Washtenaw Community College

Years Ended
June 30, 2020
and 2019

Financial Statements and Supplementary Information

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WASHTENAW COMMUNITY COLLEGE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Washtenaw Community College
Management's Discussion and Analysis
Year Ended June 30, 2020

Introduction to the Financials

The discussion and analysis of Washtenaw Community College's (the "College") financial statements provide an overview of the College's financial activities for the year ended June 30, 2020. 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 administration.

Using this Report

The College's annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements, notes to financial statements, and supplemental information.

These statements are organized so the reader can understand the College financially as a whole. These financial statements are prepared in accordance with Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* and Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units.*

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are recognized as incurred.

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

Excluding the impact of GASB Statements 68 and 75, the College's net position increased by approximately $1.2 million, or 2.8 percent for the year ended June 30, 2020. Of this change, unrestricted net position increased $1.1 million. The amount invested in capital assets increased by approximately $85,000, as $7.4 million in depreciation expense offsets $6.4 million in new asset purchases and $1.1 million in principal debt reductions.

The College's financial position continues to be impacted negatively by GASB Statements 68 and 75. The College's overall net position declined approximately $10.1 million during the fiscal year ended June 30, 2020, which includes a negative $11.3 million impact due to the recording of net pension and other postemployment benefits (OPEB) activities per GASB Statements 68 and 75.

The College's net liabilities for pension and OPEB costs increased $9.2 million, from $183.3 million to $192.5 million as of June 30, 2019 and June 30, 2020, respectively. The increase was due to plan performance and changes in assumptions. The College's total assets at fiscal year-end were $193.8 million, a decrease of 2.0 percent or $3.9 million. The following is a comparison of the major components of the net position of the College as of June 30, 2020, June 30, 2019, and June 30, 2018:

Net Position as of June 30 (in thousands)

	2020	2019	2018
Assets			
Current assets	$ 39,266	$ 40,515	$ 33,679
Noncurrent assets			
Capital assets, net	139,421	140,468	143,125
Investments	15,153	16,784	19,095
Total assets	193,840	197,767	195,899
Deferred outflows of resources	54,509	55,991	34,347
Liabilities			
Current liabilities	13,097	17,264	14,392
Noncurrent liabilities			
Net pension & OPEB liabilities	192,456	183,266	167,156
Other	6,839	7,896	9,630
Total liabilities	212,392	208,426	191,178
Deferred inflows of resources	26,487	25,797	14,406
Net Position			
Invested in capital assets	131,882	131,795	133,353
Unrestricted (deficit) net position			
Pension & OPEB deficits	(164,791)	(153,473)	(147,659)
Other unrestricted	42,379	41,213	38,968
Total net position	$ 9,470	$ 19,535	$ 24,662

Internally, the College accounts for its activities using fund accounting, which is then reorganized into operating and nonoperating components for the audited financial statements. Due to the significance of the variances generated by the GASB 68 and 75 entries, and the related pension and OPEB expense resulting from the State of Michigan contributions to the MPSERS retirement plan, Operating Expenses are displayed below with those items shown separately from other College operating expenses. Following is a comparison of the major components of operating results of the College for the years ended June 30, 2020, June 30, 2019, and June 30, 2018:

Operating Results for the Year Ended June 30 (in thousands)

	2020	2019	2018
Operating Revenue	$ 42,962	$ 43,827	$ 42,329
Operating Expenses			
MPSERS – restricted & GASB 68/75	16,806	11,851	8,281
Operating expenses – all other	126,500	126,979	120,031
	143,306	138,830	128,312
Operating Loss	(100,344)	(95,003)	(85,983)
Nonoperating Revenue	90,279	89,876	84,504
(Loss) Income - Before other revenue	(10,065)	(5,127)	(1,479)
Other Revenue	-	-	160
(Decrease) Increase in Net Position	**(10,065)**	**(5,127)**	**(1,319)**
Net Position			
Beginning of year	19,535	24,662	67,655
Implementation of GASB 75	-	-	(41,674)
End of year	**$ 9,470**	**$ 19,535**	**$ 24,662**

Operating Revenues

Operating revenues include tuition and fees, federal grants, state grants, private gifts, and contracts. Certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

The following table shows operating revenues by source for the years ended June 30, 2020, June 30, 2019, and June 30, 2018:

	2020		**2019**		**2018**	
	$ in 000's	% of total	$ in 000's	% of total	$ in 000's	% of total
Tuition and fees	27,235	64%	27,789	63%	27,397	65%
Grants and contracts	5,387	13%	4,024	9%	3,539	8%
Auxiliary services	3,990	9%	5,444	13%	5,143	12%
Other sources	6,350	14%	6,570	15%	6,251	15%
	42,962		**43,827**		**42,329**	

Fiscal Year 2020

For the College as a whole, total operating revenue decreased by 1.97 percent or $0.9 million.

Significant changes included the following:

- Student tuition and fees revenue decreased 2.0 percent or $0.6 million compared to the prior year. Credit hours for the College's Fall and Winter semesters fell 3.3 percent and 2.5 percent, respectively, compared to the prior year. Both semester enrollment variances fell predominantly in the returning student demographic. The College attributes this primarily to sustained economic improvement and historic low unemployment levels prior to the COVID-19 pandemic, along with the College's initiatives to improve student completion rates. The COVID-19 pandemic did not have a severe impact on tuition revenue in fiscal year 2020 for the College. This is due in large part to the College doing an outstanding job transitioning to a primarily online and virtual learning environment.
- Grant and contract revenue increased by $1.4 million or 13.7 percent. This was due to in large part to Coronavirus Aid, Relief, and Economic Security ("CARES") Act funding the College received. The majority of CARES Act funding revenue was in support of emergency financial aid grants to students.
- Auxiliary services revenue decreased by 26.7 percent, or $1.5 million. This decrease stems from the closure of The Health and Fitness Center at Washtenaw Community College for the months of April, May, and June 2020 due to the COVID-19 pandemic and in accordance with the executive order of the governor.

Fiscal Year 2019

For the College as a whole, total operating revenue increased by 4.0 percent or $1.63 million.

Significant changes included the following:

- Student tuition and fees revenue increased 2.4 percent or $0.5 million compared to the prior year. Lower tuition revenue resulting from a 1 percent decline in credit hour enrollment has been more than offset by tuition rate increases between 2 and 4 percent for students coming from outside the WCC district (tuition rates remained level for in-district students). Additionally, the College's In-District students are increasingly choosing Online course offerings, at an average $13/credit hour premium over the traditional On Campus delivery mode. WCC also raised the technology fee from $7 per credit hour to $10 per credit hour in Fiscal 2019 to reflect the ongoing technology investments that the College continues to make in support of student success initiatives.
- Auxiliary services revenue increased by 5.85 percent, or $301,000, due to an increase in membership revenue, which includes both dues and member paid services, at The Health and Fitness Center of Washtenaw Community College.

<u>Operating Expenses</u>

Operating expenses are all the costs necessary to perform, conduct, and support academic programs, student services and community activities. They include salaries and benefits, utilities, supplies, services, and depreciation and are then categorized by function. For this financial report, the different funds of the College are netted and interfund activities are eliminated.

The following table shows operating expenses by function for the institution as a whole at June 30, 2020, June 30, 2019, and June 30, 2018.

	2020		2019		2018	
	$ in 000's	% of total	$ in 000's	% of total	$ in 000's	% of total
Instruction	52,650	37%	50,176	36%	47,756	37%
Technology	8,743	6%	11,166	8%	7,758	6%
Public Service	5,468	4%	5,947	4%	5,544	4%
Instructional Support	15,518	11%	13,740	10%	12,371	10%
Student Services and Student Aid	24,665	17%	22,447	16%	21,803	17%
Institutional Administration	14,314	10%	14,079	10%	13,067	10%
Physical Plant Operations	14,514	10%	14,047	10%	13,002	10%
Depreciation	7,434	5%	7,228	6%	7,014	6%
	143,306		**138,830**		**128,315**	

Fiscal Year 2020

During fiscal year 2020, institution-wide operating expenses increased 3.2 percent, or $4.48 million. An increase in the combined GASB 68 pension expense and GASB 75 OPEB expense of 79 percent or $5.03 million was recognized in fiscal 2020. The increase was primarily a result of a change in actuarial assumptions for the MPSERS pension plan. Excluding that amount, operating expenses decreased $478,000, or 0.4 percent. This year-over-year decrease was due to the heightened monitoring of expenditures as a result of the financial uncertainties caused by the COVID-19 outbreak as well as the one-time cost of the College’s IT staff Transition Assistance Plan which occurred in fiscal year 2019. These decreases were largely offset by customary annual compensation and benefit cost increases.

Fiscal Year 2019

During fiscal year 2019, institution-wide operating expenses increased 8.2 percent, or $10.52 million. An increase in the combined GASB 68 pension expense and GASB 75 OPEB expense of 52 percent or $3.12 million was recognized in fiscal 2019. The increase was primarily a result of a change in actuarial assumptions for the MPSERS pension plan combined with the college absorbing a larger share of the liability. Excluding that amount, operating expenses increased $7.4 million, or 5.8 percent due in part to the Board approval of a contract with Ellucian Company L.P. for technology management services. This impacted the College's IT staff and as a result the Board approved the funding for a Transition Assistance Plan. In relation to the Transition Assistance Plan, the College recorded a liability of approximately $2.3 million. The remaining increase was due to a $1.1 million increase in direct expenses and a $4.0 million increase in personnel expenses, primarily related to customary annual compensation and benefit cost increases.

Non-operating Revenues (Expenses)

The following table shows net non-operating revenues (expenses) for the years ended June 30, 2020, June 30, 2019, and June 30, 2018:

	$ in 000's			
	2020	**2019**	**2018**	**Change 2020 to 2019**
Pell Grant Award	12,744	13,102	14,080	(358)
State appropriations	19,526	21,219	18,457	(1,693)
Property taxes	56,670	53,943	51,864	2,727
Investment and interest income	1,010	1,158	847	(148)
Unrealized gain(loss) on investments	561	716	(419)	(155)
Interest on capital asset - related debt	(232)	(262)	(325)	30
	90,279	**89,876**	**84,504**	**403**

Fiscal Year 2020

Net non-operating revenues increased by $402,000. Significant variance items include the following:

- Federal Pell Grant decreased by 2.74 percent, or $358,000. This decline was synonymous with the decline in enrollment experienced by the College.
- State Appropriations decreased by 7.98 percent, or $1.69 million, as a result of budget reductions at the state level in response to the COVID-19 pandemic.
- Local government (property) taxes increased by 5.05%, or $2.7 million, due to increased taxable values in Washtenaw County.
- The College recognized an unrealized gain on investments of $561,000, a decrease of 21.66 percent, or $155,000 as compared to the unrealized gain on investments of $716,000 recorded in Fiscal 2019. The College invests its surplus monies in interest-bearing instruments. Changes in the interest rates available in the marketplace, relative to the interest rates attached to the instruments in the College's investment portfolio, have impacted the market value of the portfolio significantly over the past three years. Historically, the College has held its investments until maturity, thus negating the impact of these market adjustments over time.

Fiscal Year 2019

Net non-operating revenues increased by $5.37 million. Significant variance items include the following:

- Federal Pell Grant decreased by 6.95 percent, or $0.98 million. The decline was due to generally improved economic conditions resulting in fewer students meeting the eligibility requirements for these grants.
- State Appropriations increased by 14.96 percent, or $2.76 million, primarily due to changes in the recognition of the state portion of MPSERS pension-related appropriations, as required by GASB 68.
- Local government (property) taxes increased by 4.01%, or $2.08 million, due to increased taxable values throughout the county.
- The College recognized an unrealized gain on investments of $0.72 million, an increase of 271 percent, or $1.13 million as compared to the unrealized loss on investments of $0.42 million recorded in Fiscal 2018. The College invests its surplus monies in interest-bearing instruments. Changes in the interest rates available in the marketplace, relative to the interest rates attached to the instruments in the College's investment portfolio, have impacted the market value of the portfolio significantly over the past three years. Historically, the College has held its investments until maturity, thus negating the impact of these market adjustments over time.

Other Revenue

	$ in 000s			
	2020	**2019**	**2018**	**Change 2020 to 2019**
State capital grant	-	-	160	-

Other revenue consists of items that are typically nonrecurring, extraordinary, or unusual to the College. Examples would be state capital appropriations and capital grants and gifts. Fiscal year 2018 includes revenue from the State of Michigan Community College Skilled Trades Equipment Program (CC-STEP). The College used this funding to invest in new equipment in the welding, robotics and automotive programs.

Statement of Cash Flows

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

Cash Flows for the Year Ended June 30 (in thousands)

	2020	2019	2018	Change 2020 to 2019
Cash (Used in) Provided by				
Operating activities	$ (86,365)	$ (78,538)	$ (78,294)	$ (7,287)
Noncapital financing activities	89,828	87,677	86,665	2,151
Capital and related financing activities	(8,101)	(6,598)	(6,482)	(1,503)
Investing activities	5,182	(883)	363	14,010
Net Increase in Cash	544	1,659	2,252	6,831
Cash – Beginning of year	18,540	16,881	14,629	1,659
Cash – End of year	$ 19,084	$ 18,540	$ 16,881	$ 544

Fiscal Year 2020

Cash flows increased $544,000 for the year ended June 30, 2020. The first two categories, Operating and Noncapital financing activities reflect the basic operations of the College. These activities, which include tuition revenue, as well as property tax revenue and state appropriations, net of operating expenses, generated approximately $3.4 million in cash flows during fiscal 2020. This net cash flow then financed $7.1 million of investments in capital assets and $1.0 million of debt reduction. As the College continues to execute both its long-term and short-term investment strategy, given ongoing potential uncertainties related to the COVID-19 pandemic the College elected to increase its level of operating cash held on hand. The College invests in a wide variety of interest-bearing vehicles maximizing investment returns with minimal increase in risk.

Fiscal Year 2019

Cash flows increased $1.6 million for the year ended June 30, 2019. The first two categories, Operating and Noncapital financing activities reflect the basic operations of the College. These activities, which include tuition revenue, as well as property tax revenue and state appropriations, net of operating expenses, generated approximately $9.1 million in cash flows during fiscal 2019. This net cash flow then financed $5.6 million of investments in capital assets and $1.0 million of debt reduction. As the College continues to execute both its long-term and short-term investment strategy, net investing activities used $0.88 million of cash in Fiscal Year 2019. The College invests in a wide variety of interest-bearing vehicles maximizing investment returns with minimal increase in risk.

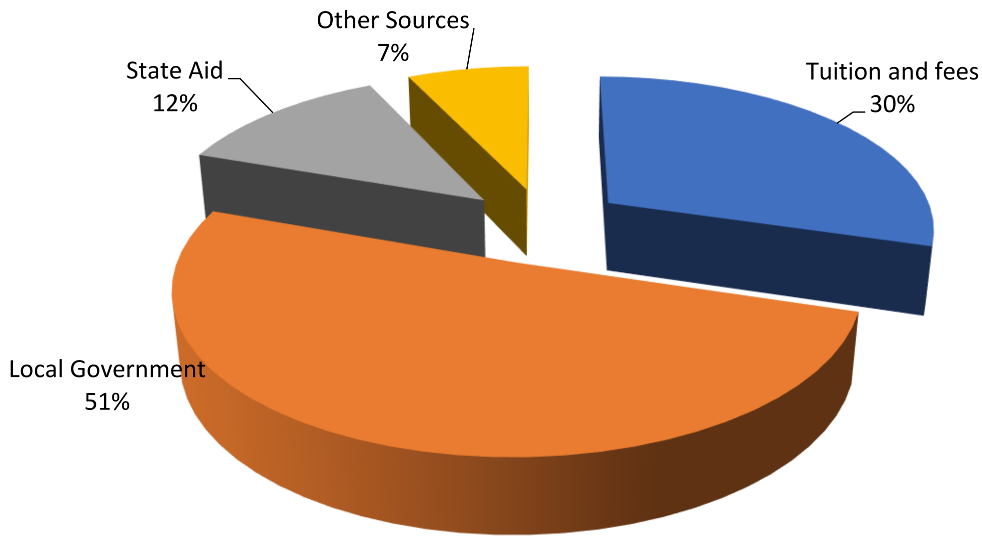
Supplementary Information

Immediately following the footnotes to the financial statements are four additional schedules of required information and two statements of other supplementary information. The Schedule of the College's Proportionate Share of Net Pension Liability and the Schedule of College Pension Contributions are related to GASB 68. The Schedule of the College's Proportionate Share of Net Other Postemployment Benefits Liability and the Schedule of the College's Other Postemployment Benefits Contributions are related to GASB 75. All four of these schedules reflect the College's participation in the MPSERS retirement plan. The Combining Statement of Net Position and Combining Statement of Revenue, Expenses, Transfers and Changes in Net Position show the breakdown of the College's financial information into the various fund types which the College uses to manage its activities. The GASB 68 and GASB 75 entries are combined and reflected in a separate column labeled, Pension & OPEB Liabilities Fund, in order to provide a clearer picture of the impact of this significant activity. The College accounts for its primary programs and operations in its General Fund. The General Fund is primarily financed through the following sources of revenue - tuition and fees, local government taxes, state (aid) appropriations, and other sources, including investment income. For this report, these sources of revenue are classified as both operating and non-operating.

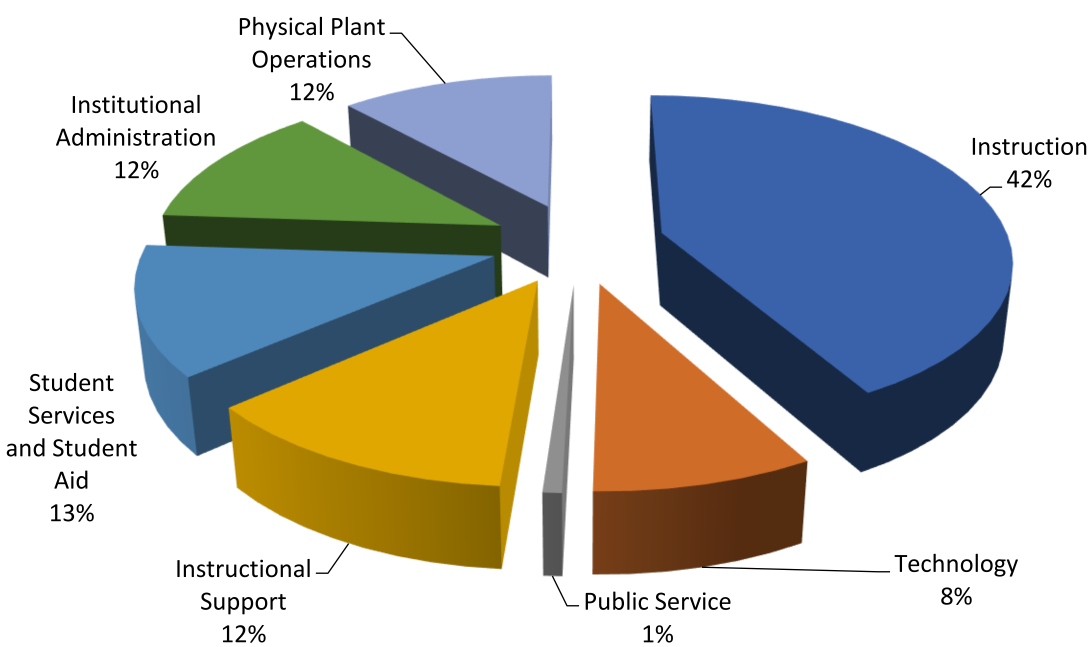
General Fund expenditures are classified by functional area and include both personnel and direct expenditures. Personnel and related expenditures accounted for approximately 75 percent of the General Fund operating expenses for the year ended June 30, 2020.

The following charts show the percentage of revenues, by source, and the percentage of expenses, by function, as they were reported in the General Fund for the year ended June 30, 2020.

General Fund Revenues - By Source



General Fund Expenses - By Function



Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2020

At June 30, 2020, the College had $139.42 million invested in capital assets, net of accumulated depreciation of approximately $132.74 million. Depreciation charges totaled $7.43 million for the current fiscal year.

Major capital projects in progress at June 30, 2020, were as follows:

- Energy center campus cooling tower replacement

Fiscal Year 2019

At June 30, 2019, the College had $140.47 million invested in capital assets, net of accumulated depreciation of approximately $126.22 million. Depreciation charges totaled $7.23 million for the current fiscal year.

Major capital projects in progress at June 30, 2019, were as follows:

- Air handler unit replacement for the firing range
- Heating pumps replacements in the energy center
- Boiler replacement in the Morris Lawrence building

Debt

At June 30, 2020 and 2019, the College had $7.47 million and $8.38 million, respectively, outstanding in general obligation bonds. In March 2015, the College took advantage of the existing low interest rate environment and refinanced its outstanding long-term debt obligations. The impact of the refinancing will result in savings of approximately $1.5 million over the remaining life of the bonds, from the point of refunding. Footnote 7 to these financial statements discusses the transaction in greater detail.

Economic Factors that Will Affect the Future

Higher education and community colleges face ongoing challenges in relation to the COVID-19 pandemic. WCC has done an exceptional job responding to the pandemic. The College's top priority is the safety of its students, faculty, and staff and as a result has been able to successfully transition to an alternative online and virtual learning environment for most of its courses. However, COVID-19 is having a direct impact on enrollment. A persistent risk remains that the College may fall short of its tuition revenue budget for the upcoming year. Given current economic uncertainties, the College expects additional pressure on a number of its funding sources including state appropriations and auxiliary revenue in addition to tuition revenue. The extent of this downward pressure on revenue is difficult to quantify and as such, the College will be required to maintain financial flexibility to maintain a balanced budget.

Nationally, community colleges continue to be at the forefront due to affordable tuition rates and responsive curriculum. However, even with the relatively low cost for education, our students still greatly rely on federal and state aid and loans to fund their educational pursuit. In FY 2020, WCC students received in excess of $28 million in federal & state funding to support the cost of their education at WCC, which is more than $1 million less than in FY 2019. To the extent that these funding sources could change due to future legislation, this may impact students' ability to pursue their education.

WCC is committed to providing quality, affordable education for our credit and non-credit students, while also serving as a resource for our entire community. Fiscal 2020 in-district tuition rates remained flat in comparison with the prior year. Ongoing efforts to maintain low operating costs have allowed the College to offer outstanding programs at affordable tuition rates.

The College counts on the strong support of the citizens and business leaders of Washtenaw County. The health of the local economy has provided a consistent source of funding to the College through local property tax revenues. Revenue from property taxes is expected to increase modestly in the upcoming year as property values in Washtenaw County continue to improve. As the impacts of COVID-19 pandemic continue to unfold, a recessionary economy could have a negative impact on property values in future years.

State funding accounted for approximately 12 percent of the College's annual operating budget in fiscal 2020. State funding accounted for 14 percent of the College's annual operating budget in the prior year. The decrease in percentage of the College's annual operating budget pertains to an 11 percent cut to community colleges in the state's budget due to the COVID-19 pandemic. The College continues to perform well against state performance metrics. However, state funding and budget uncertainties in relation to the COVID-19 pandemic will continue to cause the state to assess funding priorities.

The Michigan Public School Employees Retirement System (MPSERS), the state-run pension fund in which many of the College's employees participate, continues to be a significant and increasing cost to the College. Per MPSERS' comprehensive annual financial report as of September 30, 2019, the combined unfunded actuarial accrued liability for pensions and other postemployment benefits ("OPEB/Healthcare") for MPSERS is $40.3 billion. As of September 30, 2018, the combined unfunded actuarial liability for pensions and OPEB was $38.8 billion. This increase of 3.9 percent in the combined unfunded accrued liability for pensions and OPEB stems primarily from adjustments to actuarial assumptions. Pursuant to accounting standards for pensions (GASB 68), and OPEB (GASB 75), the College's financial statements reflect liabilities totaling $192.5 million as of June 30, 2020, its proportionate share of the unfunded pension and OPEB liabilities. The State has begun to address this funding obligation by increasing the level of mandatory contributions by the College to MPSERS on behalf of its plan participants. Since 2013, the State has also provided additional restricted funding to the College to supplement the College's contribution to MPSERS. That supplemental State funding has more than doubled from since 2014 and is absorbing a larger portion of the State budget. As a result, the State passed a new MPSERS reform law in July 2017 in a further attempt to reduce the potential for continued growth in these unfunded liabilities. The new plan structure encourages new plan members to select the defined contribution (DC) plan over the traditional defined benefit (DB) plan with more generous employer contributions to the DC plan and higher employee contributions to the DB plan. In the short-term, it actually increases costs due to the more generous employer match; however, the long-term goal is to reduce the risk and cost associated with the DB plan model.

INDEPENDENT AUDITORS' REPORT

Rehmann

INDEPENDENT AUDITORS' REPORT

December 7, 2020

To the Board of Trustees
Washtenaw Community College
Ann Arbor, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial position of the business-type activities and the discretely presented component unit of ***Washtenaw Community College*** as of June 30, 2020 and 2019, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued under separate cover our report dated December 7, 2020, on our consideration of ***Washtenaw Community College's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ***Washtenaw Community College's*** internal control over financial reporting and compliance.

Rehmann Robson LLC

FINANCIAL STATEMENTS

WASHTENAW COMMUNITY COLLEGE

Statements of Net Position

	June 30	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 19,084,330	$ 18,540,073
Investments	12,551,341	14,493,899
Property taxes receivable, net	657,115	72,904
State appropriations receivable	1,956,366	3,585,474
Accounts receivable, net	4,253,414	3,008,070
Accrued interest receivable	86,929	123,633
Inventories	142,834	231,882
Prepaid and other assets	533,912	458,540
Total current assets	**39,266,241**	**40,514,475**
Noncurrent assets		
Investments	15,152,687	16,784,345
Capital assets, net	139,421,309	140,467,874
Total noncurrent assets	**154,573,996**	**157,252,219**
Total assets	**193,840,237**	**197,766,694**
Deferred outflows of resources		
Deferred charge on refunding	357,230	401,675
Deferred OPEB amounts (Note 8)	9,752,957	6,564,221
Deferred pension amounts (Note 8)	44,398,973	49,025,053
Total deferred outflows of resources	**54,509,160**	**55,990,949**
Liabilities		
Current liabilities		
Accounts payable	2,387,838	3,030,437
Accrued payroll and withholdings	4,148,922	6,979,371
Accrued vacation	2,732,059	2,731,445
Accrued interest payable	70,169	79,268
Deposits	306,189	306,256
Unearned revenue	2,395,034	2,959,007
Bonds payable, current portion	1,056,843	1,036,997
Capital lease obligation, current portion	-	141,455
Total current liabilities	**13,097,054**	**17,264,236**
Noncurrent liabilities		
Bonds payable, net of current portion	6,839,222	7,896,065
Net OPEB liability (Note 8)	34,001,908	38,267,510
Net pension liability (Note 8)	158,454,498	144,998,202
Total noncurrent liabilities	**199,295,628**	**191,161,777**
Total liabilities	**212,392,682**	**208,426,013**
Deferred inflows of resources		
Deferred OPEB amounts (Note 8)	13,940,637	8,810,657
Deferred pension amounts (Note 8)	12,546,003	16,985,910
Total deferred inflows of resources	**26,486,640**	**25,796,567**
Net position		
Net investment in capital assets	131,882,474	131,795,032
Unrestricted deficit (Note 1)	(122,412,399)	(112,259,969)
Total net position	**$ 9,470,075**	**$ 19,535,063**

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

WASHTENAW COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	2020	**2019**
Operating revenues		
Tuition and fees, net of scholarship allowance of of $5,769,258 ($6,223,572 in 2019)	$ 27,234,723	$ 27,789,106
Federal grants and contracts	4,722,618	3,382,856
State grants and contracts	531,086	521,037
Private grants and contracts	133,562	119,958
Sales and services of educational activities	169,640	282,118
Auxiliary services	3,990,275	5,444,491
Other sources	6,180,677	6,287,632
Total operating revenues	**42,962,581**	**43,827,198**
Operating expenses		
Instruction	52,649,584	50,175,704
Technology	8,742,816	11,166,157
Public service	5,468,089	5,948,400
Instructional support	15,518,237	13,740,364
Student services and student aid	24,665,222	22,446,813
Institutional administration	14,313,756	14,078,676
Physical plant operations	14,513,989	14,046,431
Depreciation	7,434,482	7,227,885
Total operating expenses	**143,306,175**	**138,830,430**
Operating loss	**(100,343,594)**	**(95,003,232)**
Nonoperating revenues (expenses)		
Federal grant - Pell award	12,743,621	13,102,211
State appropriations	19,526,246	21,218,779
Property taxes	56,669,556	53,943,445
Investment and interest income	1,010,169	1,157,741
Unrealized gain on investments	560,791	715,821
Interest on capital asset - related debt	(231,777)	(261,640)
Net nonoperating revenues	**90,278,606**	**89,876,357**
Decrease in net position	**(10,064,988)**	**(5,126,875)**
Net position, beginning of year	19,535,063	24,661,939
Net position, end of year	**$ 9,470,075**	**$ 19,535,063**

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

WASHTENAW COMMUNITY COLLEGE

Statements of Cash Flows

	Year Ended June 30	
	2020	2019
Cash flows from operating activities		
Tuition and fees	$ 26,174,427	$ 28,331,525
Grants and contracts	5,240,685	4,270,281
Payments to suppliers and students	(35,656,366)	(37,341,051)
Payments to employees	(92,294,276)	(85,530,708)
Other	10,170,952	11,732,123
Net cash used in operating activities	**(86,364,578)**	**(78,537,830)**
Cash flows from noncapital financing activities		
Federal grant - Pell award	12,687,967	13,130,787
Property taxes	56,085,345	53,984,386
State appropriations	21,081,953	20,536,583
Federal Direct Student Loan receipts	13,774,111	14,645,118
Federal Direct Student Loan disbursements	(13,801,256)	(14,619,377)
External scholarships and grant receipts	3,094,411	2,276,328
External scholarships and grant disbursements	(3,094,411)	(2,276,328)
Net cash provided by noncapital financing activities	**89,828,120**	**87,677,497**
Cash flows from capital and related financing activities		
Purchases of capital assets	(6,376,282)	(5,228,184)
Principal paid on capital debt	(1,051,455)	(1,000,368)
Capital accounts receivable	(350,000)	-
Interest paid on capital debt	(323,429)	(369,316)
Net cash used in capital and related financing activities	**(8,101,166)**	**(6,597,868)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	68,500,000	58,476,900
Interest on investments	842,565	658,467
Purchase of investments	(64,160,684)	(60,018,120)
Net cash provided by (used in) investing activities	**5,181,881**	**(882,753)**
Net increase in cash and cash equivalents	**544,257**	**1,659,046**
Cash and cash equivalents, beginning of year	18,540,073	16,881,027
Cash and cash equivalents, end of year	**$ 19,084,330**	**$ 18,540,073**

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

WASHTENAW COMMUNITY COLLEGE

Statements of Cash Flows (Concluded)

	Year Ended June 30	
	2020	2019
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (100,343,594)	$ (95,003,232)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	7,434,482	7,227,885
Bad debts	822,253	501,600
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(1,634,797)	(380,627)
Inventories, prepaid and other assets	13,676	(194,310)
Accounts payable	(654,235)	(160,490)
Accrued payroll and other compensation	(2,829,835)	2,698,645
Unearned revenue	(563,973)	385,758
Deposits	(67)	22,974
Change in net pension and OPEB liability and deferred amounts	11,391,512	6,363,967
Net cash used in operating activities	**$ (86,364,578)**	**$ (78,537,830)**

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

WASHTENAW COMMUNITY COLLEGE

Foundation Statements of Financial Position

ASSETS	June 30 2020	June 30 2019
Cash and cash equivalents	$ 26,195	$ 165,084
Contributions receivable, net	236,011	242,246
Revolving loan fund receivable	10,632	10,587
Investments	24,638,933	25,107,051
Investments held under split-interest agreements	101,420	101,923
Beneficial interest in charitable remainder trust	406,508	429,370
Total assets	**$ 25,419,699**	**$ 26,056,261**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts and grants payable	$ 11,353	$ 7,138
Revolving loan fund advance	100,000	100,000
Split-interest agreements payable	28,186	29,713
Total liabilities	**139,539**	**136,851**
Net assets		
Without donor restrictions		
Board designated	423,341	423,341
Undesignated	1,465,541	1,728,516
With donor restrictions	23,391,278	23,767,553
Total net assets	**25,280,160**	**25,919,410**
Total liabilities and net assets	**$ 25,419,699**	**$ 26,056,261**

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

WASHTENAW COMMUNITY COLLEGE

Foundation Statements of Activities and Changes in Net Assets

	June 30	
	2020	**2019**
Revenue and support		
Contributions	$ 1,245,331	$ 1,347,730
Fundraising events - net of expenses of $154,707 in 2020 and $166,684 in 2019	(6,295)	50,219
Net investment income	382,439	2,054,255
Changes in value of split-interest agreements	(21,838)	16,261
Miscellaneous revenue	-	6,000
Personnel services received from College	367,151	422,223
Total revenue and support	**1,966,788**	**3,896,688**
Expenses		
Support services		
Salaries	249,975	230,540
Marketing	31,316	28,290
Computer training and support	23,536	22,091
Bad debt	3,565	3,855
Personnel services received from College	367,151	422,223
Other	20,408	89,154
Program services		
Scholarships	1,780,353	1,005,724
Other grants to College	129,734	93,886
Total expenses	**2,606,038**	**1,895,763**
(Decrease) increase in net assets	**(639,250)**	**2,000,925**
Net assets, beginning of year	25,919,410	23,918,485
Net assets, end of year	**$ 25,280,160**	**$ 25,919,410**

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

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

As required by generally accepted accounting principles, these financial statements present the College and its component unit, Washtenaw Community College Foundation (the "Foundation"), described below. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational and financial relationship with the College.

The Foundation is discretely reported as a part of the College's 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 directors). Separate financial statements of the Foundation are available by contacting Washtenaw Community College Foundation, 4800 E. Huron River Drive, Ann Arbor, MI 48105.

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

Basis of Presentation

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

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposit and savings accounts, cash on hand, and all highly liquid investments with an initial maturity of ninety days or less.

Fair Value Measurements

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

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

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

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

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

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

Short-Term Investments

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

Investments

The College carries its investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

Accounts Receivable

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

Inventories

Inventories consist primarily of culinary arts, welding supplies and automotive service center supplies and are stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost. However, gifts of property are recorded at fair value at the time gifts are received. Library materials are recorded using a historically based estimated value. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	10-15 years
Buildings and improvements	40 years
Equipment, furniture, and software	3-7 years
Library materials	7 years

Revenue and Expense Recognition

Revenue from state appropriations are recognized in accordance with the accounting method described in the Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001, which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Student tuition does not include Federal Pell grant, Direct Loans and certain other state grants and scholarships awarded directly to students. While these amounts are reflected in the statement of cash flows at gross value, students use some or all of these funds to satisfy account balances.

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, State appropriations, property taxes, and Pell Grant revenue are components of nonoperating and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Unearned Revenue

Revenue received prior to year end that is related to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2020 and 2019 consists of approximately $1,773,000 and $2,081,000 of tuition revenue for the 2020 and 2019 spring/summer semesters, respectively. Unearned revenue also includes approximately $341,000 at June 30, 2019 for payments received toward Fall 2019 tuition and fees. Billing for Fall 2020 commenced subsequent to June 30, 2020. Accordingly there was no unearned revenue related to Fall 2020 tuition and fees at June 30, 2020. Grants received prior to qualifying expenditures are also included in unearned revenue.

Accrued Vacation

Accrued vacation represents the accumulated liability to be paid under the College's vacation leave policy.

Unrestricted Net Deficit

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

	2020	2019
Encumbrances	$ 699,786	$ 681,072
Future conference funds	100,067	88,821
Health insurance claims	300,000	300,000
Designated for capital improvements	4,575,576	6,681,303
Pension and OPEB liabilities fund deficit	(164,791,116)	(153,473,005)
Unrestricted and unallocated	36,703,288	33,461,840
Total unrestricted net deficit	**$ (122,412,399)**	**$ (112,259,969)**

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports a deferred outflow of resources for its deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the life of the refunded or refunding bonds. The College also reports deferred outflows of resources for certain pension and Other Post-employment Benefit (OPEB) related amounts, such as changes in expected and actual investment returns, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information, including the amortization of these amounts, can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB related amounts, such as the difference between projected and actual earnings of the pension plan's investments, and the pension portion of Sec 147c state aid revenue received subsequent to the measurement date. More detailed information can be found in Note 8.

Net Pension Liability

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 Plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net OPEB Liability

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

Use of Estimates

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

Reclassifications

Certain amounts as reported in the 2019 financial statements have been reclassified to conform with the 2020 presentation.

Notes to Financial Statements

2. PROPERTY TAXES

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

Property tax revenue recognized for general operating purposes was $56,669,556 and $53,943,445 based on $3.3763 and $3.3978 of tax per $1,000 of taxable property value in the College's taxing district for the years ended June 30, 2020 and 2019, respectively.

3. CASH AND INVESTMENTS

The College's deposits and investments are included on the statements of net position under the following classifications as of June 30:

	2020	2019
Cash and cash equivalents	$ 19,084,330	$ 18,540,073
Investments	27,704,028	31,278,244
Total	**$ 46,788,358**	**$ 49,818,317**

The College's cash and cash equivalents consist of the following as of June 30:

	2020	2019
Bank deposits (checking accounts, savings accounts, money market accounts and certificates of deposit)	$ 19,082,610	$ 18,538,226
Petty cash or cash on hand	1,720	1,847
Total	**$ 19,084,330**	**$ 18,540,073**

Deposits

The above deposits at June 30, 2020 and 2019 were reflected in the accounts of the bank (without recognition of checks written but not yet cleared, or of deposits in transit) at $13,714,774 and $14,184,923, respectively. Of the amount at June 30, 2020, $1,006,463 was covered by federal depository insurance and $12,708,311 was uninsured and uncollateralized. Of the amount at June 30, 2019, $1,250,029 was covered by federal depository insurance and $12,934,894 was uninsured and uncollateralized.

Investments

The College utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

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

U.S. agencies: U.S. agencies funds valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

U.S. treasuries: U.S. treasuries funds valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

Municipal bonds: Certain municipal bonds and debentures valued at the closing price reported in the active market in which the security is traded are classified as Level 1.

State of Michigan bonds: Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

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

Notes to Financial Statements

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

2020	Level 1	Level 2	Level 3	Total
U.S. agencies	$ 3,120,240	$ -	$ -	$ 3,120,240
U.S. treasuries	4,998,491	-	-	4,998,491
Municipal bonds	12,468,454	-	-	12,468,454
State of Michigan bonds	5,117,480	-	-	5,117,480
Commercial paper	1,999,363	-	-	1,999,363
Total investments at fair value	**$ 27,704,028**	**$ -**	**$ -**	**$ 27,704,028**

2019	Level 1	Level 2	Level 3	Total
U.S. agencies	$ 9,531,754	$ -	$ -	$ 9,531,754
U.S. treasuries	4,997,150	-	-	4,997,150
Municipal bonds	11,710,580	-	-	11,710,580
State of Michigan bonds	5,038,760	-	-	5,038,760
Total investments at fair value	**$ 31,278,244**	**$ -**	**$ -**	**$ 31,278,244**

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

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**Less Than 1**	**1 to 5**	**6 to 10**	**Greater Than 10**
Municipal bonds	$ 12,468,454	$ 2,524,937	$ 4,752,485	$ 5,191,032	$ -
U.S. treasuries	4,998,491	4,998,491	-	-	-
U.S. agencies	3,120,240	1,001,110	2,119,130	-	-
State of Michigan bonds	5,117,480	2,027,440	2,042,410	1,047,630	-
Commercial paper	1,999,363	1,999,363	-	-	-
Total	**$ 27,704,028**	**$ 12,551,341**	**$ 8,914,025**	**$ 6,238,662**	**$ -**

As of June 30, 2019, the College had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater Than 10
Municipal bonds	$ 11,710,580	$ 4,004,605	$ 5,043,170	$ 2,662,805	$ -
U.S. treasuries	4,997,150	4,997,150	-	-	-
U.S. agencies	9,531,754	5,492,144	1,002,110	3,037,500	-
State of Michigan bonds	5,038,760	-	4,015,700	1,023,060	-
Total	**$ 31,278,244**	**$ 14,493,899**	**$ 10,060,980**	**$ 6,723,365**	**$ -**

Interest Rate Risk

As a means of limiting its exposure to portfolio and market risk, the College's investment policy states that investments are to be diversified by security type, financial institution, and maturity date of securities. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

Credit Risk

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the board of trustees' policy to invest surplus monies in U.S. Treasury or agency bonds, bills, notes, or bankers' acceptances issued by a bank that is a member of the FDIC; negotiable certificates of deposit, savings accounts, or other interest-earning deposit accounts of a financial institution; commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC; commercial paper of corporations located in the state rated prime by at least one of the standard rating services; mutual funds, trusts, or investment pools that are composed entirely of instruments that are eligible collateral; repurchase agreements against eligible collateral, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced and obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by at least one rating service. The College's investments in the bonds of U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service at June 30, 2020 and 2019. The College's investments in U.S. treasuries were rated Aaa by Moody's at June 30, 2020 and 2019. The College's investments in Michigan municipalities were rated AA to AA+ by Standard & Poor's at June 30, 2020 and 2019. Additionally, as of June 30, 2020 and 2019, 77 and 73 percent of the College's Michigan municipality bonds, respectively, were included in the Michigan School Bond Qualification and Loan Program, which enhances the ratings for these bonds. As of June 30, 2020 and 2019, the Michigan School Bond Qualification and Loan Program was rated Aa1 by Moody's. The College's investments in State of Michigan Bonds were rated AA by Standard & Poor's at June 30, 2020 and 2019. The College's investments in Commercial Paper were rated A-1+ to A-2 by Standard & Poor's at June 30, 2020.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in any one issuer. As of June 30, 2020, the College's investments were concentrated by issuer as follows: 38 percent issued by Michigan municipalities; 11 percent issued by U.S. agencies; 18 percent issued by U.S. treasuries; 18 percent commercial paper; and 15 percent State of Michigan bonds. As of June 30, 2019, the College's investments were concentrated by issuer as follows: 32 percent issued by Michigan municipalities; 40 percent issued by U.S. agencies; 14 percent issued by U.S. treasuries; and 14 percent State of Michigan bonds. For the years ended June 30, 2020 and 2019, the College had 19 unique bond issuers within its portfolio. The largest single issuer accounted for approximately 18 and 25 percent as of June 30, 2020 and 2019, respectively. As of June 30, 2020, this issuer was U.S. Treasury which was rated Aaa by Moody's. As of June 30, 2019, this issuer was Federal Home Loan Bank which was rated Aaa by Moody's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a policy for custodial credit risk. The College's investments are uninsured, unregistered, and held by the College's agent in the College's name. At June 30, 2020, approximately 37 percent of the College's investments were in the custody of Fifth Third Securities, Inc.; 25 percent were in the custody of Key Bank Capital Markets; 20 percent were in the custody of PNC Capital Markets and 18 percent were in the custody of Stifel, Nicolaus & Company, Inc. At June 30, 2019, approximately 63 percent of the College's investments were in the custody of Fifth Third Securities, Inc.; 17 percent were in the custody of Key Bank Capital Markets; 10 percent were in the custody of PNC Capital Markets and 10 percent were in the custody of Stifel, Nicolaus & Company, Inc.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2020	2019
Student accounts	$ 5,295,118	$ 4,239,025
Miscellaneous grants	516,710	778,817
Pell	119,110	63,456
Federal Direct Loans	96,926	69,781
CARES Act	403,276	-
Other	420,792	66,024
Total	6,851,932	5,217,103
Less allowance for doubtful accounts	2,598,518	2,209,033
Accounts receivable, net	**$ 4,253,414**	**$ 3,008,070**

Notes to Financial Statements

5. CAPITAL ASSETS

The following tables present the changes in each of the capital assets class categories for the years ended June 30, 2020 and 2019:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Assets, not being depreciated					
Land	$ 2,086,937	$ -	$ -	$ -	$ 2,086,937
Construction in progress	1,875,611	2,161,365	-	(1,382,285)	2,654,691
Other non-depreciable assets	142,510	-	-	-	142,510
Total capital assets, not being depreciated	4,105,058	2,161,365	-	(1,382,285)	4,884,138
Capital assets being depreciated					
Land improvements and infrastructure	16,884,322	12,146	-	-	16,896,468
Buildings and improvements	193,473,679	(49,444)	-	49,444	193,473,679
Equipment, furniture and software	48,442,499	4,216,118	(915,296)	1,332,841	53,076,162
Library materials	3,779,166	47,732	-	-	3,826,898
Total capital assets being depreciated	262,579,666	**4,226,552**	**(915,296)**	**1,382,285**	**267,273,207**
Less accumulated depreciation					
Land improvements and infrastructure	10,909,660	716,859	-	-	11,626,519
Buildings and improvements	77,917,859	4,038,275	-	-	81,956,134
Equipment, furniture, and software	33,820,877	2,602,177	(915,296)	-	35,507,758
Library materials	3,568,454	77,171	-	-	3,645,625
Total accumulated depreciation	126,216,850	7,434,482	(915,296)	-	132,736,036
Capital assets, being depreciated, net	136,362,816	(3,207,930)	-	1,382,285	134,537,171
Capital assets, net	**$ 140,467,874**	**$ (1,046,565)**	**$ -**	$ -	**$ 139,421,309**

Notes to Financial Statements

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Assets, not being depreciated					
Land	$ 2,086,937	$ -	$ -	$ -	$ 2,086,937
Construction in progress	2,051,139	1,636,333	(36,865)	(1,774,996)	1,875,611
Other non-depreciable assets	142,510	-	-	-	142,510
Total capital assets, not being depreciated	4,280,586	1,636,333	(36,865)	(1,774,996)	4,105,058
Capital assets being depreciated					
Land improvements and infrastructure	16,452,223	414,627	-	17,472	16,884,322
Buildings and improvements	193,418,534	53,101	-	2,044	193,473,679
Equipment, furniture and software	44,684,303	2,467,499	(464,783)	1,755,480	48,442,499
Library materials	3,722,076	57,090	-	-	3,779,166
Total capital assets being depreciated	258,277,136	**2,992,317**	**(464,783)**	**1,774,996**	**262,579,666**
Less accumulated depreciation					
Land improvements and infrastructure	10,161,075	748,585	-	-	10,909,660
Buildings and improvements	73,879,852	4,038,007	-	-	77,917,859
Equipment, furniture, and software	31,914,269	2,350,019	(443,411)	-	33,820,877
Library materials	3,477,180	91,274	-	-	3,568,454
Total accumulated depreciation	119,432,376	7,227,885	(443,411)	-	126,216,850
Capital assets, being depreciated, net	138,844,760	(4,235,568)	(21,372)	1,774,996	136,362,816
Capital assets, net	**$ 143,125,346**	**$ (2,599,235)**	**$ (58,237)**	**$ -**	**$ 140,467,874**

The College is in the process of upgrading technology and equipment, renovating existing buildings, and improving infrastructure on College grounds. At June 30, 2020 and 2019, construction in progress for these capital improvement projects was as follows:

	2020	2019
Campus Cooling Tower	$ 1,248,374	$ -
Student Center Renovations	346,641	-
ML Renovations	335,164	-
Wireless Upgrades	253,159	-
Miscellaneous construction projects	163,505	257,367
ATC Design	156,203	-
TI Renovations	80,438	-
Health and Fitness Center Projects	71,207	266,619
ML Gun Range AHU	-	538,608
Energy Center Heating Pumps	-	375,554
ML Boiler Replacement	-	197,735
Control Upgrade projects	-	114,652
Advanced Transportation Center	-	46,541
Crane Liberal Arts & Science Building	-	42,285
Nursing Lab Upgrades	-	36,250
Total construction in progress	**$ 2,654,691**	**$ 1,875,611**

Total future commitments at June 30, 2020 and 2019 related to these projects approximated $1,082,000 and $1,327,000, respectively.

6. CAPITAL LEASES

During fiscal 2016, the College entered into a lease agreement as lessee for financing the purchase of certain office equipment, which met the capitalization criteria specified by generally accepted accounting principles. Therefore, it was recorded at the present value of the future minimum lease payments as of the inception date (see Note 7). The cost and accumulated depreciation of the assets under the capital leases totaled approximately $605,000 and $605,000 as of June 30, 2020, respectively. The cost and accumulated depreciation of the assets under the capital leases totaled approximately $605,000 and $484,000 as of June 30, 2019, respectively. The lease terminated in fiscal 2020 and no further obligations exist.

Notes to Financial Statements

7. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
March 2015, Refunding Bonds	$ 8,375,000	$ -	$ 910,000	$ 7,465,000	$ 945,000
Bond Premium on 2015 Refunding Bonds	558,062	-	126,997	431,065	111,843
Total bonds payable	8,933,062	-	1,036,997	7,896,065	1,056,843
Capital lease obligation - direct borrowing	141,455	-	141,455	-	-
Accrued vacation pay	2,731,445	2,516,927	2,516,313	2,732,059	2,732,059
Total	**$ 11,805,962**	**$ 2,516,927**	**$ 3,694,765**	**$ 10,628,124**	**$ 3,788,902**

Long-term obligation activity during the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
March 2015, Refunding Bonds	$ 9,245,000	$ -	$ 870,000	$ 8,375,000	$ 910,000
Bond Premium on 2015 Refunding Bonds	699,574	-	141,512	558,062	126,997
Total bonds payable	9,944,574	-	1,011,512	8,933,062	1,036,997
Capital lease obligations - direct borrowing	271,823	-	130,368	141,455	141,455
Accrued vacation pay	2,655,199	2,577,711	2,501,465	2,731,445	2,731,445
Total	**$ 12,871,596**	**$ 2,577,711**	**$ 3,643,345**	**$ 11,805,962**	**$ 3,909,897**

Bond Defeasance

In March 2015, the College issued $12,785,000 of Refunding Bonds, Series 2015 with an average interest rate of 3.76% which, in conjunction with a debt service fund contribution, were used to refund $1,965,000 of outstanding Refunding Bonds, Series 2005B and advance refund $11,535,000 of Facilities Bonds, Series 2006, with average interest rates of 3.95% and 4.44%, respectively. The net proceeds of $13,990,731 (after payment of $109,090 in underwriting fees and other issuance costs), plus an additional $293,236 of prior debt retirement fund monies, were used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the College's long-term obligations. In prior years, the College defeased certain other bonds. At June 30, 2020 and 2019, $7,975,000 and $8,925,000 of bonds outstanding are considered defeased, respectively.

General Obligation Bonds

At June 30, 2020, general obligation bonds totaling $7,465,000 were outstanding with interest rates varying from 2.5% to 4.0%. Principal payments are due annually in April with payments for the upcoming year totaling $945,000. Interest payments are due semi-annually in April and October in the amount of $141,000 each. At June 30, 2019, general obligation bonds totaling $8,375,000 were outstanding with interest rates varying from 2.5% to 4.0%. Principal payments are due annually in April with the payment for the upcoming year of $910,000. Interest payments are due semi-annually in April and October of $159,000 each. These bonds are insured and mature in varying amounts through fiscal 2027.

Total principal and interest maturities on the general obligation bonds for years succeeding June 30, 2020 are summarized as follows:

	Debt Obligations		
Years Ending June 30	**Principal**	**Interest**	**Amount**
2021	$ 945,000	$ 280,675	$ 1,225,675
2022	985,000	242,875	1,227,875
2023	1,020,000	203,475	1,223,475
2024	1,065,000	162,675	1,227,675
2025	1,105,000	120,075	1,225,075
2026 - 2027	2,345,000	105,750	2,450,750
Totals	**$ 7,465,000**	**$ 1,115,525**	**$ 8,580,525**

Accrued Vacation Pay

The liability has been recorded based on the number of days available for each employee.

Technology Managed Services

On June 25, 2019, the Board approved a contract with Ellucian Company L.P. for technology management services. The result of this impacted the College's IT staff and as a result the Board also approved the funding for a Transition Assistance Plan. As a result of this, the College recorded a liability of approximately $2,300,000 as of June 30, 2019, which is included in accrued payroll and withholdings on the accompanying statement of net position. The obligation was paid during fiscal 2020.

8. RETIREMENT PLANS

Defined Benefit Plan

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

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

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	18.25% - 19.41%
Member Investment Plan (MIP)	3.00% - 7.00%	18.25% - 19.41%
Pension Plus	3.00% - 6.40%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the College were approximately $12,509,000, $12,687,000 and $12,882,000 for the years ended June 30, 2020, 2019 and 2018, respectively.

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

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.93% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from the College were approximately $3,128,000, $3,231,000 and $2,830,000 for the years ended June 30, 2020, 2019 and 2018, respectively.

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

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

For the years ended June 30, 2020, 2019 and 2018, required and actual contributions from the College for those members with a defined contribution benefit were $735,428, $684,434 and $446,421, respectively.

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

At June 30, 2020 and 2019, the College reported a liability of $158,454,498 and $144,998,202, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018 and 2017, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.47847%, which was a decrease of 0.00386% from its proportion measured as of September 30, 2018 of 0.48233%.

For the year ended June 30, 2020, the College recognized pension expense of $25,861,455. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2020	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Net Deferred Outflows (Inflows) of Resources**
Changes in assumptions	$ 31,025,502	$ -	$ 31,025,502
Differences between expected and actual experience	710,243	660,740	49,503
Changes in proportion and differences between employer contributions and proportionate share	1,798,048	1,392,996	405,052
Net difference between projected and actual earnings on pension plan investments	-	5,078,197	(5,078,197)
	33,533,793	7,131,933	26,401,860
Pension portion of Sec 147c state aid award subsequent to the measurement date	10,865,180	-	10,865,180
College contributions subsequent to the measurement date	-	5,414,070	(5,414,070)
Total	**$ 44,398,973**	**$ 12,546,003**	**$ 31,852,970**

The $10,865,180 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The $5,414,070 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriation revenue for the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2021	$ 11,152,846
2022	8,227,287
2023	5,032,847
2024	1,988,880
Total	**$ 26,401,860**

For the year ended June 30, 2019, the College recognized pension expense of $19,987,148. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	$ 33,581,464	$ -	$ 33,581,464
Differences between expected and actual experience	672,819	1,053,677	(380,858)
Changes in proportion and differences between employer contributions and proportionate share	3,703,846	530,571	3,173,275
Net difference between projected and actual earnings on pension plan investments	-	9,914,191	(9,914,191)
	37,958,129	11,498,439	26,459,690
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	5,487,471	(5,487,471)
College contributions subsequent to the measurement date	11,066,924	-	11,066,924
Total	**$ 49,025,053**	**$ 16,985,910**	**$ 32,039,143**

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

At June 30, 2020 and 2019, the College reported a liability of $34,001,908 and 38,267,510, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018 and 2017, respectively. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.47371%, which was decrease of 0.00770% from its proportion measured as of September 30, 2018 of 0.48142%.

For the year ended June 30, 2020, the College recognized OPEB expense of $668,159. 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 12,476,261	$ (12,476,261)
Changes in assumptions	7,367,525	-	7,367,525
Net difference between projected and actual earnings on OPEB plan investments	-	591,309	(591,309)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	873,067	(873,067)
	7,367,525	13,940,637	(6,573,112)
College contributions subsequent to the measurement date	2,385,432	-	2,385,432
Total	**$ 9,752,957**	**$ 13,940,637**	**$ (4,187,680)**

The $2,385,432 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2021	$ (1,784,482)
2022	(1,784,482)
2023	(1,480,139)
2024	(999,982)
2025	(524,027)
Total	**$ (6,573,112)**

For the year ended June 30, 2019, the College recognized OPEB expense of $1,816,569. At June 30, 2019, 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 7,122,567	$ (7,122,567)
Changes in assumptions	4,052,549	-	4,052,549
Net difference between projected and actual earnings on OPEB plan investments	-	1,470,712	(1,470,712)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	217,378	(217,378)
	4,052,549	8,810,657	(4,758,108)
College contributions subsequent to the measurement date	2,511,672	-	2,511,672
Total	**$ 6,564,221**	**$ 8,810,657**	**$ (2,246,436)**

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2018 and 2017 actuarial valuations (for fiscal years ended June 30, 2020 and 2019) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80% (7.05% for 2017)
Pension Plus plan (hybrid)	6.80% (7.00% for 2017)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95% (7.15% for 2017)
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12 (7.5% Year 1 graded to 3.0% Year 12 for 2017)
Mortality	2018 - RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females. 2017 - RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.

Other OPEB assumptions:

Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2018, are based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5304 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

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

2018 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money - Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.20%	0.81%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.66%
Inflation			2.30%
Risk adjustment			-0.91%
Investment rate of return			**7.05%**

Long-Term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

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

2018 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.00%	0.81%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.66%
Inflation			2.30%
Risk adjustment			-0.81%
Investment rate of return			7.15%

Rate of Return

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

Discount Rate

A discount rate of 6.80% (7.05% for 2019) was used to measure the total pension liability (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% (7.15% for 2019) was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (7.05% for 2019) (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan) and 6.95% (7.15% for 2019), respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

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

As of June 30, 2020	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability (2020)	$ 206,000,985	$ 158,454,498	$ 119,036,823

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.05% / 6.00% / 5.00%)	Current Discount Rate Rate (7.05% / 7.00% / 6.00%)	1% Increase (8.05% / 8.00% / 7.00%)
College's proportionate share of the net pension liability (2019)	$ 190,371,441	$ 144,998,202	$ 107,300,417

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

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

As of June 30, 2020	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 41,708,449	$ 34,001,908	$ 27,530,553

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
College's proportionate share of the net OPEB liability	$ 45,939,367	$ 38,267,510	$ 31,814,540

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

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

As of June 30, 2020	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 27,256,196	$ 34,001,908	$ 41,707,535

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 31,474,605	$ 38,267,510	$ 46,060,358

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

As of June 30, 2020, the College reported a payable of $1,066,760 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of $1,070,204 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2019.

Payable to the OPEB Plan

At June 30, 2020, the College reported a payable of $36,052 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of $32,480 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2019.

Defined Contribution Plan

Beginning in October 1996, the College established a 401(a) plan as an alternative to the retirement plan from the MPSERS. All full-time educators and administrators are eligible to participate in the plan. The plan has 189 and 187 members as of June 30, 2020 and 2019, respectively.

The plan requires College and participant contributions to be made as a percentage of the participants' gross earnings. The College must contribute 12 percent of gross earnings, and the participants must contribute 3 percent of gross earnings. The College made contributions to the plan totaling approximately $2,200,000 and $2,229,000 for the years ended June 30, 2020 and 2019, respectively.

9. RISK MANAGEMENT

The College funds its employees' health benefit plan on a partially uninsured basis, providing coverage for employees' medical, dental, and vision claims. The College's maximum stop-loss is limited to $55,000 per employee contract covered under the plan. At June 30, 2020 and 2019, the estimated maximum stop-loss that the College could incur approximated $1,633,000 and $1,944,000, respectively.

The College is partially uninsured for workers' compensation to a maximum of $400,000 for each accident and, in the aggregate, for claims up to approximately $5,000,000 for the 12 month insurance policy period expiring July 1, 2021.

The College estimates the liability for health benefit claims and workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. For the years ended June 30, 2020 and 2019, changes in the estimated liabilities were as follows:

	Workers' Compensation	Health Benefits
Estimated liability, July 1, 2017	$ 81,509	$ 1,006,857
Estimated claims incurred, including changes in estimates	29,648	3,559,033
Less claim payments	96,704	3,592,694
Estimated liability, June 30, 2018	**$ 14,453**	**$ 973,196**
Estimated liability, July 1, 2018	$ 14,453	$ 973,196
Estimated claims incurred, including changes in estimates	56,530	3,076,066
Less claim payments	39,988	3,283,209
Estimated liability, June 30, 2019	**$ 30,995**	**$ 766,053**
Estimated liability, July 1, 2019	$ 30,995	$ 766,053
Estimated claims incurred, including changes in estimates	61,183	2,407,720
Less claim payments	78,712	2,452,517
Estimated liability, June 30, 2020	**$ 13,466**	**$ 721,256**

10. RELATED PARTIES

The Washtenaw Community College Foundation (the "Foundation") is a separate legal entity established as a 501(c)(3) not-for-profit corporation and governed by its own board of directors to accept, collect, hold, and invest donations made for the promotion of educational activities.

The College provides employees and office space to the Foundation at no charge. The amount of such assistance for the years ended June 30, 2020 and 2019 was approximately $441,000 and $517,000, respectively.

In addition, the College received payments from the Foundation for student scholarships and support totaling approximately $2,101,000 and $1,509,000 for the years ended June 30, 2020 and 2019, respectively. The Foundation also makes direct payments on behalf of students and faculty.

The Washtenaw Community College Board of Trustees is the chartering body for the Washtenaw Technical Middle College (the "Academy"). The College has entered into several contractual agreements with the Academy, including a facility use license agreement, an administrative and educational support services agreement, and a joint enrollment agreement. For both of the years ended June 30, 2020 and 2019, the facility use license agreement and education support services agreement required that the Academy pay the College $150,000. Under the joint enrollment agreement, the Academy students may be jointly enrolled in both the College and the Academy. The Academy pays all tuition and fees for students enrolled at the College. Tuition and fees under this agreement were approximately $1,602,000 and $1,628,000 for the years ended June 30, 2020 and 2019, respectively.

11. RISKS AND ECONOMIC UNCERTAINTIES

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Due to the pandemic, Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibit certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain on-campus operations including on-campus learning, health and fitness center, and conference services during the Spring/Summer and Fall 2020 semesters. In response to the pandemic, the College was allocated funding in the amount of $4,968,990 through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. During the year ended June 30, 2020, the College awarded eligible CARES Act grants to students in the amount of $1,349,500. The College also incurred $372,936 in eligible institutional costs under the CARES Act. Subsequent to June 30, 2020, the College was awarded a grant in the amount of $249,088 under the Strengthening Institutions portion of the CARES Act. Also subsequent to the College's fiscal year end, funding in the amount of $1,552,900 was received from the State of Michigan. These CARES Act federal funds were passed through the state as a supplement to help offset budget reductions at the state level yet are restricted under the CARES Act requirements. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time.

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REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)

	Years Ended June 30					
	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.47847%	0.48233%	0.48038%	0.46738%	0.45330%	0.44402%
College's proportionate share of the net pension liability	$ 158,454,498	$ 144,998,202	$ 124,486,379	$ 116,608,139	$ 110,718,864	$ 97,802,079
College's covered-employee payroll	41,650,413	41,155,423	41,032,987	41,220,476	38,675,423	38,039,183
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	380.44%	352.32%	303.38%	282.89%	286.28%	257.11%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College Pension Contributions (Unaudited)

	Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 12,508,574	$ 12,687,042	$ 12,882,238	$ 11,196,524	$ 10,532,263	$ 8,277,610
Contributions in relation to the contractually required contribution	(12,508,574)	(12,687,042)	(12,882,238)	(11,196,524)	(10,532,263)	(8,277,610)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 39,673,313	$ 41,593,322	$ 39,073,246	$ 40,900,320	$ 37,968,811	$ 38,653,956
Contributions as a percentage of covered-employee payroll	31.53%	30.50%	32.97%	27.38%	27.74%	21.41%

See notes to required supplementary information.

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30		
	2020	2019	2018
College's proportion of the net OPEB liability	0.47371%	0.48142%	0.48184%
College's proportionate share of the net OPEB liability	$ 34,001,908	$ 38,267,510	$ 42,669,543
College's covered-employee payroll	41,650,413	41,155,423	41,032,987
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	81.64%	92.98%	103.99%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%

See notes to required supplementary information.

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Other Postemployment Benefits Contributions (Unaudited)

	Year Ended June 30		
	2020	2019	2018
Contractually required contribution	$ 3,127,748	$ 3,230,731	$ 2,830,342
Contributions in relation to the contractually required contribution	(3,127,748)	(3,230,731)	(2,830,342)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered-employee payroll	$ 39,673,313	$ 41,593,322	$ 39,073,246
Contributions as a percentage of covered employee payroll	7.88%	7.77%	7.24%

See notes to required supplementary information.

Notes to Required Supplementary Information

Pension Information

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

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

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

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

- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.

- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

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

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

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

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.

- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

WASHTENAW COMMUNITY COLLEGE

Combining Statement of Net Position - Unaudited

June 30, 2020 (with comparative totals for June 30, 2019)

	Current Funds							Combined Total	
	General Fund	Restricted Fund	Pension & OPEB Liabilities Fund	Auxiliary Fund	Plant Fund	Agency Fund	Eliminations	June 30, 2020	June 30, 2019
Assets									
Current assets									
Cash and cash equivalents	$ 13,231,136	$ -	$ -	$ 911,542	$ 4,674,796	$ 266,856	$ -	$ 19,084,330	$ 18,540,073
Investments	12,551,341	-	-	-	-	-	-	12,551,341	14,493,899
Accounts receivable:									
Property taxes receivable, less allowance of $73,000 ($57,000 in 2019)	657,115	-	-	-	-	-	-	657,115	72,904
State appropriations receivable	971,990	984,376	-	-	-	-	-	1,956,366	3,585,474
Accounts receivable, less allowance							-	-	
of $2,599,000 ($2,209,000 in 2019)	2,696,599	1,136,023	-	20,491	396,500	3,801	-	4,253,414	3,008,070
Accrued interest receivable	86,929	-	-	-	-	-	-	86,929	123,633
Due from (to) other funds	971,176	(889,765)	-	(85,226)	3,815	-	-	-	-
Inventories	141,187	-	-	1,647	-	-	-	142,834	231,882
Prepaid and other assets	533,912	-	-	-	-	-	-	533,912	458,540
		-							
Total current assets	31,841,385	**1,230,634**	**-**	**848,454**	**5,075,111**	**270,657**	**-**	**39,266,241**	**40,514,475**
Noncurrent assets									
Investments	15,152,687	-	-	-	-	-	-	15,152,687	16,784,345
Capital assets, net of accumulated depreciation:									
Land	-	-	-	-	2,086,937	-	-	2,086,937	2,086,937
Land improvements and infrastructure	-	-	-	-	5,269,949	-	-	5,269,949	5,974,662
Buildings and improvements	-	-	-	-	111,517,545	-	-	111,517,545	115,555,820
Equipment, furniture, and software	-	-	-	-	17,568,404	-	-	17,568,404	14,621,622
Library books	-	-	-	-	181,273	-	-	181,273	210,712
Other non-depreciable assets	-	-	-	-	142,510	-	-	142,510	142,510
Construction in progress	-	-	-	-	2,654,691	-	-	2,654,691	1,875,611
Total noncurrent assets	**15,152,687**	**-**	**-**	**-**	**139,421,309**	**-**	**-**	**154,573,996**	**157,252,219**
Total assets	**46,994,072**	**1,230,634**	**-**	**848,454**	**144,496,420**	**270,657**	**-**	**193,840,237**	**197,766,694**
Deferred outflows of resources									
Deferred charge on refunding	-	-	-	-	357,230	-	-	357,230	401,675
Deferred OPEB amounts	-	-	9,752,957	-	-	-	-	9,752,957	6,564,221
Deferred pension amounts	-	-	44,398,973	-	-	-	-	44,398,973	49,025,053
Total deferred outflows of resources	**-**	**-**	**54,151,930**	**-**	**357,230**	**-**	**-**	**54,509,160**	**55,990,949**

Combining Statement of Net Position - Unaudited (Concluded)
June 30, 2020 (with comparative totals for June 30, 2019)

	Current Funds							Combined Total	
	General Fund	Restricted Fund	Pension & OPEB Liabilities Fund	Auxiliary Fund	Plant Fund	Agency Fund	Eliminations	June 30, 2020	June 30, 2019
Liabilities									
Current liabilities									
Accounts payable	$ 1,574,910	$ 75,141	$ -	$ 308,045	$ 429,366	$ 376	$ -	$ 2,387,838	$ 3,030,437
Accrued liabilities:								-	
Payroll and withholdings	3,104,287	1,044,020	-	-	-	615	-	4,148,922	6,979,371
Vacation	2,661,122	62,896	-	-	-	8,041	-	2,732,059	2,731,445
Interest payable	-	-	-	-	70,169	-	-	70,169	79,268
Deposits	44,564	-	-	-	-	261,625	-	306,189	306,256
Unearned revenue	1,864,576	48,577	-	481,881	-	-	-	2,395,034	2,959,007
Bonds payable, current portion	-	-	-	-	1,056,843	-	-	1,056,843	1,036,997
Capital lease obligation, current				-	-	-	-	-	
portion	-	-	-	-	-	-	-	-	141,455
Total current liabilities	**9,249,459**	**1,230,634**	**-**	**789,926**	**1,556,378**	**270,657**	**-**	**13,097,054**	**17,264,236**
Noncurrent liabilities									
Bonds payable	-	-	-	-	6,839,222	-	-	6,839,222	7,896,065
Net OPEB liability	-	-	34,001,908	-	-	-	-	34,001,908	38,267,510
Net pension liability	-	-	158,454,498	-	-	-	-	158,454,498	144,998,202
Total noncurrent liabilities	**-**	**-**	**192,456,406**	**-**	**6,839,222**	**-**	**-**	**199,295,628**	**191,161,777**
Total liabilities	**9,249,459**	**1,230,634**	**192,456,406**	**789,926**	**8,395,600**	**270,657**	**-**	**212,392,682**	**208,426,013**
Deferred inflows of resources									
Deferred OPEB amounts	-	-	13,940,637	-	-	-	-	13,940,637	8,810,657
Deferred pension amounts	-	-	12,546,003	-	-	-	-	12,546,003	16,985,910
Total deferred inflows of resources	**-**	**-**	**26,486,640**	**-**	**-**	**-**	**-**	**26,486,640**	**25,796,567**
Net position (deficit)									
Net investment in capital assets	-	-	-	-	131,882,474	-	-	131,882,474	131,795,032
Unrestricted (deficit)	37,744,613	-	(164,791,116)	58,528	4,575,576	-	-	(122,412,399)	(112,259,969)
Total net position (deficit)	**$ 37,744,613**	**$ -**	**$ (164,791,116)**	**$ 58,528**	**$ 136,458,050**	**$ -**	**$ -**	**$ 9,470,075**	**$ 19,535,063**

WASHTENAW COMMUNITY COLLEGE

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

Year Ended June 30, 2020 (with comparative totals for year ended June 30, 2019)

	Current Funds						Combined Total	
	General Fund	Restricted Funds	Pension & OPEB Liabilities Fund	Auxiliary Fund	Plant Fund	Eliminations	June 30, 2020	June 30, 2019
Operating revenues								
Tuition and fees, net of scholarship allowance of $5,769,258 ($6,223,572 in 2019)	$ 33,072,697	$ (141,765)	$ -	$ 73,049	$ -	$ (5,769,258)	$ 27,234,723	$ 27,789,106
Federal grants and contracts	-	4,722,618	-	-	-	-	4,722,618	3,382,856
State grants and contracts	-	531,086	-	-	-	-	531,086	521,037
Private grants and contracts	-	133,562	-	-	-	-	133,562	119,958
Sales and services of educational activities	169,640	-	-	-	-	-	169,640	282,118
Current fund expenditures for equipment and capital improvements	-	-	-	-	1,124,947	(1,124,947)	-	-
Auxiliary services	-	-	-	3,990,275	-	-	3,990,275	5,444,491
Other sources	6,158,768	16,449	-	-	5,460	-	6,180,677	6,287,632
Total operating revenues	**39,401,105**	**5,261,950**	**-**	**4,063,324**	**1,130,407**	**(6,894,205)**	**42,962,581**	**43,827,198**
Operating expenses								
Instruction	43,351,032	3,939,001	5,760,687	-	-	(401,136)	52,649,584	50,175,704
Technology	8,741,610	166,230	89,993	-	-	(255,017)	8,742,816	11,166,157
Public service	751,102	1,351,064	56,957	3,331,707	-	(22,741)	5,468,089	5,948,400
Instructional support	12,880,489	1,059,910	1,625,570	-	-	(47,732)	15,518,237	13,740,364
Student services and student aid	12,910,741	16,287,981	1,443,304	-	-	(5,976,804)	24,665,222	22,446,813
Institutional administration	12,683,548	611,909	1,189,274	-	-	(170,975)	14,313,756	14,078,676
Physical plant operations	12,043,601	649,614	1,225,727	-	614,847	(19,800)	14,513,989	14,046,431
Depreciation	-	-	-	-	7,434,482	-	7,434,482	7,227,885
Total operating expenses	**103,362,123**	**24,065,709**	**11,391,512**	**3,331,707**	**8,049,329**	**(6,894,205)**	**143,306,175**	**138,830,430**
Operating (loss) income	**(63,961,018)**	**(18,803,759)**	**(11,391,512)**	**731,617**	**(6,918,922)**	**-**	**(100,343,594)**	**(95,003,232)**
Nonoperating revenues (expenses)								
Federal grant - Pell award	-	12,743,621	-	-	-	-	12,743,621	13,102,211
State appropriations	14,038,775	5,414,070	73,401	-	-	-	19,526,246	21,218,779
Property taxes	56,669,556	-	-	-	-	-	56,669,556	53,943,445
Investment and interest income	1,010,169	-	-	-	-	-	1,010,169	1,157,741
Unrealized gain on investments	560,791	-	-	-	-	-	560,791	715,821
Interest on capital asset - related debt	-	-	-	-	(231,777)	-	(231,777)	(261,640)
Net nonoperating revenues (expenses)	**72,279,291**	**18,157,691**	**73,401**	**-**	**(231,777)**	**-**	**90,278,606**	**89,876,357**
Increase (decrease) in net position - before transfers	**8,318,273**	**(646,068)**	**(11,318,111)**	**731,617**	**(7,150,699)**	**-**	**(10,064,988)**	**(5,126,875)**
Transfers (out) in	(4,955,803)	646,068	-	(822,679)	5,132,414	-	-	-
Net increase (decrease) in net position	**3,362,470**	**-**	**(11,318,111)**	**(91,062)**	**(2,018,285)**	**-**	**(10,064,988)**	**(5,126,875)**
Net position, beginning of year	34,382,143	-	(153,473,005)	149,590	138,476,335	-	19,535,063	24,661,938
Net position, end of year	**$ 37,744,613**	**$ -**	**$ (164,791,116)**	**$ 58,528**	**$ 136,458,050**	**$ -**	**$ 9,470,075**	**$ 19,535,063**