and will increase by $10,000 during each subsequent 10 lease year period.

The following is a summary of the leases, including the base rent rates for lease years 1-10:

Lease	Acres	Quarterly Base Rent
Parcel 1	5.7	$24,786
Parcel 2	6.4	28,173
Parcel 3	.8	14,944
Parcel 4	3.4	4,398

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Minimum future lease receipts, excluding amortization of the lease extension payments as described above, are as follows:

Years Ending June 30	Amount
2022	289,204
2023	289,204
2024	289,204
2025	289,204
2026	294,204
Thereafter	29,999,527

On July 30, 2003 the SDA entered into a lease agreement with an unrelated third party to sublease approximately 45 acres of land owned by the College. The lease agreement is for 75 years. The sublease agreements provide for base quarterly rental payments due in advance on June 30, September 30, December 31 and March 31. The rental payment for 2009/10 was approximately $576,000 increasing by 1% per year for the next 16 years, increasing by $100,000 in year 18, and then increasing by ½% per year for the next 57 years. In April 2016, one of the units defaulted back to the College as allowed by the agreement, reducing the lease payments by approximately $64,000 per year beginning in 2016.

Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2022	625,220
2023	628,281
2024	631,357
2025	634,449
2026	637,556
Thereafter	37,845,885

SCDU 14 leases land from the College. The lease, dated October 2, 2015, is for 75 years and requires annual payments of $220,000 increasing by 1%; however, rent is abated to $1 for the first 30 years of the lease and for each year thereafter provided that 7 Delta is still the subtenant of the lease and is not in default. SCDU 14 may use the land to enter into the partnership described in Note 1. At the end of the lease term the land and improvements revert to the College. SCDU 14 then subleased the land to 7 Delta. The sublease, also dated October 2, 2015, is for 75 years and has the same payment terms as the ground lease.

On October 2, 2015, 7 Delta entered into a lease agreement with an unrelated third party for real estate, including an office building, to be built on College owned land, specifically unit 14. The lease agreement is for 15 years, with three options to extend the lease for a period of 5 years each, and commenced on June 1, 2017. The lease agreement provides for base monthly rental payments due in advance during the term of the lease. The base rent, expressed as dollars per square foot, was $0 for the first 12 months of the term and for months 13-24 of the term was $167,997 per month. Beginning with the 25th month of the lease, the base rent shall be increased annually by $0.50 per square foot of the actual gross area of 91,220 square feet. Under the sublease, 7 Delta is responsible for constructing the building and related land improvements. The College, as the original ground lessor, is responsible for constructing and maintaining certain land improvements, for which the unrelated third party will pay an annual 5% maintenance fee to the College.

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Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2022	2,156,593
2023	2,202,203
2024	2,247,813
2025	2,293,423
2026	2,339,033
Thereafter	14,770,798

SCSD leases land from the College. The lease, dated June 23, 2016, is for 50 years and requires annual payments of $1. SCSD may use the land to enter into the partnership described in Note 1. At the end of the lease term the land and improvements revert to the College. SCSD then subleased the land to SCCD. The sublease, also dated June 23, 2016, is for 50 years and requires annual payments of $1. The sublease may be terminated by SCSD or SCCD after the later of 25 years or the date the dome being built on the land is no longer reasonably operational.

On June 23, 2016, SCCD entered into a master lease agreement with Schoolcraft College for use of the Soccer Dome. The lease agreement is for 25 years and commenced on November 4, 2016. The lease agreement provides for base monthly rental payments due in advance of $69,792 or $837,500 per year, and has been classified as a capital lease. SCCD has recognized a capital lease receivable of $5,749,983 and $5,799,360 as of June 30, 2021 and 2020, respectively, which represents the net present value of the future minimum lease payments. The schedule of the future minimum lease payments is described in more detail in Note 9.

On December 22, 2015, the College entered into a sublease agreement with a third party Soccer Club. The sublease agreement is for 25 years and is for use of the dome facilities during specific times each week. The base rent, payable in monthly installments of $35,417 or $425,000 per year, commenced on November 1, 2016 and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 180, and 2.0% each lease year from month 181 until the end of the lease term. The tenant will also pay the College $37,500 in turf maintenance fees annually, increasing 1.0% each lease year from month 13 through month 180, and 2.0% each lease year from month 181 until the end of the lease term. The tenant also paid security deposits of $100,000 and $231,250 during the years ended June 30, 2021 and 2016, respectively.

Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2022	475,716
2023	480,473
2024	485,277
2025	490,130
2026	495,032
Thereafter	8,554,547

On May 15, 2019, the College entered into an additional sublease agreement with the same third party Soccer Club. The sublease agreement is for 21 years and is for additional use of the dome facilities during specific times each week. The base rent, payable in monthly installments of $4,167 or $50,000 per year, commenced on October 15, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 until the end of the lease term.

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Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2022	50,000
2023	50,000
2024	50,355
2025	50,858
2026	51,367
Thereafter	852,481

SCH leases land from the College. The lease, dated March 28, 2019, is for 99 years and requires annual payments of $310,000 increasing by 1%; however, rent is abated to $1 for the first 20 years of the lease and for each year thereafter provided that SCH is not in default of its loans and obligations. SCH may use the land to construct, maintain, and operate the medical center described in Note 1. At the end of the lease term the land and improvements revert to the College.

On March 28, 2019, SCH entered into a lease agreement with an unrelated third party for real estate, including a medical center, to be built on College owned land. The lease agreement is for 15 years after completion of construction, with two options to extend the lease for a period of 5 years each. The lease agreement provides for base monthly rental payments due in advance during the term of the lease. The base rent is to be set based on a percentage of total construction costs subject to 2.5% annual escalation. The lease also includes a tenant improvement allowance of $75 per square foot of interior space within the building that will be paid to tenant upon completion of construction and commencement of the lease. Phase 1 of construction was completed and rent for phase 1 in the amount of $241,918 per month commenced on April 5, 2021. Payments will be adjusted after completion of phase 2 of construction in fiscal year 2022.

Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2022	3,014,529
2023	3,121,530
2024	3,199,568
2025	3,279,557
2026	3,361,546
Thereafter	37,871,659

SCH II leases land from the College. The lease, dated March 3, 2020, is for 50 years and requires annual payments of $1. SCH II may use the land to construct, maintain, and operate the sports center described in Note 1. At the end of the lease term the land and improvements revert to the College.

On September 29, 2020, SCH II entered into a master lease agreement with Schoolcraft College for use of the Sports Center. The lease agreement is for 20 years and commenced on September 30, 2020. The lease agreement provides for base monthly rental payments due in advance of $91,667 or $1,100,000 per year, and will be classified as a capital lease. SCH II has recognized a capital lease receivable of $7,951,250 as of June 30, 2021, which represents the net present value of the future minimum lease payments. The schedule of the future minimum lease payments is described in more detail in Note 9.

In May 2019, the College entered into three sublease agreements with separate third parties. The first sublease agreement, dated May 15, 2019 is for 21 years and is for use of the Sports Center. The base rent, payable in monthly installments of $4,167 or $50,000 per year, commenced on November 2, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 252. The second sublease agreement, dated May 28, 2019 is for 15 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,625 or $127,500 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 13 through

Notes to Financial Statements

month 180. The third and final sublease agreement, dated May 29, 2019 is for 10 years and is for use of the Sports Center. The base rent, payable in monthly installments of $10,158 or $121,900 per year, commenced on October 16, 2020, and is due on the first day of each month thereafter. According to the sublease agreement, the rent is to increase 2.0% each lease year from month 13 through month 120.

Minimum future lease receipts for the three subleases are as follows:

Years Ending June 30	Amount
2022	301,930
2023	305,685
2024	309,833
2025	312,217
2026	318,670
Thereafter	4,509,904

Note 12 - Related Party Transactions

Under the terms of the SCCD operating agreement, a preferred return of 10% per annum is incurred on the first $5 million of the minority owner's contributed capital until the capital is returned. During both the years ended June 30, 2021 and 2020, $600,000 was distributed and $150,000 was in related party payable. Additional distributions of $93,460 in 2021 and $93,722 in 2020 were also made to the minority owner based on provisions of the operating agreement with $31,811 and $28,608 payable as of June 30, 2021 and 2020, respectively.

The College provided management and administration services totaling $67,491 and $70,144 to the Development Component Units during the year ended June 30, 2021 and 2020, respectively.

Under the terms of the SCH lease and development agreements, an asset management, development, and financing agreement was consummated which includes an excess cash provision whereby 50% of excess cash, as defined in the agreement, is payable to the asset manager, who is the minority owner of SCCD. There was no excess cash as of June 30, 2021 or 2020 and, accordingly, no expense or payable is recorded as of June 30, 2021 or 2020. In addition, a development fee equal to 2% of the total budgeted hard construction costs and an accelerated schedule and expanded scope fee equal to 0.25% and 0.50% of the total budgeted hard construction costs for phase I and II, respectively, was paid to the project developer, who is the minority owner of SCCD. During the year ended June 30, 2020, it was determined that total budgeted hard construction costs were $21,496,656 for phase I and $8,590,306 for phase II, resulting in payments from the financing proceeds of $696,055 to the developer which was fully paid in fiscal year 2020.

In addition, the SCH II lender is a related party to the minority owner of SCCD. Financing fees of $50,000 and interest payments of $811,111 were paid to this related party during the year ended June 30, 2021. Financing fees of $150,129 and interest payments of $211,111 were paid to this related party during the year ended June 30, 2020.

The College provided construction funding totaling $2,925,856 and $602,532 to SCH and SCH II, respectively, as of June 30, 2021. The College provided construction funding totaling $6,544,985 and $2,470,182 to SCH and SCH II, respectively, as of June 30, 2020. Outstanding amounts will be paid back to the College during the year ending June 30, 2022.

See Note 9 and Note 11 for a description of the capital lease between the College and SCCD and SCH II.

See Note 13 for a description of the transactions between the College and the Foundation.

Note 13 - Schoolcraft College Foundation

Schoolcraft College Foundation (Foundation) is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors to accept, collect, hold and invest donations made for the promotion of educational and cultural activities. The College receives support from the Foundation whose bylaws require that the Foundation’s net assets be used solely for the benefit of Schoolcraft College. During the years ended June 30, 2021 and 2020 the College and its students received support from the Foundation of approximately $468,000 and $678,000 respectively. The College provides supervisory and

Notes to Financial Statements

clerical staff and office space to the Foundation at no charge, valued at approximately $674,000 and $623,000 for the year ended June 30, 2021 and 2020, respectively. The College also pays expenses on behalf of the Foundation with subsequent reimbursement from the Foundation. Approximately $396,000 and $322,000 is owed from the Foundation to the College as of June 30, 2021 and 2020, respectively. One member of the College Board of Trustees, the College president and the College Executive Director of Development are ex-officio members of the Foundation Board of Governors.

The Foundation financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report to account for these differences.

Required Supplementary Information

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

	As of September 30						
	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability: As a percentage	0.40438%	0.42311%	0.44357%	0.45082%	0.43904%	0.41995%	0.41935%
Amount	$ 138,907,699	$ 140,119,793	$ 133,344,428	$ 116,825,440	$ 109,537,407	$ 102,572,130	$ 92,367,456
College's covered payroll	$ 35,147,786	$ 36,012,509	$ 37,164,747	$ 38,344,336	$ 37,139,786	$ 35,623,198	$ 35,788,975
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered payroll	395.21%	389.09%	358.79%	304.67%	294.93%	287.94%	258.09%
MPSERS fiduciary net position as a percentage of the total pension liability	59.49%	60.08%	62.12%	63.96%	63.01%	63.17%	66.20%

Schedule of College Contributions - Pension:

		As of June 30					
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	11,775,915	11,081,588	11,022,048	11,182,180	10,780,622	10,174,578	8,313,567
Contributions in relation to the actuarially determined contractually required contribution	11,775,915	11,081,588	11,022,048	11,182,180	10,780,622	10,174,578	8,313,567
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered payroll	$ 34,571,882	$ 35,607,920	$ 35,753,783	$ 37,475,378	$ 39,285,558	$ 36,796,837	$ 35,928,448
Contributions as a percentage of covered payroll	34.06%	31.12%	30.83%	29.84%	27.44%	27.65%	23.14%

Schedule of College's Proportionate Share of Net OPEB Liability:

	As of September 30			
	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB liability: As a percentage	0.39541%	0.41088%	0.43517%	0.45212%
Amount	$ 21,183,427	$ 29,491,647	$ 34,591,329	$ 40,036,949
College's covered payroll	$ 35,147,786	$ 36,012,509	$ 37,164,747	$ 38,344,336
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	60.27%	81.89%	93.08%	104.41%
MPSERS fiduciary net position as a percentage of the total OPEB liability	59.76%	48.67%	43.10%	36.53%

Schedule of College Contributions - OPEB:

	As of June 30			
	2021	2020	2019	2018
Statutorily required contribution	2,831,437	2,832,254	2,782,315	2,686,750
Contributions in relation to the actuarially determined contractually required contribution	2,831,437	2,832,254	2,782,315	2,686,750
Contribution deficiency (excess)	-	-	-	-
Covered payroll	$ 34,571,882	$ 35,607,920	$ 35,733,783	$ 37,475,378
Contributions as a percentage of covered payroll	8.19%	7.95%	7.79%	7.17%

Notes to Required Supplementary Information

Pension Information

Benefit Changes

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

Changes in Assumptions

There were no changes of assumptions for the plan years ended September 30, except for the following:

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25%.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50%.

OPEB Information

Benefit Changes

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

Changes in Assumptions

There were no changes of assumptions for the plan years ended September 30, except for the following:

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

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

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%.

Consolidating Statement of Net Position

As of June 30, 2021 (With Comparative Totals for 2020)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2021	College Combined Total 2020
Assets									
Current Assets									
Cash and cash equivalents	$ 1,344,147	$ 4,399,695	$ 7,513,802	$ -	$ -	$ -	$ 110,141	$ 13,367,785	$ 10,783,790
Property taxes receivable	346,857	-	-	-	-	-	-	346,857	235,866
State appropriation receivable	3,524,848	-	-	-	-	-	-	3,524,848	1,913,670
Accounts receivable	1,772,373	472,736	129,958	-	-	50,000	-	2,425,067	2,183,768
Accrued interest receivable	13,056	-	-	-	-	-	-	13,056	9,435
Federal and state grants receivable	-	-	-	2,247,115	-	-	-	2,247,115	1,817,504
Student loans receivable	-	-	-	-	16,250	-	-	16,250	16,250
Inventories	334,624	1,006	988,725	-	-	-	-	1,324,355	1,519,239
Prepaid expenses and other assets	219,306	-	123,097	-	-	-	-	342,403	602,817
Deposits	488,503	-	-	-	-	-	-	488,503	101,053
Due from (to) component units	395,505	-	-	-	-	3,602,388	-	3,997,893	9,336,998
Due from (to) other funds	16,613,461	-	-	(457,859)	-	(16,155,602)	-	-	-
Total Current Assets	25,052,680	4,873,437	8,755,582	1,789,256	16,250	(12,503,214)	110,141	28,094,132	28,520,390
Noncurrent Assets									
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	19,989,060
Long-term investments	7,570,690	1,826,325	3,119,004	-	-	-	-	12,516,019	10,012,991
Property and Equipment:									
Land and improvements	-	-	-	-	-	14,222,089	-	14,222,089	14,850,860
Infrastructure	-	-	-	-	-	12,036,011	-	12,036,011	4,937,130
Buildings and improvements	-	-	-	-	-	109,661,465	-	109,661,465	89,806,002
Equipment	-	-	-	-	-	9,663,906	-	9,663,906	10,192,995
Construction in progress	-	-	-	-	-	12,116,484	-	12,116,484	14,741,200
Total Property and Equipment	-	-	-	-	-	157,699,955	-	157,699,955	134,528,187
Total Assets	32,623,370	6,699,762	11,874,586	1,789,256	16,250	145,196,741	110,141	198,310,106	193,050,628
Deferred Outflows of Resources	37,962,842	-	-	-	-	-	-	37,962,842	47,691,381

Consolidating Statement of Net Position (Continued)

As of June 30, 2021 (With Comparative Totals for 2020)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2021	College Combined Total 2020
Liabilities									
Current Liabilities									
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -	$ 4,333,663	$ -	4,333,663	$ 4,378,112
Accounts payable	1,440,317	69,428	109,771	59,710	-	4,707,581	-	6,386,807	13,145,590
Accrued interest payable	-	-	148,814	-	-	210,861	-	359,675	299,922
Accrued payroll and other compensation	7,087,069	22,268	130,954	46,411	-	-	-	7,286,702	6,167,204
Accrued early retirement payable	-	-	-	-	-	-	-	-	393,086
Deposits	-	-	331,250	-	-	-	110,141	441,391	329,921
Unearned revenue	4,429,809	175,000	150,000	1,606,082	-	-	-	6,360,891	3,921,339
Total Current Liabilities	12,957,195	266,696	870,789	1,712,203	-	9,252,105	110,141	25,169,129	28,635,174
Noncurrent Liabilities									
Net pension liability	138,907,699	-	-	-	-	-	-	138,907,699	140,119,793
Net OPEB liability	21,183,427	-	-	-	-	-	-	21,183,427	29,491,647
Long-term debt obligations	-	-	-	-	-	58,803,572	-	58,803,572	55,185,985
Accrued severance pay	1,232,697	-	-	-	-	-	-	1,232,697	1,308,623
Total Liabilities	174,281,018	266,696	870,789	1,712,203	-	68,055,677	110,141	245,296,524	254,741,222
Deferred Inflows of Resources	32,297,337	-	-	-	-	-	-	32,297,337	29,008,662
Net Position									
Net investment in capital assets	-	-	-	-	-	94,562,720	-	94,562,720	83,410,110
Restricted for:									
Expendable restricted grants	-	-	-	77,053	-	-	-	77,053	62,483
Unrestricted	(135,992,143)	6,433,066	11,003,797	-	16,250	(17,421,656)	-	(135,960,686)	(126,480,468)
Total Net Position	$ (135,992,143)	$ 6,433,066	$ 11,003,797	$ 77,053	$ 16,250	$ 77,141,064	$ -	$ (41,320,913)	$ (43,007,875)

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

For the Year Ended June 30, 2021 (With Comparative Totals for 2020)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2021	College Combined Total 2020
Revenue									
Operating Revenue									
Tuition and fees (Net of scholarship allowances of $8,850,930 in 2021 and $9,800,749 in 2020)	$ 36,197,636	$ 1,196,267	$ -	$ -	$ -	$ -	$ (8,850,930)	$ 28,542,973	$ 32,437,102
Federal grants and contracts	-	-	-	1,329,855	-	-	-	1,329,855	1,602,524
State and local grants and contracts	9,200	-	-	2,317,393	-	-	-	2,326,593	522,813
Nongovernmental grants	-	-	-	510	-	-	-	510	14,254
Auxiliary enterprises	-	-	3,953,353	-	-	-	(16,320)	3,937,033	5,636,908
Indirect cost recoveries	94,724	-	-	-	-	-	(94,724)	-	-
Gain on disposal of assets	-	-	-	-		81,417	-	81,417	27,823
Miscellaneous	827,820	1,610,240	353	111,311	-	559,140	(7,868)	3,100,996	3,177,713
Total Operating Revenue	37,129,380	2,806,507	3,953,706	3,759,069	-	640,557	(8,969,842)	39,319,377	43,419,137
Expenses									
Operating Expenses									
Instruction	33,187,155	1,101,052	7,338	732,592	-	-	(791,051)	34,237,086	36,319,751
Information Technology	7,205,203	-	-	-	-	-	(34,502)	7,170,701	8,299,881
Public service	1,058,187	270,558	840	687,643	-	-	(21,851)	1,995,377	2,442,080
Instructional support	12,565,377	375,667	171,737	361,628	-	-	(68,956)	13,405,453	13,814,454
Student services	11,240,359	1,095,883	5,165,017	14,751,080	-	-	(8,918,934)	23,333,405	23,463,828
Institutional administration	10,621,514	17,728	-	-	-	-	(223,524)	10,415,718	11,620,486
Operation and maintenance of plant	11,749,815	94,119	-	-	-	-	1,088,976	12,932,910	12,694,358
Depreciation	-	-	-	-	-	8,504,256	-	8,504,256	7,510,643
Total Operating Expenses	87,627,610	2,955,007	5,344,932	16,532,943	-	8,504,256	(8,969,842)	111,994,906	116,165,481
Operating Income (Loss)	(50,498,230)	(148,500)	(1,391,226)	(12,773,874)	-	(7,863,699)	-	(72,675,529)	(72,746,344)

Consolidating Statement of Revenue, Expenses, Transfers and Changes in Net Position (Continued)

For the Year Ended June 30, 2021 (With Comparative Totals for 2020)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2021	College Combined Total 2020
Nonoperating Revenue and (Expenses)									
State appropriations	$ 20,619,914	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,619,914	$ 19,152,083
Property tax levy	35,065,848	-	-	-	-	-	-	35,065,848	33,320,228
Interest income	398,053	-	-	-	-	123,001	-	521,054	670,562
Interest expense	-	-	-	-	-	(2,971,104)	-	(2,971,104)	(1,967,861)
Financing fees	-	-	-	-	-	(2,700)	-	(2,700)	(111,267)
Unrealized gain (loss) on investments	(684,250)	-	-	-	-	107,288	-	(576,962)	683,200
Federal grants and contracts	-	-	-	11,437,935	-	-	-	11,437,935	4,346,574
Pell grants	-	-	-	10,268,506	-	-	-	10,268,506	11,574,164
Net Nonoperating Revenue and (Expenses)	55,399,565	-	-	21,706,441	-	(2,743,515)	-	74,362,491	67,667,683
(Loss) Gain Before Other Revenue and Expenses	4,901,335	(148,500)	(1,391,226)	8,932,567	-	(10,607,214)	-	1,686,962	(5,078,661)
Other Revenue and (Expenses)									
Transfers between College and component units	-	-	-	-	-	-	-	-	-
Total Other Revenue	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	4,901,335	(148,500)	(1,391,226)	8,932,567	-	(10,607,214)	-	1,686,962	(5,078,661)
Transfers In (Out)	(4,146,376)	777,835	9,271,809	(8,917,997)	-	3,014,729	-	-	-
Net Increase (Decrease) in Net Position	754,959	629,335	7,880,583	14,570	-	(7,592,485)	-	1,686,962	(5,078,661)
Net Position - Beginning of Year	(136,747,102)	5,803,731	3,123,214	62,483	16,250	84,733,549	-	(43,007,875)	(37,929,214)
Net Position - End of Year	$ (135,992,143)	$ 6,433,066	$ 11,003,797	$ 77,053	$ 16,250	$ 77,141,064	$ -	$ (41,320,913)	$ (43,007,875)